ADVANCING YOUTH EMPLOYMENT

A Look at Youth Entrepreneurship Challenges, Policies, and Programs in Eight Asian Countries

The Asian Productivity Organization (APO) is an intergovernmental organization committed to improving productivity in the Asia-Pacific region. Established in 1961, the APO contributes to the sustainable socioeconomic development of the region through policy advisory services, acting as a think tank, and undertaking smart initiatives in the industry, agriculture, service, and public sectors. The APO is shaping the future of the region by assisting member economies in formulating national strategies for enhanced productivity and through a range of institutional capacity building efforts, including research and centers of excellence in member countries.

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A LOOK AT YOUTH ENTREPRENEURSHIP CHALLENGES, POLICIES, AND PROGRAMS IN EIGHT ASIAN COUNTRIES

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Advancing Youth Employment
A Look at Youth Entrepreneurship Challenges, Policies, and Programs in Eight Asian Countries

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FOREWORD

The youth are our future human capital. Productive, motivated young people serve as the foundations of a healthy, growing economy. In all APO member countries, the youth face more than two-fold higher unemployment rates than adults. Many member countries are experiencing a "youth bulge," a period in which young people are far more numerous than all other age-groups combined. Measures to ensure that the youth bulge will turn into a demographic dividend or to maximize the human capital potential and minimize the negative impact of youth employment issues are essential.

Creating and promoting decent employment opportunities for the young has been a top priority, although there are still insufficient formal-sector jobs to absorb new job seekers in the region. Many governments have devised public policies and programs to ensure that the increase in the number of working-age youth results in contributions to the productive economic activities of society. Encouraging youth entrepreneurship is one approach to solve the issues of unemployment and underemployment. Youth entrepreneurship is not a panacea to deal with employment challenges, but it could contribute to job creation for both the self-employed and other young people hired by newly formed companies. It also boosts innovation for the economy as a whole by introducing new models and ideas in the market. The experience gained in setting up and running businesses helps young people to accumulate human capital by developing skills and knowledge.

Against that background, the APO conducted research to study the policies and programs initiated by different governments in member countries focusing on youth entrepreneurship promotion. This publication of the results analyzes policies supporting start-ups by young entrepreneurs, revisions in educational curricula to foster entrepreneurial skills, programs to help the young transform their creative, innovative ideas into successful business plans, etc. Each chapter includes policy recommendations to help participating countries deal with youth employment issues more effectively.

The APO thanks all contributors for their inputs and commitment to the research. It is expected that this volume will contribute to the formulation of government policies recognizing the importance of the youth in the workforce and that following the recommendations given will result in better integration of young people into productive economic activities.

Dr. Santhi Kanoktanaporn
Secretary-General
Tokyo
July 2019

CHAPTER 1

YOUTH EMPLOYMENT CHALLENGES AND YOUTH ENTREPRENEURSHIP POLICIES: A SYNTHESIS OF EIGHT COUNTRIES IN ASIA

S. MAHENDRA DEV

Introduction

It is important to place the employment issue at the centre of the national and international agenda. Productive employment is also crucial for the success of Sustainable Development Goals (SDGs) and achieving human development. Creating employment for the youth in Asia and the Pacific provides an opportunity for achieving some of these goals. Several countries in the Asia-Pacific region are experiencing demographic changes. Over 60% of the world's youth live in Asia and the Pacific, which translates into more than 750 million young women and men aged 15 to 24 years. They represent a key asset for the countries of this region. Young people are a major human resource for development, key agents for social change, and a driving force for economic development and technological innovation. But harnessing this resource is a major challenge (Box 1). The youth challenge is considered as the most critical of the 21st century's economic development challenge.

BOX 1
WHY FOCUS ON YOUTH?

Youth unemployment and situations in which young people give up on the job search or work under inadequate conditions incur costs to the economy, to society, and to the individuals and their families. A lack of decent work, if experienced at an early age, threatens to compromise a person's future employment prospects and frequently leads to unsuitable labor behavior patterns that last a lifetime. There is a demonstrated link between youth unemployment and social exclusion. An inability to find employment creates a sense of uselessness and idleness among young people that can lead to increased crime, mental health problems, violence, conflicts, and drug taking. The most obvious gains then, in making the most of the productive potential of youth and ensuring the availability of decent employment opportunities for youth, are the personal gains to the young people themselves. The second obvious gain to recapturing the productive potential of underutilized youth is an economic one. Idleness among youth can come at great costs. They are not contributing to the economic welfare of the country; quite the contrary. The loss of income among the younger generation translates into a lack of savings as well as a loss of aggregate demand. Some youths who are unable to earn their own income have to be financially supported by the family, leaving less for spending and investments at the household level. Societies lose their investment in education. Governments fail to receive contributions to social security systems and are forced to increase spending on remedial services, including on crime or drug use prevention efforts and on unemployment benefits in the countries where they exist. All this is a threat to the growth and development potential of economies. Focusing on youth, therefore, makes sense to a country from a cost-benefit point of view. Young people may lack experience, but they tend to be highly motivated and capable of offering new ideas or insights. They are the drivers of economic development in a country. Foregoing this potential is an economic waste.

Source: Global Employment Trends for Youth 2010, ILO, Geneva

In this context, the project of Asian Productivity Organization (APO) on youth employment in eight countries (India, Indonesia, Malaysia, Nepal, Pakistan, the Philippines, Thailand, and Vietnam) in Asia is timely and very useful for policy purposes. Against this background, this paper synthesizes youth employment challenges and youth entrepreneurship policies for the eight countries.

This section provides the socioeconomic profiles of the selected countries. Section 2 examines the labor market characteristics for the entire population, while Section 3 focuses on youth employment challenges. Section 4 discusses policies and programs for promoting youth entrepreneurship, while section 5 gives recommendations. Section 6 provides limitations of data, while Section 7 gives conclusion. The paper also highlights gender issues.

Socioeconomic Profile

Economic Growth

The GDP per capita numbers given in Table 1.1 shows that it is the highest in Malaysia, followed by Thailand and Indonesia in 2014. Per capita GDP is lower in South Asian countries such as Nepal, Pakistan, and India compared to Southeast Asian countries. However, during the longer period of 1990 to 2014, per capital GDP more than doubled in all countries except Nepal, Pakistan, and the Philippines.

TABLE 1.1

GDP PER CAPITA IN EIGHT ASIAN COUNTRIES (USD'000)

Countries	Per Capita GDP at Constant Prices Using 2011 PPP			
	1990	2000	2010	2014
India	1.9	2.7	4.7	5.6
Indonesia	4.5	6.0	9.1	10.7
Malaysia	10.2	16.0	21.8	25.1
Nepal	1.5	1.9	2.4	2.7
Pakistan	2.7	3.5	4.4	4.7
Philippines	4.1	4.5	6.0	7.0
Thailand	7.2	10.1	14.5	16.1
Vietnam	1.4	2.6	4.8	5.7

Source: APO [1]

TABLE 1.2

GDP GROWTH IN EIGHT ASIAN COUNTRIES (%)

	1990-1995	1995-2000	2000-2005	2005-2010	2010-2014	1990-2014
India	5.0	5.7	6.5	7.8	5.7	6.2
Indonesia	7.6	0.8	4.9	6.2	5.5	5.0
Malaysia	9.3	5.2	5.0	5.2	5.2	5.9
Nepal	4.9	4.8	3.1	4.4	4.3	4.3
Pakistan	5.5	4.0	5.9	3.7	3.6	4.6
Philippines	2.8	3.9	4.5	4.8	5.7	4.3
Thailand	8.1	0.7	5.3	3.7	3.0	4.2
Vietnam	8.1	7.3	8.0	6.2	5.7	7.1

Source: APO [1]

GDP growth during 2010–14 has been the highest in India, the Philippines, and Vietnam followed by Indonesia and Malaysia (Table 1.2). Thailand and Pakistan recorded growth rates of less than 4%. If we take the longer period of 1990–2014, Vietnam followed by India showed the highest growth rates of 7% and 6%, respectively. The lowest growth was recorded by Thailand.

Economist Arthur Lewis [2] argued that development occurs as labor shifts from an unproductive traditional sector - activities such as subsistence farming or petty trade - to modern, capitalist activities such as manufacturing. Therefore, growth in high-productive sectors would lead to structural transformation. During 2000–14, GDP growth was the highest in India at more than 7% per annum, followed by Vietnam and Indonesia (Table 1.3).

The lowest growth rate was in Nepal (3.9%), followed by Thailand (4%). Output growth by sectors shows that agriculture in general recorded the lowest growth as compared to industry and services. Indonesia, Vietnam, Nepal, and India recorded more than 3% per annum in agriculture. Regarding manufacturing growth, Vietnam registered a high growth of 9.3% per annum, followed by India (8.7%). Nepal showed the lowest growth in manufacturing at 1.9% (Table 1.3).

The growth rate of the service sector such as wholesale and retail trade, transport and communications, finance, real estate, and business was highest in India, followed by Vietnam, Indonesia, and Malaysia. The lowest growth in wholesale and retail trade was in Nepal (2.5%), Pakistan (3.3%), and Thailand (3.4%).

TABLE 1.3

OUTPUT GROWTH BY SECTORS 2000–14
(AVERAGE GROWTH RATE OF SECTORAL GDP AT CONSTANT PRICES %)

Sectors	India	Indonesia	Malaysia	Nepal	Pakistan	Philippines	Thailand	Vietnam
Agriculture	3.1	3.6	2.9	3.1	2.6	2.6	2.2	3.5
Mining	5.0	1.5	0.3	4.6	4.2	8.7	4.5	2.3
Manufacturing	8.7	4.6	3.9	1.9	5.2	4.6	4.1	9.3
Electricity, gas, and water	8.6	7.3	4.6	4.8	2.3	4.0	4.9	10.1
Construction	8.0	6.8	5.4	4.1	2.6	5.0	2.6	7.7
Wholesale and retail trade, hotels, and restaurants	8.1	5.9	6.5	2.5	3.3	6.0	3.4	7.3
Transport, storage, and communications	10.1	11.1	6.1	6.1	4.2	6.5	5.5	7.6
Finance, real estate, and business	10.2	6.7	6.6	4.4	4.6	6.7	6.0	5.3
Community, social and personal services	5.5	5.3	5.8	6.8	6.2	2.6	3.3	6.9
Total Economy	7.3	5.7	4.6	3.9	4.1	4.9	4.0	6.3

Source: APO [1]

Labor Productivity

Productivity plays a vital role in accelerating economic growth. Labor productivity indicates how output is enhanced with labor as an input. In 2014, Malaysia had the highest per-worker labor productivity among the eight countries (Table 1.4). This was followed by Thailand and Indonesia. The lowest level of labor productivity was in Nepal, followed by Vietnam. The levels of labor productivity increased more than twice in all countries except in Nepal, Pakistan, and the Philippines during 1990–2014.

Regarding growth rates, India showed the highest growth rate in labor productivity (6% per annum) during 2005–14 (Table 1.4). The growth rate was more than 3% per annum in Vietnam, Indonesia, and the Philippines. The lowest growth rate was in Pakistan, followed by Malaysia and Nepal. The relatively low growth in Malaysia could be the high base in labor productivity.

TABLE 1.4

LABOR PRODUCTIVITY (PER WORKER) LEVELS AND GROWTH RATES

Years	Per-worker Labor Productivity Levels (GDP at constant prices per worker using 2011 PPP, reference year 2014) (USD'000)							
	India	Indonesia	Malaysia	Nepal	Pakistan	Philippines	Thailand	Vietnam
1990	4.3	10.5	26.5	3.4	9.4	10.5	11.7	2.7
2000	6.2	13.5	38.8	4.2	12.5	11.9	16.4	4.8
2010	11.2	19.5	50.2	4.8	14.5	14.4	22.4	7.6
2014	13.5	23.0	54.4	5.1	15.4	16.9	25.5	8.9
Years	**Per-worker Labor Productivity Growth (Average annual growth rate of GDP at constant prices per worker using 2011 PPP)**							
	India	Indonesia	Malaysia	Nepal	Pakistan	Philippines	Thailand	Vietnam
1990-1995	3.1	6.5	6.6	2.5	4.0	-0.1	6.5	5.8
1995-2000	4.2	-1.5	1.1	1.7	1.7	2.6	0.3	5.4
2000-2005	4.7	4.0	3.6	0.5	3.0	1.2	3.8	5.6
2005-2014	6.0	3.7	1.8	1.8	0.7	3.2	2.8	3.8
1990-2000	3.7	2.5	3.8	2.1	2.8	1.3	3.4	5.6
2000-2014	5.5	3.8	2.4	1.3	1.5	2.5	3.1	4.4

Source: APO [1]

The trends in levels and growth rates of per-hour labor productivity are similar to those of per-worker labor productivity (Table 1.5). Malaysia had the highest per-hour labor productivity. India recorded the highest growth rate during 2005–14.

Regarding sectors, growth rates in labor productivity are higher in manufacturing and services than agriculture during 2000–14 (Table 1.6). Indonesia showed the highest labor productivity growth in agriculture, followed by Vietnam and Malaysia. The mining sector showed negative growth in five countries. Labor productivity growth was the lowest in the construction sector with five countries showing negative growth. Manufacturing growth was the highest in India (8.2%), while three other countries (Malaysia, Thailand, and the Philippines) recorded more than 3% growth. The service sector growth rates revealed a mixed picture.

Some countries registered a high growth rate, while others showed negative growth. India's labor productivity growth was high in all the service sectors. Pakistan showed high growth in finance, real estate, and business sector, while Nepal registered high growth in community, social, and personal services sector.

TABLE 1.5

PER-HOUR LABOR PRODUCTIVITY LEVELS AND GROWTH RATES

Years	Per-hour Labor Productivity Levels (GDP at constant prices per hour using 2011 PPP, reference year 2014) (USD'000)							
	India	Indonesia	Malaysia	Nepal	Pakistan	Philippines	Thailand	Vietnam
1990	2.0	5.5	11.6	1.7	4.3	4.8	4.5	1.3
2000	2.8	7.1	16.8	2.1	5.7	5.5	6.5	2.1
2010	5.0	9.5	21.9	2.4	6.8	6.8	9.5	3.4
2014	6.0	11.5	24.2	2.5	7.4	8.2	11.3	4.2
Years	**Per-hour Labor Productivity Growth (Average annual growth rate of GDP at constant prices per worker, using 2011 PPP)**							
	India	Indonesia	Malaysia	Nepal	Pakistan	Philippines	Thailand	Vietnam
1990-1995	3.1	6.2	6.4	2.4	3.6	0.5	6.2	5.7
1995-2000	4.1	-1.2	1.0	1.7	1.9	2.3	1.2	4.9
2000-2005	4.7	3.6	3.1	0.6	3.2	1.8	5.2	6.7
2005-2014	5.8	3.4	2.3	1.7	1.0	3.4	3.2	3.8
1990-2000	3.6	2.5	3.7	2.1	2.8	1.4	3.7	5.3
2000-2014	5.4	3.5	2.6	1.3	1.8	2.8	3.9	4.8

Source: APO [1]

TABLE 1.6

LABOR PRODUCTIVITY GROWTH BY SECTORS 2000–14 (AVERAGE GROWTH RATE OF SECTORAL GDP AT CONSTANT PRICES %)

Sectors	India	Indonesia	Malaysia	Nepal	Pakistan	Philippines	Thailand	Vietnam
Agriculture	2.5	4.0	2.8	0.2	0.2	1.3	2.0	3.0
Mining	4.8	-3.2	-9.5	-2.2	-3.9	1.3	2.5	-0.7
Manufacturing	8.2	2.1	3.8	1.4	1.1	3.5	3.7	2.7
Electricity, gas, and water	8.1	5.3	1.5	5.2	-2.6	3.3	6.5	1.5
Construction	-0.9	0.7	0.8	-0.5	-2.0	1.4	-0.4	-1.0
Wholesale and retail trade, hotels, and restaurants	4.6	3.9	1.4	1.9	-0.9	2.7	2.0	4.0
Transport, storage, and communications	7.1	10.5	2.1	1.8	0.1	3.8	6.3	6.7
Finance, real estate, and business	5.6	-1.9	-0.2	1.3	6.3	-1.3	2.9	-5.4
Community, social and personal services	6.1	0.7	3.6	7.7	4.4	-0.2	0.6	3.4
Total Economy	5.5	3.8	1.8	1.5	1.2	2.4	3.0	3.9

Source: APO [1]

Few country reports discussed labor productivity using sources other than APO data. The data on Nepal showed that there were significant productivity gaps across sectors during 2001–11. The ratio remained the highest for the financial and real estate sector, followed by other service sectors (Acharya [6]). Productivity for the construction sector declined over time. Acharya's study [6] also showed that there was negative correlation between labor productivity and change in employment.

In other words, the Nepalese economy had been experiencing growth-reducing structural change in the recent decade. The country report on the Philippines provided labor productivity by region. It showed that the Dravo region had the highest GDP per worker, while Southern Tagalog registered the lowest labor productivity in 2015. Overall, the service sector was the biggest contributor to the GDP (Asuncian [8]). In the case of Vietnam, labor productivity was the lowest, not surprisingly, in the agriculture, forest, and fisheries sector at 40% of the national average, while the service sector was 1.4 times higher than the national average in 2015 (Thu Nga [10]).

Demographic Indicators

Nepal was the least populous country with 28.5 million people, while India had the highest population with 1311 million in 2015 (Table 1.7). The second most populous country was Indonesia, followed by Pakistan. The share of urban population was the highest in Malaysia (75%), followed by Indonesia (54%) and Thailand (50%). Urbanization was the lowest in Nepal (19%), followed by India (33%) and Vietnam (34%). It may be noted, however, that the definition of urban areas differs across countries.

The share of youth population (15–24 age group) ranged in seven countries from 21% in Nepal to 17% in Indonesia and Vietnam. Thailand had the lowest share of youth population at 13%. The dependency ratio was the highest in Pakistan at 65%, followed by Nepal (62%). Thailand had the lowest dependency ratio at 39%. Although Southeast Asian countries had a higher share of old-age population, the dependency ratios were lower because of the low share of child population.

Infant mortality was the highest in Pakistan, followed by India. Malaysia had the lowest infant mortality at 6.0, followed by Thailand. Nepal seemed to have progressed well in infant mortality as compared to the other two South Asian countries. However, maternal mortality was the highest in Nepal, followed by Pakistan and India. Thailand had the lowest maternal mortality at 20, followed by Malaysia at 40.

TABLE 1.7

DEMOGRAPHIC INDICATORS FOR EIGHT COUNTRIES

Indicators	India	Indonesia	Malaysia	Nepal	Pakistan	Philippines	Thailand	Vietnam
1. Population (million) 2015	1,311	257.6	30.3	28.5	188.9	100.7	68.0	93.4
2. Population (million) 2030*	1,528	295.5	36.1	33.1	244.9	123.6	68.3	105.2
3. Share of Urban Population (%) 2015	32.7	53.7	74.7	18.6	38.8	44.4	50.4	33.6
4. Share of Population (0–4%) 2015	29	28	25	33	35	32	18	23
5. Share of Population (15–24%) 2015	18	17	19	21	20	20	13	17
6. Share of Population (15–64%) 2015	66	67	70	62	60	63	72	70
7. Share of Population (above 65%) 2015	8.6	7.7	8.4	9.0	7.4	7.2	14.6	9.6
8. Dependency Ratio (0–14 and above 65) 2015	52.4	49.0	43.6	61.8	65.3	57.6	39.2	42.5
9. Infant Mortality ** (2015)	37.9	22.8	6.0	29.4	65.8	22.2	10.5	17.3
10. Maternal Mortality *** (2015)	174	126	40	258	178	114	20	54

*projected; ** per 1,000 live births; *** per 100,000 births

Source: a. Human Development Report 2016, United Nations Development Programme (UNDP) for rows 1–3, 9 and 10
b. Asia-Pacific Human Development Report 2016, UNDP, New York for rows 4–8

Human Development

The term "human development" has been seen as an expansion of human capabilities, a widening of choices, an enhancement of freedoms, and a fulfillment of human rights. Such a perspective shifts policy attention from mechanically expanding incomes to fruitfully ensuring that higher incomes translate into greater freedoms to people - women, children and men. The most critical of these wide-ranging choices are to live a long and healthy life, to be educated, and to have resource access for a decent standard of living. These three basic choices are reflected in the Human Development Index (HDI).

HDI was the highest in Malaysia with a rank of 59, followed by Thailand with 87 (Table 1.8). South Asian countries such as India, Nepal, and Pakistan had lower ranks. The mean years of schooling was also lower for South Asian countries. In the case of Vietnam, indicators such as life expectancy and mean years of schooling were high, but the HDI rank was relatively lower due to lower per capita GDP.

TABLE 1.8

HUMAN DEVELOPMENT INDEX (HDI) AND INDICATORS IN 2015

	HDI Index	HDI Rank	Life Expectancy at Birth	Expected Years of Schooling	Mean Years of Schooling	Gross National Income (GNI) Per Capita 2011 PPP (USD)
India	0.624	131	68.3	11.7	6.3	5,663
Indonesia	0.689	113	69.1	12.9	7.9	10,053
Malaysia	0.789	59	74.9	13.1	10.1	24,620
Nepal	0.558	144	70.0	12.2	4.1	2,337
Pakistan	0.550	147	66.4	8.1	5.1	5,031
Philippines	0.682	116	68.3	11.7	9.3	8,395
Thailand	0.740	87	74.6	13.6	7.9	14,519
Vietnam	0.683	115	75.9	12.6	8.0	5,335

Source: Human Development Report 2016, UNDP

Gender Development

Gender development is an important component of a country's progress. It was high in Vietnam, Thailand, and the Philippines, and low in Pakistan and India (Table 1.9). Gender inequality was the lowest in Malaysia, followed by Thailand and Vietnam. Pakistan and India had the highest inequality among the eight countries. The percentage of population with at least some secondary education was the highest in Malaysia (75%), followed by the Philippines (73%). On the other hand, Nepal (24%) and Pakistan (27%) had low education for females. In the case of the share of seats in Parliament, females were the lowest in India with only 12%, followed by Malaysia (13%). Nepal had the highest share of females in Parliament (30%). Except in the share of seats in Parliament, South Asian countries had lower gender development.

TABLE 1.9

GENDER DEVELOPMENT INDEX (GDI) AND INDICATORS IN 2015

	Gender Development Index	Gender Inequality Index	Gender Inequality Index Rank	Population with At Least Some Secondary Education		Percentage of Women in Parliament (%)
				Female	Male	
India	0.819	0.530	125	35.3	61.4	12.2
Indonesia	0.926	0.467	105	42.9	51.7	17.1
Malaysia	---	0.291	59	75.4	79.1	13.2
Nepal	0.925	0.497	115	24.1	41.2	29.5
Pakistan	0.742	0.546	130	26.5	46.1	20.0
Philippines	1.001	0.436	96	72.8	70.3	27.1
Thailand	1.001	0.366	79	40.9	45.8	22.3
Vietnam	1.010	0.337	71	64.0	76.7	24.3

Source: Human Development Report 2016, UNDP

Labor Market Review

In this section, the labor market challenges for the working age population in the selected eight countries were examined.

Labor Force Participation Rate

Labor force participation rate (LFPR) for males was higher in all the eight countries and it varied between 78% in Malaysia to 87% in Nepal (Table 1.10). On the other hand, there were significant variations in female LFPR. The lowest one was in Pakistan (24%), followed by India (27%). Nepal had the highest female LFPR (80%) among the eight countries. Next highest was in Vietnam (74%), followed by Thailand (63%).

TABLE 1.10

LABOR FORCE PARTICIPATION RATE IN 2015

	Labor Force Participation Rate	
	Female	Male
India	26.8	79.1
Indonesia	50.9	83.9
Malaysia	49.3	77.6
Nepal	79.7	86.8
Pakistan	24.3	82.2
Philippines	50.5	78.8
Thailand	62.9	80.2
Vietnam	73.8	83.2

Source: Human Development Report 2016, UNDP

Employment by Sector

Table 1.11 provides trends in employment and unemployment situations over 2000–16 in eight countries. The worker population ratio for females declined in India, Nepal, and Thailand, while it rose in the other five countries. The share of agriculture in total employment was the highest in Nepal at 66.5%, followed by India (50%) and Vietnam (47%) in 2016. Malaysia had the lowest share in agriculture with 12% in

2016. In industry, the highest share was in Malaysia at 27%, followed by Pakistan, India, Vietnam, and Indonesia. Nepal had the lowest share in both industry and services. Malaysia had the highest share of services in employment at 60%, followed by Vietnam (47%), Indonesia (45%), and Pakistan (44%).

Regarding changes over time, the share of agriculture in employment declined in all the countries except in Nepal. In fact, the share for this sector increased from 65.7% in 2000 to 66.5% in 2016. The biggest decline occurred in Vietnam from 65% to 47% during the same period. On the other hand, the share of manufacturing increased in all countries except in Malaysia and the Philippines. The share of services in employment rose in all countries. The biggest rise occurred in Malaysia from 50% to 60% during the same period.

TABLE 1.11

EMPLOYMENT AND UNEMPLOYMENT IN EIGHT COUNTRIES

	Employment to Population Ratio Aged 15 and Above (%)			Share in Total Employment (%)			Unemployment (as % of labor force)	
	Female	Male	Total	Agriculture	Industry	Services	Female	Male
India 2000	32.4	79.0	56.4	59.9	16.0	24.0	4.2	4.3
- 2016	25.9	76.5	51.9	49.7*	21.5*	28.7*	3.8	3.3
Indonesia 2000	47.0	79.9	63.3	45.3	17.4	37.3	6.5	5.8
- 2016	47.6	79.4	63.5	34.3*	21.0*	44.8*	6.6	5.2
Malaysia 2000	43.2	78.6	61.1	18.4	32.2	49.5	3.1	2.1
- 2016	47.7	75.5	61.4	12.2	27.4	60.3	3.3	2.9
Nepal 2000	79.9	88.3	84.0	65.7	13.4	20.7	1.9	2.3
- 2016	77.5	83.8	80.5	66.5	11.2	22.4	2.7	3.4
Pakistan 2000	13.5	79.0	47.3	48.4	18.0	33.5	16.1	5.6
- 2016	22.3	78.9	51.2	43.5	22.5	34.0	9.4	4.0
Philippines 2000	43.3	72.7	57.9	37.1	16.2	46.7	11.2	11.2
- 2016	47.5	73.7	60.6	30.4	15.9	53.6	6.2	6.5
Thailand 2000	63.8	78.9	71.2	48.5	17.9	33.6	2.3	2.4
- 2016	62.2	79.1	70.4	41.9	20.3	37.5	1.0	1.1
Vietnam 2000	71.2	80.6	75.8	65.3	12.4	22.3	2.2	2.4
- 2016	72.3	81.6	76.8	46.8	21.2	32.0	2.2	2.0

*Refers to 2013
Source: ESCAP statistical online database
http://data.unescap.org/escap_stat/#countryProfiles/ accessed on 17 July 2017

Unemployment

The unemployment rate for females was the highest in Pakistan (9%), followed by Indonesia (7%) and the Philippines (6%) in 2016 (Table 1.11). The unemployment rate declined in all countries except in Indonesia, Malaysia, and Nepal over 2000–16. The male unemployment rate in general was lower than the female unemployment rate. The unemployment rate for males was the highest in the Philippines, followed by Indonesia. It declined in all countries except in Malaysia and Nepal. A look at the unemployment rate by education showed that it was the highest for the educated in the Philippines [8].

Quality of Employment

Status of Employment

One indicator of quality is the share of regular employment as compared to casual and self employment. The country reports on India and Indonesia provided these estimates. The two countries showed contrasting pictures regarding the status of employment. In Indonesia, the quality of employment was

high, as the share of regular employment was 58% in 2015, while in India it was 18% in 2011–12 (Table 1.12). In India, self-employment was the highest at 52% as compared to 17% in Indonesia. The need to increase regular workers was obvious to improve the quality of employment.

TABLE 1.12

STATUS OF EMPLOYMENT IN INDIA AND INDONESIA

Status	India		Indonesia	
	2004–05	2011–12	2011	2015
Regular	14.3	17.9	55.8	58.1
Casual Wage	28.9	29.9	26.5	24.9
Self-employed	56.9	52.2	17.7	17.0

Source: India [3], Indonesia [4]

Wages and Poverty

The wages for regular workers were much higher compared to casual workers. The Indian data showed that the wages for regular workers was 2.7 times higher than that of casual workers. Regular workers received INR392 per day as compared to INR143 per day for casual workers [3]. Regarding poverty, around 36% of casual workers were below the poverty line, while poverty among regular workers was only 9% [3].

Dualism in Labor Market

One issue in the Asia-Pacific region relates to the large share of informal workers in total employment. These workers are employed without any employment security or social security. They work at very low wages and poor working conditions compared to formal sector workers.

TABLE 1.13

PERCENTAGE DISTRIBUTION OF TOTAL WORKERS BY UNORGANIZED/ORGANIZED SECTORS AND FORMAL / INFORMAL WORKERS IN 1999–2000, 2004–05, AND 2011–12 IN INDIA

	Unorganized Sector (%)	Organized Sector (%)	Total (%)
Informal Workers			
1999–2000	98.1	41.1	92.6
2004–2005	99.5	48.0	93.4
2011–2012	99.5	57.8	92.4
Formal Workers			
1999–2000	1.8	58.8	7.4
2004–2005	0.5	52.0	6.6
2011–2012	0.5	42.2	7.5
Total Workers			
1999–2000	100.0 (358.0 million)	100.0 (38.9 million)	100.0 (396.9 million)
2004–2005	100.0 (403.4 million)	100.0 (54.0 million)	100.0 (457.4 million)
2011–2012	100.0 (391.8 million)	100.0 (80.2 million)	100.0 (472.0 million)

Source: IHD [12]

India has one of the highest number and proportion of informal workers in the world. Out of 472 million workers, 92.4% (436 million) were informal workers in 2011–12 (Table 1.13). The share of informal workers was between 92–93% since 1999–2000. In other words, only 7.5% of the total workers in India

were formally employed and enjoyed regular jobs. It is interesting to note that out of 80 million organized sector workers, 57.8% were informal workers in 2011–12. The proportion of informal workers in the organized sector increased from 41% in 1999–2000 to 58% in 2011–12. It showed that even in the organized sector, contractual employment had been increasing faster.

Another issue in many countries in Asia and the Pacific labor markets is the problem of the working poor. The overall unemployment may be low, but many people are informal workers working at low wages and poor working conditions. The percentage of the working poor was the highest for Nepal, followed by Indonesia, Pakistan, and the Philippines (Table 1.14). It was very low in Thailand and Malaysia, followed by Vietnam.

Vulnerable employment comprising own-account workers and contributing family workers is high in the Asia-Pacific region. These two employment groups on average are characterized by higher poverty rates and limited social protection. Women are likely to be more in the vulnerable category than men. The vulnerable employment rate was the highest in India (81%), followed by Pakistan (63%) and Vietnam (63%) (Table 1.14).

However, there seemed to be some positive development, as the share of vulnerable employment had declined over time. In South Asia, it declined from 80.9% in 2000 to 76.4% in 2012. The decline was much higher in East and Southeast Asia (Dev [11]). In other words, the share of wage employment had been increasing in Asia-Pacific region. This was true for both males and females. It had benefited women. For industry and services together, the ratio of women to men in wage employment increased from 47.5% in 1992 to 55.1% in 2012 (Dev [11]).

TABLE 1.14

WORKING POOR AND VULNERABLE EMPLOYMENT IN EIGHT COUNTRIES IN 2015

	Working Poor PPP USD3.10 a day (%)	Vulnerable Employment (%)
India	28.2	80.8
Indonesia	38.7	33.0
Malaysia	6.9	21.1
Nepal	43.9	---
Pakistan	37.1	63.1
Philippines	32.0	38.4
Thailand	1.5	55.9
Vietnam	14.6	62.6

Source: Human Development Report 2016, UNDP

Migration

Some country reports included migration data on their countries. In Indonesia, domestic mobility profile was divided into permanent migration and nonpermanent migration (shuttle and seasonal) [4]. When viewed by province, the percentage of people who practiced seasonal mobility was the highest in Jakarta province, Riau Islands, and West Papua 66%, 61%, and 54%, respectively [4]. On international migration, Indonesia was second only to the Philippines with regard to labor migration within ASEAN. Since 2014, the government of Indonesia issued a moratorium on the sending of migrant workers to work in the informal economies of Saudi Arabia, Jordan, Kuwait, Syria, and Malaysia. The placement of workers abroad has decreased significantly. The majority of migrant workers from Indonesia work in Asia Pacific, followed by the Middle East. Migrant workers from Indonesia also work in Europe and America, but in fewer numbers [4].

In Nepal, three quarters of the absent population leave in search of employment, of which 62% leave for countries other than India. According to the Department of Foreign Employment (DoFE) classification of migrant workers done in 2013–14, around 74% of migrant workers were unskilled, 12% were semi-skilled, about 14% were skilled, and less than 1% were highly skilled/professionals [6].

In the case of Thailand, labor mobility increased steadily from 5,500 in 1995 to 1.1 million in 2010. In the Thailand report, Indonesia, the Philippines, Lao PDR, Myanmar, Cambodia, and Vietnam were recognized as the major exporters of labor working outside of their countries. They were classified as mainly unskilled workers - maids and construction workers, workers in the agricultural sector, and laborers in fisheries and the fish processing industry. The majority of Thailand's migrant workers came from neighboring countries, around 1.2 million in 2011, which increased to 1.5 million in 2017 [9].

Youth Employment Challenges

The definition and age grouping of youth may vary in different sociocultural contexts across countries. The sociological viewpoint might wish to define youth as the transition stage from childhood to adulthood. But the age at which this transition begins will vary greatly between societies and indeed within the same society. However, differences continue to exist in the way national statistics programs in different countries define and measure youth. Some countries define youth up to 29 years or 35 years. The UN and the ILO, however, define youth as persons between 15 and 24 years of age for cross-country comparison and analysis.

The definition of youth also differs in the eight countries of the APO project. The National Youth Policy of 2014 in India defines youth as persons in the age group of 15–29 years [3]. The National Youth Development Policy of Malaysia defines youth as people aged between 15 and 40 years [5]. In Nepal, the population in the age group of 15–29 years is considered youth [6]. The Youth in Nation-Building Act of the Philippines defines youth as comprising population in the age group of 15–30 [8]. The share of youth population has been declining at the global level, but it continues to be high in the Asia-Pacific region.

Labor and Employment

Labor force participation rates among youth have been declining in all the regions, which is a reflection of the improved enrollment in education. In South Asia, it declined from 47.8% in 2000 to 40% in 2016. Similarly, it declined from 56% to 52% in Southeast Asia during the same period.
Youth literacy is more than 90% for both males and females in most of the eight selected countries (Table 1.15). Only in Pakistan, the youth literacy for females was 69%.

TABLE 1.15

YOUTH LITERACY IN EIGHT COUNTRIES IN 2015

	Youth Literacy	
	Female	Male
India	87.2	91.8
Indonesia	99.1	98.9
Malaysia	98.5	98.3
Nepal	87.4	92.6
Pakistan	69.3	81.5
Philippines	98.9	97.0
Thailand	98.2	98.3
Vietnam	98.0	98.2

Source: Human Development Report 2016, UNDP

In India, the LFPR for the youth population at 32.4% was less than the 39.5% for all the other ages. It was lower for both males and females. The demographic dividend in India could be for ages other than the 15–24 age group [3]. In Malaysia, 42% of the youth population were either working or seeking employment in 2015. Of the total labor force, youths form 16–18% in Malaysia [5]. The LFPR in Pakistan was 33.5% for the age group 15–19 and 52.3% for the age group 20–24 [7]. The youth LFPR in Vietnam increased from 57.4% in 2011 to 59% in 2015 [10].

Unemployment

Youth unemployment was two to three times higher than general unemployment in these eight countries (Table 1.16). It was the highest in Indonesia at 19% in 2015, followed by the Philippines (16%), Pakistan (11%), and Malaysia (10%). Youth unemployment rates were lower in Thailand, Nepal, and Vietnam. The country report on Indonesia indicated that youth unemployment was 23% in 2015 [4]. In the case of Vietnam, the country report showed that youth unemployment rate was 7%, while the rate for adults aged 25 years and above was 1.2% [10].

TABLE 1.16

YOUTH UNEMPLOYMENT IN EIGHT COUNTRIES IN 2015

	Unemployment	
	Total of All Ages	Youth (Age 15–24)
India	3.5	9.7
Indonesia	5.8	19.3
Malaysia	2.9	10.4
Nepal	3.1	5.1
Pakistan	5.4	10.7
Philippines	6.7	15.7
Thailand	1.1	4.7
Vietnam	2.1	5.3

Source: Human Development Report 2016, UNDP

Underemployment

Underemployment is a major problem in the Asia-Pacific region. In Indonesia, underemployment, defined as working less than 35 hours per week, was as high as 39% in 2011, although it declined to 35% in 2015. This indicates fairly high rates of underemployment [4]. Most of the underemployed youth work in agriculture, which was 58% in 2015. The next sector, which had a high level of underemployment, was the trade sector at 13% in 2015 [4]. In Malaysia, underemployment was low for the youth (2.1%) and older groups (1.2%) [5]. In Pakistan, underemployment for the age group 15–19 was 18%, while it was 21% for the age group 20–24 [7]. Underemployment in the Philippines was around 18% in 2016 [8].

Quality of Employment

The percentage of regular employees provides some idea on the quality of employment. Nearly 80–85% of youth workers in India were either self-employed or casual workers. Only 15–20% were regular workers [3]. In contrast, the country report of Indonesia showed that the share of youth who work and run businesses on a regular basis was the largest part. In fact, the share increased from 53% in 2011 to 60% in 2015. This indicated an increase in Indonesian youth with regard to quality of work [4]. In Vietnam, the proportion of youth workers who were wage or salary workers increased from 44.5% in 2011 to 52% in 2015. However, the share of vulnerable employment was still high at 47.4% in Vietnam in 2015 [10].

A significant proportion of youth employment was in the informal sector. In India, nearly 90% of workers of all ages were in the informal sector. The majority of youth were also in the informal sector [3]. In the case of Malaysia, the informal nonagricultural sector was 9.8% for those in the 15–24 age group, compared to 7.6% for those in the 25–34 age group and 11.5% for those in the 35–44 [5]. In Nepal, youth participation in the informal sector was high [6]. The informal employment among youth was very high (71.3%) in Vietnam in 2015, although it declined from 75.5% in 2011 to 71.3% in 2015. With informal employment, youth workers could not access entitlements such as social security, paid annual and sick leave, and overtime pay in Vietnam [10].

Joblessness

It may be noted that the efficiency of the unemployment rate as a sufficient indicator for measuring the problem of youth in the labor market has been questioned for a long time (O'Higgins [13]). The attention has been turned, in fact, to focus on the discouraged young workers who are excluded from the measures of youth unemployment. The discouraged young workers are those young people who are not in education, not attending educational institutions, not employed, and may not be actively searching for work. They may not be searching for work because they know or believe that acceptable employment is not available [13]. The broad or relaxed definition of the ILO on the unemployment rate, in fact, includes the category of "jobless youth" - people who are neither attending school/college nor are employed [13].

In India, joblessness among illiterate youths was 19% in 2011–12. It was high at 24% for young illiterate women [3]. The joblessness rate in India for those with middle school education was 22% in 2011–12. The country report on Indonesia showed that underutilization of youth was around 60% and youth not schooling was 40% in 2015. Therefore, joblessness was quite high in Indonesia [4]. In Nepal, joblessness was lower at 5.7% for the age group 15–19, as many were students but not employed. In the case of the age group 20–24, joblessness was around 14.1% [6]. The joblessness rate among youth in Vietnam increased from 13.9% in 2011 to 18.8% in 2015 [10].

The percentage of youth who were not in school or in employment was around 24–25% in the Philippines, India, and Indonesia (Table 1.17). In Malaysia, it was the lowest, followed by Nepal and Vietnam.

TABLE 1.17

YOUTH NOT IN SCHOOL OR EMPLOYED IN 2015 (%)

India	24.2
Indonesia	24.1
Malaysia	1.2
Nepal	9.2
Pakistan	---
Philippines	24.8
Thailand	13.8
Vietnam	9.3

Source: Human Development Report 2016, UNDP

Monthly Wages

The country report on Vietnam provided some information on the wages of youth. During 2011–15, the average monthly wage of paid youth workers increased from VND2,582 to VND3,781 with a growth rate of 9.7% per year. In 2015, the average monthly wage of paid youth workers was VND3,781,000, which was lower than that of paid workers in general at VND4,637,000 [10]. Although the gender wage gap was declining, it was still high in some occupations in Vietnam. Youth women earned around 82% of male earnings in the occupations requiring professional and technical qualifications [10].

Employment and Unemployment by Education

The data on India showed that 16% of youth workers were illiterate and 65% workers had primary/middle and below level of education. In other words, only 35% had secondary or higher level of education [3]. Unemployment of youth by education in India showed that unemployment is higher for the educated youth. The majority of unemployed youth had graduate degree and above [3].

The country report on Indonesia revealed that most of the unemployed youth were senior high school graduates, with a share of 46% in 2001, which increased to 59% in 2015 [4]. The data was interesting because the unemployment rate of senior high school graduates was much higher than those with primary school or lower education [4]. In Pakistan, the unemployment rate for the illiterate youth was 9.5%, while it was 37% for the literates. It showed that unemployment was concentrated in the literate youth in Pakistan [7].

Employability and Skill of Workers

The lack of education and skill among youth workers are the major problems in the developing economies of Asia and the Pacific with regard to unemployment, joblessness, employability problems, and low wages. Youth population often reaches working age without education and basic skills that are important for employment prospects.

In India, the employability of educated youth was less than 50% for many of graduates and post-graduates (Table 1.18).

TABLE 1.18

EMPLOYABILITY IN INDIA (%)

Course	Year		
	2014	2015	2016
Master of Science	45	39.81	31.36
Master of Business Administration	43.99	44.56	42.28
Engineering	54	52.58	50.69
Bachelor of Arts	29.82	27.11	35.66
Bachelor of Science	38.41	35.24	31.76
Bachelor of Pharmacy	56	40.62	42.3
Industrial Training Institute	44	40.9	42.22
Polytechnic	10.14	15.89	25.77

Source: India Skills Report 2017

The country report of Indonesia said that the main problem of its youth was the mismatch in the type of education with the needs of the job market [4]. In Vietnam, the youth labor force remained mostly unskilled or technical workers without degrees/certificates, as 79.8% of them did not have any technical education/trainings in 2015 [10].

Youth Employment and Labor Productivity

There were no labor productivity estimates for youth employment. Therefore, the share of employment in different sectors for workers above 15 years and those between 15–24 was examined. The country report on Indonesia examined the quality of employment of Indonesian youth by looking at changes in employment across sectors. Table 1.19 shows that the share of youth in the Agriculture sector was lower compared to the 15–60+ age group, i.e., 26.58% versus 34%, while the youth share in the Manufacturing, Trade, and Financial sectors was higher than the 15–60+ age group. Thus youth contributed more to the overall labor productivity, as their shares of employment were in the high-labor productivity sectors [4].

The study on Indonesia also showed that for youth, the decline in the share of Agriculture was faster (4.5 points) compared to the 15–60+ age group (1.9 points) (Table 1.20). Similarly, the increase in the share of Manufacturing was higher for youth (1.6 point) compared to the 15–60+ age group (0.05 point). The same was also seen in the Public Services sector, where the increase was higher for youth compared to the 15–60+ age group, i.e., 1.23 points versus 0.89 points (Table 1.20). The same comparison was also seen in the Financial sector, where youth experienced an increase of 0.42 points, while the 15–60+ age group only saw an increase of 0.24 points. It showed that the share for youth increased faster in high-productivity sectors [4].

TABLE 1.19

LABOR PRODUCTIVITY AND SHARES OF EMPLOYMENT FOR 15–60+ AGE GROUP AND 15–24 AGE GROUP IN 2014

Sectors	Labor Productivity 15– 60+ Age (USD)*	Rank	Share of Employment 15–60+ Age (%)**	Share of Employment 15–24 Age (%)**
Agriculture	9,196	9	34.00	26.58
Mining	178,280	1	1.25	1.64
Manufacturing	34,863	5	13.31	19.79
Power (Electricity)	136,373	2	0.25	0.25
Construction	31,516	6	6.35	5.84
Trade	17,890	7	21.66	24.13
Transportation	62,557	4	4.66	4.00
Finance	102,825	3	2.64	3.10
Public Services	13,955	8	16.07	14.66
Total	24,348		100.00	100.00

Source: Rajaguguk Zentermans R. [4]

TABLE 1.20

CHANGES IN SHARES OF EMPLOYMENT IN 2011 AND 2014

Sectors	Labor Productivity 15– 60+ Age (USD)*	Rank	Share of Employment 15–60+ Age (%)**		Share of Employment 15–24 Age (%)**	
			2011	2014	2011	2014
Agriculture	9,196	9	35.86	34.00	31.16	26.58
Mining	178,280	1	1.34	1.25	1.74	1.64
Manufacturing	34,863	5	13.26	13.31	18.16	19.79
Electricity	136,373	2	0.22	0.25	0.16	0.25
Construction	31,516	6	5.78	6.35	5.24	5.84
Trade	17,890	7	21.33	21.66	23.44	24.13
Transportation	62,557	4	4.63	4.66	3.98	4.00
Financial	102,825	3	2.40	2.64	2.68	3.10
Public Services	13,955	8	15.18	16.07	13.43	14.66
Total	24,348		100.00	100.00	100.00	100.00

Source: Rajaguguk Zentermans R. [4]

In Vietnam, the share of Agriculture for youth was lower than for all ages. On the other hand, the share of Industry was much higher for youth (31%) than for all ages (22.5%) in 2015 (Table 1.21). It showed that youth employment was in the high-productivity sector in Vietnam. The decline in the share of

Agriculture for youth was also faster than for all ages [10]. The decline in Agriculture was absorbed by Services for youth. It showed that structural changes were faster for youth than for all ages.

TABLE 1.21

DISTRIBUTION OF EMPLOYMENT FOR YOUTH AND ALL AGES BY SECTOR IN VIETNAM (%)

	Youth (15–24 Age)		All Ages	
	2011	2015	2011	2015
Agriculture	49.14	42.85	48.38	44.02
Industry	29.35	30.59	21.29	22.52
Services	21.51	26.56	30.33	33.46
Total	100.00	100.00	100.00	100.00

Source: Trinh T. N. [10]

In India, the share of Manufacturing for youth at 14% was higher than for all ages at 12.8% in 2011–12. Similarly, the share in Services was higher for youth than for all ages [3]. It showed that the youths were in more productive sectors as compared to all ages. In the case of the Philippines, the share of Agriculture for youth (24%) was lower than for all ages (27%). The Industry share for youth (16.8%) was slightly lower than for all ages (17.5%). On the other hand, the share of youth employment in Services (60%) was higher than for all ages (55.6%). It showed that youth in the Philippines were in high-productive sectors than those in all ages [8].

Youth Employment Challenges

All the eight country reports discussed youth employment challenges. The challenges for young workers in these countries were: unemployment, high share in the informal sector, underemployment, working poor, low-paid jobs, low working conditions, lack of structural transformation to industry and services, and lack of education, skills and training.

Unemployment and underemployment are the result of the combined effects of i) mismatch between the skill level of job seekers and the skills demanded by enterprises, ii) the supply of workers seeking jobs exceeding the demand of enterprises/vacancies available, and iii) incomplete information on available jobs. All of these induce a process of demotivation, and as a result, individuals reduce their job search activity thus decreasing the probability of getting jobs [10].

For example, the country report on Vietnam discussed the causes and challenges facing labor productivity arising from youth employment. These causes in Vietnam were i) low labor quality, ii) youth labor concentrated in low productivity sectors, iii) high unemployment and underemployment rates of youth workers in urban areas, iv) ineffective management and limited contribution of TFP to the economic growth, v) limitations of the educational and training system, vi) underdeveloped labor market institutions, and vii) limited awareness of youth, particularly in the urban areas, toward their own responsibility for self-job creation and self-training.

Policies and Programs Promoting Youth Entrepreneurship

This section puts together an abridged version of the policies and programs on youth entrepreneurship given in the eight country reports of Asia (see country reports for all the policies and programs).

India [3]

Startup-supporting Policies

In order to promote entrepreneurship, several policies have been undertaken over the last two decades. However, in recent years, there has been a renewed focus on promoting entrepreneurship amongst youth in India. Toward this, the Startup India campaign is an initiative of the government of India to bring startups to the centre stage of India's growth story. The action plan has certainly addressed key concerns, such as simplifying the process to obtain certain regulatory registrations and approvals by rolling out the proposed mobile app and portal, enabling faster exits from a regulatory perspective, providing funding support and credit guarantee for startups, and permitting certain specified tax benefits.

For this purpose, "startup" has been defined to mean an entity incorporated or registered in India, with an annual turnover not exceeding INR25 crore (INR250 million) in any preceding financial year, and working toward innovation, development of new products, or services driven by technology or intellectual property. Additionally, it has been provided that the entity i) should not be formed by splitting up or reconstructing a business already in existence, ii) shall cease to be a startup if its turnover exceeds INR25 crore (INR250 million) in any preceding financial year, or it has completed five years from the date of incorporation/registration, iii) will be eligible for tax benefits only after a certificate is obtained from the Inter-Ministerial Board set up by the Department of Industrial Policy and Promotion (DIPP) for this purpose. There are some key points in the Startup Action Plan (see [4] for details).

Innovative Self-employment Programs

The government of India declared 2010–20 as the Decade of Innovation, for which the roadmap would be prepared by the newly established National Innovation Council (NInC; http://innovationcouncilarchive.nic.in). The National Innovation Council is "the first step in creating a crosscutting system that will provide mutually reinforcing policies, recommendations and methodologies to implement and boost innovation performance in the country" (Nation Innovation Council, 2010). The Science, Technology and Innovation Policy 2013 outlines the major initiatives to strengthen the innovation ecosystem and boost the development of innovation-led entrepreneurship in India.

Skill Development/Capacity Building/Entrepreneurship Awareness Enhancement Programs and Policies for Youth

It is imperative that in a hugely populous country such as India, the aspect of skill development and capacity building need to be given great attention. The Ministry of Skill Development and Entrepreneurship is responsible for coordinating all skill development efforts across the country, removing the disconnect between demand and supply of skilled manpower, building vocational and technical training framework, upgrading skills, and building new skills and innovative thinking, not only for existing jobs but also for jobs that are to be created. The ministry aims to build a skilled manpower on a large scale quickly and with high standards in order to achieve its vision of a "Skilled India."

It is aided in these initiatives by its functional arms - the National Skill Development Agency (NSDA), the National Skill Development Corporation (NSDC), the National Skill Development Fund (NSDF), and 33 Sector Skill Councils (SSCs) as well as 187 training partners registered with NSDC. The ministry also intends to work with the existing network of skill development centers, universities, and other alliances in the field. Further, collaborations with the relevant central ministries, state governments, international organizations, industries, and NGOs have been initiated for multi-level engagement and more impactful implementation of skill development efforts. To align the efforts of all the above

mentioned organizations, the Indian Union Budget 2017 initiated steps toward realizing the Skill India mission with three major focus areas (see [3] for details).

The country report on India also provided measures for strengthening existing programs. The report also discussed government/private/public partnership programs and policies for youth that could contribute indirectly to employment creation such as ease of doing business, improving finance, etc. (see [3] for details).

Evaluation of Programs and Policies Promoting Entrepreneurship Among Youth

The National Skill Development and Entrepreneurship Policy regularly monitors and evaluates the programs and policies promoting entrepreneurship among youth to ensure that best practices can be scaled up and corrective measures can be introduced. The main idea of having a robust monitoring and evaluation mechanism is to ensure successful implementation of policy initiatives. In view of the above, NSDC conducted an impact assessment of the initiatives aimed at improving skills and adopted a consultative and participatory approach, engaging and interacting consistently with key stakeholders and beneficiaries, and congregating factors through rigorous analysis in order to fulfill the requirements of the study. The evaluation has given critical observations on improving skills in India (see [3] for details).

Indonesia [4]

Supporting youth to overcome problems and their various weaknesses, as well as developing them into excellent entrepreneurs to become human capital for the country is one of the policy priorities of the government. There are a lot of programs implemented by various ministries/agencies in Indonesia. However, reality shows that entrepreneurship among youth in Indonesia is still difficult to develop.

Startup-supporting Policies

Creating Regulations for Small and Medium-sized Enterprises

One of the steps taken is to create regulations that facilitate youth to start and run their own business.

Founding of the Youth Entrepreneurship Capital Agency

The agency was created by the government to support youth in building a business through several activities, namely training, apprenticeship, mentoring, accompaniment, partnership, promotion, and capital assistance.

Implementing Innovative Self-employment Programs

Many self-employment programs implemented by the government are generally intended for all people. There are some, however, that are specifically aimed at youth as shown below.

Young Professional Entrepreneurs Development Program (YPEDP)

Due to low interest among youth to become entrepreneurs in Indonesia, the Ministry of Manpower implemented a program called Young Professional Entrepreneurs Development Program (YPEDP) in the 1990s. The program was implemented in all provinces of Indonesia, with the aim of improving the skills of youth to become entrepreneurs, especially university graduates. The program was implemented in cooperation with universities and young entrepreneurs to act as coaches and motivators.

Voluntary Manpower

This program was intended to develop entrepreneurship in the community through the role of highly educated youth who volunteer to help the community in various fields, such as production processes, management, and marketing. But more important is that these youths are interested and have the experience to become entrepreneurs in the future after the completion of their duties. The program was implemented in the entire territory of Indonesia through cooperation between Ministry of Manpower and local governments.

Cooperation Between Stakeholders for Youth

In 2001, Indonesia was actively involved in the implementation the UN Secretary-General's Youth Employment Network (YEN) and was one of the first nations to volunteer to be a "lead" country. Then, in 2003, the Coordinating Minister for Economic Affairs established an Indonesian Youth Employment Network (IYEN) Coordinating Team under the leadership of its ministry and the Ministry of Manpower. The IYEN involved senior policy makers as well as prominent representatives of the private sector, civil society, and youth organizations. A key priority of the IYEN has been to develop an Indonesia Youth Employment Action Plan (IYEAP) to achieve several objectives [4]. Although it is still not in line with expectations, through the implementation of the above activities, there has been significant improvement in youth development, among others: i) the awareness of youth that jobs come not only in the form of wage earners but also as entrepreneurs, ii) the rise in entrepreneurship programs for youth in province and regency/city, iii) the strengthening of interinstitutional cooperation in youth development.

Evaluation of Programs Promoting Entrepreneurship Among Youth

Although the quality of the implementation of the youth entrepreneurship program was far from satisfactory, it may be noted that some programs were quite successful, such as the utilization of voluntary manpower. On the other hand, there were a few programs that could not be continued, such as the YPEDP program. Some of the causes for this include a change in the system of government from centralized to decentralized, where each province and district had the autonomy to run the program based on their respective interests and perceptions, including programs related to youth. Few programs previously carried out on the budget and supervision of the central government were discontinued by the local government authorities for various reasons. In such cases, the central government could not intervene. Another cause was an unqualified local government managing and implementing specific programs due to the lack of personnel with knowledge and experience. And lastly, the most important reason was the lack of financing, as priority was given to infrastructure that were not related to entrepreneurship development for youth.

Malaysia [5]

Efforts have been undertaken to nurture the entrepreneurial potential of youths and encourage participation in business enterprises as well as promote self-employment. Toward this end, many initiatives have been undertaken to develop entrepreneur programs, conduct research and training as well as provide advisory services to young entrepreneurs.

To transform Malaysia into an entrepreneurial nation and address the unemployment issue, the Malaysian government has continuously encouraged the involvement of women and youths in entrepreneurship. Hence, the government provides microcredit facility through TEKUN Nasional and Amanah Ikhtiar Malaysia (AIM), two government institutions entrusted to manage microcredit funds. This facility is provided together with entrepreneurship training to build their ability in the areas of finance, business plan preparation, marketing, and promotion.

For youth entrepreneurial development, the government has instituted the Malaysian Global Innovation and Creativity Centre (MaGIC), 1Malaysia Entrepreneurs (1MeT), and Graduate Entrepreneurs Scheme, now known as Graduate Entrepreneurship Fund. The Ministry of Youth and Sports (MOYS), through the National Youth and Sports Department, has implemented the Youth Entrepreneurship Program (Business and Agriculture Business). This program offers courses that consist of basic entrepreneurship in Labeling and Packaging Technology, Smart Partnership (youth entrepreneur), Smart Financial Manager, and Technical Agriculture programs (National SME Development Council, 2013). These programs aim to develop 1,000 entrepreneurs by 2020. Special programs for women were also introduced, such as skills training in microenterprises through the Women Entrepreneurship Incubator (I-KeuNITA).

To achieve high-income economy status by 2020, small and medium-sized enterprises (SMEs) should be more competitive, efficient, and effective. In addressing this challenge, the government introduced

the Economic Transformation Programme (ETP) in 2010 in which several projects for upgrading retailers and automotive workshops were introduced (National SME Development Council, 2013). An estimated 885,800 youth participated in youth development programs between 2011 and 2013 in the areas of leadership, socioeconomic development, volunteerism, and international youth cooperation. These are aimed at molding youth to become dynamic and inspired future leaders.

To ensure access of youth to capital, the Malaysian Youth Entrepreneurs Fund was set up. The Graduate Entrepreneur Fund, known as TUS (Tabung Usahawan Siswazah), is a soft loan scheme aimed at graduates. Youth below the age of 40 who have just graduated can apply for a maximum loan amount of MYR500,000 with a low interest rate of 4–5%.

In 2016, the government allocated MYR3.8 billion to various ministries to implement 31 programs through its agencies. Under Budget 2016, SME Bank was provided MYR20 million to undertake Skim Anjakan Usahawan to assist 80 entrepreneurs, particularly small Bumiputera companies that have been in operation for a minimum of two years, to expand their business.

In the five-year period (2010–15), priorities were given to develop the regional economy under the East Coast Economic Region (ECER) through skills training programs. In ensuring inclusivity of vulnerable groups, the ECER developed a range of entrepreneurship development programs to broaden the abilities of target groups such as women, youth, and the unemployed to participate in the economy. They include Empower ECER Programme, ECER Entrepreneurship Development Programme, Suri@Home programme, the Human Resources Capabilities Building Programme for SMEs, and National Dual Training System (NDTS) by Department of Skills Development Malaysia. NDTS aims to not only train and educate school dropouts and workers but also provide skill upgrading for new and existing employees in SMEs. A total of MYR19.5 million was channeled to certify 1,741 apprentices and 726 employees under the program in 2015.

In 2015, a total of MYR99 million was channeled into 37 market access programs. These include i) Women Exporters Development Programme (WEDP), ii) Promotion and Marketing Programme implemented by the Ministry of Tourism and Culture Malaysia, and iii) Entrepreneur Development Programme implemented by the Federal Land Development Authority (FELDA).

In 2015, the government implemented 22 programs to assist 11,819 local entrepreneurs and technopreneurs in the area of innovation and technology adoption with funds amounting to MYR258.1 million. Among the programs were: i) #MYCYBERSALE 2015, under which SMEs were encouraged to be part of the local e-commerce ecosystem and to increase domestic e-commerce revenue, ii) Bumiputera Vendor Development Programme implemented by the Ministry of Plantation Industries and Commodities (MPIC) through the Malaysian Timber Industry Board (MTIB), which aims to increase the productivity and efficiency of Bumiputera SMEs in manufacturing of timber-based products, and iii) Entrepreneur Development Programme for Homemade Chocolate by the Malaysian Cocoa Board (MCB).

Nepal [6]

The government of Nepal has been giving top priority to development activities that contribute significantly to increasing employment opportunities since the First Five-Year Plan.

Joint initiatives from the government, private sector, and individuals have been addressing the issue of unemployment and underutilization of labor. Nepal's national policy is to ensure sufficient employment and self-employment opportunities and to create human resources that are skilled, entrepreneurial, and qualified enough to compete internationally. The government has adopted policies for providing employment by pin-pointing different sectors, namely microfinance, entrepreneurship promotion, skill development, employment-friendly investment, quality assurance in skill training, promotion, self-employment, and microenterprise development. In addition, plans were envisaged for the promotion and expansion of labor market information (LMI) through employment information centers nationwide.

The 2007 policy on technical education and vocational training focused on expansion, inclusion, integration, relevance, and sustained funding to respond to market demand. The Three-Year Interim Plan articulated objectives to encourage employment promotion and outlined a strategy for training programs on vocational skills development. A National Plan of Action for Youth Employment 2010–18 was prepared with support from the ILO to address various youth issues and identify activities and possible outputs.

The Nepal government introduced the Labor and Employment Policy 2062, envisioning employment promotion through sustainable economic development by providing employment opportunities for the workforce in the country and by creating conducive business environment for local businesses and an investment-friendly environment.

The Labor and Employment Policy 2062 was devised by the necessary modification of earlier policies. It aims to make labor market safe, healthy, competitive, and open by developing a social security system that includes the informal sector, as well as by promoting and developing occupational safety and health. It proposes to enhance the prospects of employment and self-employment by developing high quality work environment that is free of discrimination. It has introduced strategies to achieve these objectives. These strategies include employment-focused investment in economic sectors, youth-targeted employment, promotion of self-employment, building an environment conducive to the promotion of investments and employment, and coming up with a comprehensive policy on international employment, among others.

The government has introduced some employment-targeted programs in the country, such as the Karnali Employment Program (KEP), Youth Self-Employment Program, Skill for Employment Program, promotion of cooperatives, and others.

The KEP was implemented by the government of Nepal under the Ministry of Federal Affairs and Local Development (MoFALD) to provide poor households in the Karnali zone with employment. The government announced the program during the 2006 budget speech with an initial sum of NPR180 million. KEP was initiated as a scheme with "Ek Ghar Ek Rojgar" (one family, one employment) as its objective. The aim was to provide 100 days of guaranteed wage employment to at least one unemployed family member of every household. The aim of the KEP was to reach out to very poor households that do not have any employment opportunities or sources of income. In addition, the Youth Self-Employment Fund (YSEF) was a government organization established in 2008 with the objective of providing self-employment opportunities to unemployed youths and small entrepreneurs through loans with a 12% interest rate without collateral via various financial institutions.

At the international level, the government of Nepal entered into bilateral understanding with several countries to ensure jobs and to safeguard the rights of Nepali workers in those countries. It also adopted policies to have diplomatic missions and labor officers in the countries where the number of Nepali migrant workers was growing. Moreover, the government planned to encourage returnees from abroad and utilize their skills, capital, and work culture. Moreover, as part of the UN System-wide Action Plan on Youth and Nepal's National Youth Policy, a range of activities were planned to support youth employment in Nepal (for details, see [6]).

Pakistan [7]

The issue of labor falls under the provincial governments in Pakistan. Over time, however, various schemes have been initiated by both the federal and provincial governments to increase youth productivity and employment. Some of these schemes are as follows:

i) Prime Minister's Youth Employment Scheme

The government launched a youth employment scheme to provide to loans up to PKR2 million to eligible persons aged 21–45 at concessional rate the interest rate on loans is 6% - much less than the commercial rate.

ii) Programs for Promoting Education

The Higher Education Commission (HEC) of Pakistan runs a number of schemes to encourage higher education, which without a doubt has a positive impact on increasing employment opportunities for youths, the quality of education, and productivity of youth. The schemes primarily involve scholarships for pursuing higher education in the country as well as abroad. Notable schemes include scholarships for Master of Science and PhD in developed countries, Split PhD in developed countries (course work in Pakistan ad thesis abroad), postdoctoral in developed countries, PhD in national universities and abroad, and Science Talent Farming. Except for the last one, the contribution of the schemes to youth productivity is obvious. Under the Science Talent Farming Scheme, 300 top students are picked each year from government schools. Their further education at reputed science colleges in selected cities is then fully financed by the government.

Other examples of the efforts to increase youth productivity through the promotion of education include programs by the Pakistan Poverty Alleviation Fund (PPAF) and the Punjab Education Foundation.

The PPAF runs a conditional cash transfer program for the poor. Under the program, cash grants are given to eligible mothers who enroll their children in schools identified by the PPAF. The Punjab Education Foundation runs a voucher scheme whereby the children of poor parents are given education vouchers to study in selected schools. The students can use the vouchers to pay their fees at selected schools.

iii) Microfinance

Akhuwat (an Urdu word meaning brotherhood) is a nonprofit established in 2001 with the objective of providing interest-free microfinance to the poor. Akhuwat offers microfinance to the poor under the doctrine of Qarz-e-Hasanah (an Islamic term referring to a loan extended with the intention of helping the borrower with sincerity).

iv) Khushhali Microfinance Bank

The Khushhali Microfinance Bank was established in 2000 as part of Pakistan's Poverty Reduction Strategy and its Microfinance Sector Development Program (MSDP). MSDP was developed with the facilitation of the ADB. The bank's mandate is to retail microfinance services and to act as a catalyst in stabilizing the country's newly formed microfinance sector. The bank offers lending products for groups as well as individuals.

v) Yellow Cab Scheme

The Yellow Cab Scheme was first initiated in Pakistan in the 1990s. Under the scheme, poor people, especially youths and the unemployed, are offered a cab (taxi) against a small down payment. They were required to pay the balance in easy installments. A subsidized interest rate was levied on the amount loaned by the public-sector bank. The scheme was revived recently by a single province, namely Punjab.

Evaluation of Policies that Promote Entrepreneurship and Productivity

The Prime Minister's Youth Employment Scheme in Pakistan requires the would-be borrower to furnish three personal guarantees from persons whose combined income is 1.5 times the size of the loan. Persons who can furnish such guarantees are obviously likely to be people of at least modest means. Most poor people aspiring to obtain a loan under the Prime Minister's Youth Entrepreneurship Scheme do not have the kind of network required to obtain the three personal guarantees. Hence the scheme has not been a great success.

One of the shortcomings of the microfinance is the high administration cost, given the need to engage a large number of small borrowers. As such, the service charges of the Khushhali Microfinance Bank are quite high. Given the high rate at which the bank lends, its products have not been a huge success. However, Akhuwat, a private local NGO that lends interest-free microfinance, has been a huge success. The volume of microfinance disbursed by Akhuwat has grown considerably in a short period of time due to its low administration cost.

The efforts of the PPAF to enroll poor children in schools has not been a great success due to the flawed design of the intervention. First and foremost, the success of the program is heavily dependent on the cooperation and efficient coordination between the Benazir Income Support Programme (BISP, a federal entity) and the provincial education departments/schools. Ensuring cooperation and coordination between a federal entity and provincial authorities is not an easy task.

Secondly, the success of the program relies upon the voluntary involvement of skilled BISP mothers in inducing others to join the Waseela-e-Taleem (WeT) program. The voluntary involvement envisaged in the design of the WeT is not likely to work for two reasons: i) with little or no education, the BISP mothers do not have the capacity to educate others, and (ii) being poor, the BISP mothers are likely to have many other duties to perform, including being employed, leaving little time for the voluntary participation.

Thirdly, though the condition of only mothers being eligible to register their children in the WeT program, it only exists on paper and is not strictly followed. Given the social and cultural constraints, fulfilling this condition may not always be possible. Fathers should also be allowed to register their children in the WeT.

Philippines [8]

Keeping in view the importance of youth, the following policies and programs were established to promote youth employment and youth entrepreneurship, enhance employability, and provide social protection, decent work, and equal employment opportunity to young workers. The country report of the Philippines lists 36 policies and programs (for details see [8]). Some of these are as follows:

i) The Philippine Constitution. Article 2 Section 13. The State recognizes the vital role of youth in nation-building and shall promote and protect their physical, moral, spiritual, intellectual, and social well-being.

ii) Republic Act No. 8044. An act creating the National Youth Commission, establishing a national comprehensive and coordinated program on youth development, appropriating funds therefor, and for other purposes.

iii) Republic Act 8044 Section 3. Development Program. To achieve the functional objectives of the National Youth Commission, a national comprehensive and coordinated program on youth development was established.

iv) Republic Act No. 10644 or the Go Negosyo Act. Encourages the establishment of microenterprises and SMEs in order to generate jobs, achieve inclusive growth, reduce poverty, and foster national development.

v) Republic Act No. 10742. Establishes reforms in the Sangguniang Kabataan, creating enabling mechanisms for meaningful youth participation in nation-building and for other purposes.

vi) Republic Act No. 7796. Otherwise known as the Technical Education and Skills Development Act of 1994, it aims to encourage the full participation of industry players and mobilize the industry, labor, local government units, and technical-vocational institutions in the skills development of the country's human resources.

vii) The Philippine Youth Development Plan is a framework for youth development and empowerment. It involves national and local governments to implement sustainable programs for youth development under the National Youth Commission.

viii) Youth Development Index (YDI). It seeks to measure youth development in education, employment, health, and civil and political participation. In turn, this will result in better planning and implementation of policies geared toward the youth.

ix) Micro, Small and Medium Enterprise Development Plan for 2011–2016. This is envisioned to answer the problems that beset the growth and development of microenterprises and SMEs by focusing on the business environment, access to finance, access to markets, and productivity and efficiency.

x) The Department of Labor and Employment (DOLE) Apprenticeship and Employment Program. This aims to provide new entrants to the labor force with the opportunity to acquire basic skills and work experience, which are of prime importance to employers in hiring new employees.

xi) DOLE JobStart Philippines Program. Youth beneficiaries receive full-cycle employment facilitation services, which include career guidance and coaching, life skills training for eight days, technical skills training for up to three months, and company-based internships for up to six months.

xii) DOLE Integrated Livelihood Program. Under this program, trainings such as productivity improvement, worker's safety and health, and entrepreneurship development are conducted for those with existing livelihood activities to make them viable and sustainable.

xiii) Youth Entrepreneurship Support (YES) Project. The objectives of this project are to: a) mobilize college and technical-vocational graduates to become young entrepreneurs, thereby generating income and jobs in the countryside, b) meet the employment needs of young graduates through a comprehensive and coherent package of entrepreneurship-related services that will contribute to uplifting their living conditions, c) help raise the quality of life of households and increase household economic worth by unleashing youth entrepreneurship potentials in innovative community-based business ventures, and d) intensify enterprise development through collaboration and partnership between DOLE and the educational institutions in preparing college and technical-vocational graduating students and business graduates.

Based on the foregoing, the country has many policies and programs dedicated to its youth. In 2009, Habito made an evaluation on the Promoting Youth Employment in the Philippines (PYEP) project, which was built on these 4Es: a) Entrepreneurship, b) Employability, c) Equal opportunity, and d) Employment creation. The following are some problems identified in the successful implementation of the project:

i) Policies and programs that help youth employment were mostly uncoordinated, isolated, and activity-driven rather than results-oriented; accessibility of these programs was unevenly distributed nationwide.

ii) Coordination at the local level was more successful than at the national level.

iii) Public Employment Service Offices could not effectively address youth employment challenges.

iv) There was weak ownership of the project by the government agencies that were involved, such as DOLE and NYC.

v) Changes in political leadership affected the sense of ownership of a program as new leaders did not want their programs to be identified with the previous administration.

vi) Unappreciative or uninterested attitude toward entrepreneurship where employment was still preferred.

vii) Problematic access to financing, technology, raw materials, and markets.

viii) Reluctance of local government units to promote or implement various incentives to small businesses as provided by law.

ix) Dole-out mentality [8].

With regard to the DOLE Government Internship Program, in 2016, the number of youth who underwent the program reached 43,035 nationwide. This meant that they were able to gain experience as an intern in a government institution, local government unit, or "barangay".

The success of government programs and initiatives for youth can be proven by the 2016 Global Youth Development Index (YDI) report by the Commonwealth. Based on the report, the Philippines ranked 79 out of more than 180 countries and indicated that the country had a high YDI in 2010 [8].

Thailand [9]

The Royal Thai Government have implemented the Employment Policy Convention's provisions for formulating policies and measures to promote youth development, including the extension of compulsory education to 15 years, public student loan schemes, skills development as well as universal health care.

SMEs and Startup-Supporting Policies

In 2000, the Royal Thai Government issued the Small and Medium Enterprises Promotion Act. The reasons for the promulgation of this act were that SMEs are important to the progress of economic and social development. In 2005, the government issued the Community Enterprise Promotion Act. This act was promoted as certain existing community economies were not ready for trade competition at both domestic and international levels. The Entrepreneur Promotion Policy, which began in 2002, had previously not focused on youth (15–24 year old) entrepreneurs. The Young Entrepreneur Promotion Policy was established under the SME Promotion Plan (2012–16), aimed at create new entrepreneurs and encouraging youth workers, new graduates, the unemployed, and employees who have acquired sufficient skills and experiences to set up their own business. This is done by providing skill trainings and advice on project preparation to seek financial assistance from public and private financial institutions, supported by the Bureau of Entrepreneurship Development and the Department of Industrial Promotion under the Ministry of Industry.

There are organizations that relate directly and indirectly to youth entrepreneur promotion, such as Young Farmers Promotion by the Department of Agricultural Extension (Ministry of Agriculture), Vocational Education Promotion by the Vocational Education Commission Office (Ministry of Education), skill development by the Skill Development Department (Ministry of Labor), and New Life for Women and Family Project by the Department of Women's Affairs and Family Development, (Ministry of Social Development and Human Security).

SMEs and startups for young entrepreneurs have become important for Thailand's economy. They contribute significantly to GDP growth, unemployment reduction, and job creation. There were a number of organizations, policies, programs, and projects related to SMEs that were established during the last decade (see [9] for details).

In 2015, the Prime Minister, General Prayuth Chan-O-Cha, stated to the National Assembly on Youth Policy that: "I will promote vocational education and community college education in order to produce skilled labor to respond the needs of the local labor market and develop quality education to meet the requirements of professional autonomy." He also mentioned the 20-Year National Strategic Plan (2017–36), which aims to enhance and develop the potential of human capital, ensure justice and reduce social disparities, strengthen the economy, and enhance competitiveness on a sustainable basis.

Innovative Self-employment and Startup Programs

In 2016, the government established the National Startup Centre under the Ministry of Finance in order to promote the concept of startups by encouraging SMEs to develop innovation-driven enterprises for greater business opportunities. The promotion of startups is connected with efforts to transform Thailand into a digital economy and society, and to move the country toward a value-based economy. The Thai government aims to boost the number of startups. The number of startups in Thailand is expected to rise in various fields of business, such as food, tourism, communication, and agriculture from around 1,000–2,500 to 4,000–5,000 in 2016, with the government pushing for an increase to 10,000 by 2017. The National Startup Centre will create linkages, new ideas, angel or venture investors, incubators, and accelerators, including exchange markets.

In 2017, the Startups for Young Entrepreneurs Project was initiated by the Office of Small and Medium Enterprises Promotion, the Thailand Tech Startup Project by the Software Industry Promotion Agency in collaboration with 43 IT universities, and the Young Designers Project by the Thailand Textile Institute. The activities of each agency may differ according to objectives and scope. There are some examples of successful startups by young entrepreneurs (Thailand Creative and Design Center, 2016).

Innovative entrepreneurs include Phurada Jingjit, founder of Passion Ville cosmetics, and Natcha Vanich, founder of NASHA leather handbags. For both these young entrepreneurs, the key to the success of SMEs and startups relies on self-employed policies relating to entrepreneur promotion, business environment, credit and loan, technology, social media marketing as well as exemption measures for startups.

The Entrepreneurs Promotion Policy was initiated over 15 years ago to create young entrepreneurs who were new graduates and unemployed youth to set up their own business. This policy was supported by related agencies to provide a variety of services. However, a lot of new graduates from colleges and universities (age 20–24 years) preferred to work in the formal sector rather than be self-employed or work in SMEs due to the difficulties in accessing business opportunities that may have resulted from the lack of career guidance, professional skills, and skill mismatch between young workers and the needs of the market. The government promoted startups, which is a relatively new concept for young entrepreneurs, to provide business opportunities for youth employment in order to boost the economy and the long-term sustainable development of the country.

National plans and government policies have all aimed to include integrated strategies for youth employment and promotion. However, their implementation seems to have been hampered by frequent changes in government administration and inadequate coordination among government agencies, including opportunities for employment and promotion of youth.

Vietnam [10]

Policies and Programs Promoting Youth Entrepreneurship

There is currently no specific youth employment policy in Vietnam. Nevertheless, youth employment has been an issue of national concern after the country's reunification. Government policies targeting youth have aimed to facilitate their contribution to the nation-building effort in the belief that young people are essential to the industrialization and modernization of Vietnam. The Youth Law was legislated in Vietnam, stating the rights of young people, such as their right to education and employment, and the importance of such entitlements for the future of Vietnam. In this law, the government confirms its commitment to: i) create jobs for youth, ii) develop vocational education to meet young people's need for skills, iii) develop a system to help young people find jobs, especially for rural youth, youth completing military service, and youth completing duties in development programs, and iv) use national funds to reduce unemployment, hunger, and poverty among the underprivileged.

Vietnam Youth Development Strategy

Although there is no specific youth employment policy in Vietnam, other national policies and strategies have targeted, either directly or indirectly, the labor market outcomes of youth in Vietnam. The Vietnam Youth Development Strategy was a key component of the Socio-economic Development Strategy for Vietnam (2001–10) and outlined the government's solution for youth unemployment.

The general employment and development capacity programs and projects also helped youth workers. These initiatives aimed to create employment and promote self-employment, especially for vulnerable youth groups (see [10] for details).

Specific Programs Promoting Youth Entrepreneurship

The following are programs specifically for youth:

i) The Program on Youth's Business Startup

The government adopted the Resolution No. 35/NQ-CP dated 16 May 2016 on support for and development of enterprises by 2020, aiming for at least one million operating enterprises, a number of which will be large–scale operations with strong resources. The aim of the Resolution is to strengthen training and foster Vietnamese young people's will for enrichment, though they may face risks or even failures in their business startup. The Resolution targets to provide long-term financial support as well as encourage youth's potentials for development to formulate a contingent of young business persons in Vietnam. On 18 May 2016, the government approved the Masterplan of Development of National Innovation and Entrepreneurship Ecosystem Toward 2025 with a series of supports such as co-working space, training activities, specific taxation mechanism, and capital contribution for startups.

ii) Youth Program in Research and Application of Sciences and Technologies
Since 2011, the Ministry of Science and Technology in collaboration with Youth Union deployed the program, which took on "the pioneer role of youth in study, research, and application of sciences and technologies for the acceleration of the country's industrialization and modernization."

iii) Incentive Credit Loan Program for Youths
Young people from poor and nearly poor households had financial capacity to develop breeding and cultivation activities that generated more jobs for their household members. In addition, the Youth Union lent their support for youth's development through training programs on poverty reduction and transfer of scientific and technological advances, aiming for effective usage of credit loans for self-development and business startup for rural youth.

iv) Masterplan on Supporting Vocational Training and Employment for Youth
Over the past years, in order to improve capacity and employment opportunities for young people, the government issued the masterplan on supporting vocational training and employment for young people in the period of 2008–15 (Decision No.103/2008/QD-TTg of the Prime Minister).

The loans from the Vietnam Bank of Social Policies through the Youth Union system were boosted. The outstanding loans in 2015 in this system increased by VND2,100 billion (equivalent to over 15%) and exceeded the target of VND800 billion. The Youth Union piloted the mortgage program for young people to start a business.

Evaluation

During 2011–15, Vietnam developed many specific programs/masterplans to promote youth entrepreneurship, which had made strides for youths in the labor market. However, policies and mechanisms for job creation for youth developed slowly. There were no specific policies on employment for youth in geographical regions and areas. The policies on employment for youth were very broad, unpractical, and updated slowly. In addition, monitoring and evaluating the implementation of the policies on employment in general and those for young laborers in particular were not done well in several localities.

Job creations for youth, especially, including those in urban and rural areas, were not taken into account seriously; thus the effectiveness of job creation for young laborers in socioeconomic development programs was low. Programs and projects on job creation for youth were still small in scale and were not duplicated. Preferential loans for job creation and vocational training from the National Employment Fund for youth were not sustainable or effective. Most of the loans were provided for households, while loans for production and business establishments were few. Moreover, youths' lack of practical experience in starting and running businesses also compromised effectiveness. Meanwhile, labor dispatch to foreign countries were mainly focused on sending unskilled or low professional and technical laborers.

Conclusion

Table 1.22 provides some of the important programs in the selected eight countries. It shows that all these countries had some programs on youth employment and entrepreneurship. However, it has a long way to go as the effort in implementation started only recently, in particular the startup programs.

TABLE 1.22

IMPORTANT POLICIES AND PROGRAMS IN EIGHT COUNTRIES

Countries	Important Policies and Programs
India	Startup India (good performance) National Skill Development India (mixed performance) Indirect programs helping business
Indonesia	YPEDP (centralized to decentralized has problems) Voluntary Manpower (successful) IYEN (not functioning properly)
Malaysia	Malaysian Global Innovation and Creativity Centre Graduate Entrepreneurship Fund SME Bank Programs under ECER (East Coast Economic Region)
Nepal	2007 policy on Technical Education and Vocational Training Labor and Employment Policy 2062 The Karnali Employment Program YSEF (Youth Self-Employment Fund)
Pakistan	Prime Minister's Youth Employment Scheme (implementation problems) Akhuwat Microfinance Scheme (successful) Khushhali Microfinance Bank Yellow Cab Scheme Pakistan Poverty Alleviation Fund (PPAF) (implementation problems)
Philippines	National Youth Commission Philippine Youth Development Plans DOLE Apprenticeship and Employment Program DOLE Jobstart Philippines Program DOLE Integrated Livelihood Program Youth Entrepreneurship Support (YES) Project
Thailand	Small and Medium Enterprise Promotion Act Young Entrepreneurship Promotion Policy under SME Promotion Policy 20-Year National Strategic Plan (2017–36) National Startups Centre
Vietnam	Vietnam Youth Development Strategy Program on Youth Business Startups Incentive Credit Loan Program for Youth The Youth Union Masterplan for Supporting Vocational Training and Employment for Youth Population

Source: Eight national expert country reports

Recommendations

The country reports have given recommendations for improving the quality of youth employment and productivity. Abridged versions of the country-wise recommendations are given below (for full recommendations, see the respective national expert country report in this volume).

India [3]

Though the Indian economy has been shifting from an agrarian economy to a service economy, steps should be taken to strengthen the agricultural sector. Youth can be engaged in agricultural activities by offering better incentives and return on investments. The demographic dividend, which has been looked at as an opportunity and unique advantage to India, also poses certain challenges. One of the key challenges is to prepare the younger population in India to become more employable by providing necessary initiatives for skill development.

In India, the thrust is mostly on an educational system that sometimes does not allow the participants to obtain hands-on experiences in real-life situations. This can be done by introducing the concept of Practice School, which enables participants to gain a first-hand understanding of the job market.

India has maintained a high rate of labor productivity in the last decade in spite of many Asian countries witnessing a slump. In order to maintain a high rate of labor productivity, it is imperative that modern employee engagement and HR practices coupled with scientific training, periodic feedback, and assessment tools are used in the organized sector, and proper skills and working knowledge are to be imparted in the unorganized sector.

The LFPR for females was significantly lower by 48% in urban areas and 37% in rural areas. One of the key challenges was to increase the LFPR for females in both urban and rural areas, which would indirectly contribute to a better quality of living in all households and a balanced social ecosystem.

Since there was a massive shift from an agriculture sector to a service sector, steps should be taken to enhance the skill sets of the employable population and strengthen the manufacturing sector.

The entrepreneurship training and development program and policies have been undergoing a sea change in the last few years. However, it was observed that a number of agencies/organizations have been entrusted the job to train, retrain, and plan for the job market. This can be better planned by identifying a few organizations such as the National Institution for Transforming India (NITI Aayog), the Ministry of Skill Development, and the All India Council for Technical Education/University Grants Commission (AICTE/UGC) to equip future job seekers.

The startup action plan is certainly a welcome and positive step toward the philosophy of promoting Startup India. It will also be important to consider tax exemptions for angel investors, seed capital funds, and stock options offered by startups to employees. Additionally, the government should consider providing indirect tax incentives for startups.

The advent of smart cities has made local governments plan, identify, and maintain cities that are fully equipped with modern infrastructure and wherewithal to meet the growing expectations of the younger population. Such an initiative would “localize” employment and result in less migration to major urban areas.

It is finally suggested that a model similar to the Quadrant Approach Model (QAM) for Empowerment of Indian Youth may be ideal in the Indian context. QAM is a four-sided positive method - student-centric education system (choice-based credit system), employer needs-centric (need-based curricula), government aid through its strategies and missions, and approval of competent and talented youth by the society and world (see [3] for details on QAM).

Indonesia [4]

The policies and programs that were implemented have not reached the desired goals so far. The most likely causes were: i) IYEN did not function optimally, ii) programs were not socialized to youth, iii) cooperation among stakeholders, including interministerial, was not solid, iv) the work orientation of youth was concentrated on being paid workers; entrepreneurial culture was still very weak, v) capital requirements; there were many youths who did not understand how to apply for credit, and vi) entrepreneurship training was quantity oriented, and less attention was paid to quality aspects.

To achieve the purpose of creating youth entrepreneurs who are professional with a bright prospect for progress and are sustainable, the policies and programs for youth entrepreneurship should:

i) Revitalize IYEN so that it becomes a policy and a program that can unite all stakeholders and is able to identify the condition of youths on a regular basis. To that end, IYEN should be given the opportunity and ability to carry out IYEAP so that it can open the door for concerted and explicit action on addressing youth employment, especially entrepreneurship.

ii) Increase the intensity and coverage of entrepreneurship campaign location up to villages. In this case, it is possible to use a variety of appropriate tools such as electronic media, print media, television, radio, flyers, and others. The Manpower Office in the region should carry out this function through the utilization of labor market information system.

iii) Restructure and improve the solid cooperation among stakeholders in the implementation of programs for youth entrepreneurship through the framework of the Government Regulation No. 78/2013. This regulation assigns the Minister of Manpower to coordinate with relevant agencies to support the expansion of employment opportunities, which is intended to a) provide feedback, suggestions, and advice to the federal and local government as an ingredient in determining policy in the expansion of employment opportunities, and b) provide mediation, motivation, and evaluation of the implementation of government policy in the field of employment expansion. With the regulation, cooperation between stakeholders is no longer just an appeal but a necessity that has legal and political consequences if ignored.

iv) Socialize Capital Institute of Youth Entrepreneurship. The existence of this institution is not yet widely known by the youth, especially those who are outside Jakarta or Java. As more prospective entrepreneurs come to know the existence of this institution and its programs, capital constraints faced by youth entrepreneurs can be overcome. Equally important is that this agency should be a socio-economic institution with the principle of "conscientious, confident, and trust," as this will facilitate youth obtain capital assistance.

v) Change the orientation training in entrepreneurship from a quantitative approach to a qualitative approach. Generating many entrepreneurs is good, but it would be better to produce qualified entrepreneurs. The quality of training will be better, more useful, and less likely to fail, with a higher level of sustainability. Therefore, the training program implemented by the government and other stakeholders should be oriented on quality.

Malaysia [5]

In Malaysia, financial, institutional, and cultural challenges and problems in the process of business startups and its progression do not appear to daunt youths, indicating that interest in entrepreneurship may be strong among them. Although small in number, some of the youth are successful entrepreneurs, or at the very least, small-scale business proprietors. Such youths may then serve as role models for other youths who are contemplating business ventures.

The most important way to inculcate entrepreneurship culture among youth is through entrepreneurship education, which refers to the pedagogical process involved in the encouragement of entrepreneurial activities, behaviors, and mindset. Besides that, entrepreneurship education can influence and encourage youths to venture into business. Some of the entrepreneurial activities can also improve their skills.

Government influence and support is crucial to promote entrepreneurial development and guarantee the success of a business. A comprehensive government approach and support through loans, business facilities, rules, and regulations would definitely be a key condition for success in nurturing and promoting entrepreneurship. In addition, SMEs play a considerable role in economic growth through the creation of new businesses as well as the expansion of current businesses to new markets. The government should strategically review the implementation of various programs and initiatives by its different ministries and government agencies, and ensure the programs increase the number of viable and competitive youth entrepreneurs.

To promote healthy competition among youth entrepreneurs, the practice of direct negotiations in awarding government contracts and licenses should be abolished. Entrepreneurship is yet to be a top career of choice by youths. Therefore, concerted efforts by the government to promote entrepreneurship as a career option as well as to inculcate an entrepreneurship culture are still critical. One of the factors that have contributed to the lack of progress in youth entrepreneurship is the failure of the youth to capture the business value chain. It is important for the government to encourage youth entry into business, where their presence can help them play a more significant role in the business value chain. Such business sectors include manufacturing, retailing, distributorship, and import and export activities.

The government-linked companies (GLCs) need to come up with stronger plans or programs to nurture and provide more opportunities for nascent youth entrepreneurs as well as for those in small and medium industries (SMIs). Entrepreneurship requires an entrepreneur to go to the open market and search for opportunities; to be creative, innovative and hardworking, to take risks, persevere, and accept failure as a consequent of risk-taking.

As entrepreneurship has great potential to develop economic growth, various policies and programs have been established to encourage more Malaysians into this sector. The Malaysian government has given special attention to entrepreneurship as a way to assist and upgrade the industrial structure in order to create industries for future generations.

Nepal [6]

The SWOT analysis of the Nepalese labor market indicated that without the creation of sufficient quality jobs, young people have no opportunity for productive employment. Without an effective education and training system that equips young men and women with the necessary skills and knowledge, young people cannot seize the available employment opportunities. Without entrepreneurship, the driving force for young people to initiate business ideas, establish enterprises, and create jobs remains untapped.

A number of policy implications can be drawn to increase both productivity and employment in raising per capita income in the economy by giving due consideration to the youth factor.

First, productivity in the agricultural sector should be increased through mechanization and commercialization. Second, special attention should be given to promote the manufacturing and service sectors, which can generate employment and high productivity. Third, the government should focus on developing human capital necessary for the economy. With increasing skills, employment will rise and growth will be more inclusive. Specially, there should be policy and programs for developing entrepreneurial skill. Fourth, construction of physical infrastructure and adequate supply of energy should be ensured to promote economic activities in the economy.

The recommendations given by the country report are as follows:

i) The existing labor law and labor policies have several areas of improvement for enrolling more people in the employment sector. The legislation and policies should incorporate the realities of the changed employment environment and vibrant economic order in the context of globalization.

ii) Working poverty is a major issue in Nepal. It should be addressed by the government and private sector as it will contribute a significant increase in GDP.

iii) The higher LFPR in rural areas compared to urban areas with little contribution in GDP should be addressed.

iv) The strategy for labor flexibility should first involve identifying the specific sectors and subsectors with labor market surplus, deficit, and balance as per the employment environment, and then determining the conditions for employment relations and employment termination, either by the employers or the workers.

v) A strong Labor Market Information System (LMIS) should be developed to play an active role in gathering market information, analyzing them, and ensuring their timely dissemination.

vi) A dynamic LMIS is the backbone of a healthy and vibrant labor market - a means to monitor the elasticity of demand and supply of employment, the requirements of specific subsectors, the movement of people, etc.

Pakistan [7]

The major constraints to productivity in Pakistan are low literacy, different educational systems with the rich having access to better education, a large informal sector, absolute job security in the public sector, nonmerit-based recruitment and career progression in the public sector, gender disparity in all walks of life, and lack of social mobility across generations. A closer look at the constraints suggests that low level of literacy is at the root of these constraints.

To increase productivity, first and foremost, enrollment of children into school has to be ensured. Article 25-A of the Constitution lays down that it is the duty of the state to educate every child, implying that education has to be compulsory for all. This provision of the Constitution is not being implemented due to lack of financial resources. To find money to educate every child, Pakistan will have to redetermine its priorities. Children of poor parents are often an earning hand for the family. Putting these children in schools, even if the education is free, has an opportunity cost for parents - loss of income that the child would earn if s/he is not in school. Therefore, to put poor children in schools, the parents would have to be compensated for the potential loss. One way of compensating the parents is to use conditional cash transfers (CCT) under social safety nets.

The PPAF practiced CCT on a very limited scale with the help of the World Bank, but the program was not too successful. The Waseela-e-Taleem (WeT) program faces certain design problems. The sponsoring agency PPAF is a public-sector federal entity, while education in Pakistan is a provincial subject. For the program to be successful, the PPAF has to rely on the cooperation of schools and provincial education authorities. This cooperation between a federal and a provincial entity is not always easy to come about, especially if two different political parties are at the helm in the central government and the province. The WeT program needs to be expanded in scope while addressing its design flaws.

Moreover, institutions of merit-based recruitment and youth career progression need to be strengthened. Only such strengthening will reward merit and will thereby encourage people to be more productive.

The government needs to address the design flaws in the Prime Minister's Youth Entrepreneurship Program - the collateral of three personal guarantees needs to be replaced with something that the poor can furnish.

Philippines [8]

The population distribution of the Philippines shows that it has demographic dividend in the years to come. However, this demographic dividend is not guaranteed. The Philippine government should ensure that the country has the right policy environment to be able to realize this demographic dividend.

The slow but steady growth of the country's economy is already a good start. It is imperative to make the economy grow faster and make it more inclusive. Narrowing the gap between the labor supply and

the demand is a priority. According to the ILO, this requires a "more broad-based growth driven by productivity gains across all sectors". Job skills mismatch can be addressed by enhancing employment services such as career guidance and coaching so that young people are guided accordingly. Further skills training can also give the young working population an advantage in terms of employability as they will be better equipped and become job ready. Job skills mismatch can be addressed through enhanced academe and industry partnerships. Schools can tailor-fit their curricula based on the needs of various industries.

With regard to information dissemination on job opportunities, local government units should seriously intensify their drive on this matter. The government can enlist the help of private organizations and nongovernment units to ensure wider dissemination of labor market information. Support system for those who are transitioning from school to work should be made available. Job placement programs are necessary so that young job seekers will be able to make informed decisions.

In the Philippines, there is a widening gap between urban and rural areas. The government should help aspiring entrepreneurs by intensifying its programs in providing collateral-free loans, particularly to poor regions of the country. The government should improve its investments in rural areas to aid growth in agriculture.

In order to maximize resources of the government and put them to good use, it would be best to identify what programs should be abolished or modified as well as determine what new interventions should be introduced. For example, it would be best to identify interventions or programs that generate the greatest impact of job generation on the young working population and those that do not have a significant effect. This requires an in-depth evaluation of programs or measures implemented by the government at both national and local levels.

With regard to capacity building for youth employment, the APO can engage in a stronger partnership with various government institutions in member countries in the areas of skills training for decision makers and policy makers. This can be done through planning, developing, and implementing programs; supporting projects and programs that will improve youth employment such as addressing the mismatch between education and the labor market; and promoting entrepreneurship.

Lastly, an integrated framework on all employment plans and programs of the country should be established and properly coordinated. An interagency mechanism will help unify the direction of the various government agencies involved in promoting youth employment, decent work, and youth entrepreneurship.

Thailand [9]

Thailand has several policies on youth employment. The following recommendations on specific areas are needed and must be strengthened to improve the quality of youth employment:

i) The youth employment promotion policies and programs failed to reach the target group, as they do not focus on youths in the 18–24 age group. The government should clarify the target group and emphasize on education and training policies, skills development programs, training and knowledge of career guidance, entrepreneurship training, and job placement programs as well as employment opportunities that focus on youth at specific ages, especially in the informal sector.

ii) To continue support for a "Sufficiency Economy" of His Majesty the King by practicing a new theory for farming enterprises and community businesses with emphasis on employment promotion of youth entrepreneurship, and encouraging startups by increasing their confidence, business opportunities, related knowledge, and skills.

iii) The government should develop a startup ecosystem to attract domestic and foreign investment and ease obstacles for entrepreneurs, such as improving laws and regulations in order to support new business models, reforming education, and developing human capital to respond to the needs of the self-employed, SMEs, and startups.

iv) The government should have an intensive youth enterprise development strategy, such as training programs and skills training in order to develop entrepreneurship and create new jobs that would address youth unemployment and the limited participation of young people in the economy.

v) The curriculum or training courses in colleges or universities should relate to the labor market. Enterprise education and training should provide opportunities to develop young people's attitudes and skills, helping them to realize their potential and learn entrepreneurship. Enterprise education should raise awareness of youth rights in the workplace in order to ensure these rights and to protect them from all forms of discrimination and inequality.

vi) Strengthen the responsibilities of stakeholders in promoting of youth employment policy. Achieve better coordination among government agencies, and between government organizations and the private sector and also nongovernment organizations.

Vietnam [10]

The country report on Vietnam provides the following recommendations for raising the quality of youth employment and labor productivity:

i) Design Coherent Policies and Mechanism on Employment Generation for Youth

Policies and mechanism for job creation for youth have been developed slowly. There have not been specific policies on employment for youth in geographical regions and areas. The particular strengths of Vietnam's relevant institutions, including local, district, provincial, and national governments, organizations of employers and workers, civil society organizations, and national or international nongovernmental institutions, should be mobilized and harnessed to work together in order to design coherent policies and programs to help ease the transition of young people from school to work.

ii) Development of Youth Human Resources

Ensuring access to education and encouraging youth to remain in school are required. Low educational attainment among young people is likely to exacerbate youth employment problems in the future as the economy shifts more toward manufacturing and services and the demand for a high-skilled labor force increases. Education must be made affordable. The opportunity cost of keeping youths in school versus sending them to work also needs to be addressed by policy makers. Financial incentives to keep children and youths in education and training would achieve this goal. Restructuring of resources should be done to improve quality, raise the number of skilled workers, and reform vocational training and education to equip youths with new skills (including technical and core work skills) and standards.

iii) Formalize Informal Employment

Many young workers, particularly in rural areas, are engaged in informal employment arrangements based on oral contracts, excluded by social protection. Informal employment is a complex issue, and difficult to address through any one policy. The creation of formal employment must be a key focus of future macroeconomic policy. Extending the formalization of contracts would greatly improve the conditions of young workers by ensuring more job stability and by extending access to benefits.

iv) Improve Effectiveness of Projects and Programs in Supporting Youth in Vocational Training and Job Creation in Terms of Mechanism, Implementation, and Allocation of Resources

State budget for vocational training and job creation for young laborers is still limited. Create and implement masterplans on labor market development by enhancing the quality of vocational training and education; developing an information system of the labor market, including drafting a database on the labor market; and providing assistance for low-income youth workers and the jobless to ensure stable income and escape from poverty.

v) Strengthen Labor Market Institution for Youth

- To develop the labor market information system: The labor market was not developed much and the labor market information system was inadequate. Information on labor recruitment, employment requirement by economic sector, training major, age group, training qualification level as well as the capacity of training institutions were not widely disseminated. Thus labor market information system should be developed.

- To provide career orientation and employment selection advice for youth: Poor career advice and orientation is one of the causes that have restricted youths' abilities in seeking jobs and choosing appropriate careers. There is a need of a better support mechanism to attract qualified people to participate in vocational training and new technology training.

vi) Develop Job Creation Industries for Youth

Low economic structure transformation, inadequate economic development planning of localities, lack of relevance in developing industrial zones and economic sectors to job creation for young laborers in particular and all laborers in general, and little attention paid to investments in rural areas are among the challenges for young laborers in accessing good jobs and income. A stronger focus on macroeconomic policies for job growth is required to accommodate the current and future supply of labor market entrants.

Outcome of Recommendations

The recommendations of the eight countries basically concentrate on how to improve the performance of programs. Some are successful, but many programs have implementation and coordination problems. Coordination between the central government and regional governments are also needed. Similarly, coordination across ministries in the central government is also required. The recommendations also focus on education, training and dissemination of information to promote youth entrepreneurship. Macro policies are also important as an indirect support for youth employment.

Limitations

Most of the country reports have provided the limitations of data in their countries. These are as follows:

India [3]

The major limitation faced in the India study was that it relied heavily on secondary data. India is a big country with a huge population and different geographical regions. One also has to look at the regional level. Another limitation was the nonavailability of data for employment, unemployment, and census from 2012.

Although sometimes the information is available, it could not be obtained due to the insistence on personal visits, formal requests, etc., which consumed a lot of research time. In the case of the definition of youth, there are multiple definitions given by different agencies, which is also difficult to interpret for some parameters. Lastly, the time frame is too short to deal with a large collection of data.

Indonesia [4]

Data on youth in Indonesia is available adequately. Indonesia has always published survey data regularly in various data books, which can be used as a data source in conducting research on entrepreneurship among youth.

However, the data available on Indonesia does not tell the whole story on entrepreneurship among youth. This data must be searched and processed separately through other statistics such as the National Socio-economic Survey, although this method can result in data discrepancy with the Labor Force Situation in Indonesia publication due to differing survey methods. The Ministry of Small and Medium Enterprises also has data on entrepreneurship, but it does not include data on youth entrepreneurship.

Indonesia also publishes the Human Development Index (HDI). However, the HDI data is less precise, although the methods are not much different from those introduced by the United Nations Development Programme (UNDP). The results also cannot be compared with other countries.

Potential Measures to Overcome the Challenges for Future Studies

Actions that need to be taken to overcome the challenges in implementing research on employment and

entrepreneurship for youth in Indonesia include:

i) Add questions regarding entrepreneurship activities carried out by youth in the list of questions in Labor Force Situation in Indonesia in order to identify the profile and characteristics of entrepreneurial youth. This needs to be submitted by the Ministry of Manpower and Transmigration to Statistics Indonesia.

ii) Conduct integrated coordination with ministries, research institutes, universities, and youth organizations to obtain information on the situation of youth, the results of research, policies that have been and will be done, opinions and orientation of youth toward work, and others.

iii) Conduct research collaboration with international institutions that have interest in youth and entrepreneurship issues such as APO, ILO, and UNDP.

iv) APO support is expected to increase the capacity of the Ministry of Manpower and Transmigration researchers in conducting research on entrepreneurship among youth, especially concerning the method of data collection, data processing, and data analysis.

Pakistan [7]

The labor force survey conducted by the government of Pakistan serves as the main source of data regarding labor. The data lacks depth. The following needs to be added to the labor force survey.

- A separate section for the age cohort 15–24 should be included and it should list the key indicators and characteristics relevant to youth.
- Labor legislation and labor policies are in the provincial domain since the devolution contained in the 18th amendment to the Constitution enacted in 2010. A number of labor statistics are not available at the provincial and district levels. These statistics need to be collected at the disaggregated level.

Philippines [8]

Labor market statistics are invaluable tools for problem solving and decision making by policy makers. As such, it is imperative to have an updated and well-disseminated labor force survey. The labor market database should be complete and updated at both national and local levels. Websites of concerned government agencies should always be updated, complete and should at all times contain pertinent data. In addition, requests for data must be given utmost attention by government institutions. The inattention of public servants to requests for data is a major problem in any research undertaking.

It would also be helpful to include in the labor force survey information about the respondent's skills so that the magnitude of skill mismatch in the labor market can be determined and appropriate measures can be introduced. In addition, information on those who are "not in education, employment and training" (NEET) as well as those in the school-to-work transition period must likewise be included in the labor force survey to give policy makers concrete data that will aid them in crafting policies and programs, and guide them in arriving at decisions beneficial to youth.

Finally, for this study, it was difficult to validate or compare data, as youth in the country was defined as those who are 15-30 years old, while the ILO and the UN defined youth as those whose age ranges from 15-24. Hence, in the interest of conforming to the definitions set by international bodies, the Philippine government should review and harmonize definitions used globally.

Thailand [9]

i) The Limitations Associated with the Standard Labor Force Survey Data

The labor force survey has been conducted quarterly and annually covering general issues such as labor force status, labor force by sector, employment, unemployment, and underemployment. There is lack of collaboration on data and information exchange among organizations related to youth employment promotion as well as lack of data on monitoring and evaluating the implementation of youth employment promotion policies and programs. The survey should focus more on the issue of youth employment, such as their training needs and skills, youth labor market and employment, access to employment services, and job creation for youth, including support startup support.

ii) Potential Measures that can be Adopted to Overcome the Challenges

This research collected secondary data through the websites and from various sources of data. The

secondary data might be general, vague, out of date, and might not be helpful for content analysis. However, primary data sources collected from key informants, such as policy makers, representative of related agencies, and youth entrepreneurs need to respond to the specific purposes for future studies.

Vietnam [10]

i) Limitations Associated with the Standard Labor Force Survey Data

The labor force survey has been implemented quarterly and annually with general issues of youth employment, without expanding to specific issues of youth employment, such as their need for trainings and employment, access to employment service, social services, the process of labor market integration, etc.

There is a lack of linkage between youth employment and labor productivity in enterprises in specialized youth employment surveys. There is also a lack of finance resources from state budgets to update surveys on youth employment issues and youth entrepreneurship policies.

ii) Potential Measures that can be Adopted to Overcome the Challenges

The use of multi-methodologies (desk reviews, quantity and quality analyses of raw data of national surveys, etc.) is needed. Data has to be combined from various sources, such as the annual standard labor force survey, the household living standards survey, the enterprises census, and specific surveys on youth employment issues and youth entrepreneurship policies in Vietnam. An increase in awareness and a call for support from related central and local authorities and other stakeholders in providing their administrative data and information on youth employment issues and youth entrepreneurship policies can be another potential measure.

Conclusion

The eight national expert country reports gave a lot of information on trends in youth employment, including labor productivity. They also examined policies and programs on youth entrepreneurship and provided recommendations and limitations. The reports indicated the right directions for improving quality in youth employment and entrepreneurship.

However, the country reports could not give a complete picture on youth employment due to data limitations. Data seemed to be better in Indonesia, Vietnam, Malaysia, the Philippines, and India as compared to Thailand, Nepal, and Pakistan. The reports also did not analyze the links between youth employment, labor productivity, and human capital. This could be due to data limitations. On the programs, the best practices were important for learning lessons. Some country reports mentioned this, but evaluation and impacts were not clear. Countries can have their definition of youth population, but it is better to give information on the youth population and details on all aspects of employment for the 15–24 age group for comparison across countries.

As mentioned above, the APO project on youth employment and entrepreneurship is timely and useful as many countries are focusing on entrepreneurship and startups. The APO can help the member countries in the following ways:

i) APO can collaborate with some countries that have interest in youth and entrepreneurship.

ii) APO can increase the capacity of the ministries, particularly the ministry of labor, in conducting research on youth entrepreneurship, especially relating to methods of data collection, data processing, and data analysis.

iii) APO can disseminate the best practices and research on youth employment and entrepreneurship.

iv) APO can undertake more studies in understanding the links between youth employment, entrepreneurship, labor productivity, and human capital.

Asia holds a large share of youth workers and the unemployed. Unemployment and joblessness is high. However, low-quality employment is the biggest challenge, particularly in South Asia, because of

several problems. As mentioned, these problems are: a high share in the informal sector; underemployment; high working poverty; low-paid jobs; unsatisfactory working conditions; a lack of structural transformation in industries and services; a lack of education, skills, and training, low wages employability, and gender bias. The countries in the region have to work on reducing the problems in order to take advantage of the demographic dividend. Fortunately, there is recognition for the need to improve the quality of employment, particularly with skill development, as shown by the thinking of the policy makers in several countries.

The youth unemployment rate is nearly three times that of the total unemployment rate and five times that of the adult unemployment rate. A significant number of countries in the region have a young demographic profile. In order to increase productive jobs for youth, education and skills are needed. There is also a need for structural transformation of workers from agriculture to nonagriculture. Vulnerable employment continues to affect women more than men. For some member countries, there are new challenges and opportunities for young workers. The labor force will continue to grow rapidly at more than 1.5% per annum in countries such as Cambodia, Lao PDR, Malaysia, and the Philippines. On the other hand, labor force growth will be less than 1% per annum in countries such as Myanmar, Singapore, Thailand, and Vietnam. There is a need to improve labor market information systems, job placement mechanisms, and cross-country skills recognition framework.

At the International Labour Conference 2012, five key policy areas that can be adapted to local circumstances were identified and included in the resolution The Youth Employment Crisis: A Call for Action. The five policy areas are: i) employment and economic policies to increase aggregate demand and improve access to finance, ii) education and training to ease the school-to-work transition and to prevent labor market mismatches, iii) labor market policies to target employment of disadvantaged youth, iv) entrepreneurship and self-employment to assist potential young entrepreneurs, and v) labor rights that are based on international labor standards to ensure that young people receive equal treatment (p.6, ILO, 2013 [14]).

To conclude, there are significant links between creating employment opportunities for youth and enhancing human capital. Employment and livelihoods, particularly productive youth employment, has an impact on most of the indicators in the UN's Sustainable Development Goals (SDGs). They can improve the quality of employment, labor productivity, human capital in terms of education, skills, health, and gender equity, and reduce poverty, inequality, and under nutrition.

CHAPTER 2

INDIA

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Introduction

"Global youth population is 1.8 billion people between the ages of 15 and 29 and the world is home to more young people today than ever before out of which close to nearly 87% of them live in developing countries. Young people make up approximately one quarter of humanity" [1].

India is the world's largest democracy and it is slowly changing its demographic potential. It is expected that it would be the youngest nation by 2020 as 64% of its population are in the working age group of between 15 to 34 years old. This is commonly referred to as the "demographic dividend", which gives India a head start and is expected to play a pivotal role in the growing economy and provide an edge over the aging Western population as well as Japan and the PR China. It is a common fact that youths are an asset for any nation and productive employment of youths is critical for economic development. However, for a young nation like India on verge of the demographic dividend phase, it is imperative that high rates of youth employment are achieved.

Socioeconomic Profile of India

India's over 1.2 billion population had been witnessing a tremendous growth as the world's third largest economy in terms of purchasing power parity. Postindependent since 1947, the green revolution in agricultural sector has catapulted the nation from chronic dependence on grain imports into a powerhouse of agricultural produce. It flourishes in multiple ways - life expectancy increasing by more than double, literacy rates quadrupled, health conditions got better, and there is an emergence of a sizeable middle class.

India is now a hub to a variety of companies with commendable global presence in critical sectors, such as pharmaceuticals, steel, information and space technologies; and also enjoys a proud place in the international arena.

Today, the future of India is palpable. It sees huge new opportunities with a burgeoning young workforce (being the largest and the youngest in the world). Making things more promising, India is undergoing a massive wave of urbanization which is very rare. The future of India and its population depends on how India shapes its significant human potential and reinvigorates its rapidly growing towns and cities. India now stands at a critical takeoff point. It needs humongous investments to create jobs, housing facilities, and infrastructure landscape to meet its citizens ever-increasing aspirations.

In order to ensure a sustainable growth and development, it is imperative that the focus is on the all-round growth strategies. It would be part of the country's key strategies as more than 400 million of its people still live in abject poverty, making up a striking one-third of the world's poor population. In addition many of those who are on the borderline are also likely to pose a potential problem.

Indian Economy: An Overview

The natural economic progression of a nation goes from an agrarian economy to industrial, then to service economy. India leapfrogged from an agrarian economy to service economy and has immense human resources that are well educated, fluent in English with adequate and low-cost labor, thus propelling the service sector. The License Raj, restrictions on foreign investment, lack of measures to promote private industry, and import of cheap manufactured goods contributed to the lack of substantial growth in the manufacturing sector.

Today, the service sector contributes to 60% of GDP but employs only 24% of the workforce. In recent years, there has been a renewed emphasis on manufacturing through programs like "Make in India", which will serve to correct this anomaly and raise employment in proportion with growth in GDP. Some factors, among others, which have led to a shift from agrarian to service economy are growing aspirations of the youth and a preference for the urban life and lowland holding among the agricultural households.

TABLE 2.1

SECTOR WISE SHARE TO TOTAL GDP FOR FINANCIAL YEAR (2002–14)

Financial Year	Agriculture and Allied Services	Agriculture	Industry	Mining and Quarrying	Manufacturing	Services
2002–03	20.13	16.72	27.39	2.98	15.44	52.48
2003–04	20.33	17.16	27.22	2.84	15.21	52.44
2004–05	19.03	16.04	27.93	2.86	15.25	53.05
2005–06	18.27	15.46	27.99	2.65	15.34	53.74
2006–07	17.37	14.69	28.65	2.60	16.00	53.98
2007–08	16.81	14.29	28.74	2.46	16.14	54.45
2008–09	15.77	13.36	28.13	2.36	15.78	56.11
2009–10	14.64	12.35	28.27	2.30	16.17	57.09
2010–11	14.59	12.42	27.92	2.25	16.17	57.48
2011–12	14.37	12.26	28.22	2.11	16.28	57.42
2012–13	13.95	11.85	27.27	1.98	15.76	58.79
2013–14	13.94	11.87	26.13	1.86	14.94	59.93

Source: Data book of Central Statistical office on 31 October 2014. The base year was 2004–05

To address new initiatives, the government of India has pioneered a host of bold new initiatives to foster entrepreneurship, innovative skills, and development among youth. For example, the 'Skill India' initiative was aimed to empower India's growing young workforce with the skills needed to be competent in today's volatile, uncertain, complex, and ambiguous work place. The 'Make in India' initiative complements the skills program by the efforts directed toward the ease of the process of doing business in India. Both these programs aim to scale up the jobs availability to match the aspirations of the youth, who are enormous in number and enter India's job market annually.

Human Development Index in India

An initiative of the United Nations Development Programme (UNDP), the Human Development Index (HDI) is an index of 188 countries that captures the average progress in three basic dimensions of human development. Broadly, they are education, health, and life expectancy.

i) *A Long and Healthy Life.* Life expectancy at birth is used to assess the health dimension

ii) *Access to Knowledge.* The education dimension is assessed on two bases:
   a) By mean of years of schooling for adults aged 25 years, and b) the expected years of schooling for children of school entering age.

iii) *Access to Decent Standard of Living.* Gross national income per capita is used to measure the standard of living. The threshold for minimum income is USD100 (purchasing power parity (PPP) and the maximum is USD75,000 (PPP).

TABLE 2.2

YEARLY GDP GROWTH RATE (%)

Year	GDP Growth Rate (%)
1990–1995	5.0
1995–2000	5.7
2000–2005	6.5
2005–2010	7.8
2010–2014	5.7
1990–2014	6.2
2014–2015	7.2
2015–2016	7.6

Source: APO Productivity Data Book 2016

TABLE 2.3

PER CAPITA GDP (INDIA) USING EXCHANGE RATE - 1970, 1980, 1990, 2000, 2010, AND 2014 (GDP AT CURRENT MARKET PRICES PER PERSON, USING ANNUAL AVERAGE EXCHANGE RATE)

Year	USD ('000)
1970	0.11
1980	0.27
1990	0.38
2000	0.46
2010	1.36
2014	1.56

Source: APO Productivity Data Book 2016 (p. 29)

India's HDI ranked 131 out of 188 countries in 2016's Human Development for Everyone report. It is third among South Asian countries (behind Sri Lanka and Maldives) and this places the country under the medium human development category. India's HDI value has been marked by an increase of 46% (from 0.428 to 0.624) between the year 1990 and 2015. During the same time, its gross national income per capita increased by around 223.4%.

It is noteworthy that in its category, India's annual average HDI growth (1990–2015) is higher than that of other nations. Also, untargeted subsidies have been a drain on the government resources which could otherwise been spent more productively in various areas.

In 2014, the richest 20% of India's population utilized subsidies of USD16 billion encompassing six commodities and services, namely cooking gas, railway, power, aviation fuel, gold, and kerosene. Also, there is modest gains in infant and under-five mortality rates [4].

Literacy rate is one of the more important indicators of social development and is related to the socioeconomic growth of any country. The literacy rate of population is defined as 'the percentage of literates to the total population age 7 years and above'. The literacy rate in India has been growing consistently over the years and stands at 73% as per 2011 census. Female literacy rate (64.7%) is still

much lower than male literacy rate (80.9%). However, the gender gap in literacy rate is gradually decreasing over the years. It has come down from 21.6% in 2001 to 16.3% in 2011 [6].

The Higher Education System in India witnessed a remarkable increase in the number of institutions, which has grown at a fast pace to become one of the largest systems in the world. In India, according to University Grants Commission (UGC), there are presently 359 state universities, 123 deemed-to-be-universities, 47 central universities, and 260 private universities. According to the All India Survey on Higher Education (AISHE 2014–15), out of the total students enrollment, the highest number of students were in the undergraduate level (79%). After graduation, 385,000 students (11%) enrolled in the postgraduate level.

TABLE 2.4

HUMAN DEVELOPMENT INDEX (HDI)

HDI and Inequality - adjusted HDI	2015	
	South Asia	India
HDI rank		130
HDI (Value)	0.607	0.609
Life expectancy at birth (years)	68.4	68.0
Expected year of schooling (years)	11.2	11.7
Mean year schooling (years)	5.5	5.4
Gross national income per capita	5.605	5.497

Source: UNDP (2016) Asia-Pacific Human Development Report

TABLE 2.5

PERCENTAGE OF LITERATES BY AGE AND GENDER

Age Group / Years	Gender	5–9 *	10–11	15–19	20–24	25–34	All ages @	5 & above #	10 & above	15 & above
1	2	3	4	5	6	7	8	9	10	11
	Male	27.2	59.8	63.4	60.7	50.1	39.4	45.9	49.9	47.7
1971	Female	18.9	38.1	37.7	28.7	19.3	18.7	22.0	22.6	19.4
	Person	23.1	49.6	51.3	44.7	34.8	29.4	34.4	36.8	34.1
	Male	34.7	66.8	66.1	66.6	60.7	46.9	53.5	57.0	54.9
1981	Female	25.6	44.8	43.3	37.1	28.9	24.8	28.5	29.0	25.7
	Person	30.3	56.4	55.4	52.0	45.1	36.2	41.4	43.6	40.8
	Male	62.6	77.0	75.3	71.5	64.7	52.7	64.0	64.1	61.6
1991	Female	51.0	59.7	54.9	43.8	36.6	32.2	39.0	37.8	33.7
	Person	56.9	68.8	65.8	57.8	50.8	42.8	52.0	51.5	48.2
	Male	74.1	86.0	85.0	83.3	77.1	63.2	75.3	75.4	73.4
2001	Female	67.7	77.0	72.7	62.5	52.0	45.2	53.7	52.4	47.8
	Person	71.0	81.7	79.3	73.2	64.5	54.5	64.9	64.3	61.0
	Male	83.2	92.2	91.2	88.8	83.8	69.8	80.9	80.7	78.9
2011	Female	81.2	90.0	86.2	77.3	66.6	56.0	64.7	63.4	59.3
	Person	82.2	91.1	88.8	83.2	75.3	63.1	73.0	72.3	69.3

@ Based on population including 'age not stated'; # Literacy rate based on population 7 & above for 1991, 2001 and 2011
Source: Registrar General of India; *Literacy rate based on population 7–9 for 1991, 2001 and 2011

TABLE 2.6

NUMBER OF STUDENT ENROLLED AT VARIOUS LEVELS IN HIGHER EDUCATION (IN 000'S)

Level	Male/Female	2010–11	2011–12	2012–13	2013–14	2014–15
PhD	Male	48.0	49.3	55.7	64.8	69.6
	Female	29.8	32.1	39.8	43.1	47.7
	Persons	77.8	81.4	95.4	107.9	117.3
M.Phil.	Male	12.7	15.9	13.3	13.6	14.1
	Female	12.6	18.2	17.1	17.7	19.3
	Persons	25.3	34.2	30.4	31.4	33.4
Postgraduate	Male	1814.0	1769.3	1769.1	1888.6	1867.1
	Female	1455.7	1597.9	1679.1	1933.6	1986.3
	Persons	3269.7	3367.2	3448.2	3822.2	3853.4
Undergraduate	Male	12117.5	12612.5	12918.8	13574.4	14467.2
	Female	9854.7	10562.4	10971.5	11925.9	12705.1
	Persons	21972.3	23175.0	23890.3	25500.3	27172.3
PG diploma	Male	90.4	146.1	142.7	153.3	121.3
	Female	49.5	50.1	51.4	123.2	94.1
	Persons	139.9	196.2	194.1	276.5	215.4
Diploma	Male	1280.7	1445.3	1571.3	1634.3	1788.1
	Female	532.7	626.3	636.2	651.3	719.6
	Persons	1813.4	2071.6	2207.6	2285.6	2507.7
Certificate	Male	67.2	89.2	87.3	87.9	74.2
	Female	77.1	95.5	104.6	99.4	96.0
	Persons	144.3	184.7	191.9	187.3	170.2
Integrated degree	Male	36.1	45.9	59.2	78.5	86.9
	Female	21.0	28.2	35.5	46.5	55.0
	Persons	57.1	74.1	94.7	125.0	141.9
Grand Total	Male	15466.6	16173.5	16617.3	17495.4	18488.6
	Female	12033.2	13010.9	13535.1	14840.8	15723.0
	Persons	**27499.7**	**29184.3**	**30152.4**	**32336.2**	**34211.6**

Source: Central Statistics Office, Ministry of Statistics and Programme Implementation, Government of India. Youth in India 2017

Demographic Data

The population of India has been increasing steadily since the beginning of the 20th century. A rapid growth rate in the population of the country was observed after independence as a result of decline in death rates due to various health interventions.

The average annual addition of population during 2001–11 was about 18.22 million, which was almost 2.3 times the average annual addition of population from 1951 to 1961. However, according to the World Bank projections, average annual addition of population is expected to reach 19.3 million by 2021.

Age-gender structure is one of the most important features of population structure as each and every population characteristics vary significantly with age. This makes the age statistics an important constituent of population analysis. The usefulness of age data is more pronounced when it is cross classified by variables like gender and marital status.

TABLE 2.7

INSTITUTIONS OF HIGHER EDUCATION IN INDIA

Institutions		Year				
		2010–11	2011–12	2012–13	2013–14	2014–15
1	2	3	4	5	6	7
Universities	Central open university	1	1	1	1	1
	Central university	41	42	42	42	43
	Government-deemed university	40	38	36	36	32
	Institution established under state legislature act	5	5	5	5	5
	Institution of national importance	59	59	62	68	75
	Private-deemed university	91	79	80	80	79
	Private university	87	105	122	153	181
	State open university	13	13	13	13	13
	State private open university	-	-	-	1	1
	State university	281	286	292	309	316
	Government-aided deemed university	-	11	11	11	11
	Others	3	3	3	4	3
	Grand Total	621	642	667	723	760
Colleges		32,974	34,852	35,525	36,634	38,498
Stand-alone institutions	Technical	3586	3287	3465	3635	3845
	Teacher training	4923	4868	4895	4685	4730
	Nursing	2133	2577	2682	2775	3114
	PGDM institutes	376	320	391	417	431
	Institute under ministries	123	74	132	152	156

Source: All India Survey on Higher Education (AISHE); Department of Higher Education, Ministry of Human Resource Development, Government of India

The younger age groups in India constitutes as one of the largest proportions of population in the world. This is illustrated in Tables 2.8 and 2.9 that the maximum population in 5-year cohort in 2011 lies in the age group of 10–14 (both inclusive). However, this is expected to change by 2031. It is projected to be the age group of 25–29.

Demographic Dividend

India's demographic dividend is unique. Demographic dividend is demographically associated with the economic progress triggered by an increase in the working age population and consequent decrease in the dependency ratio. A nation is likely to gain from its demographic dividend when share of its working population is larger than share of its nonworking population. The median age of the Indian population would be just 28 in 2020.

This would involve providing the population with the right education, equipping them with the necessary skills to make them employable, developing them as entrepreneurs, making them healthy individuals, and inculcating the right social and moral values.

It is observed that the government of India currently invests approximately INR2,710 per young individual per year.

TABLE 2.8

POPULATION GROWTH AND PROJECTIONS BY GENDER

Year	Male	Female	Total	Decennial Growth	Gender Ratio (Females per 1,000 males)
1	2	3	4	5	6
1951	185.53	175.56	361.09	-	946
1961	226.3	212.94	439.24	78.15	941
1971	284.05	264.11	548.16	108.92	930
1981	352.37	329.95	683.32	135.16	934
1991	439.36	407.06	846.42	163.1	927
2001	532.16	496.45	1028.61	182.19	933
2011	623.27	587.58	1210.85	182.24	943
2021*	727.04	676.84	1403.88	193.03	931
2031*	795.53	744.38	1539.91	136.03	936

Source: Central Statistics Office, Ministry of Statistics and Programme Implementation, Government of India. Youth in India 2017 report; *Population projection by World Bank

TABLE 2.9

DISTRIBUTION OF POPULATION BY AGE AND GENDER

Age Group	2001			2011			2021**		
	Persons	Male	Female	Persons	Male	Female	Persons	Male	Female
1	2	3	4	5	6	7	8	9	10
0–4	110,447	57,120	53,328	112,807	58,362	54,175	124,728	65,535	59,193
5–9	128,317	66,735	61,582	126,928	66,300	60,628	122,047	64,265	57,782
10–14	124,847	65,633	59,214	132,709	69,419	63,290	125,583	66,209	59,374
15–19	100,216	53,940	46,276	120,526	63,982	56,544	126,218	66,630	59,588
20–24	89,764	46,321	43,443	111,424	57,585	53,840	122,942	64,793	58,149
25–29	83,422	41,558	41,865	101,414	51,344	50,070	117,725	61,835	55,890
30–34	74,274	37,362	36,912	88,595	44,661	43,934	112,521	58,531	53,990
15–34	**347,676**	**179,181**	**168,496**	**421,960**	**217,572**	**204,388**	**479,406**	**251,789**	**227,617**
35–39	70,574	36,039	34,535	85,141	42,919	42,221	104,662	54,119	50,543
40–44	55,738	29,879	25,860	72,438	37,545	34,893	91,898	47,255	44,643
45–49	47,409	24,868	22,541	62,318	32,138	30,180	80,757	41,337	39420
50–54	36,588	19,852	16,736	49,069	25,843	23,226	70,221	35,733	34,488
55–59	27,653	13,583	14,070	39,146	19,456	19,690	60,461	30,560	29,901
60–64	27,517	13,586	13,930	37,664	18,702	18,962	49,897	25,028	24,869
65–69	19,807	9,472	10,335	26,455	12,944	13,511	39,042	19,403	19,639
70–74	14,709	7,528	7,181	19,209	9,651	9,557	25,121	12,096	13,025
75–79	6,551	3,263	3,288	9,233	4,491	4,742	15,357	7,169	8,188
80+	8,039	3,919	4,120	11,289	5,284	6,005	14,702	6,544	8,158
Age not stated	2,738	1,501	123,849	4,490	2,373	2,117	-	-	-
All ages	1,028,610	532,157	6,454	1,210,855	623,270	587,585	1,403,882	727,042	676,840
Median age	22.19			23.96			27.73		

Source: Office of the Registrar General, India ** Population projection by World Bank

However, there is a need for a more focused effort to empower the youth to achieve their potential. PR China, India, and Indonesia together accounted for 67% of Asia in the year 2015 and the share of youth in Asia itself was about 60% in world population. The increase in population was 849.2 million from year 1951 to 2011 while the working-age population for the same period also rose to 527.1 million.

TABLE 2.10

INDIA'S DEMOGRAPHIC TRANSITION

Year	Total Population (million)	Rate of growth (%)	Working-age Population (million)	Share in Total Population (%)
1951	361.1	-	202.6	56.11
1961	439.2	1.98	234.1	53.30
1971	548.2	2.24	285.1	52.01
1981	683.3	2.23	368.3	53.90
1991	846.4	2.16	471.4	55.69
2001	1028.7	1.97	585.3	56.90
2011	1210.2	1.64	729.7	60.30

Source: India Employment Report 2016 (p. 17)

TABLE 2.11

AGE SPECIFIC FERTILITY RATES

Age Group	Sector	1971*	1981	1991	2001	2011	2012	2013	2014
1	2	3	4	5	6	7	8	9	10
15–19	Rural	110.6	98.2	84.5	56.1	35.3	36.3	31.7	29.9
	Urban	64.9	58.1	46.1	26.5	16.5	16.7	16.5	20.6
	Combined	100.8	90.4	76.1	48.9	30.7	31.5	28.1	27.3
20–24	Rural	260.9	261.3	244.6	236.9	216.8	210.6	212.8	195.6
	Urban	213.9	195.0	200.7	161.3	143.8	140.4	142.2	128.9
	Combined	250.8	246.9	234.0	215.9	196.7	191.9	194.3	174.9
25–29	Rural	261.6	244.9	202.3	187.0	163.7	164.8	159.9	154.2
	Urban	227.9	187.0	158.7	151.2	129.6	131.4	125.6	123.9
	Combined	254.8	232.1	191.3	177.3	153.4	154.6	149.7	143.7
30–34	Rural	212.4	180.4	128.6	109.2	74.6	68.3	66.8	83.7
	Urban	158.0	117.8	81.6	69.3	58.8	55.6	57.1	63.8
	Combined	202.2	167.7	117.0	98.5	69.8	64.5	63.9	76.6
35–39	Rural	147.5	112.6	75.9	56.9	30.2	27.5	24.4	29.0
	Urban	96.5	60.1	37.4	30.0	16.8	15.4	15.8	21.3
	Combined	137.8	102.5	66.8	49.9	26.4	23.9	22.0	26.4
40–44	Rural	68.2	48.4	35.3	26.0	10.9	10.1	9.2	11.7
	Urban	34.9	24.5	14.9	9.0	3.6	3.7	3.2	8.3
	Combined	62.2	44.0	30.6	21.2	8.7	8.2	7.4	10.5
45–49	Rural	26.3	22.0	14.0	8.7	3.6	2.8	2.4	4.0
	Urban	15.4	9.1	5.3	3.3	1.0	0.8	1.1	2.8
	Combined	24.4	19.6	12.1	7.3	2.8	2.2	2.0	3.6
Total Fertility Rate	Rural	5.4	4.8	3.9	3.4	2.7	2.6	2.5	2.5
	Urban	4.1	3.3	2.7	2.3	1.9	1.8	1.8	1.8
	Combined	5.2	4.5	3.6	3.1	2.4	2.4	2.3	2.3

Source: Office of the Registrar General of India - Youth in India 2017 Report

Fertility

The age-specific fertility rate measures the annual number of births to women of a specified age group per 1,000 women in that age group. The cumulative value of the age specific fertility rates at the end of the child bearing ages gives a measure of fertility known as Total Fertility Rate (TFR). It indicates the average number of children expected to be born per woman during her entire span of reproductive period assuming that the age specific fertility rates, to which she is exposed to, continue to be the same and that there is no mortality. Fertility in India is falling significantly and TFR in urban areas has fallen below two children per woman. TFR is now just 0.2 points away from reaching the population-stabilizing "replacement level" of 2.1 children per woman. The age specific fertility rates, provided in the SRS statistical reports are shown in Table 2.11.

Mortality

Mortality is one of the basic components of population change and the related data is essential for demographic studies and public health administration. One of the most commonly used measures of mortality is Crude Death Rate (CDR) which indicates the total number of deaths per year per 1,000 people. As per SRS report, CDR at the national level for 2014 was 6.7 per thousand population and it varies from 7.3 in rural areas to 5.5 in urban areas.

Age-specific mortality is the number of deaths in a given age group per 1,000 persons in that age group in a particular year. The age specific mortality rates for all India, and specific to rural and urban areas are presented in Table 2.12.

TABLE 2.12

AGE SPECIFIC MORTALITY RATE

Age-group	2011	2012	2013	2014
0–4	12.2	11.5	11.0	10.6
5–9	1.0	1.0	0.8	0.6
10–14	0.7	0.7	0.6	0.7
15–19	1.3	1.1	1.0	1.0
20–24	1.6	1.8	1.6	1.3
25–29	1.8	1.8	1.8	1.5
30–34	2.3	2.1	2.1	1.9
35–39	2.7	2.8	3.0	2.6
40–44	4.0	3.9	3.9	3.8
45–49	5.5	5.7	5.7	5.0
50–54	8.3	8.0	8.5	8.7
55–59	12.2	13.1	12.1	12.1
60–64	20.1	21.3	18.4	17.8
65–69	33.2	33.1	29.7	26.2

Source: Sample Registration System, Office of the Registration General of India - Youth in India Report 2017

Labor Force Data

India's labor force was 476 million in 2011/12 according to UPSS (Usual Principal Subsidiary Status). Among that, 434 million was the working age group (15–59 years) that accounted to 91% of the total labor force. Females constituted only 27% of the total labor force and the working-age labor force. On the other hand, 441 million made up the labor force in 2011/12 according to UPS, where subsidiary workers were not included. Thus the UPS working-age labor force constituted 91.1% of UPS labor force with 402 million people. Females constituted only 22% of the total UPS labor force.

According to India Employment Report 2016, the growth of the labor force in India during the time period 1999/2000 to 2011/12 was 1.4%. It was an indication of significant deceleration in growth of the labor force and the report reiterated three distinct main trends underlying deceleration of Indian labor force.

i) The first is related to demographic transition. It plays a role in the deceleration in labor force growth.

ii) There is a sharp decline of labor force participation of the working age women. It declined from 1.9% per annum during 1983–1999/2000 to 1.5 % per annum during 1999/2000–2011/12. This is a widely noted and probed trend.

iii) There is a sharp decline of labor force participation of elderly men (60 years or more). It declined from 3.0% per annum during 1983–1999/2000 to just 1.8% per annum during 2011/12.

Others trends of labor force participation in India can be found in the following table.

TABLE 2.13

POPULATION AND LABOR FORCE, 1999/2000–2011/12 (IN MILLION)

Age Group (years)	1999/2000			2011/2012		
Population	Male	Female	Person	Male	Female	Person
Total	519.1	484.1	1003.2	631.5	595.9	1227.4
5–14	129.0	116.8	245.8	136.0	124.2	260.2
15–59	289.8	275.7	565.5	382.2	361.4	743.6
15–24	98.5	94.9	193.4	123.5	112.3	235.8
60 or more	42.1	37.7	79.8	52.4	54.2	106.6
5 or more	460.9	430.2	891.1	570.6	539.8	1110.4
UPS Labor Force						
5–14	5.0	3.6	8.6	1.9	1.1	3.0
15–59	248.5	88.7	337.2	313.2	88.3	401.5
15–24	61.7	22.6	84.3	59.9	16.4	76.3
60 or more	23.7	5.6	29.3	29.0	7.1	36.1
5 or more	277.2	97.9	375.1	344.1	96.5	440.6
UPSS Labor Force						
5–14	5.5	4.6	10.1	2.3	1.6	3.9
15–59	250.4	112.5	362.9	315.9	117	433.5
15–24	63.3	28.7	92.0	62.3	22.5	84.8
60 or more	24.4	6.9	31.3	29.5	9.4	38.9
5 or more	280.3	124.0	404.3	347.7	128.6	476.3

Source: Population Census (various years); National Sample Survey of Employment and Unemployment (various years); India Employment Report 2016 (p. 16)

Percentage distribution of working-age labor force by education level comparison of year 1999/2000 to 2011/12 is in Table 2.14.

Labor Productivity

Labor productivity is measured as the output of goods and services per worker (in other words per hour of work). Labor productivity growth is more critical to developing economies than developed economies. A sustained labor productivity growth can result in a higher standard of living in developing countries in the long run. Therefore, it is natural that if workers produce more per hour, consequently there would be more output and income to share [8].

TABLE 2.14

PERCENTAGE DISTRIBUTION OF WORKING - AGE LABOR FORCE BY LEVEL OF EDUCATION

Education Level	1999/2000			2011/2012		
	Male	Female	Person	Male	Female	Person
Not Literate	32.4	68.6	42.0	21.1	46.4	26.6
Below primary	10.8	7.0	9.8	10.2	9.5	10.1
Primary	13.4	8.0	11.9	13.9	11.6	13.4
Middle	17.7	6.6	14.8	19.3	11.0	17.4
Secondary	12.1	4.2	10.0	14.4	7.1	12.8
Higher secondary	6.1	1.9	5.0	8.3	4.2	7.4
Tertiary	7.5	3.7	6.5	12.8	10.2	12.3

Note: Since no survey has been conducted since 2011/12 the statistics pertain to the period ending 2012. The India Employment Report 2016 provided the figures of the country's labor force in 2015/16, which is derived from a simple projection. The following table indicates other trends in understanding of India's Labor Force.
Source: India Employment Report 2016 (p. 18)

According to the Workforce Analytics Institute (WAI) report, most of the Asian markets are witnessing a slump in labor productivity, the exception being India, Indonesia, and the Philippines where labor productivity has increased in the last eight years. India has achieved the highest gain at 2.71%, followed by 0.68% by Indonesia.

Employers are found to focus more on total rewards proposition to enhance employee engagement and retention, in contrast to traditional compensation and benefits provided. The total rewards proposition includes training requirements, career development, flexible work alternatives, and innovative employee benefits [9].

TABLE 2.15

INDIA'S LABOR FORCE IN 2015/16 (PROJECTION)

Age Group	Male	Female	Total	Rural	Urban
UPSS Labor Force					
5–14	1.6	1.2	2.8	2.0	0.8
15–59	341.7	124.7	466.4	316.6	149.8
60 or more	31.5	10.1	41.6	33.9	7.7
5 or more	374.8	136.0	510.8	352.5	158.3
UPS Labor Force					
5–14	1.4	0.7	2.1	1.5	0.6
15–59	338.8	93.8	432.6	287.5	145.1
60 or more	31.0	7.7	38.7	31.2	7.5
5 or more	371.2	102.2	473.4	320.2	153.2

Source: India Employment Report 2016 (p. 19)

TABLE 2.16

PER WORKER LABOR PRODUCTIVITY LEVELS (INDIA) - GDP AT CONSTANT BASIC PRICES PER WORKER, USING 2011 PPP, REFERENCE YEAR 2014

Year	USD ('000)
1970	2.9
1980	3.0
1990	4.3
2000	6.2
2010	11.2
2014	13.5

Source: APO Productivity Data Book 2016 (p. 65)

TABLE 2.17

PER WORKER LABOR PRODUCTIVITY GROWTH - AVERAGE ANNUAL GROWTH RATE OF GDP AT CONSTANT BASIC PRICES PER WORKER, USING 2011 PPP

Year	Percentage (%)
1990–1995	3.1
1995–2000	4.2
2000–2005	4.7
2005–2014	6.0
1990–2000	3.7
2000–2014	5.5

Source: APO Productivity Data Book 2016 (p. 66)

TABLE 2.18

PER HOUR LABOR PRODUCTIVITY LEVELS - GDP AT CONSTANT BASIC PRICES PER HOUR, USING 2011 PPP, REFERENCE YEAR 2014

Year	USD ('000)
1970	1.3
1980	1.4
1990	2.0
2000	2.8
2010	5.0
2014	6.0

Source: APO Productivity Data Book 2016 (p. 71)

TABLE 2.19

PER HOUR LABOR PRODUCTIVITY GROWTH - AVERAGE ANNUAL GROWTH RATE OF GDP AT CONSTANT BASIC PRICES PER HOUR, USING 2011 PPP

Year	Percentage (%)
1990–1995	3.1
1995–2000	4.1
2000–2005	4.7
2005–2014	5.8
1990–2000	3.6
2000–2014	5.4

Source: APO Productivity Data Book 2016 (p. 73)

Labor Market Overview

India's almost 470 million workers account for 15% of the world's workforce. A closer look into the work force of various countries reveals that women are underrepresented in the labor market and their contribution in work is also much lower in India than in many other countries. The traditional measure of overall labor force to population ratio (in the age group of 15 years and above) in India (56%) is lower than that of the world (64%). The low participation in India is largely because the female labor force participation rate (LFPR) is miserably low at 31%. Around one half of India's workforce is engaged in the agriculture sector as compared to the world average of one-third. Correspondingly, the self-employed constitute about 40% of nonagricultural employment in India, while globally, the proportion of self-employed in nonagriculture is only 30% [19]. It shows the many-faceted contrasts of India's workforce structure to that of the global structure, particularly when seen in the current context of India's rising economic stature in the world arena. If we compare the workers who are earning less than USD2 per day (PPP), it is about 59% in India as compared to only 28% in the world [20].

It is a challenge to understand the configuration of work and employment in India. Traditional models of economic development predict a surge in the proportion of wage and salary earners, and a drop in the self-employed over time. This has occurred in India, but relatively slowly. According to the data from the National Sample Survey Organization (NSSO), even today, over half of those working are self-employed - those who work on their own farm or business, and not for wages or salary. According to the India Labour and Employment Report 2014, the self-employed dropped from 61% in 1972–73 to 52% in 2011–12. This visible drop constitutes around 9% in four decades. There are more self-employed people in rural areas (56%) and this is not unusual given the number of self-employed cultivators. However, even in urban areas the proportion is quite high at 42%. The reports also restated the following facts about the labor market of India:

i) The proportion of nonpermanent, casual, and contract workers has improved in the organized sector among wage workers.

ii) The female labor force participation rate showed a U-shaped relationship with the per capita income level.

iii) Economic development has shifted from agriculture toward industry, and subsequently toward services.

iv) About 58% of the workforce is engaged in informal employment within the organized sector.

v) After the economic liberalization, the unorganized sectors and informal markets in the organized sector have provided the most employment opportunities.

vi) It is observed that migrant workers suffer from low earnings and exploitative conditions of work, and are denied basic welfare benefits, and sectors and subsectors of the economy which have grown fast and made a major contribution to the recent economic growth have recorded a steep decline in employment elasticity.

vii) The distinction between the employed and the unemployed is also often unclear as a large number of Indian workers cannot be classified exclusively in either of the two categories.

The average annual growth percentage of labor force in India at various period is provided in Table 2.20.

TABLE 2.20

AVERAGE ANNUAL GROWTH (%) OF LABOR FORCE

Age Group	1983–1999/2000			1999/2000–2011/2012		
	Male	Female	Person	Male	Female	Person
5–14	-4.3	-4.0	-4.2	-7.7	-9.4	-8.4
15–59	2.0	1.7	1.9	1.9	0.0	1.5
60 or more	3.0	3.1	3.0	1.7	2.0	1.8
5 or more	1.9	1.5	1.8	1.8	-0.1	1.4

Source: India Employment Report 2016

The average annual growth as per the ILO report [11] revealed that "2.4 million unemployed persons will be added to the global labor force in the next two years and India is projected to account for 17.6 million or nearly 60% unemployed in South Asia by 2017. It is observed that there is a gradual shift from low to high productivity sectors and a massive shift from Agriculture to Services and not Manufacturing."

LFPR

The LFPR is defined as the number of persons in the labor force per 100 persons. The labor force participation rate indicates the percentage of population who are already engaged in any kinds of work and those who are ready to work given the employment opportunity. In other words, the labor force includes both the workers or the employed and the unemployed.

TABLE 2.21

LFPR AND WORKFORCE PARTICIPATION RATE (UPSS) BY GENDER (ALL AGES) (1983 TO 2011–12)

	Labor Force Participation Rate			Workforce Participation Rate		
	Male	Female	Person	Male	Female	Person
1983	55.1	30.0	42.9	53.9	29.6	42.0
1993–94	55.6	29.0	42.8	54.5	28.6	42.0
2004–05	55.9	29.4	43.0	54.7	28.7	42.0
2011–12	55.6	22.5	39.5	54.4	21.9	38.6

Source: Computed from unit level data of various NSSO rounds (ILER 2014 - p. 46)

According to the NSSO 68th round survey (2011–12), the LFPR was significantly lower for females than for males in both rural and urban areas. During 2011–12, about 55% of the males and about 18% of the females in rural areas were in the labor force as per the usual status whereas the corresponding percentages in urban areas were about 56% for males and about 13% for females.

Employment

In India during the period 1999–2012, the employment situation had considerably changed to offer better and quality employment, and it grew significantly in the organized sectors. It also showed a

deceleration in the underemployment of the employed, especially in the casual wage employment. The shift was considerable; from poorer to better jobs, informal to formal, casual to regular employment.

Earning per worker also showed an increase and correspondingly, a drop in the poverty rate. Labor productivity too was very high in the unorganized sector and comparatively lower in the organized sector. There has been a noteworthy drop in the degree of dualism as both labor income per unit of work and labor productivity recorded faster growth in the organized sector.

TABLE 2.22

SECTORS GROWTH OF EMPLOYMENT (UPSS)

Sectors	Employment Growth			
	1972–73/83	1983/93–94	1993–94/2004–05	2004–05/2011–12
Primary	1.70	1.35	0.67	-1.98
Secondary (including Mining and Quarrying)	4.43	2.82	3.97	4.46
Tertiary	4.21	3.77	3.41	2.09
Non agriculture	4.30	3.36	3.64	3.15
Total	2.44	2.20	1.84	0.45

Source: Estimates based on various rounds of NSSO data on employment and unemployment, adjusted by census population (India Labour Employment Report 2014, p. 50)

TABLE 2.23

GROWTH OF EMPLOYMENT (UPSS)

Years	Rural			Urban			Total		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
1983–1994	1.92	1.39	1.72	3.14	3.38	3.19	2.21	1.64	2.02
1994–2005	1.40	1.54	1.45	3.10	3.30	3.14	1.86	1.81	1.84
1983–2005	1.65	1.47	1.58	3.12	3.34	3.17	2.03	1.73	1.93
2005–2012	1.06	-2.76	-0.22	2.54	1.07	2.23	1.51	-2.04	0.44

Source: Computed from unit level data of various NSSO rounds and various decadal census reports (India Labour Employment Report 2014, p. 53)

Unemployment Rate

Unemployment is a daunting problem for both developed and developing countries. India continues to face unemployment and underemployment problems, despite continuous policy emphasis and programs to alleviate the problem.

Unemployment rate is defined as percentage of the number of persons unemployed to the persons in the labor force (which includes both the employed and the unemployed). This, in effect, gives the unutilized portion of the labor force. It is a more refined indicator of the unemployment situation in a population than the number of the unemployed per thousand persons in the population as a whole. The unemployment rate in India is measured in three ways based on NSSO's data - usual status (US), current weekly status (CWS), and current daily status (CDS).

The unemployment rate based on usual status indicates the magnitude of the persons unemployed for a relatively longer period and approximates to an indicator of the chronically unemployed. The "weekly status" includes both chronic and intermittent unemployment of workers categorized as usually employed, caused by seasonal fluctuations in the labor market. The "daily status" concept gives an

average picture of unemployment on a day during the survey year. Unlike US and CWS which refer to unemployed persons, CDS refers to the person-day unemployed.

TABLE 2.24

STATUS OF EMPLOYMENT (UPSS)

Share in Total Employment (%)	1983	1993–94	1994–2000	2004–05	2009–10	2011–12
Regular wage employment	13.5	13.2	14.0	14.3	15.6	17.9
Formal	-	-	5.4	5.6	6.4	6.8
Informal	-	-	8.6	8.6	9.2	11.0
Casual wage employment	29.0	32.0	33.2	28.9	33.5	29.9
Self-employment	57.5	54.7	52.8	56.9	51.0	52.2
Casual and self-employment	86.5	86.7	86.0	85.8	84.5	82.1
Organized sector	-	-	9.3	11.1	14.0	16.4
Unorganized sector	-	-	90.7	88.9	86.0	83.6

Note: Formal employment includes the regular workers with social security in organized sector
Source: Computed from unit level data of various NSSO rounds (India Labour Employment Report 2014, p. 48)

TABLE 2.25

UNEMPLOYMENT RATES

Year	UPS	UPSS	CWS	CDS
1972–73	3.80	1.61	4.32	8.35
1983	2.77	1.90	4.51	8.28
1993–94	2.56	1.90	3.63	6.03
2004–05	3.18	2.33	4.53	8.34
2011–12	2.70	2.20	3.70	5.60

Source: Various NSSO rounds (India Labour Employment Report 2014, p. 67)

TABLE 2.26

UNEMPLOYMENT RATES ACROSS GENDER AND LOCATION

Criterion	Rural			Urban			All		
	Male	Female	Person	Male	Female	Person	Male	Female	Person
UPS	2.1	2.9	2.3	3.2	6.6	3.8	2.4	3.7	2.7
UPSS	1.7	1.7	1.7	3.0	5.2	3.4	2.1	2.4	2.2
CWS	3.3	3.5	3.4	3.8	6.7	4.4	3.5	4.2	3.7
CDS	5.5	6.2	5.7	4.9	8.0	5.5	5.3	6.6	5.6

Source: Computed from unit level data of NSSO round (India Labour Employment Report 2014, p. 67)

TABLE 2.27

UNEMPLOYMENT RATE BY EDUCATION 2011–12 (UPS)

Educational Level	Rural			Urban			Total		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Not Literate	0.6	0.7	0.6	0.9	1.0	0.9	0.6	0.8	0.7
Below primary	1.0	1.4	1.1	2.9	2.1	2.8	1.4	1.6	1.4
Primary	1.6	1.1	1.5	1.9	1.9	1.9	1.7	1.2	1.6
Middle	2.2	4.2	2.5	2.3	4.7	2.6	2.2	4.4	2.5
Secondary	2.6	8.8	3.5	2.3	8.3	2.9	2.5	8.7	3.3
Higher secondary	4.3	14.2	5.5	4.9	10.7	5.7	4.5	12.7	5.6
Diploma/Certificate	10.0	25.9	12.6	6.1	11.2	7.0	8.0	18.7	9.7
Graduate	8.0	23.7	10.2	5.8	14.8	7.4	6.6	17.7	8.4
PG and above	10.0	23.2	12.6	4.5	12.4	6.5	6.1	14.9	8.2
Total	2.1	2.9	2.3	3.2	6.6	3.8	2.4	3.7	2.7

Note: Age 5 and above years
Source: Computed from unit level data of NSSO round (India Labour Employment Report 2014, p. 69)

Youth Employment Challenges

The challenge of youth employment in India is linked to a complex interaction of economic, social, and demographic factors. Young people are a major human resource, but harnessing these resources is a major challenge. The youth challenge is considered as the most critical of the 21st century's economic development challenge [12].

In addition, the growing aspirations and changing VALS (Values, attitudes, and lifestyles) of the youth also pose a major problem area in providing youth employment opportunities. The growing lure of the Western culture has resulted in a sea change in the way youth look at employment opportunities. Unlike earlier years where "employment " was more linked to earning and survival, today's youth expect opportunities to provide them status, peer recognition, and quality life. This can be seen from the growing number of youth migrating to urban areas in search of employment, leaving behind their traditional employment avenues. Added to this, the attraction of the "services economy" has attracted youth to take up typical jobs in call centres, software, and service companies, in addition to many.

Success in addressing today's multiple development challenges facing youth will depend on finding ways to fight poverty, inequality and discrimination, deepen inclusion, and reduce conflict - and doing so without compromising human rights or inflicting irreversible damage on environmental systems. One of the key success factors for a growing economy is tapping the hidden potential of the youth which holds a key to national development. In spite of several initiatives, the youth employment remains a primary challenge to policy makers and governments in countries like India.

Definition of Youth

Conventionally, the period from adolescence to middle age is termed as youth. Age constitutes the determining characteristics in the definition of youth by various agencies. UN adopted the age group 15 to 24 for defining youth. The National Youth Policy (2003) defined youths as in the age group 13–35. However, the National Youth Policy (2014) modified it and defined youth as persons in the age-group of 15–29 years.

The definition and age grouping of the youth may vary in different sociocultural contexts across countries. The sociological viewpoint may wish to define youth as the transition stage from childhood to adulthood. But the age at which this transition begins will vary greatly between societies and indeed

within the same society. From the perspective of a critical stage in the life cycle, the relevant age could be as low as 10 years to as high as mid to late 30s. However, differences continue to exist in the way national statistics programs in different countries define and measure youth. The government of India officially defines youth as persons between the ages of 13–35 years and it also varies depending on the program. For instance, the National Youth Policy of India considers age group 10–34 as youth. The UN and the ILO, however, defined youth as persons between 15 and 24 years of age for cross-country comparison and analysis.

The proportion of youth among female is generally lower on account of better longevity of female compared to male. The difference on account of gender is seen to be higher in developed regions. In the case of India, the gender differentials are less pronounced than those in other countries. The shift in age distribution of population to higher age groups results in lower share for the age group 15-34 which in itself is an indication of increasing longevity. The widening differences on account of gender characterizes situations with the general population aging and female doing more, depicting lower share of youth among female.

Coincidently, in the case of India, the proximity of share of youth among male and female is indicative of prevalence of healthy fertility levels in the general population and net addition to the population pool.

Employment, Unemployment, and Underemployment

Three reference periods are used in the NSS Employment and Unemployment Schedule: a) one year; b) one week; and c) each day of the reference week which yields three different measurements of an individual's activity - usual activity status (US), current weekly status (CWS), and current daily status (CDS).

Usual status is further distinguished between persons who are; a) engaged in the activity for a relatively significant period of the 365 days preceding the date of survey; or b) remaining persons who were engaged in that activity for at least 30 days during the 365 reference day period. These are referred to as usual principal status and usual subsidiary status, respectively.

Finally, the UPSS consists of both categories of persons a) and b). The analysis in this note primarily focuses on the UPSS definition, which is the most relevant for a country like India.

'Youth Bulge' and 'Demographic Dividend' in Labor Force of India

As highlighted previously, India has entered the advanced phase of its demographic transition. Along with it, the rising share of youth (15–24 years) in total population and in working-age population were already witnessed. The share of the youth in total population rose between 1983 and 1999/2000 but remained stable during 1999/2000–2011/12.

TABLE 2.28

YOUTH (15–24 YEARS) IN THE POPULATION AND LABOR FORCE (UPS)

	1999/2000			2011/2012		
	Male	Female	Persons	Male	Female	Persons
A	19.0	19.6	19.3	19.6	18.8	19.2
B	34.0	34.4	34.2	32.3	31.1	31.7
C	24.8	25.5	25.0	19.6	18.6	19.4
D	62.7	23.9	43.6	48.5	14.6	32.4

Note: A= Share (%) in total population; B=Share (%) in working-age population; C= Share (%) in working-age labor force; D= LFPR (%).
Source: India Employment Report 2016 (p. 10)

i) Sectoral Shares in Youth Employment

Table 2.29 provides data of worker's distribution activity wise in UPS method.

TABLE 2.29

ACTIVITY WISE DISTRIBUTION OF WORKERS (UPS) BY DIFFERENT AGE GROUPS (2015 –16)

Industry	15–17 (age)	18–29 (age)
Agriculture and allied	53.4	38.1
Mining and quarrying	1.9	0.9
Manufacturing	14.5	13.2
Electricity, gas, and water supply	0.2	0.6
Construction	14.8	15.1
Trade, hotels, and restaurants	12.2	19.4
Transport, storage, and communication	1.1	3.7
Financial, insurance, real estate, and business services	1.4	8.3
Community, social, and personal services	0.6	0.7
Total	100.0	100.0

Source: Report on Youth Employment and Unemployment Scenario, Vol. II, 2015–16

ii) Quality of Employment: Informal - Casual (Working Poor: USD Per Day, WB Indicator) - Self-Employed - Regular/Formal

Table 2.30 provides data on the quality of employment.

TABLE 2.30

QUALITY OF EMPLOYMENT (%)

	15–17 (age)	17–29 (age)	30 years and above (age)
Self employed	43	41.9	52.3
Wage/salaried employee	7.0	18.6	15.9
Contract worker	2.2	4.5	2.5
Casual worker	48.3	34.9	29.2

Source: Employment and Unemployment Survey Report 2013–14, Vol II

TABLE 2.31

QUALITY OF EMPLOYMENT: PERCENTAGE OF POOR WORKERS BY EMPLOYMENT STATUS (2011–12)

Status	Tendulkar Poverty Line			Number of Poor	USD2 (PPP)		
	Rural	Urban	Total		Rural	Urban	Total
Own account workers (incl. UFW)	26.5	17.5	24.6	59,500 (self-employed)	67.2	34.4	60.4
Employer	6.3	1.6	4.4	-	30.3	4.4	19.6
Regular Employed	13.2	7.1	9.3	7,800	43.6	17.8	27.0
Casual Worker	36.4	33.7	36.0	51,000	78.6	57.6	75.9
All	28.6	15.0	25.0	118,300	68.8	30.0	58.5

Note: UFW - Unpaid family worker; Own account worker = self-employed + UFW
Source: India Labour and Employment Report 2014 Report (p. 62)

The cells provide the total percentage of employment type in each age group. For example, 43% of the 15–17 age bracket youth are self-employed. Only 7% are wage or salaried employees. Over the years, the number of casual workers had decreased and also showed that they are mostly young people. A large number of young workers were self-employed, followed by wage/salaried employment, then by casual workers and contractual workers. Wage and salaried employment also witnessed an increase for youth till age 29. Further, it is observed there is a shift from that category to self-employment.

Around a quarter of the 'own account workers' live below the poverty line in India. One-third of the total 'casual workers' are also in the same income bracket. The proportion is comparatively smaller than the 'regular employed' at 9.3. The category with least number of below the poverty line workers are the 'employers' themselves. Thus the more unregulated the work, the bigger the number of people who sit below the poverty line. Rural areas have more poor workers compared to urban areas. Looking at the absolute numbers, about 50% of poor workers are self-employed and the other half, 'casual workers'. When the standard poverty line of USD2 is considered, around 60% of the 'own account workers' are poor. This fits mostly rural workers. Three-fourth of the 'casual workers' are also poor, meaning that the informal workers are mostly poor compared to the formal workers. When the standard poverty line is used, one-third of 'regular workers' also turn out to be poor. This shows the disparity of the Indian poor in contrast with poverty in general.

TABLE 2.32

PERCENTAGE DISTRIBUTION OF TOTAL WORKER BY UNORGANIZED/ORGANIZED SECTORS

Year	Unorganized Sector	Organized Sector
1999–2000	90.2	9.8
2004–05	88.2	11.8
2011–12	83.0	17.0

Source: India Labour and Employment Report 2014 Report (p. 56)

iii) Dualism in Labor Market: Informal Vs. Formal Sectors

The following table shows dualism in labor market - informal vs. formal sectors.

The proportion of workers in organized sector is very low compared to that of the unorganized sector. Over the years the gap is seen as reducing but not drastically. This is a serious challenge to the Indian economy.

iv) Joblessness Among the Youth

It may be noted that the efficiency of unemployment rate as a sufficient indicator for measuring the problem of youth in the labor market has been debated for a long time [13]. In fact, the attention has been turned to focus on the discouraged young workers who are excluded from the avenues of youth unemployment. The discouraged young workers are young people who are neither in education/attending educational institutions or employment, and they may actually be actively in search of work. They might not be searching for work because they know or believe that acceptable employment is not available [13]. The broad or relaxed definition of ILO on unemployment rate includes this category of people who are neither attending school/colleges nor employed. This category of youth is defined as "jobless youth" [13]. The category of jobless youth in definition includes both the unemployed and those who are neither employed nor in educational institutions.

TABLE 2.33

JOBLESS YOUTH IN INDIA (JOBLESS = UNEMPLOYED + NON STUDENT POPULATION) (IN MILLION)

Category	Not Literate	Below Primary	Primary	Middle	Secondary	Higher Secondary	Tertiary	All
1999/2000 (Jobless youth aged 15–29)								
Male	27.53	10.99	16.56	25.96	15.96	8.51	7.43	112.92
Female	55.35	9.99	14.65	18.52	10.82	5.14	5.24	118.9
Persons	82.07	20.98	31.21	44.48	26.78	13.65	12.67	231.82
2011/2012 (Jobless youth 15–29)								
Male	15.78	11.45	18.47	28.16	19.58	12.04	16.78	122.74
Female	29.24	11.63	17.6	23.64	16.4	11.19	13.08	122.79
Persons	45.02	23.04	36.07	52.21	35.98	23.23	29.86	237.82

v) Formal and Informal Employment Across Organized and Unorganized Sector

The National Commission for Enterprises in the Unorganised Sector (NCEUS) defined the informal/unorganized sector as all unincorporated private enterprises owned by individuals or households engaged in the sale and production of goods and services operated on a proprietary or partnership basis and with less than 10 workers. With the informal/unorganized workers being spread both in the organized and unorganized sector, NCEUS defined them as "informal workers consist of those working in the informal sector or households, excluding regular workers with social security benefits provided by the employers and the workers in the formal sector without any employment and social security benefits provided by the employers". The percentage distribution of the total informal and formal employment is highlighted in Table 2.34.

TABLE 2.34

PERCENTAGE DISTRIBUTION OF TOTAL INFORMAL AND FORMAL EMPLOYMENT

Employment	2004–05			2011–12		
	Formal Sector	Informal Sector	Total	Formal Sector	Informal Sector	Total
Informal Workers	48.0	99.5	93.4	57.7	99.5	92.4
Formal Workers	52.0	0.5	6.6	42.2	0.5	7.5

Source: Computed using unit level data of NSSO Employment-Unemployment Survey, 2004-05 and 2011-12

TABLE 2.35

TRENDS IN URBAN - RURAL /REGULAR - CASUAL DAILY WAGES (1983 TO 2011–12)

Type of Worker	Wages per Day (INR)			
	1983	1993–94	2004–05	2011–12
Regular				
Rural	127	183	251	298
Urban	202	266	348	445
Total	169	232	307	392
Casual				
Rural	53	69	92	138
Urban	84	102	126	173
Total	58	75	99	143

Note: Wages are at 2011–12 prices and pertain to workers in the 15–59 years of age
Source: Computed from unit level data of various NSSO rounds.

vi) Wages (Paid, Casual and Regular Workers) and Earnings (Self-Employed)
Wages per day is given in the following tables (Table 2.35 and Table 2.36).

TABLE 2.36

AVERAGE DAILY WAGES OF MALE AND FEMALE, 1983 TO 2011–12 (WAGES IN INR)

	1983		1993–94		2004–05		2011–12	
	Male	Female	Male	Female	Male	Female	Male	Female
RR	17.6	12.8	58.5	34.9	144.9	85.3	320.2	202.8
RC	7.8	4.9	23.2	15.3	55.1	34.9	150.4	104.6
UR	25.7	19.5	78.1	63.3	203.3	153.2	462.8	368.8
UC	11.1	5.6	32.4	18.5	75.1	43.9	185.0	114.9

Note: RR = Rural Regular, RC = Rural Casual, UR = Urban Regular, UC = Urban Casual
Source: Computed from unit level data of various NSSO rounds (India Employment Labor Report 2014, p. 104)

vii) Employment and Unemployment by Literacy and Education

TABLE 2.37

EMPLOYMENT AND UNEMPLOYMENT ACCORDING TO USUAL PRINCIPAL STATUS BY LEVEL OF EDUCATION FOR AGE GROUP 15–29 (IN MILLION)

Category	Not Literate	Below Primary	Primary	Middle	Secondary	Higher Secondary	Tertiary	All
1999/2000 (Employed)								
Male	26.1	9.91	14.52	21.54	12.29	5.92	4.3	93.8
Female	20.39	2.94	3.72	3.64	1.72	0.74	0.96	34.10
Persons	45.7	12.85	18.24	25.18	14.01	6.66	5.26	127.9
1999/2000 (Unemployed)								
Male	0.42	0.32	0.65	1.66	1.53	1.12	1.42	7.1
Female	0.09	0.04	0.12	0.38	0.52	0.35	0.7	2.2
Persons	0.51	0.36	0.77	2.04	2.05	1.47	2.12	9.3
2011/2012 (Employed)								
Male	14.02	10.16	16.27	25.07	16.61	9.31	10.93	102.37
Female	7.02	2.66	4.05	4.26	2.59	1.67	3.26	25.5
Persons	21.04	12.82	20.32	29.33	19.2	10.98	14.19	127.86
2011/2012 (Unemployed)								
Male	0.36	0.39	0.75	1.27	1.07	1.1	2.52	7.53
Female	0.1	0.06	0.07	0.35	0.47	0.45	1.39	2.90
Persons	0.45	0.44	0.82	1.62	1.54	1.55	3.93	10.43

Source: India Employment Report 2016 (p. 133)

viii) Employability of Workers
The concept of employability is gaining momentum in the labor market literature. It indicates a person's capability of gaining initial employment, maintaining employment, and moving to new employment by choice. It depends on the knowledge, skills, and attitudes possessed by the individual, and also the labor market information.

There is a changing policy agenda related to labor market, from job protection to security through employability. The policy agenda needs to equip job seekers with skills that match the demand in the market. It is definitely a challenge with the increasing pace of globalization and technological change, both of which increase job insecurity and job displacement, where the unskilled get excluded from the labor market. Skill formation involves schooling, professional, or technical education, and vocational training. The level of human capital in terms of literacy, educational levels, and specific skills raise the productivity and incomes of workers in the labor market.

According to India Skills Report 2017, the following are the major trends of employability in India.

- Number of youth who are employable among students shows an increase from 34% in 2004 to 40% in 2017
- Women have been found to be marginally more employable than men
- Maharashtra state has the highest number of employable people, followed by Andhra Pradesh, Uttar Pradesh, West Bengal, and Tamil Nadu

TABLE 2.38

EMPLOYABILITY IN INDIA (%)

Course	Year		
	2014	2015	2016
Master of Science	45	39.81	31.36
Master of Business Administration	43.99	44.56	42.28
Engineering	54	52.58	50.69
Bachelor of Arts	29.82	27.11	35.66
Bachelor of Science	38.41	35.24	31.76
Bachelor of Pharmacy	56	40.62	42.3
Industrial Training Institute	44	40.9	42.22
Polytechnic	10.14	15.89	25.77

Source: India Skill Report 2017

ix) Skill Mismatch in India

India is a growing economy with a large number of skilled persons who will be required to sustain growth. According to the 11th five-year plan, 12.8 million people join the Indian workforce each year. But presently, India has a training capacity to serve only half of the joining workforce each year. Current reports showed that the bulk of the labor force in India (about 93%) who work in the unorganized sector are largely untouched by any kind of formal training.

The present programs and policies have not been found to be effective, thereby resulting in a gap in India. The following table gives a projection of skill gap in India by 2020.

x) Causes and Challenges Facing Labor Productivity Arising from Youth Employment Issue

According to a survey conducted in 2009–10, the distribution of the workers in different sectors is as follows: agriculture (53.2%), secondary (21.5%), and tertiary (25.3%). Unlike the case of migration for education which was primarily an intrastate phenomenon, 46% of individuals migrate to work in other states whereas 54% work in the same state. Employment has facilitated higher job opportunities to the youth as the share of nonworkers is low in migrated population compared to the total population. Further, it has been observed the male workers are available in the urban areas (60.9% of the total urban male migrants), while for female workers numbers are higher in the rural areas (24.8%). Indian agriculture is considered as the provider of subsistence activity and employment generation by agriculture is unsatisfactory.

TABLE 2.39

INCREMENTAL SKILL GAP ACROSS VARIOUS INDUSTRIES IN INDIA IN 2022

Industry	Incremental Requirement (million)
Building and construction industry	33.0
Infrastructure sector	103.02
Real estate services	14.0
Gems and jewelry	4.6
Leather and leather goods	4.6
Organized retail	17.3
Textile and clothing	26.2
Electronics and IT hardware	3.3
Auto and auto components	35.0
IT and ITES	5.3
Banking, financial services, and insurance	4.2
Furniture and furnishing	3.4
Tourism and hospitality services	3.6
Construction material and building hardware	1.4
Chemicals and pharmaceuticals	1.9
Food processing	9.3
Health care	12.7
Transportation and logistics	17.7
Media and entertainment	3.0
Education and skill development services	5.8
Select informal employment sectors (domestic help, beauticians, security guards)	37.6
Incremental	347

Source: IMaCS reports 'Human Resource and Skill Gap Requirements (2022)', 2008; Aon Hewitt report 'Talent Projections and Skill Gap Analysis for the Infrastructure Sector (2022); 2011, National Skill Development Corporation (NSDC)

xi) Mobility of Workers Agriculture to Nonagriculture

There was a substantial movement of workers from employment in agriculture to employment in nonagriculture; the segment of the agriculture in total employment in the economy dropped by 14%, as shown in Table 2.40. Undeniably, employment in agriculture dropped (by 0.8% per annum in terms of persons employed and by 0.4 % per annum in terms of days worked). In absolute terms, agricultural employment dropped by 16 million while nonagriculture employment increased by 79 million.

TABLE 2.40

INDUSTRIAL DISTRIBUTION OF EMPLOYMENT

Industries	Distribution of Persons Employed (%)		Distribution of Days Worked (%)	
	1999/2000	2011/2012	1999/2000	2011–12
Agriculture	57.0	43.7	56.1	43.3
Manufacturing	11.3	13.4	12.0	13.4
Construction	5.0	11.2	4.8	10.9
Other Industries	1.0	1.2	1.2	1.2
Services	25.7	30.5	25.9	31.2
Economy	100.0	100.0	100.0	100.0

Source: India Employment Report 2016 (p. 35)

Policies and Programs Promoting Youth Entrepreneurship

Startups Supporting Policies

Entrepreneurship is defined broadly as "the capacity and willingness to develop, organize, and manage a business venture along with any of its risks in order make a profit". In promoting entrepreneurship, several policies have been undertaken over the last two decades. However, in recent years, there has been a renewed focus on promoting entrepreneurship among youth in India. Toward this, the Startup India campaign is an initiative of the government of India to bring startups to the centre stage of India's growth story. The action plan has certainly addressed key concerns, such as simplifying the process to obtain certain regulatory registrations and approvals by rolling out the proposed mobile app and portal, enabling faster exits from a regulatory perspective, providing funding support and credit guarantee for startups, and permitting certain specified tax benefits.

For this purpose, "startup" has been defined an entity incorporated or registered in India, with an annual turnover not exceeding INR25 crore (INR250 million) in any preceding financial year, and working toward innovation, development of new products, or services driven by technology or intellectual property. Additionally, it has been provided that the entity i) should not be formed by splitting up or reconstructing a business already in existence, ii) shall cease to be a startup if its turnover exceeds INR25 crore (INR250 million) in any preceding financial year, or it has completed five years from the date of incorporation/registration, iii) will be eligible for tax benefits only after a certificate is obtained from the Inter-Ministerial Board set up by the Department of Industrial Policy and Promotion (DIPP) for this purpose.

Some of the key points in the Startup India Action Plan are categorized into three - general initiatives, legal, and tax. They are illustrated as following [14]:

TABLE 2.41

KEY POINTS IN THE STARTUP INDIA ACTION PLAN

General Initiatives	
Compliances based on self-certification	Compliance pertaining to six labor and three environmental laws will be allowed to be self-certified through the Startup mobile app. No inspections will be carried out under the labor law for a 3-year period. Startups classified as White Category (as defined by the Central Pollution Control Board) will be allowed self-certification under the environmental laws, with only random checks proposed.
Startup India hub	Government to set up a Startup India Hub which will be a single-point of contact for startups. The hub will enable knowledge exchange by collaborating with various stakeholders, such as the central and state governments, legal partners, consultants, universities, R&D institutions, and assist in the funding process.
Establishment of Fund of Funds with a corpus of INR10,000 crore (INR100 billion)	Government to set up a fund with an initial corpus of INR2,500 crore (INR25 billion) and a total corpus of INR10, 000 crore (INR100 million) over a period of four years. The Fund will not invest into startups directly, but shall participate in the capital of SEBI-registered (Securities and Exchange Board of India) Venture Funds. The Fund will be managed by a Board with private professionals drawn from industry bodies, academia, and successful startups. The Venture Fund may obtain up to a maximum of 50% of the fund size from the Fund of Funds, provided it has already raised the balance 50% of the stated fund size.
Credit Guarantee Fund for startups	Credit Guarantee Fund aims to catalyze entrepreneurship through credit to innovators across all sections of society. The Credit Guarantee mechanism shall be rolled out through the National Credit Guarantee Trust Company/SIDBI with a budgetary corpus of INR500 crores (INR5 billion) per year for the next 4 years.

Startup sests	Introduction of Startup fests to bolster the startup ecosystem and provide a platform to showcase ideas and work with a larger audience. As a part of the "Make in India" initiative, the government proposes to hold one fest at the national level and another at the international level in an international city on an annual basis. The fests would help in showcasing innovation and provide a platform for collaboration thereby connecting with investors, mentors, incubators, exhibitions, product launches, etc.
Launch of Atal Innovation Mission (AIM)	Establishment of sector specific incubators. Establishment of 500 tinkering labs. Preincubation training. Strengthening of existing incubation facilities. Seed funding to high growth startups.
Setup of incubators	Leverage on private-sector expertise in the setup of incubators, it is proposed that 35 new incubators be set up in existing institutions. Funding support of 40% (subject to a maximum of INR10 crore (INR100 million)) is proposed to be provided by the central government for the establishment of new incubators in existing institutions; balance funding to be committed by the respective state government and private sector. 35 new private sector incubators will also be set up with a grant of 50% (subject to a maximum of INR10 crore (INR100 million)) provided by the government.
Innovation centres	In order to augment incubation and R&D efforts, 31 centres of innovation and entrepreneurship will be set up/scaled up in order to provide facilities to over 1,200 Startups, at national institutes. The 31 centres are to include 13 Startup centres and 18 technology business incubators at Indian Institutes of Technology (IIMs)/National Institutes of Technology (NITs)/Indian Institutes of Technology (IITs).
Research parks	Seven new research parks are proposed to be set up with an initial investment of INR100 crore (INR1 billion) each. The parks will enable companies with a research focus to set up base and leverage the expertise of academic/research institutions.
Promote entrepreneurship in biotechnology	Five new bio clusters, 50 new bio incubators, 150 technology transfer offices, and 20 bio connect offices are to be established though Biotechnology Research Assistance Council (BIRAC). Biotech Equity Fund is to be set up in partnership with the National and Global Equity Funds as to provide financial assistance to young Biotech Startups.
Innovation-focused programs for students	Innovation core program shall be initiated to target school kids with an outreach to 1 million innovations from 500,000 schools. Further, 10,000 innovations will be provided prototyping support and the top 100 will be showcased at the Annual Festival of Innovations at the Rashtrapati Bhavan. A Grand Challenge Program - The NIDHI (National Initiative for Developing and Harnessing Innovations) is to be initiated to support and award INR10 lakhs (INR 1 million) to 20 student innovations from Innovation and Entrepreneurship Development Centres. U Uchhattar Avishkar Yojana scheme will have an earmarked fund INR250 crore (INR2.5 billion) per annum toward fostering very high quality research among IIT students.
Annual Incubator Grand Challenge	In order to assist in building world-class incubators, the government proposes to initially identify and establish 10 incubators with financial assistance of INR10 crore (INR100 million) each. An annual Incubator Grand Challenge will be held to identify incubators who can become world class.
Regulatory Initiatives	
Mobile app and portal	Registration of startups through a simple form and obtaining certificate. Filing of compliances and obtaining information on various clearances/approvals/registrations. Provision of a platform for collaborating with other stakeholders, such as venture funds, incubators, academia, mentors, etc. Applying for various government schemes under the Startup India initiative.
Faster exit for startups	The Insolvency and Bankruptcy Bill 2015 (IBB) will allow fast-track and/or voluntary closure of businesses. Startups satisfying the specified conditions of the IBB will be allowed to be wound up in 90 days on a fast-track basis. The wind up will be carried out by an insolvency professional who will be in charge of the company and oversee the liquidation process.

Legal support and fast- tracking patent application	Fast-tracking patent application. Setting up a panel of facilitators who will advise on different Intellectual Property Rights (IPR) and also provide advice on promoting and protection of IPRs in overseas jurisdictions. The facilitators will also provide end-to-end advisory from making applications until the stage of final disposal of the IPR application. The government will bear the cost of such facilitators and the startups shall bear only the cost of the applicable statutory fees. A rebate of 80% on patent filing fees vis-à-vis other companies is proposed.
Relaxed Norms of Public Procurement for Startups	Startups (in the manufacturing sector) shall be exempted from the criteria of "prior experience/ turnover" in tenders floated by any government entity or PSU (public-sector undertaking) without any relaxation in quality standards or technical parameters. The startups will have to demonstrate their capability to execute the project as per requirements and should have their own manufacturing facility in India.
Tax Initiatives	
Capital gains tax exemptions	A capital gains exemption mechanism has been proposed for investors (class of investors to be specified) investing in the startup ecosystem. Capital gains invested in "Fund of Funds" recognized by the government shall be exempted. Existing capital gains exemption for investment in newly formed manufacturing Micro, Small and Medium Enterprises (MSMEs) by individuals shall be extended to all Startups. For Startups, investment in computer or computer software (used in core business activity) to qualify as purchase of "new assets".
Income tax exemption for three years	Income tax exemption is proposed for startups for a period of three years. Exemption subject to nondistribution of dividend by the startup.
Tax exemption for investments made above Fair Market Value (FMV)	Investments made by incubators in startups proposed to be insulated from the rigors of Section 56 (2) (viib) of the Income-tax Act, 1961. Any consideration received by startups for issuance of shares over FMV to incubators, not to be taxed in the hands of the startup. The term "incubator" is yet to be defined for the above purpose.

Innovative Self-employment Programs

The government of India declared 2010–20 as the Decade of Innovation, for which the roadmap would be prepared by the newly established National Innovation Council (NInC; http://innovationcouncilarchive.nic.in). The National Innovation Council is "the first step in creating a crosscutting system which will provide mutually reinforcing policies, recommendations and methodologies to implement and boost innovation performance in the country" (Nation Innovation Council, 2010). The Science, Technology and Innovation Policy 2013 outlines the major initiatives to strengthen the innovation ecosystem and boost the development of innovation-led entrepreneurship in India.

The following were the key initiatives of the policy keeping in view the challenges identified in the previous section as envisaged by the Ministry of Science and Technology (2013)[15]:

i) Funding

The policy announced an increase in the gross expenditure in research and development (GERD) from less than 1% to 2% of the gross domestic product over the next five years. It also states that a National Science, Technology and Innovation Foundation will be established "as a public-private partnership (PPP) initiative for investing critical levels of resources in innovative and ambitious projects" thus attracting private sector investments in R&D. It further announced the establishment of a fund for innovations for social inclusion, "small idea-small money", and a "risky idea fund". These funds are designed to address the funding-related challenges described in the previous section. The policy does not mention angel or venture capital funding but the above measures will fulfill some of the requirements of innovators and entrepreneurs, and the innovation ecosystem overall. It also addresses the rigidities in centrally developed plans for investment and assures a flexible approach that allows fine tuning of the government's five-year plans in response to rapidly changing science and technology, and addresses the challenge of outdated procedures adopted for funds disbursement for innovative projects.

ii) Strengthening the Linkages Between Stakeholders

The policy calls for "special and innovative mechanisms for fostering academia-research-industry partnerships" and facilitating the "mobility of experts from academia to industry and vice versa". This initiative would help address the challenges related to linkages and facilitate understanding within such partnerships.

iii) Promotion of Science

The policy promotes the spread of scientific interest and understanding across all sections of society. The policy will "further enable school science education reforms by improving teaching methods, science curricula, motivating science teachers, and schemes for early attraction of talent to science". In these ways, the policy addresses the need for educational reforms.

iv) Risk Taking Ability

The policy accepts risk as an integral part of a vibrant innovation system. The policy emphasizes risk sharing by the government, which is slated to "significantly increase private sector investment in R&D and technology development" and "new financing mechanisms would be created for investing in enterprises without fear of failure".

v) Intellectual Property

The policy will seek to "establish a new regulatory framework for data access and sharing [and for the] creation and sharing of intellectual property. The new policy framework will enable strategic partnerships and alliances with other nations through both bilateral and multilateral cooperation in science, technology, and innovation. Science diplomacy, technology synergy, and technology acquisition models will be judiciously deployed based upon strategic relationships". Thus this initiative is very important for international collaborations.

vi) Addressing the Innovation Value Chain

The policy also enables a holistic approach to the complex value chain of innovation by providing science and technology interventions at all levels of research, technology, manufacturing, and services in the areas of socioeconomic importance. In this way, the policy has a very positive note and expresses a desire to shape the future of India. With the advantages of a large demographic dividend and a huge young talent pool, the policy foresees the achievement of national goals for sustainable and inclusive growth.

vii) Participation in Global R&D Infrastructure

The policy proposes the creation of "high-cost global infrastructure in some fields through international consortia models. Indian participation in such international projects will be encouraged and facilitated to gain access to facilities for advanced research in cutting-edge areas of science. This will also enable the Indian industry to gain global experience and competitiveness in some high-technology areas with spin-off benefits".

Skill Development/Capacity Building/Entrepreneurship Awareness Enhancement Programs and Policies For The Youth

It is imperative that in a hugely populous country such as India, the aspect of skill development and capacity building need to be given great attention. The Ministry of Skill Development and Entrepreneurship is responsible for coordinating all skill development efforts across the country, removing the disconnect between demand and supply of skilled manpower, building vocational and technical training framework, upgrading skills, and building new skills and innovative thinking, not only for existing jobs but also for jobs that are to be created. The ministry aims to build a skilled manpower on a large scale quickly and with high standards in order to achieve its vision of a "Skilled India."

It is aided in these initiatives by its functional arms - the National Skill Development Agency (NSDA), the National Skill Development Corporation (NSDC), the National Skill Development Fund (NSDF), and 33 Sector Skill Councils (SSCs) as well as 187 training partners registered with NSDC. The ministry also intends to work with the existing network of skill development centers, universities, and other alliances in the field. Further, collaborations with the relevant central ministries, state governments, international organizations, industries, and NGOs have been initiated for multi-level engagement and more impactful implementation of skill development efforts.

To align the efforts of all the above mentioned organizations, the Indian Union Budget 2017 initiated steps toward realizing the Skill India mission with three major initiatives [16]:

i) Pradhan Mantri Kaushal Kendras (PMKK) have already been promoted in more than 60 districts. It is proposed to extend the Kendras to more than 600 districts across the country. 100 India international skills centres will be established across the country. These centres would offer advanced training and also courses in foreign languages. This will help the youth who seek job opportunities outside the country.

ii) In 2017–18, the Skill Acquisition and Knowledge Awareness for Livelihood Promotion program (SANKALP) is proposed to be launched at a cost of INR4,000 crores (INR40 billion). SANKALP will provide market relevant training to 35 million youth.

iii) The next phase of Skill Strengthening for Industrial Value Enhancement (STRIVE) will also be launched in 2017–18 at a cost of INR2,200 crores (INR22 billion). STRIVE will focus on improving the quality and market relevance of vocational training provided in ITIs and strengthen the apprenticeship programs through industry cluster approach.

Strengthening Existing Programs

Focus is also given to existing programs that are carried out in India.

i) A special scheme for creating employment in the textile sector has already been launched. A similar scheme will be implemented for the leather and footwear industries.

ii) Allocations for Deendayal Antyodaya Yojana - National Rural Livelihood Mission for promotion of skill development and livelihood opportunities for people in rural areas to 4,500 in 2017–18. The allocation for Prime Minister's Employment Generation Programme (PMEGP) and credit support schemes has been increased more than 3 times.

iii) Imparting new skills to the people in the rural areas, mason training will be provided to 500,000 persons by 2022, with an immediate target of training at least 20,000 persons by 2017–18.

iv) Create additional 5,000 postgraduate seats per annum. In addition, steps are taken to roll out Diplomate of National Board (DNB) courses in big district hospitals, strengthen postgraduate teaching in select ESI and municipal corporation hospitals, and encourage reputed private hospitals to start DNB courses.

v) By the end of 2017–18, high-speed broadband connectivity on optical fibre will be available in more than 150,000 gram panchayats (village, with Wi-Fi hot spots and access to digital services at low tariffs. A DigiGaon initiative will be launched to provide telemedicine, education, and skills through digital technology.

In addition to above, several research and training organizations, such as Entrepreneurship Development Initiative (EDI), National Science and Technology Entrepreneurship Development Board (NSTEDB), and Technology Development Board (TDB) have also been conducting several training programs for both existing and building entrepreneurs.

Various Partnership Programs and Policies that Contribute to Employment Creation

Employment creation is an outcome of indirect support from an enabling ecosystem of culture, finance, expertise, infrastructure, skills, and business friendly regulation. Many government and nongovernment organizations have been playing enabling roles across each of these crucial supporting elements, keeping in view the same objectives. The Ministry of Skill Development and Entrepreneurship has proposed a nine-part entrepreneurship strategy to facilitate building an ecosystem to unlock entrepreneurial potential to the fullest extent in India. Some of the key components are [17]:

i) Educate and Equip Potential and Early Stage Entrepreneurs Across India

- In partnership with experts, a world-class entrepreneurship education curriculum is proposed to be developed. Through a blend of online and experiential learning, potential entrepreneurs will go through hands-on student-centric courses that help them acquire skills they need to start an enterprise. This curriculum will build on and adapt the best entrepreneurship education content available globally and will be delivered to all aspiring entrepreneurs at no cost. Leveraging online

learning, entrepreneurship courses can be taken as and when needed by students and business people alike through Massively Open Online Courses (MOOCs)

- Entrepreneurship education is planned to be integrated into the mainstream curriculum in 3,000 colleges around India by providing them additional support and retraining of existing faculty to deliver entrepreneurship courses to enrolled students from all tracks and courses. Students will be able to choose entrepreneurship courses to suit their needs, and universities will be encouraged to award credits for entrepreneurship courses
- Entrepreneurship education courses to be delivered in approximately 325 industrial clusters across the nation. Through 50 nodal Entrepreneurship Hubs (E-Hubs) set up across all states, existing and potential entrepreneurs would be targeted for entrepreneurship education modules that suit their need

ii) Connect Entrepreneurs to Peers, Mentors, and Incubators

- To support young entrepreneurs, a web- and mobile-based platform connecting the entire entrepreneurial ecosystem is proposed to be established. Students, young entrepreneurs, mentors, incubators, funding agencies, and basic service providers will all be able to log in and connect to each other in their respective industries and locations
- Platform members will also access content, including information on government services and special packages offered by service providers. Entrepreneur Information Handbooks in Hindi, English, and regional languages providing relevant information associated with establishing and operating a business will be published and updated periodically. The portal will also provide relevant online application forms and procedures
- The creation of new incubators, far above and beyond the 120 that currently operate, would be taken up and support would be provided to help successful incubators scale further. A national network of incubators and accelerators would also be established to support young entrepreneurs. This network would also feed in to the online platform connecting the entrepreneurial ecosystem. Industry will also be encouraged to support aspiring entrepreneurs within its sector through appropriate incubation support
- A national network of high quality screened mentors is aimed to be created, leveraging on existing networks and successful local entrepreneurs where possible. Mentors will be of caliber, ensured by selection against a predetermined criteria. Building on these two critical elements, the rest of the entrepreneurial community can then be mobilized to join the online community through education programs and other mobilization drives
- Alignment of entrepreneurship activities in innovative and cutting-edge technology areas, with initiatives in innovation domain such as Atal Innovation Mission (AIM) - a platform to promote a network of world-class innovation hubs, and Self Employment Talent Utilisation (SETU) - a techno-financial, incubation and facilitation program to support all aspects of startup businesses and other self-employment activities, particularly in technology driven areas

iii) Support Entrepreneurs through Entrepreneurship Hubs (E-Hubs)

- A national network of Entrepreneurship Hubs (E-Hubs) is planned to be established, providing support to entrepreneurs, including coordinated delivery of national and state government entrepreneurship programs and access to enabling resources
- One national, 30 state, 50 nodal, and 3,000 college based E-Hubs would be set up to deliver support. These E-Hubs will, collectively, cover the entire country
- The National Entrepreneurship Hub (E-Hub) will be advised by a National Advisory Committee (NAC) comprising of representatives from ministries, entrepreneurs, NGOs, and academia. The National E-Hub will lead efforts to improve interministerial coordination and align entrepreneurship efforts with industry trends as well as other national flagship programs like Make in India, Smart Cities, Skill India, Digital India, Green India, and Swachh Bharat Abhiyaan

iv) Catalyze a Culture Shift to Encourage Entrepreneurship

- To promote entrepreneurship, state and national level interaction with stakeholders will be held. Keynote speakers from both domestic and international industry will be invited to share their best practices from the field. International linkages will also be established through internship opportunities and exchange trips to global entrepreneurship hubs such as Silicon Valley and Israel
- To build awareness of competition and opportunities, national brand ambassadors will be created to champion entrepreneurial culture in India
- To establish Institution of Awards for young achievers (for both men and women entrepreneurs) at all levels - district, state, and national - to recognize the achievements of entrepreneurs below the age of 30 years and celebration of National Entrepreneurship Day
- International linkages will also be strengthened to increase the flow of ideas to India. A regional (South Asian) network of entrepreneurs, with a focus on trending sectors, such as social entrepreneurship or tech-based entrepreneurship, could be established. This network could provide fellowships and exchanges to entrepreneur members, with hubs in leading management and entrepreneurship centres in India (e.g., IIM-Ahmedabad) and abroad. Periodic workshops could connect all entrepreneur members. A digital platform could connect these entrepreneur members and be used to share their stories and knowledge with the broader audience and the public

v) Encourage Entrepreneurship Among Underrepresented Groups

- Special focus to be given to the inclusion of scheduled castes and scheduled tribes, minorities, differently abled, etc., and regionally underrepresented areas including large part of the eastern and northeastern India in entrepreneurship programs
- Groups are to be prioritized for delivery of entrepreneurship education programs, both in and outside of formal education institutions through Nodal E-Hubs
- Special mobilization drives to enrol members of these groups in the online entrepreneurial ecosystem will also be conducted
- Special efforts is to be made to enrol incubators and mentors who are catering to these groups be part of the national entrepreneurial ecosystem. This includes organizations that promote rural entrepreneurship activity, especially in traditional arts and crafts, such as artisans, goldsmiths, handlooms, blacksmiths, etc. A pool of experts (e.g., retired bankers, etc.) are to act as mentors to rural entrepreneurs and help them connect to all related services, e.g., banks, regulatory requirements, writing proposals for funding, and etc.
- Access to government-supported testing facilities (IITs/IIScs) and infrastructure could be offered to these groups, to potential and new entrepreneurs in general at a subsidised rate

vi) Promote Entrepreneurship Among Women

- The Economic Survey conducted for India by OECD in November 2014 highlighted low female economic participation as one of the major findings. Creating more and better employment for women has high growth potential. Currently the contribution of women in the workforce is limited to only 24%. Head of UN Women has also indicated that India's GDP will leapfrog by another 4.2% if women in India can contribute their full potential to the economy
- Women-owned enterprises are an important component of the Indian economy and play a strategic role in the growth and development of the nation. However, as far as support for women entrepreneurs goes, there exists no reliable data on the public contracts. Efforts would be made to encourage women entrepreneurs through appropriate incentives under the public procurement process
- Gender neutral incubator/accelerator, network of mentors, industry, resource centres, and credit institutes are developed to facilitate women entrepreneurs
- Steps are to be taken to ensure priority for mentorship and support system for women entrepreneurs in existing business centres and incubators, as well as also build entrepreneurial capacity among women by facilitating access to capital at relaxed credit terms. Further steps would be taken to assemble gender disaggregated data

vii) Improve Ease of Doing Business

A business-friendly environment with easy entry and exit procedures always encourages entrepreneurial activity. The following actions to rationalise business procedures and regulations through the following initiatives need attention and adaptation:

- Introduce Unique Enterprise Number (UEN) that a new enterprise could use for various registrations including taxes, labor laws, and social security. UEN could also be used by all regulatory and support agencies to hasten the process of setting up an enterprise
- Online Composite Application Form (CAF) that will help entrepreneurs file a single application for obtaining all approvals and clearances from various government authorities
- Encourage states to strengthen existing Single Window System to give all necessary clearances for setting up a business
- Convert present District Industries Centres (DICs) into Business Development Centres (BDCs) with an objective to provide technical and procedural hand-holding support and counselling to prestartup, nascent, early startup, and growth ventures
- Permit flexibility to startups in hiring and retraining workforce for operational adjustments and rationalisation during the first three years of operation of an enterprise, assuming that by the end of three years it will either stabilise and grow, or become sick and close down
- Allow easy exit to enterprises if they have been in operation for less than three years. Such enterprises will be facilitated to close their operations, if not found viable, within a period of three months. Special fast-track court would be set up to expedite the process of closure of such firms

viii) Improve Access to Finance

As per RBI data, the share of small scale industries in gross bank credit from scheduled commercial banks has been continuously decreasing. Its share has fallen from 15.42% of the gross bank credit in 1991 to 6.34% in 2006–07. To reinvigorate the flow of credit to deserving entrepreneurs, the following interventions could be considered:

- Ensure that credit delivery norms are met by financial institutions without compromising the quality of the projects submitted for credit
- Strengthen venture capital companies in quasi-public sector by infusing capital through equity participation
- Incentivise angel financing by providing appropriate rebates on capital gains made by investors
- Promote a 'rescue' culture by revisiting bankruptcy rules and facilitate counselling and advisory service to troubled firms by appropriately addressing legal status
- Encourage national and state bodies, namely National Scheduled Cast Finance and Development Corporation (NSCFDC), National Minorities Development and Finance Corporation (NMDFC), National Backward Classes Finance and Development Corporation (NBCFDC), National Schedule Tribes Finance and Development Corporation (NSTFDC), etc., to provide credit to microenterprise startups launched by their target population
- Explore the possibility of setting up a national fund for the unorganised sector, as recommended by the National Commission for Enterprise in the Unorganised Sector in 2007, to hasten the process of achieving inclusive growth of entrepreneurship
- Encourage and support financial institutions to develop innovative micro-level financial tools to enhance investibility in micro ventures. Further, they would also be encouraged to increase lending in rural areas through self-help groups and innovative micro-financing

ix) Foster Social Entrepreneurship and Grassroots Innovations

Social enterprises have emerged as important business instruments to address the issues of poverty, unemployment, and inequity in society through socially oriented business innovations. Social innovation seeks to answer these social problems by offering new products and services which allow the poor to interact with markets as active participants rather than passive recipients. Considering the need to encourage such social enterprises, the following will be undertaken:

- Encourage universities and academic institutions to launch a course on Social Entrepreneurship, including through online distance education to actively promote social entrepreneurship in the country
- Foster a social capital market place by offering fiscal incentives to attract investors and make provision for funding support under a separate scheme(s) like social venture fund, to facilitate social entrepreneurs' access to credit
- Facilitate creation of social enterprises even with a modest capital base, through social incubates across the country
- Encourage innovators, universities, and institutions to patent innovative entrepreneurship ideas and technologies by promoting and strengthening intellectual property rights
- Create grass-root technology innovation hubs to harness the innovation potential of grassroots innovators
- Promote and encourage grass-root innovations and assist innovators to commercialize and upscale their products and services
- To encourage innovation by collaborating with organizations such as the National Innovation Foundation to encourage grassroots technological innovation and integrate with the national research and innovation ecosystem. Using the national network of E-Hubs and other platforms, assist entrepreneurs in commercializing and scaling up their products and services

Evaluation of Programs and Policies Promoting Entrepreneurship Among Youth

The National Skill Development and Entrepreneurship Policy regularly monitors and evaluates the programs and policies promoting entrepreneurship among youth to ensure that best practices can be scaled up and corrective measures can be introduced. The main idea of having a robust monitoring and evaluation mechanism is to ensure successful implementation of policy initiatives. In view of the above, NSDC conducted an impact assessment of the initiatives aimed at improving skills and adopted a consultative and participatory approach, engaging and interacting consistently with key stakeholders and beneficiaries, and congregating factors through rigorous analysis in order to fulfill the requirements of the study. The outcome of the study is illustrated in the form of priorities and recommendations in the table.

TABLE 2.42

OUTCOME OF NSOC'S IMPACT ASSESSMENT STUDY

Priority/Focus Area	Key Recommendations
Employability: Placement achievement is lower than target and remains a concern	• NSDC may enhance industry outreach programs through SSCs and industry associations, where quality of NSDC students and satisfaction of employers with NSDC trainees may be highlighted • NSDC should advocate preferential recruitment of NSDC trainees by employers along with differential compensation recognising better level of skills and productivity
Scale: Challenges in scaling up to achieve training target by NSDC	• Advocacy/support for NSDC partners to enable them to become the preferred partners in skilling schemes of central/state agencies • NSDC may conduct awareness programs targetted at youth (15–18) to consider skill based vocations as career options • NSDC can lay further thrust on mass media and social media initiatives
Sustainability: Maturity of student-paid model needs time to be established	• Access to finance must be enabled to help students to provide choice and afford NSDC partner training programs • NSDC can create formal structure to channel CSR funds and industry sponsorships to skilling programs associated with NSDC
Quality and Standards: About 50% of courses offered by Training Partners (TP) are not aligned to Qualification Packs (QP) developed by SSCs. QPs are being created for a large number of job roles.	• NSDC may devise incentives to SSCs and TPs to achieve high level of compliance in QP alignment; e.g., eligibility for promotion to schemes, CSR funding, website publication, and linking fund release • NSDC can seek SSCs to validate job role for which QPs have been created and consolidate the same • NSDC may revisit the process of QP creation/validation to identify bottlenecks and resolve the same
Trainer ecosystem: Lack of sufficient and competent trainers and master trainers	• NSDC may make it mandatory for trainers of its partner to undergo Training of Trainers (ToT) from respective SSCs/lined institutions within a given time frame; SSCs must demonstrate value of ToT programs • Suitable incentive scheme may be designed for the next two to three years to provide a boost to ToT and target retired personnel from the industry, armed forces, returning migrants, etc.
Social inclusion: NSDC can catalyze increased women participation in workforce; there is lack of thrust on skilling for vulnerable sections such as Persons Living with Disabilities (PWD)	• A study may be commissioned by NSDC to get an accurate understanding of specific issues toward positively influencing women and PWD representation in skill training • NSDC can seek to design funding schemes in collaboration of Central and State agencies involved in skilling with a focus on increasing participation of women and PWD; pilot may be initiated
Branding Awareness of skill training, the NSDC brand and SSCs not yet the desired levels among trainees, influencers, and employers	• NSDC may undertake intensive awareness and brand building exercises through radio, television, leaflets , pamphlets, etc.; in conjunction with relevant SSCs for brand building among employers for their respective sectors • NSDC co-branding be made compulsory to be displayed across all training centres of the NSDC-approved TPs with communication about NSDC or SSC to be made as part of counselling process

In addition to the above the following are some of the critical observations about the entrepreneurship programs and policies in India:

i) The government of India has successfully launched the Atal Innovation Mission (AIM) with aims to set up tinkering labs, establishing sector specific incubators, and providing preincubation training. As of now, AIM is only in the prescreening stage and the process of establishing new incubators has yet to take place. This needs to be speeded given the fact that many institutions and prospective entrepreneurs lack preincubation training and specific help through established incubators.

ii) There is lack of sufficient support by way of handholding and legal business support to the entrepreneurs, even among established incubators.

iii) Though the idea of preferential public procurement is very conducive for promoting entrepreneurship, it is still in its nascent stage since the age-old procurement mechanisms are still vague, and awareness about this initiative is still low among prospective business clients.

iv) The financial institutions are still not very supportive of young entrepreneurs because the existing credit appraisal and disbursement procedures have not changed.

Recommendations

i) Though the Indian economy has been shifting from an agrarian economy to a service economy, steps should be taken to strengthen the agricultural sector. Some of the possible strategies to sustain the sector are undertaking focused initiatives, such as setting up agri-industries, food processing, proper warehousing facilities, and agricultural credit and support. In addition, there should be focus in enhancing agricultural productivity and ensure proper support system to the agricultural sector.

ii) Youth can be engaged in agricultural activities by offering better incentives and return on investments. Thus to uplift the condition of rural youth, policies related to agriculture should be promoted. Modern techniques and improved technologies for crop production, livestock, and agribusiness management should be adopted and disseminated among rural youth. In addition, the linkages should be made between the markets and farmers to create the market access for the farmers.

iii) The demographic dividend, which has been looked at as an opportunity and unique advantage to India, also poses certain challenges. One of the key challenges is to prepare the younger population in India to become more employable by providing necessary initiatives for skill development.

iv) One of the major areas of concern is the rank of India (131st) in the Human Development Index. There seems to be a skewed development as can be seen by the growth in the Gross National Income which has registered 223.4% for the period 1990 to 2015. An interesting factor is that the gap between female and male has marginally come down. Also the subsidies have become a major drain on the exchequer of the country and hence it is imperative that the government and policy makers plug this and ensure that the poor and needy are made eligible for the same.

v) The Indian higher education system is very robust and has been quite successful in preparing the youth for better careers and life. However a major area of concern GER (Gross Enrolment Ratio) is much lesser than that of advanced countries. Gross Enrolment Ration of India is 22% for the year 2012–2013 whereas USA is 86% and Canada is 99%. Further, the number of academic regulatory bodies and agencies in India are leading to a "bureaucratic" approach to the higher education system. The lack of a good accreditation and reward and recognition system has resulted in none of the institutions making to the world's top-ranked institutions.

   A possible solution to this situation could be the creation of a single facilitation agency. The higher education system needs to be revamped, and the fees structure and grant process has to be streamlined.

   In India, the thrust is mostly on an educational system that sometimes does not allow the participants to obtain hands-on experiences in real-life situations. This can be done by introducing the concept of Practice School, which enables participants to gain a first-hand understanding of the job market.

vi) India has maintained a high rate of labor productivity in the last decade in spite of many Asian countries witnessing a slump. In order to maintain a high rate of labor productivity, it is imperative that modern employee engagement and HR practices coupled with scientific training, periodic feedback, and assessment tools are used in the organized sector, and proper skills and working knowledge are to be imparted in the unorganized sector.

   Some of the indicators of the decreasing labor force are:

   - Rise in the number of youth going for higher education
   - Better institutionalised social security
   - Poverty decline, etc.

   The last few decades have witnessed a large number of Indian youth migrating to urban areas in search of employment due to uncertainty in agricultural jobs and lack of opportunities in districts and rural headquarters.

vii) The LFPR for females was significantly lower by 48% in urban areas and 37% in rural areas. One of the key challenges was to increase the LFPR for females in both urban and rural areas, which would indirectly contribute to a better quality of living in all households and a balanced social ecosystem. This requires providing equal opportunities of employment for females and interventions such as focused training and rehabilitation, and also compulsory welfare measures, such as affordable health, education, housing, and living.

viii) Unemployment has been a major area of concern in India and contributed to the increase in crime rate and social instability. While the youth bulge can help India reach higher position in the world order, it can also pose a serious threat to India if the youth are not prepared for employment opportunities. Therefore, the government, NGO, and other stake holders should explore and expand employment opportunities at various levels in the society.

Since there was a massive shift from an agriculture sector to a service sector, steps should be taken to enhance the skill sets of the employable population and strengthen the manufacturing sector.

ix) A careful analysis of courses and employability reveals that the major losers in the period of 2014–16 were Master of Sciences (30%), Bachelor of Pharmacy (24%), and Bachelor of Sciences (17%). The major gainer is polytechnic with (154%) increment in employability.

x) The major skill gaps in India are from infrastructure (103 million), auto and auto components (35 million), and building and construction (33 million), etc. The lowest skill gaps are from electronics and IT hardware is (3.3 million), furniture and furnishing (3.4 million), and tourism and hospitality services (3.6 million), to name a few.

The skill shortage especially among the literate youth is very high, thereby necessitating a renewed effort by the government and other agencies to enhance employment opportunities. This can be done by undertaking deskilling and reskilling initiatives.

The gap between the industry requirements and the potential job seekers is rising probably due to the lack of a coordinated effort to harmonise the skill requirements needed when the youth seek employment. Therefore, there is an urgent need for the joint effort to bridge the gap.

xi) The entrepreneurship training and development program and policies have been undergoing a sea of change in the last few years. However, it was observed that a number of agencies/organizations have been entrusted the job to train, retrain, and plan for the job market. This can be better planned by identifying a few organizations such as the National Institution for Transforming India (NITI Aayog), the Ministry of Skill Development, and the All India Council for Technical Education/ University Grants Commission (AICTE/UGC) to equip future job seekers.

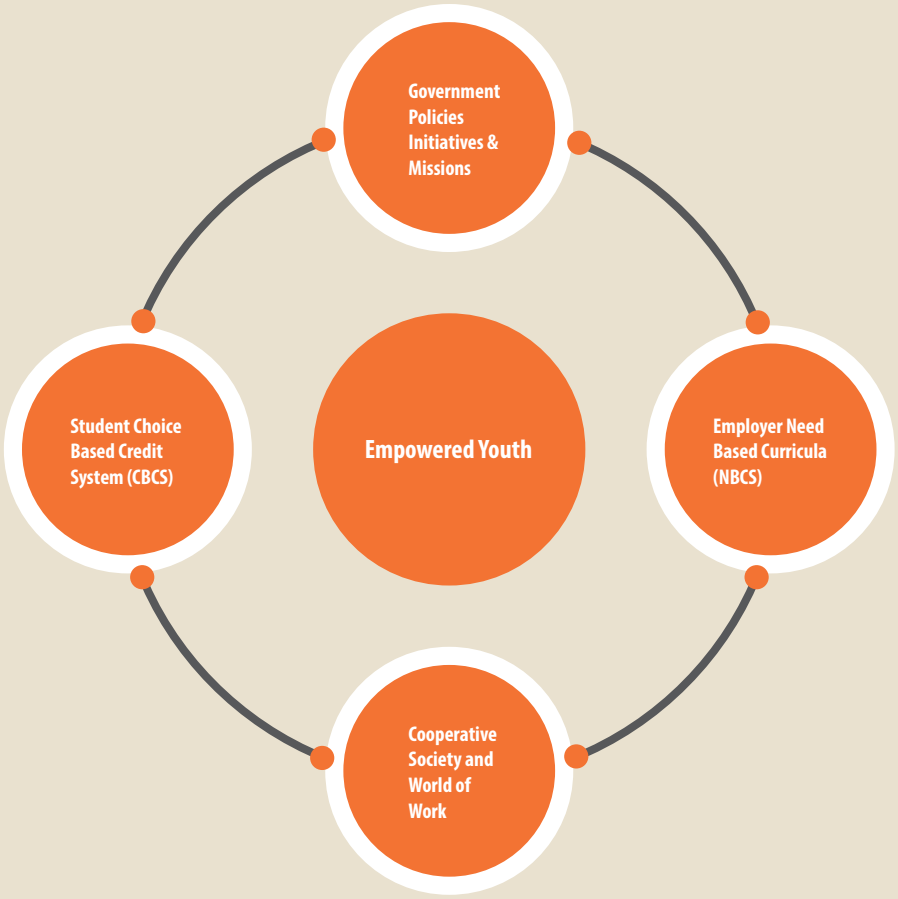
xii) The startup action plan is certainly a welcome and positive step toward the philosophy of promoting Startup India. It will also be important to consider tax exemptions for angel investors, seed capital funds, and stock options offered by startups to employees. Additionally, the government should consider providing indirect tax incentives for startups.

xiii) The advent of smart cities has made local governments plan, identify, and maintain cities that are fully equipped with modern infrastructure and wherewithal to meet the growing expectations of the younger population. This initiative would "localize" employment and result in less migration to major urban areas.

It is finally suggested that a model similar to the Quadrant Approach Model (QAM) for Empowerment of Indian Youth may be ideal in the Indian context. QAM is a four-sided positive method - student-centric education system (choice-based credit system), employer needs-centric (need-based curricula), government aid through its strategies and missions, and approval of competent and talented youth by the society and world (Figure 2.1).

FIGURE 2.1

QAM FOR EMPOWERMENT OF INDIAN YOUTH



Source: Yojana magazine (June 2017)

Limitations

The study was innovative and informative. It provided the right direction to improve human capital development in India.

The major limitation faced in the India study was that it relied heavily on secondary data. India is a big country with a huge population and different geographical regions. One also has to look at the regional level. Another limitation was the nonavailability of data for employment, unemployment, and census from 2012.

Although sometimes the information is available, it could not be obtained due to the insistence on personal visits, formal requests, etc., which consumed a lot of research time. In the case of the definition of youth, there are multiple definitions given by different agencies, which is also difficult to interpret for some parameters. Lastly, the time frame is too short to deal with a large collection of data.

CHAPTER 3

INDONESIA

ZANTERMANS RAJAGUKGUK

RESEARCHERS' COORDINATOR CENTER FOR MANPOWER RESEARCH AND DEVELOPMENT, MINISTRY OF MANPOWER OF REPUBLIC OF INDONESIA

Introduction

Demographic Profile

After the breakup of the Union of Soviet Socialist Republics (USSR), Indonesia became the fourth country with the largest population in the world after China, India, and the USA. Table 3.1 shows the projected total population of Indonesia during 2011–15 [1–3]. The table shows that in 2011, the population of Indonesia was 241.9 million, which grew to 245.4 million in 2012 and reached 255.5 million in 2015, an average growth rate of 1.3% per year. The table also indicates that the proportion of male population is slightly higher than the female population by a ratio of 50.25%:49.75%.

As seen in Figure 3.1, the proportion of people in the 25–34 age group was higher in 2011–13, but in 2014–15, the 15–24 age group was higher, but the share declined [1–2]. Thus there has been a shift in the population structure when viewed by age group. Indeed, it has been estimated that Indonesia will enter the era of demographic dividend after 2015 and will reach its peak in 2030 (see the description on demographic dividend).

TABLE 3.1

POPULATION BY AGE GROUP AND GENDER IN 2011–15

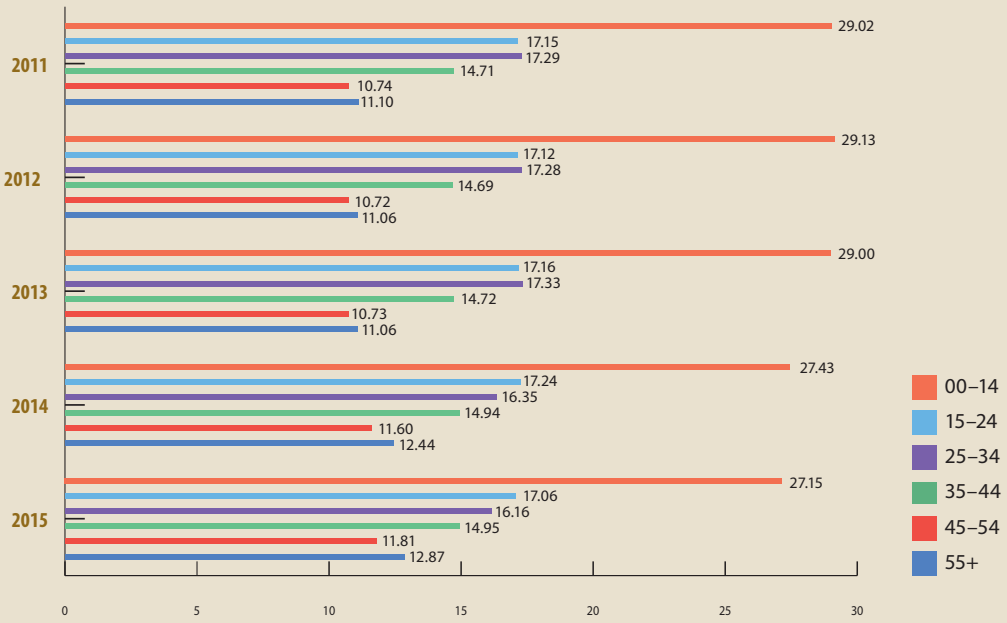
Age Group (Years) and Gender	2011	2012	2013	2014	2015
00–14	**70,234.7**	**71,498.5**	**72,156.0**	**69,172.6**	**69,360.8**
Male (%)	51.10	51.08	51.07	51.20	51.19
Female (%)	48.90	48.92	48.93	48.80	48.81
15–24	**41,457.8**	**42,009.6**	**42,705.6**	**43,473.4**	**43,575.5**
Male (%)	50.29	50.29	50.30	50.73	50.81
Female (%)	49.71	49.71	49.70	49.27	49.19
25–34	**41,846.8**	**42,407.0**	**43,115.5**	**41,238.6**	**41,289.6**
Male (%)	50.03	50.04	50.04	49.94	50.00
Female (%)	49.97	49.96	49.96	50.06	50.00
35–44	**35,600.7**	**36,057.1**	**36,631.3**	**37,673.5**	**38.187.6**
Male (%)	50.43	50.44	50.45	50.16	50.08
Female (%)	49.57	49.56	49.55	49.84	49.92
45–54	**25,990.8**	**26,300.7**	**26,690.2**	**29,240.7**	**30,167.4**
Male (%)	50.40	50.41	50.42	50.03	50.00
Female (%)	49.60	49.59	49.58	49.97	50.00
55+	**26,859.9**	**27,152.3**	**27,519.5**	**31,366.0**	**32,880.8**
Male (%)	47.92	47.93	47.94	48.22	48.27
Female (%)	52.08	52.07	52.06	51.78	51.73

Age Group (Years) and Gender	2011	2012	2013	2014	2015
Total	**241,990.7**	**245,425.2**	**248,818.1**	**252,164.8**	**255,461.7**
00–14 (%)	29.02	29.13	29.00	27.43	27.15
15–24 (%)	17.13	17.12	17.16	**17.24**	**17.06**
25–34 (%)	**17.29**	**17.28**	**17.33**	16.35	16.16
35–44 (%)	14.71	14.69	14.72	14.94	14.95
45–54 (%)	10.74	10.72	10.73	11.60	11.81
55+	11.10	11.06	11.06	12.44	12.87
Male (%)	50.25	50.25	50.25	50.25	50.25
Female (%)	49.75	49.75	49.75	49.75	49.75

Note: Data of 15 years and over obtained from Statistics Indonesia; Labor Force Situation in Indonesia, 2011–2015
Data of 00–14 age group is obtained by: number of 00–14 age group in a given year = number of total population of a given year - number of 15 years or over age group in a given year
Source: Statistics Indonesia; Indonesia Population Projection 2010–2035, and Labor Force Situation in Indonesia 2011–2015

FIGURE 3.1

POPULATION BY AGE GROUP (2011–15)



Source: Statistics Indonesia; Indonesia Population Projection 2010–2035, and Labor Force Situation in Indonesia 2011–2015

Population by Age Group

As seen in Figure 3.1, the proportion of people in the 25–34 age group was higher in 2011–13, but in 2014–15, the 15–24 age group was higher, but the share declined [1–2]. Thus there has been a shift in the population structure when viewed by age group. Indeed, it has been estimated that Indonesia will enter the era of demographic dividend after 2015 and will reach its peak in 2030 (see the description on demographic dividend).

Working-age Population

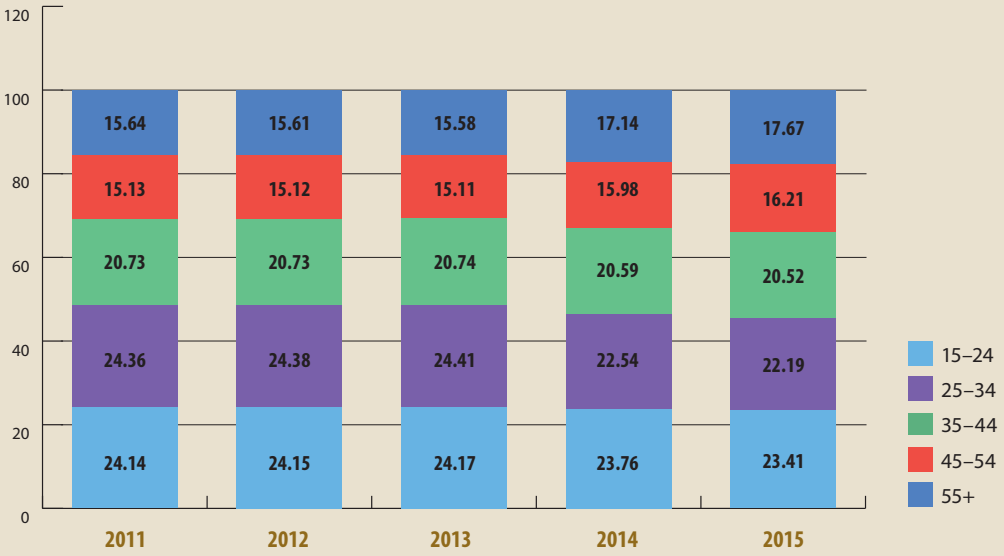
Figure 3.2 shows the number and distribution of the working-age population, i.e., the population aged 15 years and above, both in the labor force and not included in the labor force (not economically

active). The pattern of the population distribution by age group and the pattern of the working-age population distribution by age group is similar. Figure 3.2 shows that during 2011–13, the proportion of the working-age population in the 25–34 age group was higher than the other age groups, which was about 24%. But during 2014–15, their proportion began to decline significantly to about 22%, with the 15–24 age group making up the biggest proportion at 23.76% in 2014 and 23.41% in 2015. Although the proportion during 2014 and 2015 was the largest, its share actually declined from 24.17% in 2013 to 23.76% in 2014 and to 23.41% in 2015.

The proportion of the male population at 49.90% was greater than the working-age population. But the proportion of the female population was a little higher - about 50.10% (Table 3.2).

FIGURE 3.2

WORKING-AGE POPULATION BY AGE GROUP (2011–15)



Source: Statistics Indonesia; Indonesia Population Projection 2010–2035, and Labor Force Situation in Indonesia 2011–2015

Fertility

In the last 15 years, there has been a significant decline in fertility rates in Indonesia. The Total Fertility Rate (TFR) fell 2.34 children per mother according to Population Census (PC) 2000, then dropped again to 2.26 children per mother according to the Inter-Census Population Survey (ICPS) 2005 [4–5]. However, the TFR rose to 2.41 children per mother according to Population Census 2010, but declined sharply to 2.28 children per mother according ICPS 2015, or lower than the TFR in 2010 (Table 3.3) [4–5].

In this regard, it can be explained that the average age of Indonesian women's first marriage was 23.1 years, and the prevalence of the use of contraception for married women is 61.60.

TABLE 3.2

WORKING-AGE POPULATION BY AGE GROUP AND GENDER IN 2011–15

Age Group (Years) and Gender	2011	2012	2013	2014	2015
15–24	**41,457,814**	**42,009,547**	**42,705,629**	**43,473,392**	**43,575,494**
Male (%)	50.29	50.29	50.30	50.73	50.81
Female (%)	49.71	49.71	49.70	49.27	49.19
25–34	**41,846,813**	**42,407,006**	**43,115,507**	**41,238,625**	**41,289,603**
Male (%)	50.03	50.04	50.04	49.94	50.00
Female (%)	49.97	49.96	49.96	50.06	50.00
35–44	**35,600,744**	**36,057,155**	**36,631,253**	**37,673,529**	**38,187,627**
Male (%)	50.43	50.44	50.45	50.16	50.08
Female (%)	49.57	49.56	49.55	49.84	49.92
45–54	**25,990,802**	**26,300,680**	**26,690,197**	**29,240,692**	**30,167,356**
Male (%)	50.40	50.41	50.42	50.03	50.00
Female (%)	49.60	49.59	49.58	49.97	50.00
55+	**26,859,904**	**27,152,315**	**27,519,511**	**31,365,966**	**32,880,837**
Male (%)	47.92	47.93	47.94	48.22	48.27
Female (%)	52.08	52.07	52.06	51.78	51.73
Total	**171,756,077**	**173,926,703**	**176,662,097**	**182,992,204**	**186,100,917**
15–24 (%)	24.14	24.15	24.17	23.76	23.41
25–34 (%)	24.36	24.38	24.41	22.54	22.19
35–44 (%)	20.73	20.73	20.74	20.59	20.52
45–54 (%)	15.13	15.12	15.11	15.98	16.21
55+	15.64	15.61	15.58	17.14	17.67
Male (%)	49.90	49.91	49.92	49.89	49.90
Female (%)	50.10	50.09	50.08	50.11	50.10

Source: Statistics Indonesia; Labor Force Situation in Indonesia 2011–2015

TABLE 3.3

FERTILITY AND MORTALITY RATE IN 2011–15

Descriptions	PC 2000	ICPS 2005	PC 2010	ICPS 2015
Total Fertility Rate	2.47	2.44	2.42	2.37
Total Mortality	28.6	27.9	27.2	26.0
Infant Mortality Rate	47	32	26	22
Child Mortality Rate	7.6	na	na	4.03
Under-five Mortality Rate	na	na	na	25.74
Adult Mortality				
Male	na	na	180.36	171.06
Female	na	na	130.17	122.03
Maternal Death			346	305

Source: Statistics Indonesia; Population Census (PC) 2000, 2010; and Inter-Census Population Survey (ICPS) 2005, 2015

Mortality

The developments carried out in the country have had an impact on reducing mortality in Indonesia. The results of the PC and ICPS indicated that the child mortality rate of Indonesia has dropped from 7.6 deaths per 1,000 children of the same age according to PC 2000 to 4.03 deaths per 1,000 children of the same age according to ICPS 2015 [4–5].

Improvement of health level is also evident from a decrease in infant mortality rate. According to PC 2000, the Indonesia infant mortality rate was 47 infant deaths per 1,000 live births. This dropped to 32 infant deaths per 1,000 live births according to ICPS 2005, dropping further to 22 infant deaths per 1,000 live births by ICPS 2015. Another factor thought to reduce infant mortality rate is increasing the quality of life of Indonesian women, which will increase the chance of newborns surviving.

However, although the infant mortality rate in Indonesia is relatively low, it is still considered high when compared to other countries in Asia, such as Japan. Data on the foregoing and the mortality rates for infants under five years, adults, and mothers can be seen in Table 3.3.

Demographic Dividend

In connection with the demographic dynamics as previously described, Indonesia entered the era of the demographic dividend in 2010 and will reach its peak in 2030, when it is projected to reach a high working-age population and a low dependency ratio. Indonesia has 50% of its population under the age of 24 and 60% under 39. In this era, the dependency ratio reached its lowest point - 100 productive age population to 44 unproductive age population. Most of the existing productive age population in the next one to three decades will consist of teenagers and the younger generation of today. Moertiningsih stated that the demographic dividend will be a window of opportunity when the productive age is not only potential but actual [6]. This means employment that is provided must be balanced with the growth of job seekers, including women who have completed the task of reproduction. In this regard, Manning warned that this demographic dividend will not likely be used by Indonesia because of the low quality of people, both in terms of education and skills [7]. In other words, if action is not taken now, the demographic dividend will not be a window of opportunity but a door to disaster. Unemployment will be dominated by the young and educated, which may spark social unrest.

Labor Force

As seen in Table 3.4, along with the growth of the population, the number of labor force in 2011 totaled 117.4 million, which increased to 122.4 million in 2015 [2].

Labor Force by Age Group

When viewed by the age groups, the proportion of those aged 25–34 was higher than the other age groups, although it declined from 27.25% in 2011 to 24.95% in 2015. The age group with the lowest proportion was 55+, but it increased from 12.73% in 2011 to 14.88% in 2015.

Labor Force by Gender

Furthermore, Table 3.4 shows that most of the labor force was male and was higher, with 61.56% in 2011 and 62.76% in 2015. Conversely, the proportion of female declined, from 38.44% in 2011 to 37.24% in 2015. The decline in the female labor force was expected because many women take care of the household and further their education.

Socioeconomic Profile

Total GDP

Indonesia's GDP amounted to IDR7,287,635 billion in 2011 [8]. At that time, the total population was estimated at 241,990,700 and the GDP per capita amounted to IDR30,115,353. In subsequent years, the amount of GDP increased, reaching IDR8,976,932 billion with an estimated population of 255,462,000 and a GDP per capita of IDR35,139,988. However, when viewed in percentages, the figure showed a decline from year to year. In 2012, Indonesia's GDP grew 6.03%, which was very good, but it began to fall gradually to 5.56% in 2013, 5.02% in 2014, and 4.79% in 2015.

TABLE 3.4

LABOR FORCE BY AGE GROUP AND GENDER IN 2011–15

Age Group (Years) and Gender	2011	2012	2013	2014	2015
15–24	**20,893,319**	**20,741263**	**20,615,313**	**20,117,838**	**20,343,385**
Male (%)	17.22	17.03	16.82	16.14	16.09
Female (%)	18.74	18.45	18.47	17.11	17.53
25–34	**31,982,570**	**32,461,831**	**32,458,157**	**30,989,637**	**30,538,147**
Male (%)	28.09	28.21	28.17	26.20	25.76
Female (%)	25.91	26.34	26.30	24.16	23.60
35–44	**28,692,805**	**28,890,839**	**28,879,714**	**29,742,451**	**29,698,776**
Male (%)	24.35	24.46	24.55	24.47	24.37
Female (%)	24.61	24.49	24.25	24.29	24.10
45–54	**20,863,479**	**21,253,085**	**21,407,496**	**23,430,206**	**23,587,605**
Male (%)	17.52	17.69	17.70	18.67	18.91
Female (%)	18.19	18.52	18.80	20.13	19.89
55+	**14,938,312**	**14,706,092**	**14,832,098**	**17,592,799**	**18,212,108**
Male (%)	12.84	12.61	12.77	14.52	14.88
Female (%)	12.55	12.20	12.18	14.30	14.88
Total	**117,370,485**	**188,053,110**	**118,192,778**	**121,872,931**	**122,380,021**
15–24 (%)	17.80	17.57	17.44	16.51	16.62
25–34 (%)	27.25	27.50	27.46	25.43	24.95
35–44 (%)	24.45	24.47	24.43	24.40	24.27
45–54 (%)	17.78	18.00	18.11	19.23	19.27
55+ (%)	12.73	12.46	12.55	14.44	14.88
Male (%)	61.56	62.08	62.36	62.22	62.76
Female (%)	38.44	37.92	37.64	37.78	37.24

Source: Statistics Indonesia; Labor Force Situation in Indonesia, 2011–2015

GDP by Sector

The magnitude of the GDP mentioned in the previous section is the contribution of each sector. Slowly but surely, the employment structure switched from the agricultural sector to the industrial and other sectors. This is evident from the contribution of each sector to the GDP. In 2015, the largest contribution was generated by the industrial sector, which amounted to 20.84%, a decrease from 21.76% in 2011. The large contribution of the industrial sector was the result of increased demand for products and semi-finished goods from both the both domestic and international markets.

In second place was the agricultural sector, contributing to around 13% during 2011–15. In third place was the wholesale and retail sector, and the motor car repair sector, contributing around 13.29% in 2015, a slight decrease from 13.61% in 2011. The construction sector contributed 10.34% in 2015, an increase of approximately 1.2% compared to 9:09% in 2011. Next was the mining sector at 7.62% in 2015, down sharply about 4.2% compared to 2011's contribution of 11.81%. Transportation and warehousing sector contributed 5.02% in 2015, up 2.5% compared to 3.52% in 2011. Other sectors such as accommodation and food service, information and communication, financial services and insurance, and real estate each contributed under 5% (Table 3.5).

TABLE 3.5

CONTRIBUTION OF GDP BY INDUSTRY, GDP PER CAPITA, AND GDP REAL GROWTH RATE AT 2010 CONSTANT MARKET PRICES IN 2011–15

Descriptions	2011	2012	2013	2014	2015
GDP (Billion IDR)*	**7,287,635**	**7,727,083**	**8,156,498**	**8,566,271**	**8,976,932**
GDP by Sector (%)					
Agriculture, Forestry, and Fishing	13.51	13.37	13.36	13.34	13.52
Mining and Quarrying	11.81	11.61	11.01	9.87	7.62
Manufacturing	21.76	21.45	21.03	21.01	20.84
Electricity and Gas	1.17	1.11	1.03	1.08	1.14
Water Supply, Sewerage, Waste Management, and Remediation Activities	0.08	0.08	0.08	0.07	0.07
Construction	9.09	9.35	9.49	9.86	10.34
Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	13.61	13.21	13.21	13.44	13.29
Transportation and Storage	3.53	3.63	3.93	4.42	5.02
Accommodation and Food Service Activities	2.86	2.93	3.03	3.04	2.96
Information and Communication	3.60	3.61	3.57	3.50	3.53
Financial and Insurance Activities	3.46	3.72	3.88	3.87	4.03
Real Estate Activities	2.79	2.762	0.77	2.79	0.86
Business Activities	1.46	1.48	1.51	1.57	1.65
Public Administration and Defense; Compulsory Social Security	3.89	3.95	3.90	3.83	3.91
Education	2.97	3.14	3.22	3.24	3.37
Human Health and Social Work Activities	1.00	1.01	1.03	1.07	1.00
Other Service Activities	1.44	1.42	1.47	1.55	1.65
GDP Per Capita (IDR)**	30,115,353	31,484,474	32,780,967	33,970,899	35,139,988
Mid-year Population (000)	241,990.7	245,425.2	248,818.1	252,165.0	255,462.0
GDP Real Growth Rate (%)		6.03	5.56	5.02	4.79

Note: * Constant price 2010. GDP 2014 (preliminary data) and 2015 (very preliminary data)
** Based on constant price 2010
Source: Statistics Indonesia; National Income of Indonesia 2011–2015

Human Development

According to the UNDP Human Development Report, Indonesia's Human Development Index (HDI) value for 2014 was 0.694 (Table 3.6), while Statistics Indonesia stated that its HDI value for 2015 was 0.696[1] [9–10]. This indicated that Indonesia's HDI was still stagnant in the medium human development category.

However, the Director of UNDP Indonesia Christophe Bahuet (Kompas, December 2015) said, "Indonesia is believed to already have the appropriate steps to improve the human development index. With appropriate measures, there is an opportunity for Indonesia later joined by the countries in the group of high human development." Furthermore, Table 3.6 also reviews Indonesia's progress in each of the HDI indicators. Between 2011–14, Indonesia's life expectancy at birth increased by 1.4 years and the mean years of schooling increased by 1.7 years, but the expected years of schooling decreased by 0.7 years.

[1] This HDI value is above the average of 0.630 for countries in the medium human development group and below the average of 0.710 for countries in East Asia and the Pacific. From East Asia and the Pacific, countries that are close to Indonesia in terms of the 2014 HDI rank and the population size to some extent are the Philippines and China.

TABLE 3.6

HUMAN DEVELOPMENT INDEX AND ITS COMPONENT IN 2011–15

Description	2011a	2012a	2013a	2014a	2015b
HDI	0.617	0.629	0.684	0.684	0.696
Mean Years of Schooling	5.8	5.8	7.5	7.6	7.54
Expected Years of Schooling	13.2	12.9	12.7	13.0	12.55
Life Expectancy at Birth in Years	69.4	69.8	70.8	68.9	70.78

Source: a. UNDP; Human Development Index 2011–2015
b. Statistics Indonesia; Human Development Index 2015

Labor Productivity

Labor productivity describes the output generated by all workers in a given year. The higher the generated output, the more productive the labor force. Data shows that Indonesia's labor productivity is still relatively low compared to neighboring countries.

Productivity Per Hour

As said by experts, the relationship between working hours and productivity is nonlinear. When working hours are below the normal limit, output increases proportionally with the increase in working hours.However, when working hours are above the normal limit, output decreases with the increase in working hours. Productivity per hour in 2011 was USD4.20, or only 10% of Singapore's labor productivity [11]. However, the picture was encouraging, as labor productivity per hour increased consistently every year until it reached USD11.50 in 2014, or 21% of Singapore's labor productivity as a benchmark (Table 3.7).

TABLE 3.7

PER HOUR AND PER WORKER LABOR PRODUCTIVITY IN 2011–14

Description	2011	2012	2013	2014
Per hour (USD)	4.2	9.9	10.6	11.5
% of the Singapore Level	10.0	19.9	20.1	21.0
Per worker (USD '000)	9.5	20.0	21.9	23.0
% of the Singapore Level	10.3	17.5	18.0	18.3

Source: APO; APO Productivity Databook 2013–2016

Productivity Per Worker

The per worker-based labor productivity in 2011 amounted to USD9,500, or only 10.3% of Singapore's labor productivity. But the productivity per worker level also experienced a consistent increase every year, reaching USD23,000 in 2014, or 18.3% of Singapore's labor productivity (Table 3.7).

Productivity per Sector

When viewed by sector, the sector with the highest labor productivity was mining, with USD184,100 per person in 2011. The sector remained the highest until 2014, although it decreased to USD178,300 per person. The next sector with the highest labor productivity was electricity, with USD119,200 per person in 2011, which increased to USD136,400 per person in 2014. This is understandable because these sectors are capital intensive and do not use much labor.

The lowest labor productivity sector was agriculture, with just USD7,800 per person in 2011 and USD9,200 per person by 2014 (Table 3.8).

TABLE 3.8

LABOR PRODUCTIVITY BY SECTOR IN 2011–14 (USD '000/PERSON)

SECTOR	2011	2012	2013	2014
Agriculture	7.8	8.3	8.8	9.2
Mining	184.1	173.6	184.3	178.3
Manufacturing	34.2	34.2	34.2	34.9
Electricity	119.2	125.7	153.2	136.4
Construction	32.8	32.6	30.6	31.5
Trade	16.1	17.2	17.4	17.9
Transportation	48.2	53.8	58.0	62.6
Financial	88.5	94.9	101.0	102.8
Public Services	12.7	13.1	13.5	14.0

Note: GDP by industry at constant prices, using 2011 PPPs, reference year 2014
Source: APO; APO Productivity Database 2016

The improvement of Indonesia's labor productivity showed that the quality of Indonesian workers was getting better. There were several expected causes for this increase. The first was education. Although indirect, education has an influence on labor productivity. The higher the workers' education level, the higher the productivity that can be achieved. Workers with senior high school education and above increased from 31.53% in 2011 to 37.71% in 2015.

The second cause of increased labor productivity was wages. There is a positive relationship between minimum wage and the performance of workers. The increase in the provincial minimum wage in Indonesia during 2011–15 increased labor productivity.

Labor Market Overview

The following explains the labor market conditions in Indonesia, which are mostly based on data from Statistics Indonesia [2]. As a comparison, it can also be seen in Allen [12].

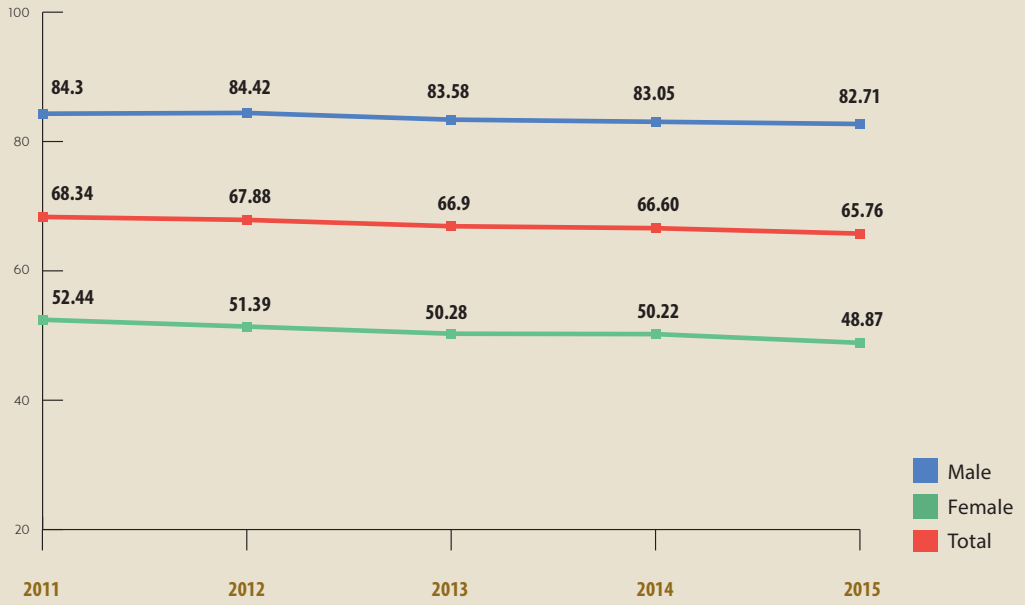
Labor Force Participation Rate

Theoretically, the labor force participation rate (LFPR) is the measure to evaluate the working-age population (15–55+) in an economy. Over time, the government has given greater attention to education for the development of human capital, as shown by the increased resource allocation to 20% of the state budget. Its strong commitment has shown a positive impact, the most important being an increase in youth educational participation and a decrease in labor force participation of youth, indicating that youths are remaining in school longer and joining the labor force later.

By processing the relevant data, Figure 3.3 shows that the national LFPR was not high. It decreased during the past five years, from 68% in 2011 to 66% in 2015. When viewed by gender, the male LFPR was much higher than the female LFPR, but both showed a downward trend. In 2011, the male LFPR was 84%. This dropped slightly to 83% in 2015. For women, the LFPR was 52% in 2011. It dropped to 49% in 2015.

FIGURE 3.3

LABOR FORCE PARTICIPATION RATE (2011–15)



Source: Statistics Indonesia; Labor Force Situation in Indonesia, 2011–2015

TABLE 3.9

LABOR FORCE PARTICIPATION RATE BY GENDER IN 2011–15

GENDER	2011	2012	2013	2014	2015
Male (%)	84.30	84.42	83.58	83.05	82.71
Female (%)	52.44	51.39	50.28	50.22	48.87
National (%)	**68.34**	**67.88**	**66.90**	**66.60**	**65.76**

Source: Statistics Indonesia; Labor Force Situation in Indonesia, 2011–2015

Employment

In line with the continuing recovery of the Indonesian economy, which resulted in the creation and expansion of employment opportunities, the number of people who worked over the last five years has been constantly increasing. As shown in Table 3.10, the number of persons employed in 2011 was as high as 109,672,399. This increased to 114,819,199 people or 93.82% employment rate in 2015.

Employment Rate

One of the most important things to know is the employment rate, i.e., the proportion of labor force that worked in relation to the total number of labor force. It is usually expressed as a percentage. The employment rate from 2011 to 2015 were 93.44%, 93.86%, 93.75%, 94.06%, and 93.82%, respectively. In general, it appeared that despite the increased number of labor force, the LFPR was volatile and tended to decrease slightly.

TABLE 3.10

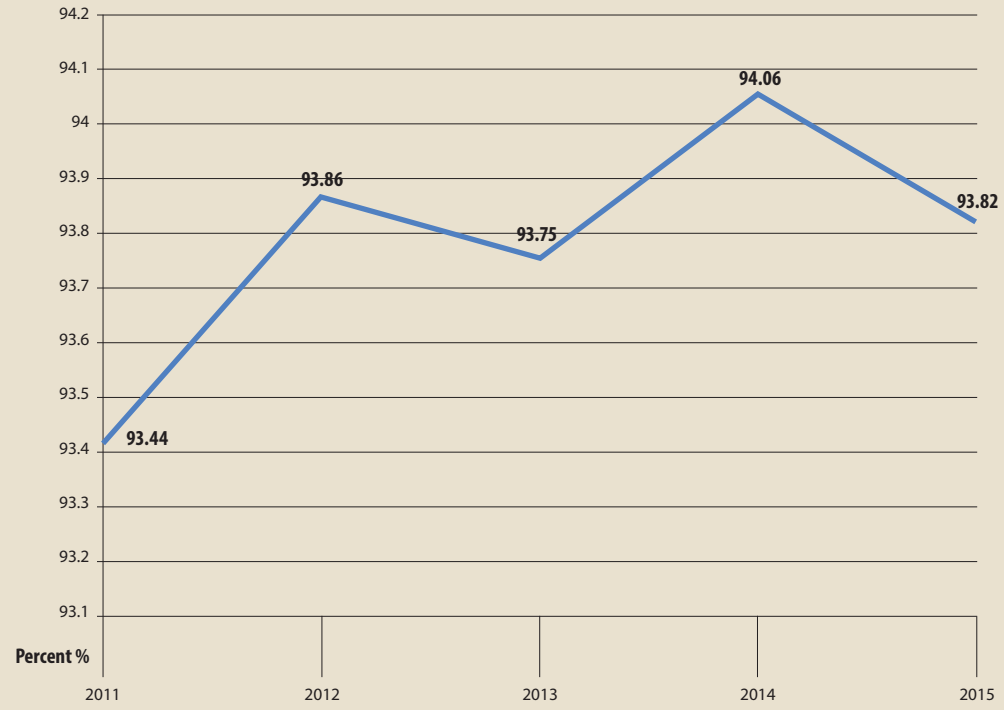
LABOR FORCE THAT WORKED BY SECTOR IN 2011–15

SECTOR	2011	2012	2013	2014	2015
Agriculture	35.86	35.09	34.36	34.00	32.88
Mining	1.34	1.44	1.28	1.25	1.15
Manufacturing	13.26	13.87	13.43	13.31	13.29
Electricity	0.22	0.22	0.23	0.25	0.25
Construction	5.78	6.13	5.66	6.35	7.15
Trade	21.33	20.90	21.42	21.66	22.37
Transportation	4.63	4.51	4.55	4.46	4.45
Financial	2.40	2.40	2.63	2.64	2.84
Public Services	15.18	15.43	16.44	16.07	15.62
Total	**109,670,399**	**110,808,154**	**110,804,041**	**114,628,026**	**114,819,199**

Source: Statistics Indonesia; Labor Force Situation in Indonesia, 2011–2015

FIGURE 3.4

EMPLOYMENT RATE (2011–15)



Source: Statistics Indonesia; Labor Force Situation in Indonesia, 2011–2015

Employment by Sector

When viewed by sector, the majority of the labor force that worked concentrated in the tertiary sector with a share of 43.54% in 2011. This fluctuated between 2012 and 2014 and reached 45.29% in 2015. In second place was the primary sector, with a share of 37.20% in 2011. This consistently declined each year until it reached 34.03% in 2015. The sector that employed the least was the secondary sector, i.e., 19.26% in 2011. This was relatively stagnant until 2015 at 20.69% (Table 3.10).

Quality of Employment

The quality of employment can be seen from the share of the population that worked as informal workers, self-employed, and formal workers. The more formal the work or running a business on a regular basis, the better. Data on Table 3.11 shows that in general during 2011–15, the share of work or running a business on a regular basis was the largest part. In fact, the share increased from 56.76% in 2011 to 58.09% in 2015. This indicated an increase in the quality of work in Indonesia, and along with that, the population working in casual and self-employed activities decreased.

TABLE 3.11

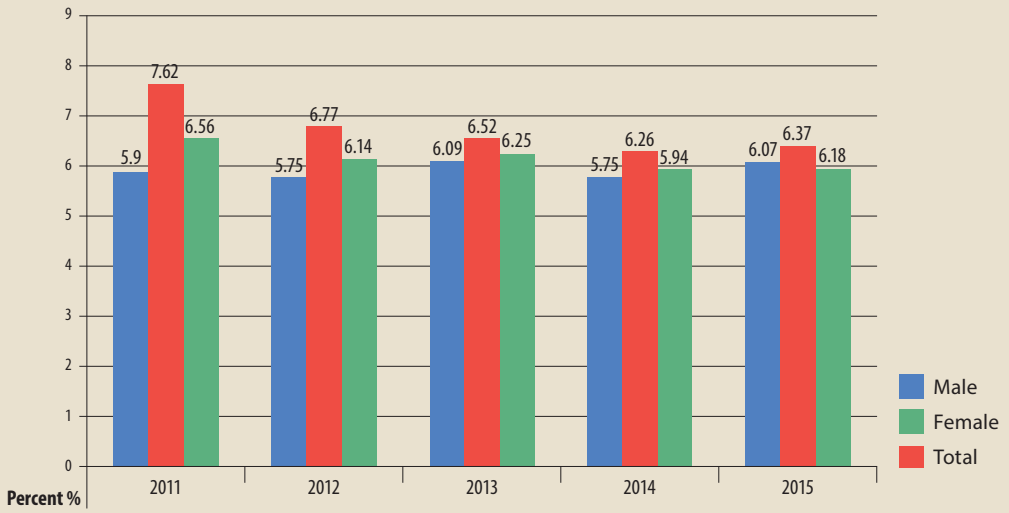
LABOR FORCE THAT WORKED BY QUALITY OF EMPLOYMENT IN 2011–15

GENDER	2011	2012	2013	2014	2015
Casual	26.54	26.57	25.85	24.71	24.90
Self-employed	17.70	16.64	16.89	17.87	17.01
Regular/Formal	55.76	56.79	57.26	57.42	58.09
Total	**109,670,399**	**110,808,154**	**110,804,041**	**114,628,026**	**114,819,199**

Source: Statistics Indonesia; Labor Force Situation in Indonesia, 2011–2015

FIGURE 3.5

UNEMPLOYMENT RATE BY GENDER (2011–15)



Source: Statistics Indonesia; Labor Force Situation in Indonesia, 2011–2015

Unemployment

Theoretically, during 2011–15, Indonesia's open unemployment rate[2] can be said to approach the natural rate of unemployment, which was in the range of 4–6%. Of course, this figure was much better when compared with 2008, which reached 8.39%. The achievement of an unemployment rate below 6% indicated that the target of reducing the unemployment rate to between 5% and 6% by 2014 that was set in the 2010–14 medium-term development plan was met by the government.

[2] The proportion (percentage) of labor force that is unemployed in relation to the total number of labor force.

When associated with an increase in labor force on the one hand, and a decrease in unemployment rate on the other, it can be said that the Indonesian labor force conditions during 2011–15 showed an improvement. While this was a success, unemployment was still an issue for particular groups, for example, youths.

When reviewed by gender, the unemployment rate of females was higher than males. In 2011, the female unemployment rate amounted to 7.62%, while the male only 5.90%. Although the female unemployment rate trended downwards until it reached 6.37% in 2015, the male unemployment rate remained under 6.07%. Most under open unemployment were those who were less educated and aged between 15 to 29.

Migration

Domestic Migration

In the ICPS 2015, mobility profile was divided into permanent migration (lifetime and recent) and nonpermanent migration (shuttle and seasonal) [5]. Based on the ICPS, net positive lifetime permanent migration occurred in the provinces of Riau Islands, Riau, East Kalimantan, and West Papua at 397, 247, 285, and 254 migrants per 1,000 population, respectively. Net negative lifetime permanent migration occurred in the provinces of West Sumatra, North Sumatra, Central Java, and South Sulawesi at 152, 121, 164, and 126 migrants per 1,000 population, respectively.

The recent net positive migration occurred in the provinces of Riau Islands, West Papua, and Yogyakarta at 70, 51, and 36 migrants per 1,000 population, respectively, while the recent net negative migration happened in the provinces of Jakarta, North Sumatra, and Maluku at 22, 10, and 8 migrants per 1,000 population, respectively. Thus, the total net positive migration occurred in the provinces of Riau Islands, Southeast Sulawesi, and East Kalimantan at 331, 227, and 219 migrants per 1,000 population, respectively. The total net negative migration occurred in the provinces of Jakarta, Central Java, and North Sumatra at 113, 98, and 89 migrants per 1,000 population, respectively.

Furthermore, ease of transportation and accessibility has led to a growing shuttling phenomenon in Indonesia today. Sizeable commuters were found in Jakarta province (12.09%), Yogyakarta (9.97%), Banten (7.01%), Bali (6.16%), and West Java (4.44%). This pattern was similar to the results of ICPS 2005. When viewed by province, the percentage of people who engaged in seasonal mobility was highest in Jakarta province, Riau Islands, and West Papua at 66%, 61%, and 54%, respectively.

TABLE 3.12

UNEMPLOYMENT RATE IN 2011–15

GENDER	2011	2012	2013	2014	2015
Male (%)	5.90	5.75	6.09	5.75	6.07
Female (%)	7.62	6.77	6.52	6.26	6.37
National (%)	**6.56**	**6.14**	**6.25**	**5.94**	**6.18**

Source: Statistics Indonesia; Labor Force Situation in Indonesia, 2011–2015

International Migration

Indonesia is second only to the Philippines in the scale of labor migration within the Association of Southeast Asian Nations (ASEAN). According to Indonesia National Authority for the Placement and Protection of Indonesian Overseas Workers, until 2014, there were 6,198,816 Indonesian workers living abroad [13]. But that same year, when the government of Indonesia issued a moratorium on sending migrant workers to work in the informal economy in Saudi Arabia, Jordan, Kuwait, Syria, and Malaysia, the placement of workers abroad decreased significantly.

Between 2011 to 2014, the number of migrant workers reached 500,000, then declined sharply to 275,736 people in 2015 (Table 3.13). When viewed according to gender, there were again significant

changes. Whereas in the past the proportion of women was very high, in 2014, the proportion of women dropped to 57%. However, by 2015, the proportion of women rose again to 60.48% (Table 3.14), presumably because many women go abroad to work illegally.

TABLE 3.13

INTERNATIONAL MIGRANT WORKERS BY RECEIVING COUNTRIES IN 2011–15

RECEIVING COUNTRIES	2011	2012	2013	2014	2015
Middle East	**208,786**	**114,605**	**124,773**	**96,476**	**42,625**
Bahrain	4,379	6,328	5,384	5,472	2,570
Kuwait	2,733	2,518	2,534	1,714	210
Oman	7,306	8,836	10,719	19,141	6,766
Qatar	16,616	20,380	16,237	7,862	2,460
Saudi Arabia	137,835	40,655	45,394	44,325	23,000
UAE	39,917	35,888	44,505	17,962	7,619
Asia and Pacific	**339,043**	**337,123**	**344,859**	**306,192**	**225,638**
Australia	526	945	1,012	544	77
Brunei	10,804	13,146	11,269	11,616	9,993
China	1,072	1,967	2,055	915	108
Fiji	556	970	848	902	246
Hong Kong	50,301	45,478	41,769	35,050	15,322
Japan	2,508	3,293	3,042	2,428	468
Malaysia	134,120	134,069	150,250	127,827	97,635
Singapore	47,786	41,556	34,655	31,680	20,895
South Korea	11,392	13,593	15,374	11,848	5,501
Taiwan	78,865	81,071	83,544	82,665	75,303
Thailand	1,113	1,035	1,041	717	90
Europe	**6,799**	**8,141**	**9,025**	**4,782**	**3,138**
Germany	299	697	1,168	556	194
Italy	3,408	3,691	3,746	1,295	1,516
Netherlands	592	798	1,176	796	52
Spain	1,484	1,746	1,417	889	268
Turkey	1,016	1,209	1,518	1,246	1,108
Others	**32,174**	**34,740**	**33,511**	**22,322**	**4,335**
Other countries	32,174	34,740	33,511	22,322	4,335
Total	**586,802**	**494,609**	**512,168**	**429,772**	**275,736**

Source: National Authority for the Placement and Protection of Indonesian Overseas Workers

TABLE 3.14

INTERNATIONAL MIGRANT WORKER BY GENDER IN 2011– 15

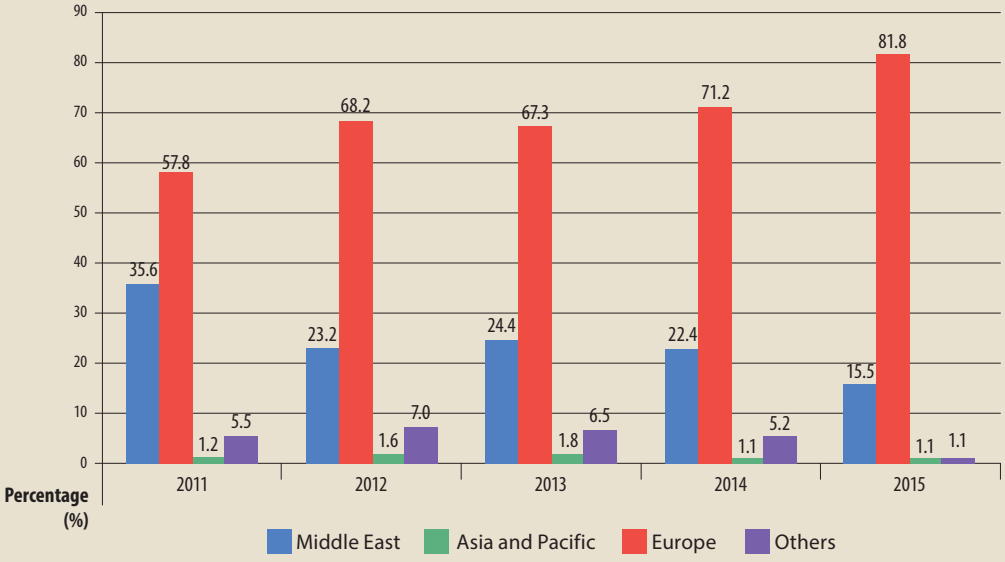
GENDER	2011	2012	2013	2014	2015
Male (%)	35.81	43.43	45.92	43.43	39.52
Female (%)	64.19	56.57	54.08	56.66	60.48
Total	**586,802**	**494,609**	**512,168**	**429,772**	**275,736**

Source: National Authority for the Placement and Protection of Indonesian Overseas Workers

Another result of the moratorium was the significant shifts in the number of migrant workers in the informal and formal economies. In the past, no less than 70% of Indonesian migrant workers were employed in the informal economy, while those employed in the formal economy was only around 47%. Furthermore, when viewed in the receiving countries, the majority of migrant workers from Indonesia worked in the Asia Pacific, followed by the Middle East. Migrant workers from Indonesia also worked in Europe and America, but not too many (Figure 3.6).

FIGURE 3.6

INTERNATIONAL MIGRANT WORKERS BY RECEIVING COUNTRIES (2011–15)



Source: National Authority for the Placement and Protection of Indonesian Overseas Workers

Youth Employment Challenges

Indonesia has the world's fourth largest youth population, with over 41.5 million in 2011 and rising sharply to 43.6 million in 2015 (Table 3.1). This large number, coupled with inadequate youth human capital, poses enormous challenges for youths when entering the labor market.

Employment

Total Number of Youth

The dynamics of the Indonesian youth employment trend is quite interesting. Based on labor force statistics, the number of employed youth declined from 16.7 million in 2011 to 15.7 million in 2015 (Table 3.15).

Employment Rate

With regard to the previous explanation, the youth employment rate, i.e., the percentage of youth who worked, in relation to the total number of labor force, was 80% in 2011 and declined to 77% in 2015, although it rose again in 2012 (Figure 3.7).

TABLE 3.15

EMPLOYED YOUTH BY EDUCATION AND GENDER IN 2011–15

EDUCATION AND GENDER	2011	2012	2013	2014	2015
Primary School or Less	**5,327,200**	**5,123,344**	**4,465,635**	**4,055,626**	**3,652,326**
Male (%)	67.03	66.93	68.09	70.46	70.31
Female (%)	32.97	33.07	31.91	29.54	29.69
Junior High School	**4,780,578**	**4,847,517**	**4,695,518**	**4,291,755**	**4,090,719**
Male (%)	60.65	61.42	62.61	63.72	64.33
Female (%)	39.35	38.58	37.39	36.28	35.67
Senior High School	**5,858,965**	**5,954,780**	**6,142,485**	**6,349,592**	**6,856,349**
Male (%)	56.36	56.63	56.55	57.78	58.13
Female (%)	43.64	43.37	43.45	42.22	41.87
Diploma	**401,175**	**350,891**	**373,565**	**380,606**	**421,640**
Male (%)	33.81	36.18	31.32	30.67	36.30
Female (%)	66.19	63.82	68.68	69.33	63.70
University	**349,657**	**406,840**	**477,194**	**582,672**	**726,399**
Male (%)	38.07	37.56	38.83	35.37	36.97
Female (%)	61.93	62.44	61.17	64.63	63.03
Total	**16,717,575**	**16,683,372**	**16,154,397**	**15,660,251**	**15,747,433**
Primary School or Less (%)	31.87	30.71	27.64	25.90	23.19
Junior High School (%)	28.60	29.06	29.07	27.41	25.98
Senior High School (%)	35.05	35.69	38.02	40.55	43.54
Diploma (%)	2.40	2.10	2.31	2.43	2.68
University (%)	2.09	2.44	2.95	3.72	4.61
Male (%)	60.06	60.29	60.39	61.20	61.01
Female (%)	39.94	39.71	39.61	38.80	38.99

Source: Statistics Indonesia; Labor Force Situation in Indonesia, 2011–2015

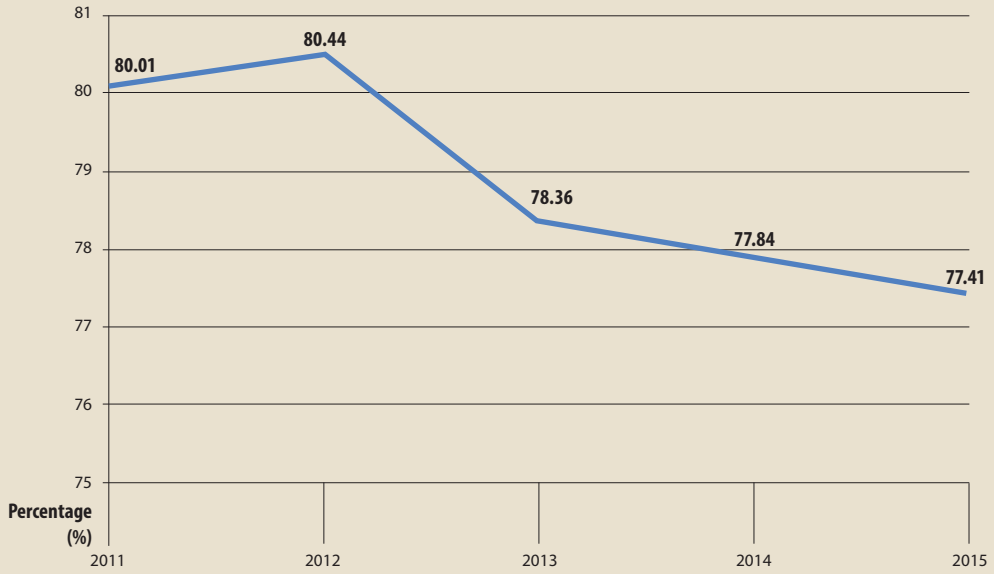
When viewed by gender, the percentage of males who worked was higher than females at about 60–61% and increased from 2012 until 2015. Meanwhile, the proportion of females who worked was only about 40% in 2011 and decreased to 39% in 2015 (Table 3.15)[3].

As seen in Figure 3.8, the profile of employed youth by education also seemed to have not changed significantly. The proportion of educated youth in the Primary School or Less category was still high, despite the downward trend from 32% in 2011 to 23% in 2015. The proportion of educated youth in the Junior High School category was also quite high, although it decreased from 29% in 2011 to 26% in 2015. The largest proportion was the educated youth in the Senior High School category and it increased significantly every year, i.e., from 35% in 2011 to 44% in 2015. Although still very low, the proportion of Diploma and University graduates continued to show an increasing trend. Thus, in general, it can be said that the proportion with low education continued to decline, while the proportion with secondary and higher education increased.

[3] UN Women 2013 noted, besides lower rates of female labor force participation, young women also tend to exhibit lower employment rates. Gender trends tend to be common across labor market indicators owing to the same obstacles that hinder female labor force participation affecting other indicators of labor market integration. Moreover, even when employed, female youths are more likely to be in informal and vulnerable employment, largely due to the higher share of female workers in unpaid family work, which is a component of vulnerable employment. As a result, gender gaps across labor market indicators may not always be captured fully, thereby introducing the potential for over- or underestimation of measured gaps.

FIGURE 3.7

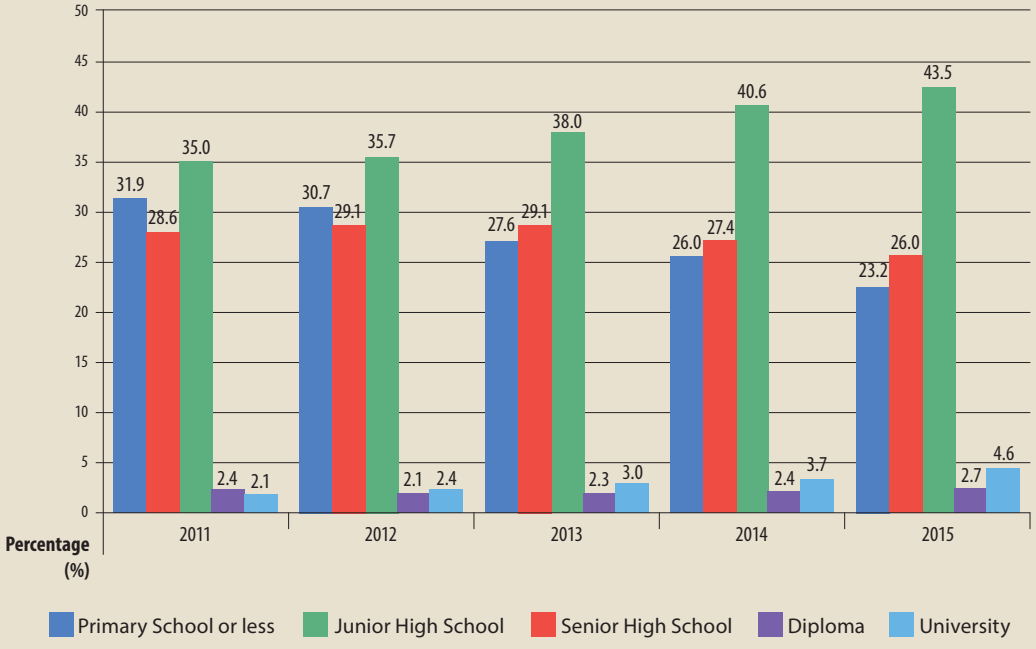
YOUTH EMPLOYMENT RATE (2011–15)



Source: Statistics Indonesia; Labor Force Situation in Indonesia, 2011–2015

FIGURE 3.8

EMPLOYED YOUTH BY EDUCATION (2011–15)



Source: Statistics Indonesia; Labor Force Situation in Indonesia, 2011–2015

TABLE 3.16

EMPLOYED YOUTH BY SECTOR AND GENDER IN 2011–15

SECTOR AND GENDER	2011	2012	2013	2014	2015
Agriculture	**5,209,985**	**5,027,735**	**4,488,224**	**4,162,284**	**4,114,687**
Male (%)	70.44	70.02	69.88	71.76	72.34
Female (%)	29.56	29.98	30.12	28.24	27.66
Mining	**291,702**	**288,978**	**268,856**	**257,467**	**184,505**
Male (%)	92.75	90.98	93.20	93.33	91.10
Female (%)	7.25	9.02	6.80	6.67	8.90
Manufacturing	**3,035,419**	**3,135,262**	**3,041,083**	**3,099,663**	**2,943,698**
Male (%)	52.94	52.72	54.24	56.16	55.76
Female (%)	47.06	47.28	45.76	43.84	44.24
Electricity	**26,958**	**26,845**	**44,138**	**38,982**	**44,477**
Male (%)	84.38	85.08	80.01	79.44	87.43
Female (%)	15.62	14.92	19.99	20.56	12.57
Construction	**875,985**	**900,233**	**831,710**	**914,301**	**1,087,469**
Male (%)	94.77	96.22	94.69	95.91	96.05
Female (%)	5.23	3.78	5.31	4.09	3.95
Trade	**3,918,306**	**3,803,659**	**3,834,450**	**3,779,424**	**4,048,260**
Male (%)	46.21	47.32	47.85	47.32	47.39
Female (%)	53.79	52.68	52.15	52.68	52.61
Transportation	**666,118**	**639,462**	**687,603**	**626,140**	**618,096**
Male (%)	85.57	86.29	85.36	85.61	84.62
Female (%)	14.43	13.71	14.64	14.39	15.38
Financial	**448,284**	**445,457**	**507,237**	**485,829**	**548,506**
Male (%)	59.34	55.70	60.49	56.26	54.19
Female (%)	40.66	44.30	39.51	43.74	45.81
Public Services	**2,244,818**	**2,415,741**	**2,451,096**	**2,296,161**	**2,157,735**
Male (%)	44.28	46.90	47.68	48.35	46.31
Female (%)	55.72	53.10	52.32	51.65	53.69
Total	**16,717,575**	**16,683,372**	**16,154,397**	**15,660,251**	**15,747,433**
Agriculture (%)	31.16	30.14	27.78	26.58	26.13
Mining (%)	1.74	1.73	1.66	1.64	1.17
Manufacturing (%)	18.16	18.79	18.83	19.79	18.69
Electricity (%)	0.16	0.16	0.27	0.25	0.28
Construction (%)	5.24	5.40	5.15	5.84	6.91
Trade (%)	23.44	22.80	23.74	24.13	25.71
Transportation (%)	3.98	3.83	4.26	4.00	3.93
Financial (%)	2.68	2.67	3.14	3.10	3.48
Public Services (%)	13.43	14.48	15.17	14.66	13.70
Male (%)	60.06	60.29	60.39	61.20	61.01
Female (%)	39.94	39.71	39.61	38.80	38.99

Source: Statistics Indonesia; Labor Force Situation in Indonesia, 2011–2015

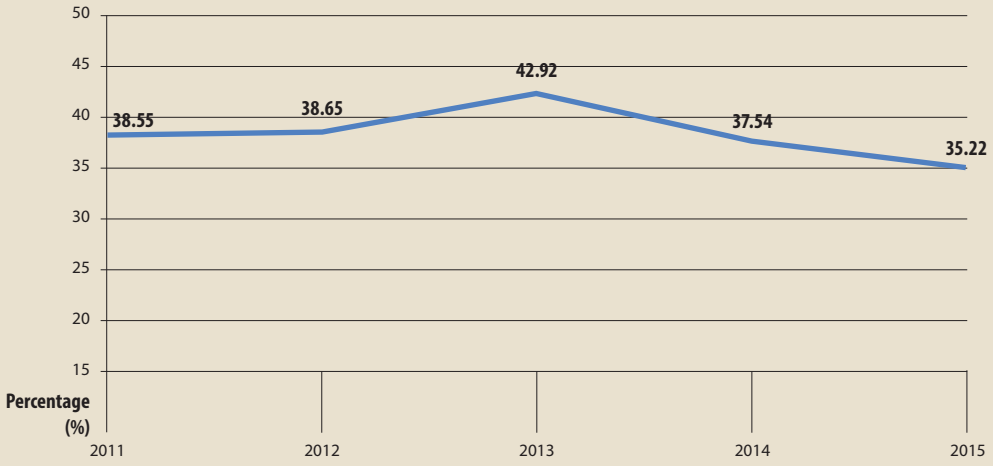
The breakdown of employed youth by sector is shown in Table 3.16. Most of the employed youth were concentrated in the agriculture sector, i.e., 31% in 2011, although it decreased to 26% in 2015. Next was the trade sector, with a proportion of 23% in 2011, which increased to 26% by 2015. The manufacturing sector also absorbed quite a lot of youths, about 18% in 2011, which increased slightly to 19% by 2015. The least absorptive sector was electricity, at just under 1% during 2011–15.

Underemployment

In Indonesia, underemployment is defined as working less than 35 hours per week. Difficulties in the labor market are often reflected in measures such as underemployment (as well as informality and job quality). Many youths, particularly in poor communities, cannot afford to remain unemployed for long and are forced to accept occasional work [14]. As shown in Figure 3.9, the percentage of youths who worked under 35 hours a week was as high as 39% in 2011, although it declined to 35% in 2015. This indicates a fairly high rate of underemployment.

FIGURE 3.9

YOUTH UNDEREMPLOYMENT RATE (2011–15)



Source: Statistics Indonesia; Labor Force Situation in Indonesia, 2011–2015

As seen in Table 3.17, most of these underemployed youths worked in agriculture, measuring 56.78% in 2011 and 57.94% in 2015. The next sector with the highest level of underemployment was trade at 15.57% in 2011. This percentage increased in the following year, but decreased sharply in 2015 to 12.77%. Underemployed in the electricity sector was the lowest, with less than 1% during 2011–15.

When viewed by employment status, most of the underemployed worked on casual activities, especially as unpaid workers or family workers. The rest were those who sought temporary employment and those who were self-employed.

Unemployment

Unemployment Rate

Initially, labor statistics showed that Indonesia experienced positive results in the overall trend for youth unemployment. Between 2011 and 2012, there was a clear downward trend from 19.99%, to 19.56%, but entering 2013 until 2015, Indonesia recorded very high rates of youth unemployment, which increased continuously from 21.64% in 2011 to 22.50% in 2014, and finally to 22.59% in 2015 (Figure 3.10). Thus, it was clear that during 2011–15, the youth unemployment rate in Indonesia was quite dire, i.e., unemployment was more than three times the rate of the total labor force.

TABLE 3.17

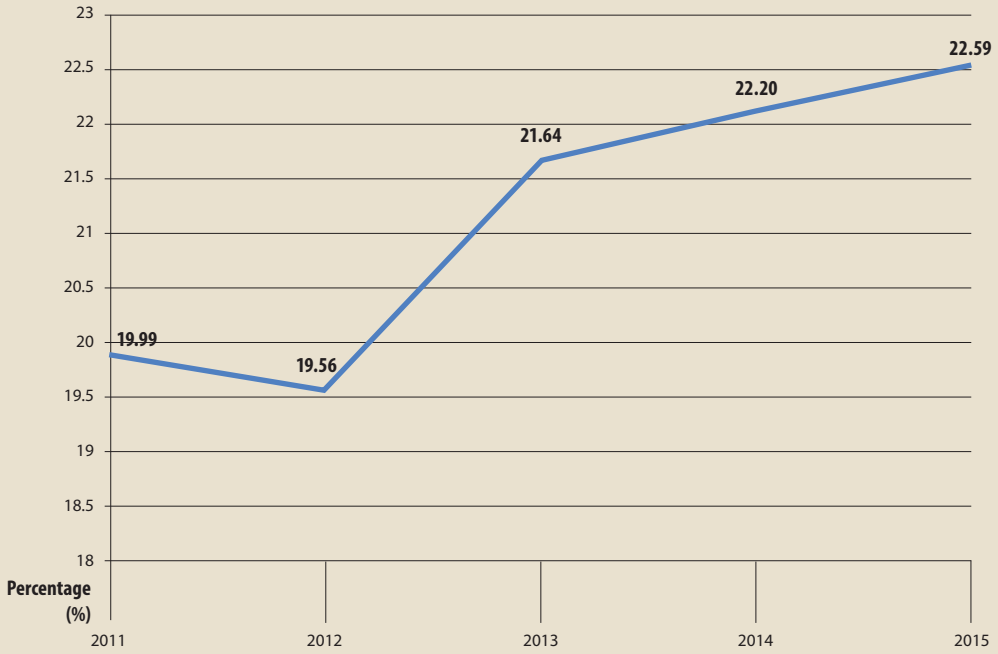
UNDEREMPLOYED YOUTH BY SECTOR AND GENDER IN 2011–15

SECTOR AND GENDER	2011	2012	2013	2014	2015
Total	**6,445,183**	**6,447,736**	**6,933,799**	**5,878,583**	**3,319,834**
Agriculture	56.78	54.88	45.13	50.39	57.94
Mining	1.30	1.47	1.46	1.46	1.73
Manufacturing	8.11	8.86	13.54	8.86	7.21
Electricity	0.07	0.13	0.19	0.12	0.15
Construction	2.13	2.26	4.28	2.66	5.63
Trade	15.57	15.51	17.09	16.88	12.77
Transportation	2.53	2.53	2.99	2.65	4.04
Financial	1.13	0.99	1.75	1.27	1.66
Public Services	12.38	13.37	13.56	15.72	8.88
Male	59.17	60.57	61.34	61.06	67.09
Female	40.83	39.43	38.66	38.94	167.09

Source: Statistics Indonesia; Labor Force Situation in Indonesia, 2011–2015

FIGURE 3.10

YOUTH UNEMPLOYMENT RATE (2011–15)



Source: Statistics Indonesia; Labor Force Situation in Indonesia, 2011–2015

The following explains the unemployment statistics among Indonesian youth. As shown in Table 3.18, of the total unemployed youths, most (between 57% and 60%) were male, and the percentage increased every year from 2011 to 2015. On the other hand, the percentage of unemployed females declined.

TABLE 3.18

UNEMPLOYED YOUTH BY EDUCATION AND GENDER IN 2011–15

EDUCATION AND GENDER	2011	2012	2013	2014	2015
Primary School or Less	**839,547**	**837,646**	**870,005**	**724,911**	**643,757**
Male (%)	63.14	66.33	66.16	71.13	70.84
Female (%)	36.86	33.67	33.84	28.87	29.16
Junior High School	**1,250,768**	**1,134,738**	**1,061,929**	**1,024,318**	**852,368**
Male (%)	57.41	59.70	57.88	61.82	62.05
Female (%)	42.59	40.30	42.12	38.18	37.95
Senior High School	**1,900,039**	**2,225,327**	**1,926,022**	**2,424,902**	**2,699,481**
Male (%)	56.95	58.55	60.44	57.53	59.25
Female (%)	43.05	41.45	39.56	42.47	40.75
Diploma	**73,182**	**94,002**	**75,282**	**95,467**	**125,322**
Male (%)	31.92	34.02	25.29	35.49	38.25
Female (%)	68.08	65.98	74.71	64.51	61.75
University	**112,208**	**169,209**	**124,653**	**198,534**	**275,024**
Male (%)	38.89	43.66	41.27	40.74	42.55
Female (%)	61.11	56.34	58.73	59.26	57.45
Total	**4,175,744**	**4,460,916**	**4,057,891**	**4,468,132**	**4,595,952**
Primary School or Less (%)	20.11	18.78	21.44	16.22	14.01
Junior High School (%)	29.95	25.44	26.17	22.92	18.55
Senior High School (%)	45.50	49.88	47.46	54.27	58.74
Diploma (%)	1.75	2.11	1.86	2.14	2.73
University (%)	2.69	3.79	3.07	4.44	5.98
Male (%)	57.41	59.22	59.76	59.50	59.82
Female (%)	42.59	40.78	40.24	40.50	40.18
Unemployment Rate (%)	**19.99**	**21.51**	**19.68**	**22.21**	**22.59**

Source: Statistics Indonesia; Labor Force Situation in Indonesia, 2011–2015

Unemployed by Education

Furthermore, Table 3.18 shows that most of the unemployed youths were Senior High School graduates, with 46% in 2011, increasing consistently every year to reach 59% in 2015. These statistics were interesting because the Senior High School graduate unemployment rate was higher than the educated Primary School or Less rate. Some research suggests that this happens because those with Primary School or Less education are willing to take any job, while Senior High School graduates are more selective in choosing appropriate job. The lowest unemployment rate was the Diploma category with 1.75% in 2011, although it increased to 2.75% in 2015.

Underutilized and Joblessness

To explain the problems faced by Indonesian youths in the labor market, two things need to be explored: i) the number of underutilized youths, i.e., the number of unemployed + the number of underemployed, and ii) the number of youths that are untapped, i.e., the number of unemployed + the number of those not included in the labor force and not in school [16].

Underutilized

The full potential of the majority of Indonesian youths, however, is not being realized because they have no access to productive jobs. In 2011, the number of youths categorized as underutilized was as

many as 10,620,927 or 50.83% of the total labor force. This fell to 10,142,916 in 2015 or 49.86% of the total labor force.

Not Schooling

The number of youths who were not included in the labor force and did not attend school was 7,635,761 in 2011 or 37.13% of the total working-age population. This fell sharply to 6,753,202 or 20.07% of the total working-age population.

Jobless

By summing up the number of youths who were underutilized and not schooling, it can be seen the number of jobless youths was 18,256,688 in 2011. This increased to 18,812,224 in 2013, but then declined sharply to 16,896,118 in 2015. When viewed by gender, more than half were female. This figure is high, indicating that youths encountered difficult conditions in the labor market (Table 3.19).

TABLE 3.19

JOBLESSNESS AMONG YOUTH BY GENDER IN 2011–15

DESCRIPTIONS	2011	2012	2013	2014	2015
Not Schooling	**7,635,761**	**7,365,974**	**7,820,534**	**6,535,553**	**6,753,202**
Male (%)	1,898,311	1,588,725	2,040,032	1,466,024	1,578,573
Female (%)	5,737,450	5,777,249	5,780,502	5,069,529	5,174,629
Underutilized	**10,620,927**	**10,908,652**	**10,991,690**	**10,346,715**	**10,142,916**
Male (%)	6,210,531	6,547,063	6,677,849	6,248,211	6,069,259
Female (%)	4,410,396	4,361,589	4,313,841	4,098,504	4,073,657
Joblessness	**18,256,688**	**18,274,626**	**18,812,224**	**17,107,660**	**16,896,118**
Not Schooling (%)	41.82	40.31	41.57	39.52	39.97
Underutilized (%)	58.18	59.69	58.43	60.48	60.03
Male (%)	44.42	44.52	46.34	45.41	45.26
Female (%)	55.58	55.48	53.66	53.59	54.74

Source: Statistics Indonesia; Labor Force Situation in Indonesia, 2011–2015

Dualism in Labor Market

From the foregoing description of the sectors in which youths work, it can be said that the condition of Indonesia's labor market is still a dualism. Dualism is reflected in labor market segmentation in two sectors, namely formal and informal [17–18]. The informal sector is still quite dominant, not only because it gives a significant contribution to employment, but is also a traditional or inherited activity.

The informal sector is broadly characterized as consisting of units engaged in the production of goods or services with the primary objective of generating employment and incomes to the persons concerned. These units typically: i) operate at a low level of organization, ii) function with little or no division between labor and capital as factors of production, iii) are not registered with the government agencies, iv) operate on a small scale, v) are labor intensive, vi) do not necessarily require job skills, vii) generate low productivity, and viii) operate on labor relations that are based mostly on casual employment, kinship or personal and social relations rather than contractual arrangements with formal guarantees. On the other hand, modern formal sector: i) is generally registered with government agencies, ii) has a permanent place to settle, iii) is high-tech, iv) is capital-intensive, v) requires skilled labor, and vi) generates high productivity.

Quality of Employment

Table 3.20 shows that in general over 2011–15, the share of Indonesian youths who worked or ran a business on a regular basis was the largest segment. In fact, the share increased from 53% in 2011 to 60% in 2015.

These data indicated an increase in the quality of employment among Indonesian youths and a consistent decrease in the casual and self-employed activities among Indonesian youths.

TABLE 3.20

EMPLOYED YOUTHS BY QUALITY OF EMPLOYMENT AND GENDER IN 2011–15

QUALITY OF EMPLOYMENT AND GENDER	2011	2012	2013	2014	2015
Casual	**6,215,749**	**6,243,743**	**5,829,659**	**5,473,156**	**5,301,653**
Male (%)	64.06	63.74	63.50	66.65	67.19
Female (%)	35.94	36.26	36.50	33.35	32.81
Self-employed	**1,589,327**	**1,295,056**	**1,041,700**	**1,069,630**	**1,066,082**
Male (%)	68.18	71.29	67.00	67.75	68.68
Female (%)	31.82	28.71	33.00	32.25	31.32
Regular/Formal	**8,912,499**	**9,144,573**	**9,283,038**	**9,117,465**	**9,379,698**
Male (%)	55.83	56.37	57.70	57.15	56.64
Female (%)	44.17	43.63	42.30	42.85	43.36
Total	**16,717,575**	**16,683,372**	**16,154,397**	**15,660,251**	**15,747,433**
Casual (%)	37.18	37.42	36.09	34.95	33.67
Self-employed (%)	9.51	7.76	6.45	6.83	6.77
Regular/Formal (%)	53.31	54.81	57.46	58.22	59.56
Male (%)	60.06	60.29	60.39	61.20	61.01
Female (%)	39.94	39.71	39.61	38.80	38.99

Source: Statistics Indonesia; Labor Force Situation in Indonesia, 2011–2015

One factor behind the increase in regular/formal employment was the structural transformation of Indonesia's economy. The government developed the manufacturing and services sectors, creating 400,000 new regular jobs for youths between 2011 and 2015.

Unfortunately, job quality is still lacking. Although the government continues to increase minimum wage, over time, the share of regular employees receiving minimum wage or higher has remained relatively constant, while the share of regular employees receiving lower than minimum wage[5] has increased. This may be a reflection of the increase in minimum wage outstripping productivity as well as limited growth in quality jobs [18].

Many employed youths worked on short-term contracts or outsourcing arrangements, although the Manpower Law 13/2003 explicitly forbids short-term contracts except for an initial period of two years with an option to extend to an additional 12 months.

Another interesting point about the quality of employment of Indonesian youths is labor productivity and changes in employment. Table 3.21 shows that the share of youths in the agriculture sector was lower compared to the 15–60+ age group, i.e., 26.58% versus 34%, while the youth share in the manufacturing, trade, and financial sectors was higher than the 15–60+ age group. Thus, it can be said that they contributed more to the overall labor productivity as their shares of employment was in high labor productivity sectors.

Furthermore, the data showed that for youth, the decline in the share of agriculture was faster (4.5 points) compared to the 15–60+ age group (1.9 points). Similarly, the increase in the share of manufacturing was higher for youth (1.6 point) compared to the 15–60+ age group (0.05 point). The same was also seen in the services sector, where the increase was higher for youth compared to the

[5] The government issued the Government Regulation No. 78/2015 on Wages.

15–60+ age group, i.e., 1.23 points versus 0.89 points. The same comparison was also made in the financial sector, where youth experienced an increase of 0.42 points, while the 15–60+ age group only increased by 0.24 points. It showed their share increased faster in high productivity sectors (Table 3.22).

TABLE 3.21

LABOR PRODUCTIVITY AND SHARES OF EMPLOYMENT FOR THE 15–60+ AND 15–24 AGE GROUPS IN 2014

SECTOR	Labor Productivity 15–60+ Age (USD)*	Rank	Share of Employment 15–60+ Age (%)**	Share of Employment 15–24 Age (%)**
Agriculture	9,196	9	34.00	26.58
Mining	178,280	1	1.25	1.64
Manufacturing	34,863	5	13.31	19.79
Electricity	136,373	2	0.25	0.25
Construction	31,516	6	6.35	5.84
Trade	17,890	7	21.66	24.13
Transportation	62,557	4	4.46	4.00
Financial	102,825	3	2.64	3.10
Public Services	13,955	8	16.07	14.66
Total	24,348		**100.00**	**100.00**

Source: *APO; APO Productivity Database 2016 **Statistics Indonesia; Labor Force Situation in Indonesia, 2011–2015

TABLE 3.22

CHANGES IN SHARES OF EMPLOYMENT IN 2011–14

SECTOR	Labor Productivity 15–60+ Age*	Rank	Share of Employment 15–60+ Age (%)**		Share of Employment 15–24 Age (%)**	
			2011	2014	2011	2014
Agriculture	**9,196**	**9**	35.86	34.00	31.16	26.58
Mining	178,280	1	1.34	1.25	1.74	1.64
Manufacturing	34,863	**5**	13.26	13.31	**18.16**	**19.79**
Electricity	136,373	2	0.22	0.25	0.16	0.25
Construction	31,516	6	5.78	6.35	5.24	5.84
Trade	17,890	7	21.33	21.66	23.44	24.13
Transportation	62,557	4	4.63	4.46	3.98	4.00
Financial	102,825	3	2.40	2.64	2.68	3.10
Public Services	13,955	8	15.18	16.07	13.43	14.66
Total	24,348		**100.00**	**100.00**	**100.00**	**100.00**

Source: *APO; APO Productivity Database 2016 **Statistics Indonesia; Labor Force Situation in Indonesia, 2011–2015

Employability

Data showed that each year, over three million youths leave the formal education system to enter the labor market. While they leave at different levels of education, the proportion of those who continue on to finish Senior High School has been growing, confirming the trend of increased educational attainment in the population. But reality shows that most of the unemployed youths are those who graduated from Junior and Senior High School. Thus, the main problem is the difficulty in youths acquiring jobs due to a mismatch with the type of education and the needs of the company, plus low labor skills [12, 14, 19].

Almost all employers stress that type of education and job skills are needed in order for youths to be accepted as workers in the company. Therefore, building their employability is the key policy issue to ensure their successful transition to the labor market and their access to career-oriented employment. Youths need to acquire the skills, knowledge, and attitudes that will allow them to find work and cope with unpredictable labor market changes [19].

The problem is the education system in Indonesia has not made the needs of the labor market a leading indicator in implementing education. Knowledge delivered to students is not much use to the working world. There are indications that the government prefers quantity factor, which is to educate as many citizens, and less attention is paid to the quality factor and compatibility with the working world.

The training system implemented by the government is no less bleak. The trainings held were almost the same in all regions of Indonesia without regard to differences in the needs of the regions. The various internal weaknesses of the training institutions were also very pronounced. Equipment training and curriculum hardly fitted with technological developments. There is a lack of professional management training institutions, and even more important is the lack of evaluation of the graduates after they complete their training.

Policies and Programs Promoting Youth Entrepreneurship

Rajagukguk said that supporting youths to overcome problems and weaknesses as well as to develop them into excellent entrepreneurs to become human capital for the country are part of the policy priorities of the government [20]. In line with this, numerous programs were implemented by various ministries and agencies in Indonesia. However, the reality showed that entrepreneurship among youths in Indonesia was difficult to develop.

There are at least three factors that limit the development of entrepreneurship in Indonesia [21]:

i) It is difficult and relatively expensive to get a business license, and there is a lack of access to credit and seed funding

ii) Weak entrepreneurship culture; entrepreneurship is often considered a last resort (and only out of necessity). Majority of high school and college graduates are paid workers in both the government and private sectors [20]

iii) Lack of entrepreneurial characteristics. The values of the psychological characteristics of young entrepreneurs are still low (self-confidence, task- and result-oriented, dare to take risks and challenges, leadership qualities, originality, and future oriented) [22]

The following describes some of the programs that have been implemented by the government and other stakeholders in developing youths to become entrepreneurs.

Start-up Supporting Policies

Creating Regulations that are Pro Small and Medium Enterprises

The potential of youth entrepreneurs and informal workers to enhance their productivity and to progressively transform survival activities into decent work will depend on an enabling legal and regulatory framework that supports the representation of Small and Medium Enterprises (SMEs) and the self-employed. Restrictive regulations are considered to obstruct the development of SMEs. One of the steps taken is to create regulations that facilitate youths to start and run their own business [23].

Founding the Youth Entrepreneurship Capital Agency

The agency was created by the government to support youths build businesses through several activities, namely [23]:

i) *Training.* To improve knowledge, skills, and attitude adjustment of youths to become entrepreneurs.

ii) *Apprenticeship.* To provide an introduction to an understanding of a business by observing, doing, and experiencing directly in the process of managing businesses and/or production processes (goods or services).

iii) *Mentoring.* For individuals or businesses in order to maximize youth potential by exploring needs, motivating, instill passion, and improving the skills and thought processes to create real and sustainable businesses.

iv) *Accompaniment.* A mentoring effort by someone who is seen as more experienced in entrepreneurship (mentor) to one or several young entrepreneurs (mentee).

v) *Partnership.* The fabric of business cooperation between youth entrepreneurs and big businesses and/or other business resources to increase the capacity of youths to be strong and independent.

vi) *Promotion.* To provide a place and facilities for youth entrepreneurs to promote their business and products/services.

viii) *Capital Assistance.* To provide capital assistance to youth beginner entrepreneurs to facilitate relief activities and/or equity capital from institutions.

Innovative Self-employment Programs

Many self-employment programs are implemented by the government, but in general, these are intended for all age groups. Those that are aimed at youths are as follows [21, 23]

Young Professional Entrepreneurs Development Program (YPEDP)

Due to low interest among youths to become entrepreneurs in Indonesia, the Ministry of Manpower implemented the YPEDP in the 1990s. It was implemented in all provinces of Indonesia with the aim of improving the skills of youths, especially university graduates, to become entrepreneurs. The program is implemented in cooperation with universities, with new young entrepreneurs serving as coaches and motivators.

After the young entrepreneurs had run their businesses for 1–2 years, the government will conduct an assessment of the management and sustainability of the business. The best young entrepreneurs will receive an award from the President and the Minister of Manpower and Transmigration, as well as gifts of money as a venture capital fund.

Voluntary Manpower

This program is intended to develop entrepreneurship in the community with the help of highly educated youth volunteers from various fields such as production processes, management, and marketing. But it is more important that these youths are interested and experienced to become entrepreneurs in the future after the completion of their duties. The program is implemented in all the territories of Indonesia through cooperation between the Ministry of Manpower and Transmigration and local governments.

Cooperation between Stakeholders for the Youth

In 2001, Indonesia was actively involved in the implementation of the United Nations Secretary-General's Youth Employment Network (YEN) and was one of the first nations to volunteer to be a "lead" country. Then in 2003, the Coordinating Minister for Economic Affairs established an Indonesian Youth Employment Network (IYEN) Coordinating Team, under the leadership of the Ministry of Economic Affairs and the Ministry of Manpower and Transmigration. The IYEN involved senior policy makers as well as prominent representatives from the private sector and civil society as well as youth organizations. A key priority of the IYEN has been to develop the Indonesia Youth Employment Action Plan (IYEAP) to achieve the following objectives [24–25]:

i) To identify the key issues and challenges faced by young women and men in their transition from education to the workplace.

ii) To acknowledge that many policies, programs, and activities already exist and to provide a platform for the sharing of information and knowledge at the national, provincial, and district levels to enrich the various initiatives already being undertaken.

iii) To set priorities for action by policy makers and other stakeholders.

iv) To demonstrate the need for, and benefits of, an integrated approach to address the youth employment challenge.

v) To provide a set of policy recommendations that can contribute to the creation of quality jobs, thereby reducing unemployment, underemployment, and the number of young people living and working in poverty.

vi) To encourage individuals and groups of stakeholders to get involved in the processes and programs that directly and indirectly contribute to the generation of more and better jobs for young men and women.

vii) To urge provincial and district level governments to advance youth employment issues into economic and social policies, strategies, and programs.

viii) To encourage young men and women to participate in dialogue and collective action as a necessary prerequisite for an accurate and effective response.

Although it was not in line with expectations, through the implementation of the aforementioned activities, there has been significant improvements in youth development, including: i) creating the awareness that job opportunities are available to youths not only as wage workers but also as entrepreneurs, ii) increasing entrepreneurship programs for youths in provinces, regencies, and cities, and iii) strengthening inter-institutional cooperation in youth development.

Evaluation of Programs Promoting Entrepreneurship among Youths

Although the implementation of the program for youth entrepreneurship cannot be said to have succeeded, it may be noted that some programs were quite successful, such as the utilization of voluntary manpower.

On the other hand, there were a few programs that were executed but could not be continued, such as the YPEDP. Causes for this include a change in the system of government from centralized to decentralized, where each province and district has the autonomy to run programs based on the interests and perceptions of each, including programs related to youth.

Therefore, a few programs previously carried out under the central government's cost and supervision were stopped by the local government authorities for various reasons. In such cases, the central government could not intervene.

Another cause was unqualified personnel in local government managing and implementing specific programs. Lastly, the main cause was the lack of financing, as priority was given to infrastructure programs and not to youth entrepreneurship development.

UTILIZATION OF VOLUNTARY MANPOWER

This is one of the priority programs of the Ministry of Manpower and Transmigration that aims to utilize the best scholars in community development activities, particularly by assisting community groups in rural areas.

Under this program, which began in 1968, young scholars with potential and high motivation are recruited, trained, and assigned to serve the public for two years. To expand employment opportunities, labor-intensive programs, sufficient technology, and entrepreneurial activities are supervised directly by the Ministry of Manpower and Transmigration.

Through this program, the scholars are also expected to learn and reap valuable experience of mentoring activities so that after following this program, they can pursue their professional careers to match their interests and talents.

To date, the program has recorded many volunteers who have moved on to new, promising professions, such as entrepreneurs, consultants, and instructors at community development agencies.

The Ministry of Manpower and Transmigration in its efforts to empower scholars not only utilized the voluntary manpower program but also offered advanced entrepreneurship programs. For volunteers who want to pursue their careers as entrepreneurs, the Ministry offers training and assistance.

Now the Ministry of Manpower and Transmigration provides more incentive by opening a network of partnerships with various agencies and organizations, both governmental and nongovernmental, nationally and internationally such as ministries, local government, enterprises, banks, educational and training institutions, and empowerment and community assistance agencies.

The program is implemented systematically from planning, socialization, recruitment and selection, provisioning, deployment, supervision, monitoring, and evaluation.

Policy Implications and Recommendations

The Indonesian government and all parties have implemented policies and programs promoting youth entrepreneurship, either individually or collectively within the framework of the IYEN. Although the work deserves appreciation, based on statistics, a few things require serious attention. First, the youth unemployment rate was still high. Second, most of the employed youths were concentrated in the informal sector and unproductive activities with low incomes. Third, evidence showed that Indonesian youth entrepreneurs did not have strong entrepreneurial characteristics.

This shows that the policies and programs that have been implemented so far have not succeeded in reaching the desired goals. The most likely causes were: i) the IYEN did not function optimally, ii) the programs were not socialized to youths, iii) cooperation among stakeholders, including inter-ministerial, was not solid, iv) the work orientation of youths was concentrated on paid workers, entrepreneurial culture was still very weak, v) capital requirements - there were many youths who did not understand how to apply for credit, and vi) entrepreneurship training was quantitative, with less attention paid to quality aspects.

In order to achieve the purpose of creating youth entrepreneurs who are professional with a bright prospect for progress, the policies and programs for youth entrepreneurship should:

i) Revitalize the IYEN so that it can unite all stakeholders and is able to identify the condition of youth on a regular basis. To that end, the IYEN should be given the opportunity and ability to carry out the IYEAP so that it can open the door for concerted and explicit action on addressing youth employment, especially entrepreneurship. The IYEN should also be given the opportunity and ability to expand knowledge on the issues of youth employment through a dedicated research program by bringing together relevant institutions.

ii) Increase the intensity and coverage of entrepreneurship campaign location up to villages. In this case, it is possible to use a variety of appropriate tools such as electronic media, print media, television, radio, flyers, and others. The Manpower office in the region should carry out this function through the utilization of labor market information system. Even the labor market information system should provide data on the number and profile of youth in their area. The clergy can also be used as a campaigner for religious activities because the Indonesian people in general are very appreciative of and obedient to the clergy. No less important are the traditional leaders, who can also be used as campaigners, especially in rural communities.

iii) Restructure and improve the solid cooperation between stakeholders in the implementation of programs for youth entrepreneurship through the framework of Government Regulation No. 78/2013. The Ministry of Manpower and Transmigration should act as a coordinator and evaluator as mentioned in the Government Regulation No. 78/2013 on Expansion of Employment. This regulation assigns the Minister of Manpower and Transmigration to coordinate with relevant agencies to support the expansion of employment opportunities, which is intended to: a) provide feedback, suggestions, and advice to the federal and local government as an ingredient in determining policy in the expansion of employment opportunities, and b) mediation, motivation, and evaluation of government policy implementation in the field of employment expansion. With the regulation, the cooperation between stakeholders is no longer just an appeal but a necessity that has legal and political consequences if ignored.

However, this does not mean that the Ministry of Manpower and Transmigration will take over or become a sole executive of youth development. The program remains with institutions and stakeholders but under the coordination of the ministry.

iv) Socialize the Capital Institute of Youth Entrepreneurship. The existence of this institution is not yet widely known by youths, especially those outside Jakarta or Java. As more prospective and existing entrepreneurs come to know about this institution and its programs, the easier the capital constraints faced by youth entrepreneurs can be overcome. It is also important for this agency to be a socioeconomic institution with the principle of "conscientious, confidence, and trust" to help youths obtain capital assistance.

v) Change the orientation of training in entrepreneurship from a quantitative approach to a qualitative one. Generating as many entrepreneurs as possible is good, but it would be better to produce more qualified entrepreneurs. Focusing on quality instead of quantity during training is better and more useful because it is more likely to produce low failure rates and will have a higher level of sustainability. Therefore, the training program implemented by the government and other stakeholders should be oriented toward quality.

Study Limitations and Recommendations

Limitations Associated with the Standard Labor Force Survey Data

The data on youths in Indonesia is quite available. Statistics Indonesia has always published survey data regularly in various data books, which can be used as a data source in conducting research on entrepreneurship among youths.

Population Census and Inter-Census Population Survey (Statistics Indonesia)

i) Population by province and gender

ii) Population by age group and gender

iii) Population by age group and province

iv) Population by education and gender

v) Population by education and province

vi) Fertility by province

vii) Mortality by province

Labor Force Situation in Indonesia (Statistics Indonesia)

i) Labor force
   a) Age group by location and gender
   b) Education by location and gender
   c) Activities (employed/unemployed) by location and gender
   d) Training skills have been followed by location and gender

ii) Not economically active
   a) Attending school by location and gender
   b) Housekeeping by location and gender
   c) Others by location and gender

iii) Employed youth
   a) Age group by location and gender
   b) Education by location and gender
   c) Main industry by location and gender
   d) Main occupation by location and gender
   e) Employment status by location and gender
   f) Working hours by location and gender
   g) Wages by location and gender
   h) Training skills have been followed by location and gender
   i) Others

iv) Unemployed youth
   a) Age group by location and gender
   b) Education by location and gender
   c) Activities by location and gender
   d) Training skills have been followed by location and gender
   e) Others

However, the data available does not describe entrepreneurship among youth. This data must be searched and processed separately through other statistics such as the National Socio-Economic Survey, although this method can result in data discrepancy with the Labor Force Situation in Indonesia publication due to differing survey methods. The Ministry of Small and Medium Enterprises also has data on entrepreneurship, but it does not include data on youth entrepreneurship.

National Income of Indonesia (Statistics Indonesia)

i) GDP by sector, both province and national

ii) GDP real growth rate by sector

iii) GDP real growth rate by province and national

iv) Others

Human Development Index (Statistics Indonesia)

i) HDI by province and national

ii) HDI by gender

iii) Others

However, the HDI data above is not precise enough to be used for research or analysis of international scale. Although the methods are not much different from the methods introduced by UNDP, the results cannot be compared with publications of other countries, such as the UNDP HDI.

Potential Measures to Overcome Challenges for Future Studies

Actions that need to be taken to overcome the challenges in implementing research on employment and entrepreneurship for youth in Indonesia include:

i) Add questions regarding entrepreneurship activities carried out by youth in the list of questions in Labor Force Situation in Indonesia in order to identify the profile and characteristics of entrepreneurial youth. This needs to be submitted by the Ministry of Manpower and Transmigration to Statistics Indonesia.

ii) Conduct integrated coordination with ministries, research institutes, universities, and youth organizations to obtain information on the situation of youth, the results of research, policies that have been and will be done, opinions and orientation of youth toward work, and others.

iii) Conduct research collaboration with international institutions that have interest in youth and entrepreneurship issues such as APO, ILO, and UNDP.

iv) APO support is expected to increase the capacity of the Ministry of Manpower and Transmigration researchers in conducting research on entrepreneurship among youth, especially concerning the method of data collection, data processing, and data analysis.

CHAPTER 4

MALAYSIA

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Introduction

Demographic transitions influence overall human capital development in terms of supply and demand of the workforce. While the Malaysian population from 29.2 million in 2011 increased to 31.4 million in 2015, the population growth rate declined to 1.3%. This was due to the decrease in the total fertility rate to 2.1 in 2015 [1].

The older population (65 years and above) grew at 5% per annum to reach 1.8 million in 2015 [1]. The working age population (15–64 years) increased from 19.8 million in 2011 to 21.7 million in 2015. Life expectancy is expected to improve from 72 years in 2010 to 74 in 2020 for male and 77 to 79 for female. Malaysia is expected to become an aged nation by 2035, where the composition of population aged 60 and above is expected to reach 15% of the total population [2].

In the 5-year period (2010–15), the Malaysian economy grew at a steady pace despite mixed performance globally. Real GDP was expanded by 5.3% per annum with nominal per capita while Gross National Income (GNI) was expected to increase by 5.8% - from MYR27,819 (USD8,636) in 2010 to MYR36,937 (USD10,196) by 2015. Between 2009 and 2014, the average monthly household income expanded faster at 8.8% per annum. Growth was driven by strong domestic demand, particularly from increased private investment, and a diversified economic base which softened the impact of a challenging external environment. Due to the steady expansion of the economy, Malaysia enjoyed improvements in income distribution and low unemployment at 2.9%.

The GDP was estimated to expand by 5.3% per annum in real terms during the Tenth Malaysia Plan (10MP) (2011–15) while nominal per capita GNI was expected to increase by 5.8% per annum from MYR27,819 (USD8,636) in 2010 to MYR36,937 (USD10,196) by 2015. This translated to an increase in average monthly household income at 8.8% per annum from MYR4,025 in 2009 to MYR6,141 in 2014. Its contribution to GDP is expected to increase from 12.3% in 2010 to 17.3% in 2015. To further facilitate private investment, a total of MYR6.1 billion was disbursed through the Facilitation Fund from 2011 to 2014 for infrastructure, universities, colleges, resorts, mixed development projects, and power plants. Foreign direct investment (FDI) remained an important source of investment, technology transfer, and access to foreign markets. A total of MYR139 billion of FDI was recorded from 2011 to 2014, with Japan, Singapore, and the Netherlands being the main contributors.

The structure of the economy continued to evolve to become more service oriented. The share of the services sector to GDP increased from 51.2% in 2010 to 53.5% by 2015. The share of the construction sector rose from 3.4% to 4.4%, while the manufacturing, mining, and agriculture sectors declined. However, the latter three sectors continued to grow in absolute terms and their value and contribution to the economy remained significant. The services sector grew by 6.3% per annum during 2011–15. This growth is driven by the wholesale and retail trade subsector, supported by resilient consumer spending as well as the communications subsector, due to the sustained increase in the number of

cellular phone subscribers and increased usage of mobile data services. In addition, the accommodation and restaurants subsector was expected to expand further due to higher tourist arrivals [1].

The GDP grew by 5.3% per annum while nominal per capita GNI rose by 5.8% per annum from MYR27,819 (USD8,636) in 2010 to MYR36,937 (USD10,196) by 2015. This translated to an increase in average monthly household income at 8.8% per annum from MYR4,025 in 2009 to MYR6,141 in 2014. The economy continued to be in full employment with the unemployment rate remaining at 2.9% in 2015. This is attributed to the steady economic growth and improvements in the labor market. An estimation of a total of 1.8 million jobs were created mainly in the services and manufacturing sectors.

Although the government rationalized subsidies for fuel, electricity, and sugar, inflation remained moderate at an average rate of 2.5% per annum between 2011 and 2014. The main contributors to inflation were food and nonalcoholic beverages, transport, and housing, water, electricity, gas, and other fuel. These three categories accounted for 80.5% of the overall increase in consumer prices during the period. Inflation in 2015 was expected to be lower between 2% and 3%, mainly due to the decline in global oil prices. This would partly offset some of the impact from the implementation of GST from 1 April 2015. During 2011–15, inclusivity was a key strategy toward achieving a prosperous and equitable society. Overall income distribution improved, with the Gini coefficient reducing from 0.441 in 2009 to 0.401 in 2014, exceeding the 2015 target of 0.420. Mean monthly household income of the bottom 40% households income group (B40 households) increased to MYR2,537 in 2014 from MYR1,440 in 2009 [1].

Though it remains low, the unemployment rate rose from 3.4% to 3.5% between the first and third quarters of 2016, remaining above the 2010–15 average of 3.1%. Meanwhile, the labor force participation rate (LFPR) fell from 67.8% in July 2016 to 67.6% in September 2016. The rise in the unemployment rate was due to an increase in the rate of new entrants into the labor market relative to the rate of job creation, and a declining trend in job vacancies demonstrated firms' cautious approach to hiring. Between March to September 2016, the labor force grew by 0.86 % (y/y), while employment grew by 0.55%. However, indications of a broad-based retrenchment were limited and largely confined to specific sectors, particularly oil and gas and financial services [3].

Labor Market Overview

The government of Malaysia introduced a range of measures during 2011–15 to enhance and strengthen its education system to improve Malaysian labor market outcomes[1]. Some key achievements include the creation of 1.8 million new jobs nationwide. Consequently, Malaysia achieved full employment in 2015 because of declining trend in unemployment rate from 3.3% in 2010 to 2.9% in 2015. Additionally, minimum wage policy that was introduced in 2012 had further improved the labor market outcomes[2]. It was estimated that 1.9 million wage earners had benefited from the policy.

Meanwhile, the education sector in Malaysia experienced a huge increase in enrolment for all education levels. To illustrate, annual intake in Technical and Vocational Education and Training (TVET) grew from 113,000 in 2010 to 164,000 in 2013. In the meantime, the promising enrolment trend had also taken place in tertiary education. It is worth noting that major strategy documents such as the Malaysia Education Blueprint 2013–2025 (Preschool to Post-Secondary Education), the Malaysia Education Blueprint 2015–2025 (Higher Education), and the Talent Roadmap 2020 have charted out clear transformation journeys for the development of the human capital ecosystem [1].

As such, the government of Malaysia continuously implemented several strategic shifts that are able to improve the labor market outcomes. The Malaysian labor aims to include wage structure improvement,

[1] Labor market outcomes refers to employment, unemployment duration, and wages.

[2] The goal of minimum wage policy is to ensure wages increase is in line with cost of living and to encourage employers to invest in higher technology and reduce dependency on foreign workers.

quality jobs and employment creation, efficient low-skilled foreign workers monitoring system, youth employment growth, comprehensive employment safety net, labor market information and regulation transformation, and increase in female labor force participation rate. During the 10MP, the Malaysian economy grew by 5.3% per annum and contributed to 1.8 million new job creations [1]. Specifically, the economy growth created 1.3 million new jobs in the service sector while 23.6% or 431,000 of new jobs were accounted in the manufacturing sector [2].

In the meantime, the employment sector experienced a very optimistic trend through the years. Malaysia's labor force grew 1.8% to 14.5 million persons in 2015 compared to previous years. The rise was contributed by the increase of 215,100 employed persons (1.6%) to 14.1 million people and the increase in the number of unemployed persons by 39,200 persons (9.5%) to 450.3 thousand persons. The labor force grew at 2.8% per annum. It increased from 12.4 million in 2010 to 14.2 million in 2015 [1]. This growth is mainly driven by an increase in the working age population and higher female labor force participation rate, which increased to 54%1 in 2015 from 47.9% in 2011. The LFPR rose 0.3% points in 2015 to 67.9%.

The increase of female employed persons contributed to the increase of overall LFPR. Female's LFPR was up 0.4%, reaching 54.1% in 2015. Female participation in the labor market was high, exceeding 58% for the prime age groups namely 25–34, 35–44, and 45–54 years. As a whole, LFPR of male was still higher than female for every age group.

In recent years, labor productivity growth has slowed down compared to GDP growth. Malaysia's GDP registered a healthy growth of 5.3% per annum during 2011 to 2015. However, during the same period, Malaysia's labor productivity growth was only 1.8%. Under the Eleventh Malaysia Plan (11MP), Malaysia sets out to achieve 3.7% year-on-year growth in labor productivity. This translates into a targeted increase in productivity per worker from MYR75,550 in 2015 to MYR92,300 by 2020 [1].

The government of Malaysia is fully aware that the skills of the Malaysian workforce are a critical component of the nation's development achievement of high-income status. The 11MP stresses the importance of technical and academic skills as drivers of the transformation into a knowledge-based economy and discusses several potential interventions to improve the skills of the workforce. These range from employability programs to improve the living standards of the bottom 40% households to reforms of the TVET system to strengthen the links to the private sector, initiatives to promote life-long learning, and policies to improve the quality of education at all levels [1].

TABLE 4.1

UNDEREMPLOYMENT[3] RATE IN MALAYSIA IN 2011–15

Underemployment Rate (%)	2011	2012	2013	2014	2015
Total	**4.2%**	**4.6%**	**4.9%**	**4.0%**	**4.1%**
Male	2.2%	2.2%	2.3%	1.5%	1.7%
Female	2.1%	2.4%	2.6%	2.4%	2.4%

Source: Department of Statistics Malaysia

[3] ILO defines underemployment as employed person who worked less than certain hours per week (time-related), high skilled employees in low skill jobs (skill- related), and skilled employees in low income jobs (income-related). Underemployment in Malaysia focuses on time-related as those who worked less than 30 hours per week.

TABLE 4.2

UNDEREMPLOYMENT RATE BY SECTOR IN 2011–15

Underemployment Rate by Sector ('000)	2011	2012	2013	2014	2015
Agriculture, forestry, and fishing	1.5%	2.1%	1.9%	1.5%	1.3%
Manufacturing	0.4%	0.4%	0.6%	0.5%	0.6%
Construction	0.2%	0.1%	0.2%	0.1%	0.2%
Services	2.0%	1.9%	2.2%	1.8%	2.0%
Others	0.1%	0.0%	0.0%	0.0%	0.0%

Source: Department of Statistics Malaysia

During the 10MP, the average contribution of labor and capital to real GDP growth rose to 70.2% from 65.3% in the Ninth Plan. Correspondingly, the contribution of multi-factor productivity (MFP) is moderate to 29.8% in the 10MP. At the sector level, MFP was to be the main driver in the construction and the services sectors, contributing 74.2% and 39.2% in the respective sector growth. Labor productivity grew at 2.3% per annum during 2010–14. Sectors with higher labor productivity than the national average growth were the construction and services sectors, while the manufacturing sector recorded modest productivity improvement.

Low creation of quality jobs, rigidity in labor regulations, talent mismatch, and overdependence on low-skilled foreign workers, mainly in the low-wage category, have also negatively affected labor market conditions and productivity. The structure of the employment with large proportion of low-skilled workers had partly contributed to the low labor productivity. Skilled workers, a crucial factor to drive productivity, made up only 25.72% of total employment in the labor market in 2014, lower than 27.6% in 2010.

Easy access to the relatively lower cost of foreign workers had contributed to the rise in the number of low-skilled foreign workers in the country, with its share of total employment increasing from 9.9% in 2005 to 13.4% in 2013 [2]. This has served as a disincentive for firms to innovate and automate their work processes, thus affecting their productivity. The correlation was evident from the trend of labor productivity growth for the agriculture, manufacturing, construction, and services sectors over the period of 1991–2000 and 2001–13 that was in tandem with the changes in the intensity of capital of the respective sectors.

Youth Employment Challenges

The UN defines youth as persons aged between 15 to 24 years. In Malaysia, there are two definitions. The National Youth Development Policy of Malaysia defines youth as people aged between 15 and 40 years. This definition accommodates current Youth Societies and Youth Development Act 2007 (Act 668). In contrast, the Malaysian Youth Policy to be implemented in 2018 defines youth for those between 18 to 30 years old. Thus for cross-country comparison and taking into account the current definition of youth in Malaysia, youth data in this monograph will be disaggregated into the 15–24 and 25–40 years age groups in order to accommodate both the national and the international definitions of youth. It stipulates further that the main focus of youth development programs and activities in the country should be young people aged 18–25 years. Youth development in Malaysia is managed primarily by three major organizations namely the National Youth Consultative Council, the Ministry of Youth and Sports, and the Malaysian Youth Council.

The National Youth Development Policy of Malaysia established a framework for the planning and implementation of youth programs in the country. It's principles were:

- To uphold the principles of Rukun Negara (Pillars of the Nation)
- To uphold the spirit of solidarity, volunteerism and autonomy
- To develop leadership qualities
- To encourage participation in the decision-making process at all levels
- To develop high moral values and awareness of the importance of personal health and fitness
- To acquire broad knowledge in all relevant fields

The youth agenda has been part of the five-year development focus since the Seventh Malaysia Plan (1970). In the 11MP (2016–20), Malaysia aspires to develop its labor market for an advanced nation which is characterized by effective market clearance that matches supply with demand coupled with a comprehensive labor market support system. The Plan's focus is to elevate the labor market efficiency that aims to improve productivity, wage structure, and create quality jobs while giving emphasis to fulfill the labor requirements of various industries [2].

The Malaysian population reached 31.4 million people in 2015. Malaysia experienced a demographic dividend with the growing working-age population (15–65 years) and is still considered a relatively young population (median age of 28 years). Youth is one of the important elements in the country's demographic component and development agenda. In 2015, youth population was 5.7 million or 19% of the total population. The youth population grew at 1.8% per annum (2000–15) and expected to register negative growth of 0.2% (2015–20) due to the significant decline in total fertility rate at a reach replacement level fertility of 2.1.

From the total 5.7 million youth population, 3.3 million or 58% were outside labor force while the remaining 2.4 million or 42% were already in the market, either working or seeking employment. In the 5-year period (2010–15), 16–18% of youth entered the labor market as the total labor force in Malaysia (Table 4.3). 90% of the youth in the labor market were employed. This makes the youth unemployment rate at 10% which is lower than world youth unemployment rate of 13% (Table 4.4). Despite experiencing full employment since the mid-1990s, 60% of the total unemployed in 2014 were youth aged 15–24 years, mainly due to their low qualification and lack of experience [2].

TABLE 4.3

TOTAL LABOR FORCE AND YOUTH EMPLOYMENT

Year	Labor Force ('000)	Youth Employment ('000)	% of Youth from Total Labor Force
2011	12,675.8	2,355.3	18.6
2012	13,119.6	2,352.6	17.9
2013	13,634.6	2,355.0	17.3
2014	13,931.6	2,355.7	16.9
2015	14,518.0	2,567.2	17.7

Source: Department of Statistics Malaysia

Youths were mainly employed in the wholesale and retail trade, hotels, and restaurant sector, followed by manufacturing in 2015

Similar to many other countries, the unemployment rate of young people aged 15 to 24 was significantly higher than other age groups, a condition which has persisted for the last 20 years. The youth unemployment rate was higher than other age groups, and was higher than the level in 1995. Youth unemployment in Malaysia was similar to the regional average and much lower than OECD countries, though still higher than several peers. This raised concerns that either secondary or tertiary educations were not adequately preparing young people for the labor market or there are insufficient jobs available for new graduates.

It also noted that a large share of vulnerable employment throughout the region was made up of women and youth. For example, in 2012 the youth unemployment rate stood at 13.7% in Southeast Asia and the Pacific. ILO defines youth as individuals between the ages of 15–24 years old. It represents 25% of the world's working-age population and is three times more likely than adults to be unemployed. Despite experiencing full employment, 57.5% of total unemployed in 2013 were youth aged 15–24 years. Of this number, 5% were youth in the schooling age bracket (15–17 years). In 2013, unemployment rate among youth was 10% mainly due to their low qualification and lack of experience [2].

TABLE 4.4

YOUTH EMPLOYMENT AND UNEMPLOYMENT

Year	Labor Force ('000)	Youth ('000)	Employed Youth		Unemployed Youth	
			Total ('000)	%	Total ('000)	%
2011	12,675.8	2,355.3	2,121.1	90.05	234.4	9.95
2012	13,119.6	2,352.6	2,111.1	89.73	241.3	10.27
2013	13,634.6	2,355.0	2,111.1	89.64	244.0	10.36
2014	13,931.6	2,355.7	2,116.1	89.83	239.6	10.17
2015	14,518.0	2,567.2	2,293.7	89.35	273.6	10.65

Source: Department of Statistics Malaysia

FIGURE 4.1

UNEMPLOYMENT RATE BY AGE GROUP (2014–15)

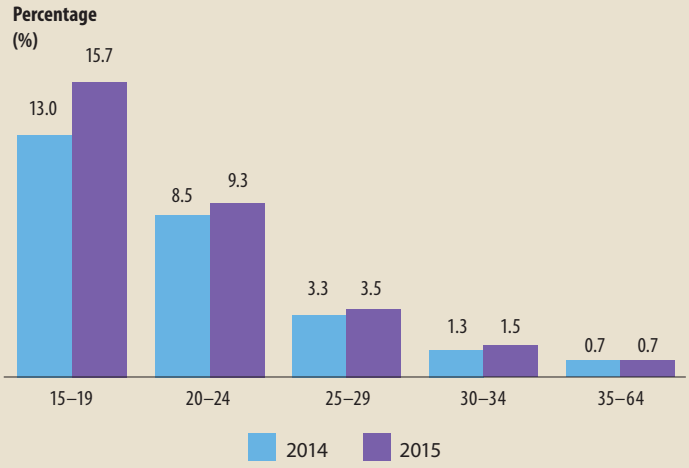
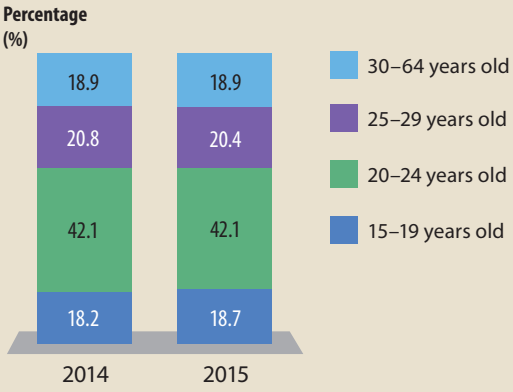


FIGURE 4.2

PERCENTAGE OF UNEMPLOYED PERSONS BY AGE GROUP (2014 –15)



Graduate employability (GE) at 75.5% in 2013 achieved the overall target set by the Ministry of Education. However, 13 out of 20 public universities did not attain this target. Feedback from industry on graduate unemployability pointed out that graduates do not meet employer requirements in terms of the right attitude, attribute, skills, motivation, the ability to 'think outside the box', problem solving and communication skills, and also the ability to work both as part of a team and independently. In addition, the command of English is also cited as one of the weaknesses among graduates.

Every year many students have graduated from institutions of higher learning in either public or private institutions. This causes competition for those seeking jobs that leads to high unemployment. High competition exists in both the government and private sectors. Comparatively, most graduates

are more interested in the public sector than the private counterpart because they consider the public sector as more efficient and secure. In addition, the majority of youth, 73%, agree with the statement that in Malaysia the problem is not in getting a job but getting a job one likes. This survey finding seemed to indicate that perhaps insufficient availability of opportunities was not the biggest challenge of the employment situation in Malaysia; rather youth employment may be hampered by their more discerning attitudes in selecting a job [4].

The World Bank in its 2012 Malaysia Economic Monitor observed an increase in tertiary education enrollment for young people from 2000 to 2010, with decreased labor participation from those aged between 20 and 24 years old. The report concludes young people prefer deferring workforce entry to working until tertiary level education is obtained. The youth survey findings support this observation with the indication that Malaysian youth perceive that the minimum level of education required for a well-paying job is a bachelor's degree (35%), or a certificate or diploma (27%) [4].

Although youth unemployment remains lower than ASEAN and world averages, the government will continue to ensure all youth have access to training opportunities before joining the labor market. Youth in the labor market will also be given opportunities to upskill and/or improve their skills, and thus enable them to command higher salaries. Youth of schooling age, particularly those in upper secondary, will be encouraged to complete tertiary education before joining the labor force. Efforts to prepare youth for employment and secure job placements will be intensified through programs such as Skim Kemahiran Kerjaya 1 Malaysia (SKK1M), National Dual Training System (NDTS), and 1Malaysia Skills Training and Enhancement for the Rakyat (1MASTER).

The involvement of graduates in business had increased to 2% in 2013, as compared to 1.4% in 2012. The 2013 Global Entrepreneurship Monitor (GEM) reported that only 41.8% of Malaysian respondents perceived entrepreneurship as a good career of choice [2]. This can be attributed to preference for salaried employment and lack of entrepreneurship mindset. In addition, there is also lack of entrepreneurship education in curriculum as well as insufficient duration for industrial training, entrepreneur apprenticeship, and entrepreneurial development programs.

The informal economy in Malaysia has been receiving concentrated attention from the government since the introduction of the New Economic Policy (NEP) in 1971 [5]. As a result of this policy, there was a flood of migration of workforce from rural areas to cities and resulted in the acceleration of growth in the informal sector even though the formal sector was positioned on a trajectory expansion (Murdoch). This is because many of those who were pushed out or attracted to the cities could not find jobs in the formal sector. Perhaps due to low level of education attainment and skills by the rural community, these group of people decided to participate in the informal sector in order to survive, despite the low income and bad working conditions in the informal sector.

Currently, the process of collecting data and information does not fully cover the whole economic activities due to the undeclared enterprise and employment. Many informal sector participants in Malaysia chose to participate in the informal sector because of more autonomy, flexibility, and freedom available in this sector compared to the formal sector. They have the freedom of operating their own business, the flexibility regarding hours or days of operation, and they can use and develop their creativity. With the low poverty level and even lower unemployment in Malaysia, entry into the informal economy is by choice.

Moreover, many informal sector participants in Malaysia hold one permanent occupation during the day and work part-time after work. Many of them enter into informal employment for positive reasons - to obtain supplementary income, desire to set up some kind of business, easy to operate or participate, and desire to be independent (Mustafa).

Furthermore, many informal sector participants in Malaysia involve themselves in this informal sector due to ignorance and lack of awareness of their responsibilities to register their enterprises. As a result, the clear picture of workforce demand could not be drawn without the availability of the real supply figure from the informal sector.

Policies and Programs Promoting Youth Entrepreneurship

Efforts have been undertaken to nurture the entrepreneurial potential of youths and encourage participation in business enterprises as well as promote self-employment. Toward this end, many initiatives have been undertaken to develop entrepreneur programs, conduct research and training as well as provide advisory services to young entrepreneurs. To further promote entrepreneurship among youths, measures were also undertaken to increase youth participation in entrepreneurial programs such as vendor and franchise schemes. Furthermore, efforts were also taken to encourage youths to venture into new areas that involve the use of appropriate technology as well as local resources, particularly from rural areas, for the production of goods such as handicraft and food products [6].

Entrepreneurship education will be embedded as an essential component across all tertiary curriculums to inculcate entrepreneurial mindset and equip students with business skills. This will also include professional courses, such as engineering, architecture, pharmacy, and medicine. At the same time, institution of higher education will create a conducive entrepreneurial environment for students. This will be done through the introduction of a green lane policy for students to run businesses within the campus. This will develop students' interest in business as well as their organizational and business skills. In 2013, the revised version of the Entrepreneurship Strategic Plan of Higher Education Institutions was launched to strengthen Entrepreneurship Education. This was to ensure students were taught entrepreneurship in a structured manner. As a result, the rate of students exposed to entrepreneurship education increased from 16.7% in 2011 to 34.6% in 2013. The entrepreneurship education curriculum will be revamped by having the right balance between theory and practical components. The new curriculum will include real life case studies, opportunities to learn hands-on from industry masters, and be involved in business activities [2].

To transform Malaysia into an entrepreneurial nation and address the unemployment issue, the Malaysian government has continuously encouraged the involvement of women and youths in entrepreneurship. Hence, the government provides microcredit facility through TEKUN Nasional and Amanah Ikhtiar Malaysia (AIM), the two government institutions entrusted to manage microcredit funds. This facility is provided together with entrepreneurship training to build their ability in the areas of finance, business plan preparation, marketing, and promotion.

For youth entrepreneurial development, the government has instituted the Malaysian Global Innovation and Creativity Centre (MaGIC), 1Malaysia Entrepreneurs (1MeT), and Graduate Entrepreneurs Scheme, now known as Graduate Entrepreneurship Fund. The Ministry of Youth and Sports (MOYS), through the National Youth and Sports Department, has implemented the Youth Entrepreneurship Program (Business and Agriculture Business). This program offers courses that consist of basic entrepreneurship in Labeling and Packaging Technology, Smart Partnership (youth entrepreneur), Smart Financial Manager, and Technical Agriculture programs (National SME Development Council, 2013). These programs aim to develop 1,000 entrepreneurs by 2020 [7].

Special programs for women were also introduced, such as skills training in microenterprises through the Women Entrepreneurship Incubator (I-KeuNITA). This women-focused program provides intensive skill training and entrepreneurship assistance for low-income women in the field of sewing, beauty therapy, commercial cooking, crafting, childcare, and tour services. At the same time, the Ministry of Women, Family and Community Development through the Department of Women Development organizes the Incubator Skills Training for Single Mothers (I-KIT) to generate income for single mothers.

To achieve high-income economy status by 2020, small- and medium-sized enterprises (SMEs) should be more competitive, efficient, and effective. In addressing this challenge, the government introduced the Economic Transformation Programme (ETP) in 2010 in which several projects for upgrading retailers and automotive workshops were introduced (National SME Development Council, 2013). For example, the Small Retailer Transformation Programme (TUKAR) was launched in 2013. The program is expected to contribute about the MYR5.58 billion to the country's gross national income (GNI) [7].

It is also expected to generate 51,540 job opportunities by 2020. Another project called the Automotive Workshop Modernization or ATOM is aimed to contribute MYR1.1 billion to the Malaysian GNI and transform 500 workshops nationwide.An estimated 885,800 youth participated in youth development programs between 2011 and 2013 in the areas of leadership, socioeconomic development, volunteerism, and international youth cooperation. These are aimed at molding the youth to become dynamic and inspired future leaders. In addition, 10,812 youth participated in entrepreneurship programs to enhance their skills and capabilities in doing business, namely 3K Programmes containing skills, leadership, and entrepreneurship components (Program 3K: Kepimpinan, Kemahiran and Keusahawanan), Belia Bestari, Outreach Usahawan, and Smart Partnership Usahawan Belia [1].

To ensure access of youth to capital, the Malaysian Youth Entrepreneurs Fund was set up, a special fund for young Malaysian entrepreneurs. The Young Entrepreneur Fund was introduced by the government through the Small and Medium Enterprises Bank (SME Bank). With low interest rates, the SME Bank provides financing opportunities of up to MYR100,000. Financing margins vary between 70% for used equipment and machinery to 95% for new tools and 100% for purchases of raw materials, stocks, overhead cost, and advertising. Youth between 18 and 30 who owned a registered business and had at least a vocational certificate can apply for the loan, even though their start-ups are less than a year old. Those without proper education qualification can apply for their in-house training to obtain a certification.

The Graduate Entrepreneur Fund, known as TUS (Tabung Usahawan Siswazah), is a soft loan scheme aimed at graduates. Youth below the age of 40 who have just graduated can apply for a maximum loan amount of RM500,000 with a low interest rate of 4–5%. Loans were given for new and existing businesses but those with a start-up are required to undergo and pass a specified training program before they were eligible to apply [8].

For the period between 2011 to 2015, many entrepreneurs were assisted in terms of financing, support services, and capacity building. Over MYR9 billion in financial assistance was disbursed to more than 414,000 businesses [1]:

- Loans amounting MYR8.6 billion benefited 413,278 micro and small businesses. The number of entrepreneurs under the Amanah Iktiar Malaysia (AIM) who were earning more than MYR3,500 increased from 27,770 in 2010 to 128,450 in 2014 while 32.7% of entrepreneurs under TEKUN Nasional recorded an increase in revenue of 50–150% in 2013 [2]

- Financial assistance totalling MYR495.2 million were disbursed to 760 Bumiputera small and medium enterprises (SMEs) in the development and growth stage by Malaysia Technology Development Corporation (MTDC), Malaysia Venture Capital Management Berhad, Malaysia Debt Ventures Berhad, and Multimedia Development Corporation (MDeC) [2]

In 2016, the government allocated MYR3.8 billion to various ministries to implement 31 programs through its agencies. Aside from addressing the wide range of financing concerns and challenges faced by SMEs, there are programs targeted at particular groups and for specific niches, as well as programs to encourage and support entrepreneurship. With an allocation of MYR2.5 billion, AIM is implementing Ikhtiar Financing Scheme to reduce the poverty rate in Malaysia by providing financing to poor households to enable them to undertake viable economic activity to upgrade their household income. Through various programs under the scheme, which include i-MESRA, i-Srikandi, and i-Wibawa, the target is to help 95% of members to get out of the poverty income line and transform 1,000 micro enterprises into small- and medium-sized firms.

Meanwhile, under Tabung Projek Usahawan Bumiputera-I (TPUB-i) under Credit Guarantee Corporation (CGC) has allocated MYR220 million to provide financing to 200 Bumiputera entrepreneurs who have been allotted projects or contracts but unsuccessful in obtaining financing from financial institutions. This is to ensure business continuity of SMEs [9].

The Ministry of Domestic Trade, Cooperative and Consumerism (MDTCC) has earmarked MYR58 million for Perbadanan Nasional Berhad (PNS) Franchise Scheme which is managed by PNS. The program, which develops and promotes Middle-level Bumiputera Entrepreneurs in franchise businesses, is targeted to assist 160 companies and create 640 new jobs.

An allocation of MYR50 million was allocated to SME Bank to implement Financing to Indian Community Programme. This is a collaborative effort with the Secretariat for Empowerment of Indian Entrepreneurs (SEED) to provide financing to 50 eligible Indian entrepreneurs to ensure sustainability of their business.

Under the 2016 Budget, SME Bank was provided MYR20 million to undertake Skim Anjakan Usahawan. Under Budget 2016, SME Bank was provided RM20 million to undertake Skim Anjakan Usahawan to assist 80 entrepreneurs, particularly small Bumiputera companies that have been in operation for a minimum of two years, to expand their business. The SME Bank and Bank Kerjasama Rakyat Malaysia Berhad (BKRM) have been tasked to provide financing for rural entrepreneurs in the manufacturing, services, agriculture, and countryside tourism through Rural Economy Funding Scheme (SPED). A sum of MYR15 million has been allocated to assist 300 entrepreneurs. The Peneraju Agenda Bumiputera Unit (TERAJU) manages Dana Pembangunan Usahawan Sabah and Dana Pembangunan Usahawan Sarawak programs with an allocation of MYR15 million for each program. Aside from assistance in the form of facilities and funding, these programs also provide entrepreneurial training targeted for about 500 entrepreneurs [9].

In the five-year period (2010–15), priorities were given to develop the regional economy under the East Coast Economic Region (ECER) through skills training programs. In ensuring inclusivity of vulnerable groups, the ECER developed a range of entrepreneurship development programs to broaden the abilities of target groups such as women, youth, and the unemployed to participate in the economy. The programs include:

- Empower ECER Programme - Trained 4,050 participants in entrepreneurship skills with an 83% success rate, while 7,045 participants are undergoing training

- ECER Entrepreneurship Development Programme (EEDP) - Trained 1,893 participants to increase the involvement of Bumiputera and SMEs in economic activities through programs conducted in collaboration with Standards and Industrial Research Institute of Malaysia (SIRIM), Agrobank, and GIATMARA

- Suri@Home Programme - Creating home-based business opportunities for housewives and single mothers to supplement household incomes. 38 women have participated thus far, increasing their monthly incomes by an additional MYR400–2,000 [1]

The lifeblood of any business is its human capital. This includes entrepreneurship development as well as enhancing the skills and competencies of employees. In 2015, a total of MYR79.4 million was spent to assist 97,095 SMEs through programs which include the following [10]:

- Human Resources Capabilities Building Programme for SMEs was implemented by the Ministry of Human Resources (MOHR) through Human Resource Development Fund (HRDF), aimed at providing up-skilling and HR-related programs to registered SMEs. A total of MYR7.1 million was spent to conduct 1,601 upskilling training courses and 29,571 human resources-related sessions, benefiting 31,172 employees
- National Dual Training System (NDTS) by Department of Skills Development Malaysia. NDTS aims to not only train and educate school dropouts and workers but also provide skill upgrading for new and existing employees in SMEs. A total of MYR19.5 million was channeled to certify 1,741 apprentices and 726 employees under the program in 2015
- GroomBig Programme by the Malaysia Digital Economy Corporation (MDEC) under the Ministry of Communications and Multimedia Malaysia (KKMM) conducts ICT-enablement programs to spur the development of Bumiputera micro and small entrepreneurs with the adoption of digital

technologies. A total of MYR5 million was channeled to this program, resulting in 1,044 micro and small entrepreneurs were trained with online presence and internet marketing skill

- Human Capital Development Programme under the Malaysia Automotive Institute (MAI) of Ministry of International Trade and Industry (MITI) resulted in the certification of some 4,000 skilled workers under the Industrial Lead Professional Certificate (IPC) and 750 engineers under the Automotive Industry Certification Engineering (AICE) in 2015, utilizing MYR8.5 million during the year
- Youth Entrepreneurship Programme (Business and Agiculture Business) by the Department of Youth and Sports (KBS) provided labelling and packaging technology as well as entrepreneurship courses to SMEs. A total of MYR3.1 million was spent for the program which benefited 2,089 participants
- Entrepreneurship Training Programme by Majlis Amanah Rakyat (MARA) under the Ministry of Rural and Regional Development (KKLW) utilized MYR10.7 million, benefiting a total of 43,972 entrepreneurs, of which 34% were youth and graduate participants who ventured into business after three years

In 2015, a total of MYR99 million was channeled for 37 market access programs. Some of the key programs were:

- Women Exporters Development Programme (WEDP) by MATRADE assisted 32 women entrepreneurs to penetrate the international market by developing the necessary skills and knowledge to enable the women SMEs to venture into export market and expand their business. This program utilized MYR700,000 to secure export sales amounting MYR96 million in 2015
- Promotion and Marketing Programme implemented by the Ministry of Tourism and Culture Malaysia (MOTAC) through Malaysian Handicraft Development Corporation (HANDICRAFT) aimed to increase craft sales in the domestic and international markets. Utilizing a budget of MYR16 million, the program generated a total sales value of MYR505.4 million and benefited over 4,000 SMEs [10]
- Entrepreneur Development Programme implemented by the Federal Land Development Authority (FELDA) to increase the competitiveness of FELDA settlers and their involvement in nonfarm activities. The program utilized MYR6.3 million, benefiting 22,380 entrepreneurs who generated sales of MYR1.7 billion

In 2015, the government implemented 22 programs to assist 11,819 local entrepreneurs and technopreneurs in the area of innovation and technology adoption with funds amounting to RM258.1 million. Among the programs were [10]:

- #MYCYBERSALE 2015 where SMEs were encouraged to be part of the local e-commerce ecosystem and to increase domestic e-commerce revenue. A total of MYR2.5 million was utilized by MDEC to oversee the program, which attracted participation of 6,000 SME companies. SMEs also doubled their revenue during #MYCYBERSALE 2015 that brought in a total revenue of MYR61 million
- Bumiputera Vendor Development Programme, implemented by the Ministry of Plantation Industries and Commodities (MPIC) through the Malaysian Timber Industry Board (MTIB), aims to increase the productivity and efficiency of Bumiputera SMEs in manufacturing of timber-based products. With a total utilized fund of MYR15 million, 25 SMEs participated in the program, improving their SME Competitiveness Rating for Enhancement (SCORE) rating and annual sales [1]
- Entrepreneur Development Programme for Homemade Chocolate by the Malaysian Cocoa Board (MCB) under MPIC encourages handmade local cocoa and chocolate products. A total of MYR1.5 million was spent for the program, which registered and produced 25 new entrepreneurs in the chocolate business. Eight of the entrepreneurs achieved 301kg to 800kg monthly production, while seven of them produced more than 800kg of chocolates monthly. A total of 21 courses were conducted in 2015 (five courses conducted in Sarawak, three courses in Sabah, and 13 courses conducted throughout Peninsular Malaysia) with a total of 410 participants [10]

Recommendations

Issues of unemployment in the local economy amid current uncertainties in the global market and economic crises have led to the need of finding opportunities in self-employment, including by the youths [11]. The current limited career options and lack of independence in wage employment have prompted efforts to seek greener pastures in self-employment in the form of entrepreneurial ventures. Youths have increasingly responded to this challenge, including the ones in Malaysia. In Malaysia, the level of youth engagement in self-employment or entrepreneurship is not as high as one would imagine or expect.

Financial, institutional, and cultural challenges and problems in the process of business startups and its progression do not appear to daunt youths, indicating that interest in entrepreneurship may be strong among them. According to a recent study on youth index scores of 4,673 Malaysian youths by IPPBM, the youths were found to have a relatively high score of 63.3 for entrepreneurial potential and interest (IPPBM, 2008: 7 & 12). The level of interest is said to have increased from the score of 51.6 in 2006. In 2008, the youths continued to express their interest and desire to acquire skills to increase career possibilities, namely those entrepreneurial in nature. Although small in number, some of the youth are successful entrepreneurs, or at the very least, small-scale business proprietors. Such youths may then serve as role models for other youths who are contemplating business ventures. They may even change the mindsets of youths who have negative perceptions of entrepreneurship [11].

According to several literatures, entrepreneurs possess particular personality traits, socioeconomic characteristics, and particular nature of business enterprise activities and enterprise development process. In Malaysia, youths who have been identified as entrepreneurs have decided on entrepreneurship at the expense of other career options and are able to survive in the current economic crisis (Chan, Sivapalan, and Bahiyah). Perhaps one of the main reasons why success in entrepreneurship seemed unfavorable to the youth is the absence of an entrepreneurial culture that inculcates the right attitude, thinking, and behavior [12]. The most important way to inculcate entrepreneurship culture among youth is through entrepreneurship education, which refers to the pedagogical process involved in the encouragement of entrepreneurial activities, behaviors, and mindset. According to Clayton and Fleming, entrepreneurship education has been lauded as being able to create and increase awareness as well as promote self-employment as a career choice among young people. Therefore, the role of entrepreneurship education is mainly to build an entrepreneurial culture among young people that, in turn, would improve their career choices toward entrepreneurship.

In addition, entrepreneurship education can also influence and encourage youths to venture into business. Some of the entrepreneurial activities can also improve their skills. Thus entrepreneurship education plays a major role in creating and increasing the awareness among students in choosing entrepreneurship as their career in the future, especially students who major in entrepreneurship. At the same time, entrepreneurship education in business schools must have an effective education system in order to attract more students and encourage them to be entrepreneurs in the future.

The availability of good opportunities and suitable resources will also stimulate students to venture into business. Thus the factor of good prospect of being an entrepreneur might be a tool to encourage undergraduate students to venture into business. The "Factors that Encourage Undergraduate Youth in University Malaysia Kelantan Venture into Business" reported that business assistance and support were the main factors that encourage the undergraduate to venture into business.

Many social scientists have different views about entrepreneurial intentions of people and diverse studies focus on the effect of personality characteristics on attitudes toward entrepreneurial activities (Bonnett and Furnham). The personal attribute of every each of the students can influence them and encourage them to venture into business. Personality is a person's natural external behavior. In other words, all students own every kind of personal traits, but the degree that each trait is individually present is different. Meanwhile, they also believe that they have the ability in creating good business idea. Hence, it is important to foster entrepreneurship personal attribute among the students so that they can perform entrepreneurship roles and achieve entrepreneurial goals [12].

Government influence and support is crucial to promote entrepreneurial development and guarantee the success of a business. A comprehensive government approach and support through loans, business facilities, rules, and regulations would definitely be a key condition for success in nurturing and promoting entrepreneurship. Business assistance and support were the main factors in encouraging the undergraduates to venture into business. Entrepreneurs are concerned with the government regulations and incentives in the entrepreneurship sector, and will look into them before deciding to venture into business. Thus the government's roles is important in establishing supporting policies and regulation in order to attract more people to venture into business, especially fresh graduate [12].

The government should strategically review the implementation of various programs and initiatives by its different ministries and government agencies, and ensure the programs increase the number of viable and competitive youth entrepreneurs. The government provide developmental support and conducive environment for their entrepreneurial development. However, this does not mean that the government should provide a safety net for failure and a superficially fail-safe system for them. Youth entrepreneurs should experience failures and difficulties. They need to learn how to survive, as it is the very essence of entrepreneurship [5].

To promote healthy competition among youth entrepreneurs, the practice of direct negotiations in awarding government contracts and licenses should be abolished. In this regard, the youth entrepreneurs have an opportunity to compete among themselves. The criteria on awards of government contracts and licenses based on demonstrated professionalism or interest as shown in training or work experiences. Political connections should not be a consideration. There also seems to be the need for government agencies to do a trace study for their programs to promote youth entrepreneurship. This is an important audit system to gauge the success and the effectiveness of their implemented programs and initiatives.

Entrepreneurship is yet to be as a career of choice by the youth. This is due to the lack of entrepreneurship culture which results in their lack of entrepreneurial development. Therefore, concerted efforts by the government to promote entrepreneurship as a career option as well as to inculcate an entrepreneurship culture are still critical [5]. One of the factors that have contributed to the lack of progress in youth entrepreneurship is the failure of the youth to capture the business value chain. It is important for the government to encourage youth entry into business, where their presence can help them play a more significant role in the business value chain. Such business sectors include manufacturing, retailing, distributorship, and import and export activities. There seems to be too much emphasis on the development of youth franchisees and vendors and in creating more youth billionaires.

The government-linked companies (GLCs) need to come up with stronger plans or programs to nurture and provide more opportunities for nascent youth entrepreneurs as well as for those in small and medium industries (SMIs). Although there is no doubt that the GLCs have been playing a role, as is evident in their entrepreneurship development program where entrepreneurs are nurtured from within the companies, their tendency to compete directly with youth entrepreneurs is resented by the business community. In this regard, the GLCs should be discouraged to venture into business areas where the presence of youth entrepreneurs is high, such as in the food industry, catering services and travel agencies. They should instead focus on businesses that require large capitals and advanced technology.

Entrepreneurship requires an entrepreneur to go to the open market and search for opportunities; to be creative, innovative and hardworking, to take risks, persevere, and accept failure as a consequent of risk-taking. Successful entrepreneurs are independent individuals who are alert to opportunities. They do not usually depend on the government for success in business. This should be an inspiration to youth entrepreneurs to work hard and be independent as well as having the vision and passion for the business he/she wants to get into. It is also important to work out a well-researched and well thought out business plan. A carefully conceived business idea would also facilitate applications for loans or finding suitable business partners. Big ideas have been created in the most unusual places, in unusual circumstances, and by people who have failed and been in difficulties many times but have bounced back to become success stories [5].

Based on previous achievements and plans, Malaysia is on the right track in promoting entrepreneurship as one of its transformation agenda to become a high-income nation by 2020 [7]. As entrepreneurship has great potential to develop economic growth, various policies and programs have been established to encourage more Malaysians into this sector. The Malaysian government has given special attention to entrepreneurship as a way to assist and upgrade the industrial structure in order to create industries for future generations [7].

CHAPTER 5

NEPAL

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Introduction

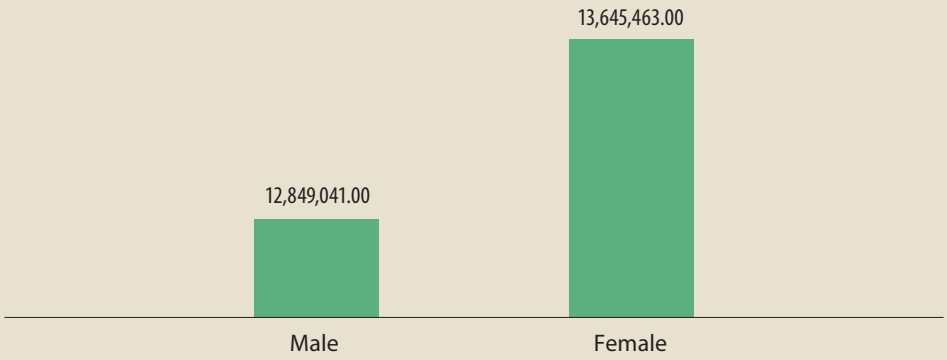
Nepal is a landlocked country that lies along the southern slopes of the Himalayan mountains. It has India on its southern, eastern, and western borders, and the Tibetan Autonomous Region of the People's Republic of China (PR China) to the north. The country has a population of 20 million people and a land area of 147,180 km². Based on the topographic feature, Nepal is divided into five major physiographic regions that run in parallel fashion from north-west to south-east. However, in another approach, Nepal was divided into three broad agro-ecological zones-mountains, hills, and Terai (lowland region) - in order to facilitate development planning and administration, and to ensure equitable distribution of development efforts to all parts of the country. This approach segregates different areas of the country into groups with similar constraints and potential (topographic and climatic), and has immense significance for macro-level planning (Agricultural Projects Services Centre (APROSC), 1990) [1].

Households and Population

The total number of households in Nepal as per the census conducted in 2011 was 5,423,297 [2]. Also, as shown in Figure 5.1, the total population was 26,494,504 consisting of larger part of females with 13,645,463 and remaining 12,849,041 males.

FIGURE 5.1

TOTAL POPULATION OF NEPAL



Source: Central Bureau of Statistics, 2011

Nepal is one of the least developed countries in the world. As per the preliminary result of the 2011 census, 83% of the total population lived in rural areas. Agriculture is the mainstay of the economy, accounting for one-third of the GDP. Per capita GDP and per capita Gross National Income (GNI) were projected to be USD703 and USD717, respectively. As per the Nepal Living Standards Survey (NLSS) 2010–11, about 25.2% of the total population lived below poverty line. According to the 2011 census, 65.9% of the total population was literate. Although it increased, it was still too low to upgrade the pace of development by making optimum use of human resource. Keeping in view of the challenge, efforts were under way to improve quality of life.

Between the 2001 and 2011 censuses, the average household size of the country decreased from 5.44 to 4.88. Further, according to the 2011 census, approximately one in four households was female headed compared to approximately one in nine in neighboring India. The increase in out-migration, which remained a male-dominated phenomenon, possibly accounts for this difference. In terms of age distribution, the census data indicated that individuals less than 35 years of age accounted for approximately 70% of the population (i.e., there were more people in the younger age categories). This means that, despite the declining population growth rate between 2001 and 2011, the pressure of labor supply continued to remain strong.

Population Statistics

The population of Nepal was estimated to be 26,494,504 based on the 2011 Nepal census, with a population growth rate of 1.35% and a median age of 21.6 years. The female median age was estimated to be 22.5 years and the male median age to be 20.7 years. Only 5.27% of the population was estimated to be more than 65 years old, comprising 701,095 females and 696,488 males. About 59.82% of the population was between 15 and 64 years old, and 34.91% were younger than 14 years. As per the 2011 census, the birth rate was estimated to be 22.17 births per 1,000 population with an infant mortality rate of 44.54 deaths per 1000 live births. Life expectancy at birth was estimated to be 67.44 years for females and 64.94 years for males. The mortality rate was estimated to be 681 deaths per 100,000 people. Net migration rate was estimated to be 61 migrants per 100,000 people.

Table 5.1 depicts the total population of Nepal by age group. The larger portion of the population is female with a total number of 13,645,463, while the total number of males is 12,849,041.

TABLE 5.1

POPULATION BY GENDER AND AGE GROUP

Age Group	Male	Female	Total	Percentage
0–14	4,714,763	4,533,483	9,248,246	34.91
15–64	7,437,790	8,410,885	15,848,675	59.82
65+	696,488	701,095	1,397,583	5.27

Source: Central Bureau of Statistics, Census 2011

Labor Force Structure

As shown in Table 5.2, the male participation in the labor force in 1990 was 66.20 %, while in 2012, it was 64.30%. The female participation in 1990 was 49.70%, while in 2012, it was 55.90%. Also, the percentage of participation of females rose from 43.42% in 1990 to 49.23% in 2012.

As depicted in Table 5.3, the economically active employed male population in urban areas was 17.82%, while in rural areas it was 82.17%. Likewise, the economically active employed female population in rural areas was 88.28%, while in the urban areas, it was 11.72%.

TABLE 5.2

LABOR FORCE PARTICIPATION RATE BY GENDER

	Labor Force Participation Rate (%)				Female Labor Force (%)		Total Labor Force (millions)	
	Male		Female					
Year	1990	2012	1990	2012	1990	2012	1990	2012
Nepal	66.20	64.30	49.70	55.90	43.42	49.23	5.85	10.35

Source: Central Bureau of Statistics, Census 2011

TABLE 5.3

ECONOMICALLY ACTIVE AND NOT ACTIVE POPULATION AGED 10 YEARS AND ABOVE BY GENDER (%)

Geographical Areas	Total Population (10 Years and Above)	Economically Active				Not Usually Active		Not Economically Active		Economic Activity Not Stated
		Usually Active								
		Employed		Unemployed						
		Male	Female	Male	Female	Male	Female	Male	Female	Male
Urban	17.84	17.82	11.72	22.77	24.58	6.69	8.40	21.00	22.20	18.55
Rural	82.16	82.17	88.28	77.23	75.42	93.31	91.60	79.00	77.80	81.45
Total	100	100	100	100	100	100	100	100	100	100

Source: Central Bureau of Statistics, Census 2011

Migration

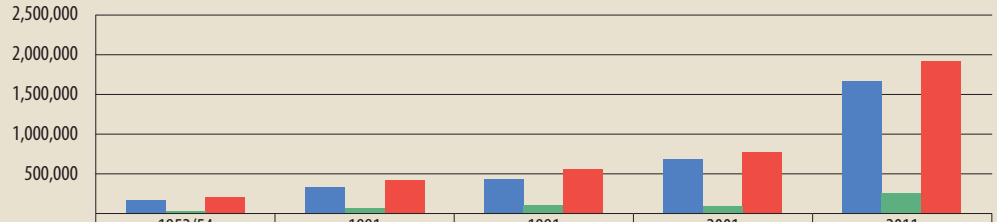
Nepal is one of the world's poorest countries, and one of its major exports is labor. Most of the rural households depend on at least one member's earnings coming from employment away from home and often from abroad. In the last decade, foreign labor migration has become a major feature of Nepal's economy and society. Approximately 700,000 Nepalese work "overseas," beyond India, mainly in the Middle East, East Asia, and Southeast Asia. About 5% of these are women. Around 700,000 work in the private sector in India and 250,000 in the public sector. Over the last five years, the importance of foreign labor migration to the Nepalese economy has increased, as the number of Nepalese leaving to find work abroad has soared. The total volume and value of remittances are possibly as high as NPR100 billion (over USD1.5 billion).

With 1,600 individuals leaving for foreign employment every day and remittances estimated to be 29.1% of the total GDP, foreign labor migration has become an intrinsic part of the lives of many Nepalese. International migration from Nepal is a historical phenomenon, with Nepalese migrating primarily to countries in the Indian subcontinent and Tibet for centuries. Although there is no concrete study tracing the history of labor migration from Nepal as of yet, international labor migration from Nepal has increased quite remarkably in recent decades, primarily due to the oil boom in the Gulf countries and economic growth in countries of East and Southeast Asia.

As reported in the NLSS 2010–11, 53% of households in Nepal have at least one absentee living within or outside the country. And it is the absentee population currently away from the country that has been increasing significantly over the years. According to the census data, between 2001 and 2011, there was more than a two-fold increase in the number of Nepalese living away from the country. The implications of this trend is significant. The average annual growth rate of Nepal's absentee population between 2001 and 2011 was 9.2%, and if this growth rate is assumed to continue until 2025, by 2020 and 2025, the absentee population of Nepal will be approximately 4.4 million and 7 million, respectively (Figure 5.2). As a result, the female-headed households increased by 11 percentage points from 14.87% in 2001 to 25.73% in 2011.

FIGURE 5.2

NUMBER OF NEPALI MIGRANT WORKERS BY GENDER



	1952/54	1981	1991	2001	2011
Male	173,919	328,448	438,002	679,469	1,663,237
Female	24,501	74,529	110,288	82,712	254,666
Total	198,420	404,958	550,281	764,182	1,919,914

Source: Central Bureau of Statistics, 2011

TABLE 5.4

NUMBER OF NEPALI MIGRANT WORKERS BY COUNTRY

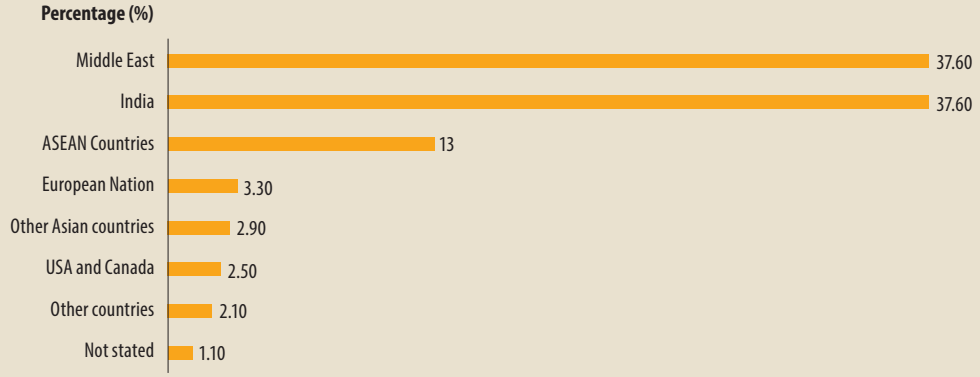
Country	Saudi Arabia	Malaysia	Qatar	Japan	United Arab Emirates	UK	Iraq	PR China	Europe	Hong Kong	Republic of Korea	Singapore	Total
Population	550,000	617,587	400,000	36,107	400,000	50,000	30,000	21,000	20,000	16,000	22,015	4,000	1,216,709

Source: Central Bureau of Statistics, Census 2011

As per Table 5.4, the total number of Nepalese migrant workers outside Nepal was 1,216,709. The largest number of workforce, numbering 617,587, migrated to Malaysia. As seen in Figure 5.3, a large majority of Nepali migrants went to India, possibly a reflection of geographic proximity, cultural ties, and the open border with India. After India, most migrant workers went to countries in the Middle East or to ASEAN member states (primarily Malaysia). In fact, during the fiscal year 2013–14, approximately 44.2% of the total labor permits issued were to migrants going to the Gulf countries and a further 39.6% to those going to Malaysia.

FIGURE 5.3

NUMBER OF NEPALI MIGRANT WORKERS ACCORDING TO COUNTRY



Source: Central Bureau of Statistics, Census 2011

The Labor Act of 1985 has facilitated arrangements for Nepali migration to about a dozen specified countries, but the government has failed to develop a coherent labor export policy. Every five years, the government of Nepal produces a plan as a policy guideline. Although the 10th Plan recognized both the contribution that remittances made to the national accounts and the increasing demand for Nepali workers abroad, the government struggled to keep up with these trends.

The National Labor Policy (NLP) 1999 detailed the government policies and programs on different labor issues, where the promotion and reliability of international labor migration was highlighted to some extent [3]. The provision mentioned in the NLP on the issues of international labor migration was like a complementary action to increase the effectiveness of the Foreign Employment Act 2042. The working section of the NLP has four major policies regarding migrant workers:

i) In order to protect the rights and security of Nepalese workers in foreign countries, diplomatic missions and other government agencies shall be mobilized to countries with a greater possibility of foreign employment. In addition, labor attachés shall be kept according to necessity.

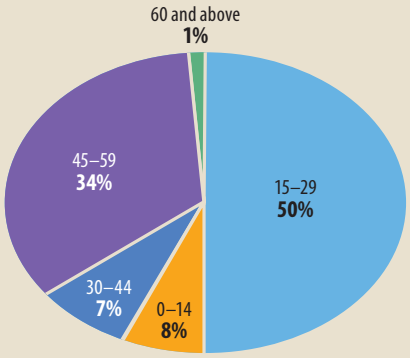
ii) In order to expand foreign employment and increase the reliability of its business, a high level advisory committee shall be constituted with the participation of the Ministries of Labor, Home Affairs, and Finance, National Planning Commission, and foreign employment entrepreneurs' organizations.

iii) In order to develop foreign employment, foreign employment institutions shall be established if necessary, with the participation of the private sector.

iv) In order to encourage skilled human resource for self-employment or foreign employment, loans shall be provided at a concession rate without security.

FIGURE 5.4

NEPALI MIGRANT WORKERS ACCORDING TO AGE GROUP



Source: Central Bureau of Statistics, Census 2011

In terms of age distribution, the majority of international migrants were between 15 and 29 years (50.3% of the total migrant population) (Figure 5.4). While the percentage of female migrants across all age groups was lower in comparison to their male counterparts, the highest percentage of female international migrants was from the 15–29 age group (19.3%). As for males, international migrants represented a significant percentage of the working-age male population (15–59 years) - 55.8% of all males from 15–29, 45.8% of those from 30–44 years, and 7% from 45–59 were migrants.

Demography

The population census of 2001 indicated the country's population totaled 23.2 million, with an annual growth rate of 2.25% [3]. Going forward, Nepal's population is projected to continue to grow and reach 34.2 million in 2021, although the pace of growth is likely to slow from that registered in 2001.

Demographic Developments

Examining the population age structure (Table 5.5), the share of Nepal's economically active population (ages 15–59) is expected to continue to expand, reaching 60.9% of the total population in 2021. Within

the economically active population, the share of those aged 15–24 (youth) is expected to decrease to 19.2% by 2021. The share of the population aged 60 and over will continue to grow, while the share of the population younger than 15 is expected to shrink from 39.3% in 2001 to 32% in 2021. This projected increase in the relative share of Nepal's working-age population, together with the expected decline in the proportion of economic dependants, can result in a "demographic dividend," whereby greater investments can be made in economic development and family welfare. Nonetheless, such a demographic dividend is not a guarantee but rather depends critically on effective policies in realizing the opportunities provided during the period. Such policies include, among others, investing in education and training in order to raise the productivity of workers, and mobilizing sufficient capital to productively employ the economically active population.

TABLE 5.5

POPULATION PROJECTION BY AGE GROUP IN 2001–21

Age Group	2001	2006	2011	2016	2021 (Estimation)
Children (Aged 14 and Below)	9,098,200 (39.3)	9,698,365 (37.3)	10,168,500 (35.6)	10,659,666 (34.0)	10,919,129 (32.0)
Economically Active Population (Aged 15–59)	12,650,712 (54.6)	14,606,067 (56.4)	16,614,465 (58.1)	18,587,138 (59.3)	20,818,447 (60.9)
Elderly Population (Aged 60+)	1,402,911 (6.1)	1,582,304 (6.1)	1,802,010 (6.3)	2,080,537 (6.6)	2,434,568 (7.1)
Total	23,151,823 (100)	25,886,736 (100)	28,584,975 (100)	31,327,341 (100)	34,172,144 (100)
Youth Population (Aged 15–24)	4,603,170 (19.8)	5,326,606 (19.3)	5,843,344 (20.4)	6,055,724 (19.3)	6,545,431 (19.2)

Source: Ministry of Population and Environment (MoPE) and Central Bureau of Statistics (CBS); Population projections for Nepal 2001–2021 (MoPE and CBS, 2003)

TABLE 5.6

PER CAPITA GDP (IN USD)

Particulars	2010–11	2011–12	2012–13	2013–14	2014–15	2015–16
Per capita GDP in USD	714	702	708	725	762	752

Source: Central Bureau of Statistics, Census 2011

As shown in Table 5.6, the GDP per capita in 2010–11 was USD714, while it dropped by USD12 to USD702 in 2011–12 and rose again to USD708 in 2012–13. Likewise, the GDP in 2014–15 was the highest in five years at USD762.

In Table 5.7, the GDP in 2010-11 was 3.42, reading 5.38 in 2013-2014 and falling again to 3.36 by 2015–16.

Human Development Index (HDI)

The HDI is the comparative measure of life expectancy, literacy, and income for living standards and overall performance of countries worldwide. The 2014 HDI report covered 187 countries, the same number as in 2013 and 2012 [4]. The HDI emphasizes that people and their capabilities should be the ultimate criteria for assessing the development of a country, not economic growth alone. The HDI can also be used to make national policy choices, asking how two countries with the same level of GNI per capita can end up with different human development outcomes.

Three basic indicators are considered when calculating the HDI of a country:

i) Life expectancy at birth

ii) Expected years of schooling

iii) Mean years of schoolingUNDP publishes the HDI report of all the member countries of the UN individually, continent-wise, region-wise, and group-wise as well. The South Asian Association for Regional Cooperation (SAARC) is one such group. SAARC was established in 1985 with the broad objective of promoting the welfare of South Asian people through regional cooperation. Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, and Sri Lanka are the founder members of the organization. The number of member states reached eight when Afghanistan joined in 2007. The analysis of HDI for all SAARC countries has been done for three years, each with a two-year interval, i.e., 2010, 2012, and 2014. Most of the analysis was based on the Human Development Report. Efforts have been made to compare the position (rank) of individual countries in SAARC to the total/average annual rate of change for the period selected for the study. It has also been used to ascertain in which group a particular country falls.

TABLE 5.7

ANNUAL GROWTH RATE OF GDP BY ECONOMIC ACTIVITIES (AT CONSTANT PRICES)

Industrial Classification	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Agriculture and Forestry	4.49	4.58	1.07	4.54	0.71	1.14
Fishing	5.88	7.53	2.71	4.90	7.09	11.76
Mining and Quarrying	2.01	5.03	1.98	11.85	2.34	-6.54
Manufacturing	4.05	3.63	3.72	6.28	0.37	-9.86
Electricity, Gas, and Water	4.43	8.30	0.28	3.27	1.01	-1.66
Construction	4.79	0.22	2.45	9.08	2.85	-3.98
Wholesale and Retail Trade	1.41	3.50	7.25	10.89	2.11	-1.13
Hotels and Restaurants	6.20	7.38	5.50	6.77	3.33	-4.85
Transport, Storage, and Communications	5.21	8.10	7.65	5.24	6.23	2.55
Financial Intermediation	3.30	3.47	-0.91	3.70	2.91	3.30
Real Estate, Renting, and Business Activities	2.25	2.97	5.19	3.64	0.77	3.72
Public Administration and Defense	3.85	3.67	5.53	5.04	5.42	5.78
Education	3.01	5.58	5.92	4.81	3.74	6.69
Health and Social Work	5.02	6.43	4.48	4.50	10.49	8.85
Other Community, Social, and Personal Service Activities	7.11	6.36	4.79	4.77	4.37	5.60
Agriculture, Forestry, and Fishing	4.51	4.63	1.10	4.55	0.81	1.33
Nonagriculture	3.64	4.53	5.01	6.41	3.09	0.63
Total Gross Value Added (GVA), including Financial Intermediation Services Indirectly Measured (FISIM)	**3.94**	**4.57**	**3.64**	**5.77**	**2.32**	**0.86**
FISIM	**6.14**	**3.50**	**0.72**	**7.10**	**2.41**	**2.85**
GDP at Basic Prices	**3.85**	**4.61**	**3.76**	**5.72**	**2.32**	**0.77**
Taxes Less Subsidies on Products	**-1.16**	**6.68**	**8.16**	**8.88**	**6.93**	**-1.54**
GDP	**3.42**	**4.78**	**4.13**	**5.99**	**2.73**	**0.56**

Source: Central Bureau of Statistics, Census 2011

TABLE 5.8

HDI IN SAARC IN 2010–14

	Afghanistan	Bangladesh	Bhutan	India	Maldives	Nepal	Pakistan	Sri Lanka
2010	0.349	0.469	0.482	0.519	0.602	0.428	0,490	0.658
2012	0.374	0.515	0.538	0.554	0.688	0.463	0.515	0.715
2014	0.468	0.558	0.584	0.586	0.698	0.540	0.537	0.750

Source: UNDP, Human Development Report 2010, 2012, 2014

Table 5.8 shows that all eight countries of SAARC recorded comparative and continuous progress in HDI in the three years selected for the study, i.e., 2010 and 2012 [5–6]. Among SAARC countries, Sri Lanka had the highest value and Afghanistan had the lowest in the three years. Specifically in 2014, Sri Lanka led the SAARC countries at the 73rd position out of 187 countries with a HDI value of 0.750, whereas Afghanistan, ranked 169th, has continued being the lowest in SAARC with a HDI value of 0.468. Nepal with its tiny progress was at the second lowest position. Its rank was constant in 2014, i.e., 145. Although, its HDI value increased slightly, it was not enough to alter the rank. It was 0.428 in 2010, 0.463 in 2012, and 0.540 in 2014.

HDI is a reflection of a country's overall social and economic performance. With the combined assembly of an individual country's information, the total HDI configuration reflects its global status. It also provides valuable insights for the economic development of the country. The rise and fall in HDI can be treated as an indicator of developmental status of the country. Formulation of policies, their implementation, shaping the national and international targets, etc. are firmly guided by the HDI of the country and its sound comparison with neighboring states, regions, and continents. Thus, collective efforts to rectify the common problems of the region, continent, and the world is mandatory. The nation alone is not capable of combating vulnerabilities and building resilience to sustain human progress in this era.

Labor Productivity

Labor productivity is a measure of economic growth within a country. Labor productivity measures the amount of goods and services produced by one hour of labor. Specifically, labor productivity measures the amount of real GDP produced by an hour of labor.

Productivity is commonly defined as a ratio of a volume measure of output to a measure of input use. Of productivity measures such as multi-factor productivity or capital productivity, labor productivity is particularly important in the economic and statistical analysis of a country. Labor productivity is a revealing indicator of several economic indicators as it offers a dynamic measure of economic growth, competitiveness, and living standards within an economy. It is the measure of labor productivity (and all that this measure takes into account), which helps explain the principal economic foundations that are necessary for both economic growth and social development.

Labor productivity is the primary determinant of economic growth and sustainable increases in living standards. Between 1999 and 2008, available evidence indicates that GDP per worker grew by an annual average rate of 0.56%. Output per worker in mining and quarrying, manufacturing, wholesale and retail trade, hotels and restaurants, real estate and renting, and social work declined between 1999 and 2008, whereas it increased relatively strongly in construction, utilities, and financial intermediation (Table 5.9).

TABLE 5.9

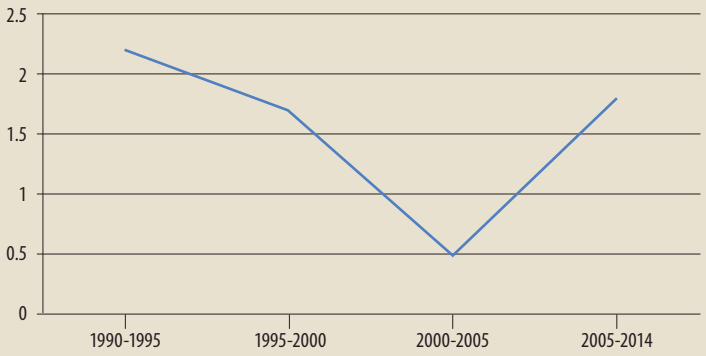
INDUSTRY-WISE CLASSIFICATION OF AVERAGE ANNUAL GROWTH IN GDP PER WORKER

Industry	Average annual growth in GDP per worker (1999– 2008) (%)
Agriculture	0.72
Mining and Quarrying	-5.90
Manufacturing	-2.59
Electricity, Gas, and Water	3.33
Construction	2.25
Wholesale and Retail Trade	-3.88
Hotels and Restaurants	-3.54
Transport, Storage, and Communications	1.00
Financial Intermediation	3.46
Real Estate, Renting, and Business Activities	-4.25
Public Administration and Defense	1.66
Education	1.45
Health and Social Work	-1.19

Source: Central Bureau of Statistics, Census 2011

FIGURE 5.5

PER WORKER LABOR PRODUCTIVITY GROWTH



Source: APO Productivity Handbook, 2016

TABLE 5.10

LABOR PRODUCTIVITY GROWTH

Y ear	Labor Productivity
1990–1995	2.40
1995–2000	1.70
2000–2005	0.60
2005–2010	2.00
2010–2014	1.40

Source: APO Productivity Handbook, 2016

As shown in Table 5.10, labor productivity growth rate declined from 2.40 in 1990–95 to 1.70 and 0.60 in 1995–2000 and 2000–05, respectively. It increased to 2 in 2005–10 but dropped to 1.40 in 2010–14.

The manufacturing sector is important for higher productivity gains emanating from intersectoral reallocation of labor. Also, higher aggregate output per worker is strongly associated with higher productivity in the industrial sector, and with the transfer of workers to this sector.

The Least Developed Countries (LDC) Report 2014 focused on the linkages between structural transformation, economic growth, and human development. It argued that economic growth "must be accompanied by structural transformation and the creation of decent jobs in higher-productivity activities." The report underscored that the post-2015 agenda (Sustainable Development Goals) should focus on structural transformation of LDCs toward a modern and diversified economy (higher value-added sectors and more knowledge-intensive activities) in order to reverse the decline in labor productivity and to increase employment. It recommended three specific policy measures:

i) Resource mobilization: To generate financing for productive public and private investment.
ii) Industrial policy: To direct those resources into sectors and activities that promotes structural transformation.
iii) Prudent macroeconomic framework/policies: To support rather than impede structural transformation, mainly public investment, credit, real exchange rate, and domestic demand.

Labor productivity growth is a crucial factor in determining the pace and pattern of economic growth. It is essentially a structural transformation (changes in composition of output, employment, exports, and aggregate demand). Labor productivity is generally higher in countries that export more manufactured and mixed goods reflective of the structure of the economies, whereas countries with poor growth export more food and agriculture products, hence their labor productivity is low.

The economic performance of a country is based on two interrelated processes: labor productivity and structural change. Labor productivity growth is determined by:

i) Innovations within sectors that increase capital, new technology, and knowledge
ii) Shift in labor across sectors from lower to higher productivity activities. Labor productivity growth can be observed by growth of labor productivity by sector and the growth of employment.

For developing countries such as Nepal, economic growth is characterized by a transformation of sectors and employment share as opposed to growth being supported by monsoon rains and remittance-induced demand for imported goods. Nepal needs to boost productivity within sectors and across sectors (shifting production/employment structure from agriculture to industry). Nepal's labor productivity growth is low compared to other regional economies. In direct productivity growth effects and reallocation effects, the services sector contributed the most. Reallocation effects in agriculture are negative, reflecting its reduced share in employment because of the shift of workers to other high-productivity sectors. It shows trade-offs between employment generation and labor productivity (inverse). The highest level of employment growth is registered in the services sector. However, these are mostly informal in nature with a severe lack of productive capacities at the firm level (low level of capital and information technology). Employment growth in the services sector is broadly at the expense of gains in labor productivity.

The reallocation effects (agriculture to services sectors) added to the overall productivity growth because the average productivity is higher in the services sector (even though underemployment is high). The industry sector productivity level (both within and across) is considerably low (most probably due to the crippling binding supply-side constraints). Labor productivity is measured by the value added per employee. Table 5.11 shows that both value added per employee and per person engaged have been increasing, which means that labor productivity has also been improving.

TABLE 5.11

PERFORMANCE INDICATORS

Performance Indicators	Census of Manufacturing Establishments (Year)				
	1991–92	1996–97	2001–02	2006–07	2011–12
Average number of employees per establishment	50	53	57	49	48
Input as percentage of output	63	63	73	74	75
Output input ratio	1.58	1.58	1.37	1.36	1.33
Value added per employee (NPR '000)	57	107	141	241	414
Average value added per person engaged (NPR '000)	54	102	133	231	395
Value added output ratio	0.37	0.37	0.27	0.26	0.25
Value added per unit of capital	0.61	0.76	0.63	0.52	0.67

Source: Central Bureau of Statistics

Table 5.12 presents comparisons between 2000 and 2014 for labor productivity growth by industry.

TABLE 5.12

LABOR PRODUCTIVITY GROWTH BY INDUSTRY

Industry	2000	2014
Agriculture	0.2	(-1.0)
Mining	(-2.2)	(0.0)
Manufacturing	1.4	0.1
Electricity, Gas, and Water Supply	5.2	0.1
Construction	(-0.5)	0.1
Wholesale and Retail Trade, Hotels, and Restaurants	1.9	0.3
Transport, Storage, and Communications	1.8	0.5
Financial Intermediation, Real Estate, Renting, and Business Activities	1.3	0.5
Community, Social, and Personal Services	7.7	0.8
Total Economy	**1.5**	

Source: Central Bureau of Statistics

The labor productivity gaps between sectors are typically very large in the Nepalese economy, although the overall labor productivity witnessed some improvements between 1991 and 2011. The agricultural sector had the lowest labor productivity, though there were some improvements over the 1991–2011 period, and it was the agriculture sector that provided employment to more than two-thirds of the labor force. The labor productivity in the financial and real estate sector remained the highest. Despite few people being employed in this sector, the labor productivity of the finance and real estate sector was 28 times larger than that of the agriculture sector in 2011. Among the nonagriculture sectors, the labor productivity in the community, social, and personal services sector remained the lowest, although it was the biggest nonagricultural sector providing employment to people.

TABLE 5.13

SECTOR-WISE LABOR PRODUCTIVITY (1991 PRICE AT '000)

Industry	1991	2001	2011
Agriculture	9.3	11.5	14.6
Mining	243.5	56.8	47.2
Manufacturing	52.6	22.2	36.3
Electricity, Gas, and Water Supply	69.5	10.9	166.7
Construction	310.7	43.5	53.0
Trade, Hotels, and Restaurants	50.4	38.8	49.2
Transport, Storage, and Communications	129.1	80.6	95.3
Financial Intermediation, Real Estate, Renting, and Business Activities	525.0	264.5	413.7
Community, Social, and Personal Services	11.7	23.3	30.6
Total Economy	**15.8**	**20.2**	**27.3**

Source: Central Bureau of Statistics

Table 5.13 represents the labor productivity of different sectors at three different points in time. Except for the community, social, and personal services sector, labor productivity for all other sectors declined in 2001 and revived in 2011. In 2011, labor productivity remained the highest for the financial and real estate sector, followed by the electricity, gas, and water supply, and the transport, storage, and communication sectors. The level of productivity drastically declined in the construction sector at 310.7 in 1991 and just 53 in 2011.

The persistence of intersectoral productivity gaps, despite some improvements between 1991 and 2011, is clearly a feature of underdevelopment in Nepal. In this situation, any changes in the employment pattern toward higher productive sectors will increase economy-wide labor productivity.

Overall, labor productivity can increase either through a rise in labor productivity within economic sectors via capital accumulation, technological change, reduction of misallocation across plants, or through moving labor across sectors from low-productivity sectors to high-productivity sectors [7]. The second part is the effect of structural change (labor reallocation across different sectors) on labor productivity. When employment changes are positively correlated with productivity level, there will be positive impact from structural change on overall productivity. Hence, a partial analysis of productivity performance within individual sectors can be misleading when there are large differences in labor productivities and employment shares across economic activities. A high rate of labor productivity growth within an industry can have quite ambiguous implications for the overall economic performance if the industry's share of employment shrinks rather than expand over time [7]. If the displaced labor ends up in activities with lower productivity, economy-wide growth will suffer. Such a situation can happen when there is a large intersectoral productivity gaps.

The relationship between change in productivity and employment share has important implications for the economy. A negative correlation between the direction of labor flow and labor productivity in individual sectors indicates growth-reducing structural change and vice-versa [7]. However, a positive relationship between labor productivity and change in employment share during 1991–2001 indicated a growth-enhancing structural change during that period. Workers moved from agriculture to high-productive nonagriculture sector immediately after the adoption of the economic liberalization policy in the 1990s. There was an expansion of communication, transportation, finance, and manufacturing sectors during that period.

In contrast, several factors such as intensification of internal conflict, political instability, and growing shortage of infrastructure, particularly energy shortage, started crippling the economy. As a result, a reverse trend started working in the economy (Figure 5.3), which depicts the negative correlation between labor productivity and change in employment share during 2001–11. In this period, the manufacturing, trade, restaurant, hotel, and electricity sectors observed a relative loss in employment. The sector that experienced the largest employment gain was only the community, social, and personal services sector, which had a high level of informality and was among the least productive sectors.

The employment share of agriculture also increased marginally during 2001–11. In this way, the Nepalese economy witnessed, growth-reducing structural change in the recent decade; people went back to the agriculture sector or looked for foreign employment. Amid an energy shortage, unstable industrial relations, and rising competition from imports, many industries were forced to contract and release labor to informal work and foreign employment. Because of reverse structural change and lack of employment for the growing population, it was estimated that about 4 to 5 million people went abroad for foreign employment in recent years.

TABLE 5.14

CHANGE IN OUTPUT PER WORKER IN INDUSTRIES AND INTERSECTORAL SHIFTS

Industry	Contribution to Change in Total Output Per Worker	
	1991–2001	2001–2011
Agriculture	1,390.9	2,142.7
Mining	-177.9	-19.5
Manufacturing	-1,735.8	-1,022.8
Electricity, Gas, and Water Supply	-487.8	1,371.9
Construction	-4,106.9	307
Trade, Hotels, and Restaurants	-1,896.4	974.4
Transport, Storage, and Communications	-503.2	315.3
Financial Intermediation, Real Estate, Renting, and Business Activities	-1,525.7	1,161.7
Community, Social, and Personal Services	1,129.9	809.3
Intersectoral Shift	**10,874.5**	**-820.9**
Total Change in Output Per Worker	**2,961.6**	**7,264.9**

Source: Central Bureau of Statistics

An intersectoral shift is evident from Table 5.14, indicating that labor moved from high-productive nonagricultural sectors to the agriculture sector or remained unemployed and opted for foreign employment. As a result of jobless growth, an increase in labor productivity in all sectors except mining and quarrying contributed to an increase in total output per worker during 2001–11. The use of more capital-intensive techniques in the industries and service sectors such as computer and information technology seemed to have increased productivity in these sectors in recent years by shredding employment. At present, one-third of change in total output per worker is still generated from agriculture. In the non-agriculture sector, the electricity, gas, and water sector had a greater contribution, followed by the manufacturing, and finance and real estate sectors, to the change in total productivity during 2001–11.

Labor Market Overview

Employment Scenario

Due to a backward economy, the country is reeling under the problem of unemployment; underemployment is an even bigger issue, especially in the informal sector. Youths are often forced to take on temporary, part-time, casual, and insecure jobs with poor and hazardous working conditions and few legal provisions for their protection. Young women frequently experience gender discrimination in the workplace, are often not allowed to work, or are forced into subsistence activities. Generally, young people enter the labor market with underdeveloped skills, limited or no education, and limited job prospects, thus, they are most at risk of underemployment throughout their working lives.

Working conditions in Nepal are largely unregulated. For the minority of the population working in the formal economy, labor laws allow for a six-day, 48-hour week with 30 days of annual leave, 15 days of sick leave, basic health and safety standards, and some benefits. The amended Factories and Factory Workers' Act 1977, which set out these standards, was revised following the democratic transition in 1990 [8]. In the Kathmandu Valley, a five-day, 40-hour week with 25 days of annual leave was implemented. In 2000, unemployment was 14% and underemployment 47.5%. The latter is a common feature of the agricultural sector, where work patterns are determined by the planting and harvest seasons, and alternate opportunities may be either unavailable or culturally unattractive. Skilled labor is severely limited in Nepal, and a quarter of the labor force is composed of Indians. This shortage has hampered the development of the industrial economy.

Also, underemployment is an even bigger issue. According to figures, there are 1.5 million youths in the country that are totally unemployed. Of the total Nepalese population of 26.4 million, 47% (around 12 million) are underemployed. Underemployment is found especially in the rural countryside, where families depend on farmlands. Every year, Nepalese youths between 300,000 to 350,000 enter the job market. Only 10% of them are absorbed into the domestic market. More than 100,000 leave the country in search of jobs, while the rest remain here.

Worse, the economic slowdown has resulted in the closing down of several industries and has rendered thousands more jobless. The carpet and garment sectors, which used to be big employers, also laid off their employees as did other service sectors such as hotels and airlines. The Nepalese job market is able to absorb only 10% of the prospective aspirants. The absence of big industrial units in the country has forced Nepalese youths to emigrate en masse. As the country stands at the crossroads of development, addressing the problem of unemployment would solve a lot of its problems, including poverty alleviation. Unless there is a positive change in the economics of the country, the problem of unemployment could further aggravate the situation. This might result in social and political unrest.

According to the Central Bureau of Statistics 2014, the age factor will be one of the reasons for economic inactivity [9]. Other reasons for an economically inactive population are studies, household activities, physical and mental handicap, illnesses, and living on pension. People in these groups will not contribute to the production of goods and services. Unemployment is an economic situation in which people are deprived of work. It is pervasive and is experienced by all economies of the world. Unemployed people are those of working ages who are without work but are available for work at current wage rates. An economically active population (EAP) was defined by the 2011 census as people aged 10 years and over who are involved in agricultural activities, who receive wages/salary earnings, engage in nonagricultural business activities, and seek jobs. Unemployment also falls under the EAP.

In Nepal, about 54.20% of the population aged 10 years and above is economically active, and 44.77% is not economically active. The EAP's activity rate shows a universal inverted U-curve trend. It means that as age crosses past 60, economic activities of the population begin to decrease, and people will not look for jobs.

When considering the economically active population of Nepal, the 2011 census data showed that Nepal's unemployment rate was 1.48% (2% male and 0.85% female). The NLSS 2010 found a 2.2% unemployment rate, whereas the unemployment rate in the country was 8.1% in the 2001 census [10].

According to the Population Monograph of Nepal, 64.01% of the working population in 2011 was engaged in agriculture, forestry, and fishing, whereas in 1971, about 94% of the population was involved in agriculture. This was because people switched their occupations to areas such as industry, commerce, construction, transport, finance, and other self-employed sectors. Similarly, around half a million people were employed in government services, including administration, armed forces, police force, teaching, and public-sector enterprises. There is an acute shortage of employment opportunities in Nepal. In the present situation, about 350,000 people join the labor market annually.

The labor market in Nepal is characterized by rigid regulations and unionization that reduce the incentives to hire workers through formal contracts, resulting in insufficient job creation and high levels of unpaid work and underemployment, which drives many to migrate for work abroad. Labor laws also provide for minimum wages with very little differentiation across skill levels, keeping labor productivity and investments in human capital low. Large firms are most constrained by labor regulations and are also often subject to trade union actions. Political issues and wage issues constitute the most common causes of such actions.

It is imperative for government and civil society groups to ponder on the issues in time so that the problem does not escalate to another unrest or crisis in the country. To address the issues, skill development training with strong market linkages for productive employment would be an entry point to address youth employment problem.

Table 5.15 shows the number of small and cottage industries and the employment generated by them.

TABLE 5.15

EMPLOYMENT GENERATED BY SMALL AND COTTAGE INDUSTRIES FROM 2010–11 TO 2013–14

Year	Number of Industries	Total Capital Investment (millions)	Annual	
			Production (millions)	Employment
2010–11	14,618	14,750	187.5	59,641
2011–12	18,008	17,274	121.3	58,363
2012–13	19,383	17,140	-	-
2013–14*	10,541	6,940	-	-

*First eight months data
Source: Economic Survey 2013–14

Table 5.16 shows that with the increase in operating establishments, the number of persons engaged and the number of employees also increased by 1.51% and 14.8%, respectively.

A total of 6,328 industries were registered by mid-March 2016. More than NPR10.84 billion were invested in those industries, thereby generating employment for 512,159 people. A total of 3,520 foreign investment industries from 86 countries were registered from fiscal year 2004–05 to the first eight months of the 2016 fiscal year, where investments of more than NPR 189 billion were approved. These industries were estimated to have generated employment opportunities for a total of 211,843 people.

TABLE 5.16

SUMMARY OF PRINCIPAL INDICATORS

Principal Indicators	Census of Manufacturing Establishments (Year)				
	1991–92	1996–97	2001–02	2006–07	2011–12
Total number of establishments	4,271	3,557	3,213	3,446	4,076
Total number of persons engaged	223,463	196,708	191,853	177,550	204,360
Total number of employees	213,653	187,316	181,943	169,891	194,989

Source: Central Bureau of Statistics

Youth Employment

While the definition of "youth" varies across the globe; in Nepal, the population in the 15–29 age group is considered youth. In 2011, 28% of Nepal's total population were in the age group defined as youth; 54% were girls and women, while the rest were men. The immediate problems driving youth underemployment in Nepal are family poverty, hunger, and deprivation. As a result, people have to start working at an early age rather than use their time to develop human capital. This problem is more prevalent among disadvantaged and discriminated communities.

The economy is not capable of creating productive employment for all those entering the labor market. The education system remains static with a huge discrepancy between market trends and prospects and actual supply. Nepali youth face two interrelated problems: lack of access to relevant education and training, and lack of information. Educational and training institutions lack a career guidance and counseling system that could help youth select prospective careers. The private sector remains the single largest employer. However, it has not exhibited the capacity, dynamism, and skills needed to accelerate growth. It also faces a large number of problems, including an unfavorable investment climate, poor regulation, lack of incentives, growing labor militancy, weak rule of law, and most prominently, a poor political environment and a long transition period to peace, leading to uncertainty. School dropout youths constitute a major challenge; the majority of them can neither continue their education nor find appropriate jobs.

Structural transition away from agriculture toward the industrial sector has been slow; the contribution of manufacturing to GDP has declined continuously for more than a decade, reflecting limited employment opportunities. Inflation, the balance of payments, and energy and fuel crises show problematic trends. Enormous inequalities exist among workers across sectors, geographic locations and gender. Employment opportunities are mainly centered in urban areas, where only a fifth of Nepal's youth live. The conflict devastated traditional systems that ensured young people had livelihood options and employment. Youths from conflict areas were largely excluded from seeking relevant education and training, and their mobility to obtain employment was limited.

In Nepal, 512,000 active youths enter the labor market every year. There is a huge gap between demand and supply of labor. The growth of skilled manpower and the creation of employment is not satisfactory. According to the Economic Survey 2015–16, more than 1,300 youths leave Nepal every day [11]. Of these, 3.48 million foreign employees leave the country from formal and informal means, categorized as 1.5 % skilled, 23 % semi-skilled, and 75.5 % unskilled.

Employment is the state of having paid work. The size and composition of the labor force in an economy has a significant connection with the production and consumption activities of that economy. Labor statistics of a country relate to the economic activities of the country's population. In the economic sector, the status of employment is also one of the indicators to determine the economic status of people in a country. In Nepal, an overwhelming majority of the economically active population, both male and female, are self-employed, which include family labor.

The economic demography of youths is an important aspect in the context of Nepal. Youth migration from rural to urban Nepal and to overseas has become a matter of great concern in Nepal. The population aged between 15 to 24 years, which is considered as youths, make up nearly 20%, with 10.6% in the 15–19 age group and 9.3% in the 20–24 age group. Youths who move out of their households typically come from the 15–19 age group. More male youths in the 20–24 age group seem to move out of their households. The gender ratio is 93 in the 15–19 age group and 62 in the 20–24 age group.

TABLE 5.17

YOUTHS BY EMPLOYMENT STATUS AND OUTSIDE THE LABOR FORCE (%)

	Gender		Area		Literacy		Age Group (Years)	
	Male	Female	Urban	Rural	Literate	Illiterate	15–19	20–24
Employed	68.5	68.1	39.4	75.3	66.6	80.1	63.6	73.7
Unemployed	4.7	5.4	7.7	4.5	5.3	3.7	3.3	7.2
Outside Labor Force	26.8	26.5	52.9	20.2	28.1	16.2	33.1	19.1
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Source: Annual Household Survey, 2013–14

Among youths, 73% were reported to be economically active and 19.1% were outside the labor force as depicted in Table 5.17. More than two-thirds of youths were employed and 5.4% were seeking jobs. The percentage of employed youth was better in rural areas compared to urban areas, where only 39.4% were working.

TABLE 5.18

YOUTHS BY SCHOOL ATTENDANCE AND EMPLOYMENT (%)

	Gender		Area		Literacy		Age Group (Years)	
	Male	Female	Urban	Rural	Literate	Illiterate	15–19	20–24
Not in school and not employed	4.60	13.50	11.50	9.20	8.20	19.70	5.70	14.10
In school and not employed	26.80	18.40	49.10	15.50	25.10	0.20	30.70	12.20
Not in school and employed	38.10	42.20	21.90	44.80	35.00	78.20	25.70	57.20
In school and employed	30.50	26.00	17.50	30.50	31.60	1.90	37.90	16.50

Source: Annual Household Survey, 2013–14

Among employed youths, 44.7% worked 40 hours or more in a week, 30.1% worked 20–39 hours, and 25.3% worked less than 20 hours in a week. Nearly 28% studied and worked at the same time. The percentage of such youths was high in rural areas (30.5%) as compared to urban areas (17.5%). Also, the percentage of employed youths who did not go to school was high in rural areas at 44.8% against 21.9% in urban areas (Table 5.18).

Most employed youths (54% of males and 69.7% of females) were engaged in Skilled Agricultural Forestry (Table 5.19). Elementary occupation was the second most engaged occupation, where 15.7% of males and 15.6% of females were reported to be involved. Craft and related trade services and sales works were other areas where 13% of males and 3.6% of females were engaged. As many as 9.1% of males and 4.9% of females were reported to be engaged in service and sales workers.

TABLE 5.19

EMPLOYED YOUTHS AGED 15–24 YEARS BY OCCUPATION (%)

	Gender		Area		Literacy		Age Group (Years)	
	Male	Female	Urban	Rural	Literate	Illiterate	15–19	20–24
Managers	1.20	0.80	3.10	0.70	1.10	0.10	0.40	1.50
Professionals	2.40	2.80	6.30	2.20	3.10	0.00	0.60	4.60
Technicians and Associate Professionals	1.40	0.50	3.10	0.60	1.00	0.00	0.20	1.60
Clerical Support Workers	1.10	1.60	5.20	0.90	1.60	0.00	0.50	2.30
Service and Sales Workers	9.10	4.90	22.20	4.70	7.30	3.00	5.20	8.20
Skilled Agricultural and Forestry	54.00	69.70	23.80	67.80	63.00	62.20	69.00	56.80
Craft and Related Trade Workers	13.50	3.60	17.20	6.80	8.20	6.60	7.00	9.00
Plant and Machine Operators	1.60	0.50	2.00	0.90	1.10	0.30	0.40	1.60
Elementary Occupation	15.70	15.60	17.00	15.50	13.60	27.80	16.70	14.60
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Source: Annual Household Survey, 2013–14

Most employed youths (54% of males and 69.7% of females) were engaged in Skilled Agricultural Forestry (Table 5.19). Elementary occupation was the second most engaged occupation, where 15.7% of males and 15.6% of females were reported to be involved. Craft and related trade services and sales works were other areas where 13% of males and 3.6% of females were engaged. As many as 9.1% of males and 4.9% of females were reported to be engaged in service and sales workers.

As shown in Table 5.20, of the total employed population aged 15 years and above, more than two-thirds (68.8%) were reported to be engaged in agriculture, forestry, and fishing. Up to 81.4% of employed females were engaged in agriculture-related activities as compared to only 54.5% of males. Wholesale and retail trade was the second most engaged activity (7%), followed by manufacturing (6.3%) and construction (4.8%). Education was also reported as an activity, employing 3.1% of the total employed population.

The unemployed are those people who are able, available, and willing to work at the going wage but cannot find a job despite an active search for work. Unemployment in Nepal is largely an urban phenomenon. The NLSS 2008 identified 252,800 persons aged 15 years who were unemployed. The unemployment rate in 2008 was 2.1%. The unemployment rate among youths (aged 15–24) was 13% in urban areas and 2.1% in rural areas. Similarly, underutilization of labor was also a major issue in Nepal. According to the Nepal Labor Force Survey 2008, 30% of the total economically active population was classified as underutilized [12]. This percentage was much higher (49.9%) in urban areas compared to rural areas (32.3%). The labor underutilization rate was highest for the 20–24 age group. However, according to the Annual Household Survey 2013–14 the overall unemployment rate of the population aged 15 years stood at 3.6%, which differed significantly across urban and rural areas at 9.1% against 2.7% [13]. However, the rate varied slightly between males and females (3% for males and 4.2% for females). Analyzed by age group, the rate was found to be highest in the 20–24 age group (8.9%).

Accordingly, the International Conference of Labor Statisticians 2008 provided a document with guidance on using concepts and estimates of labor underutilization [14]. Labor underutilization is a more comprehensive measure than the unemployment rate.

Altogether, the magnitude of labor underutilization was estimated at 21%, which comprised an unemployment rate of 3.6%, time-related underemployment rate of 10.8%, skill mismatch rate of 3.7%, and an inadequate earnings rate of 2.8%. The labor underutilization rate was found to be high in urban (28%) than in the rural areas (19.8%). Naturally, the literate population was reported to be more underutilized than the illiterate population at 25.5% against 14.2% (Table 5.21).

TABLE 5.20

EMPLOYED PERSONS BY INDUSTRY AGED 15 YEARS AND ABOVE (%)

Industrial Classification	Male	Female	Total Population
Agriculture and Forestry	54.50	81.40	68.80
Mining and Quarrying	0.60	0.10	0.30
Manufacturing	9.10	3.90	6.30
Electricity, Gas, and Water	0.30	0.00	0.20
Water Supply, Sewerage, Waste Management, and Remediation Activities	0.50	0.40	0.40
Construction	9.50	0.60	4.80
Wholesale and Retail Trade, Repair of Motor Vehicles and Motorcycles	8.80	5.40	7.00
Transportation and Storage	2.90	0.00	1.40
Accommodation and Food Service Activities	1.60	1.10	1.40
Information and Communication	0.50	0.20	0.30
Financial and Insurance Activity	0.80	0.60	0.70
Real Estate Activities	0.40	0.00	0.20
Professional, Scientific and Technical Activities	0.50	0.10	0.30
Administrative and Support Service Activities	1.70	0.40	1.00
Public Administration and Defense and Compulsory Social Security	0.90	0.30	0.60
Education	4.00	2.30	3.10
Human Health and Social Work Activities	0.90	0.50	0.70
Arts, Entertainment and Recreation	0.20	0.20	0.20
Other Service Activities	1.20	0.30	0.70
Activities of Households as Employers and Undifferentiated Goods-and Services-producing Activities of Households for Own Use	1.00	2.20	1.60
Activities of Extraterritorial Organizations and Bodies	0.20	0.10	0.20
Total	**100**	**100**	**100**

Source: Annual Household Survey, 2013–14

A total of 109 countries accept employees from Nepal. According to the Economy Survey 2013–14, the number of foreign employment-bound workers reached close to 3.5 million [11]. Industries are the main sources of employment after agriculture. According to the Economic Survey 2013–14, the employment growth rate was only 2.9%. The GDP growth rate has been under 5% for the last 10 years, so the creation of employment opportunities has been low. The Interim Constitution of Nepal 2063 guarantees the right to employment. The constitution states that it is the duty of the state to provide employment.

TABLE 5.21

LABOR UNDERUTILIZATION RATES (%)

	Gender		Area		Literacy		Age Group (Years)			
	Male	Female	Urban	Rural	Literate	Illiterate	15–19	20–24	25–44	45+
Unemployed	3.00	4.20	9.10	2.70	5.10	1.50	4.90	8.90	3.50	1.00
Time-related Underemployment	11.80	10.00	8.00	11.30	11.40	10.00	12.20	11.70	10.30	10.60
Skill Mismatch	4.40	3.20	8.10	3.00	6,20	0.00	7.90	6.10	3.70	1.00
Inadequate Earnings	3.60	2.10	2.80	2.80	2.80	2.70	2.40	2.60	3.40	2.20
Percent of Total Population	22.80	19.50	28.00	19.80	25.50	14.20	27.40	29.30	20.90	14.80

Source: Annual Household Survey, 2013–14

It is imperative for the government and civil society groups to ponder on the issues in time so that the problem does not escalate to another unrest or crisis in the country. To address the issue, skill development training with strong market linkages for productive employment would be an entry point to address youth employment problems.

Underemployment is defined as the state where despite the additional input of labor force from a household, there is no change in productivity. This is just subsistence work. Underemployment, especially in the rural countryside where families depend on farmlands, is a very big problem. Likewise, there are 1.5 million people, mostly youths, who are totally unemployed. This is a big number, and in the absence of economic growth, it is likely to increase in the coming days.

Every year, Nepalese youths between 300,000 to 350,000 enter the job market. Only 10% of them are absorbed into the domestic market. More than 100,000 leave the country in search of jobs, while the rest remain here.

The economic slowdown has resulted in the closing down of several industries and has rendered thousands more jobless. The carpet and garment sectors, which used to be big employers, had to lay off their employees, as did other service sectors such as hotels and airlines.

Dualism in the Labor Market: Informal Sector vs. Formal Sector

An International Labor Organization (ILO) report mentioned that "low cost, easy entry and exit, labor intensive with low technical input, small scale, and unorganized nature" are the characteristics of the informal sector. The informal sector is a major source of employment and income in many countries. Millions of people around the world are earning a living in the informal sector. It exists in all labor markets in both high- and low-income countries but is more common in developing countries. Nepal's economy is also dominated by the informal sector's activities. According to the World Bank Report 2011, the informal economy in Nepal constitutes about 37.5% of the GDP, higher than other countries of South Asia. Its share in employment is estimated at 96% [15].

The informal economy comprises diverse workers and entrepreneurs who are not often recognized or protected under national legal and regulatory frameworks. The ILO in 2013 conducted a survey in 47 countries. It concluded that informal employment made up more than 60% of the total nonagricultural employment in South and East Asia.

The informal economy interacts closely with the formal economy. The informal economy is made up of many types of enterprises. Own account work is one type of enterprise that falls within the informal economy. Own account work is often classified as one type of self-employment under the broad title of "status in employment." The ILO defines own-account workers as those who work on their own account or with one or

more partners, hold jobs defined as self-employment jobs, and have not engaged any employees on a continuous basis to work for them during the reference period.

According to the 2011 census data, 14% of households were engaged in own-account economic activities outside of agriculture. This was a 6% decline from the 2001 census data, where the number of households engaging in own-account economic activities recorded 20%. The reasons for the decline could be due to an increase in own-account economic activities associated with agriculture, an increase in registered economic activities, or growth of the formal sector. An increase in foreign employment could have also had a small impact on own-account economic activities outside agriculture.

Due to the unavailability of published data, this report is unable to provide information on the following:

- Formal sector
- Joblessness
- Monthly wages (paid, casual, and regular workers) and earnings (self-employed)

Present Skills of Workers: Unskilled, Semi-skilled, and High Skilled

According to the 2011 Population Census, the working-age population (15–59 years) increased by 3%, reaching to 57% from 54% in 2001. It also found that the absent population was of working age, out of which, the largest proportion of 44.8% were from 15–24 age group. In addition, nearly three-quarters of the absent population left Nepal in search of employment, of which 62.4% left for countries other than India. Hence youths made up the largest proportion of people leaving the country for employment. The largest proportion of labor migrants (47.2%) who obtained permits were from the 26–35 age group, followed by the 36–45 age group (25.9%), the 18–25 age group (21.1%, and the 46+ age group (5.9%). While the same pattern was true for male migrants, women aged 18–25 outnumbered those aged 36–45 by a small margin.

In terms of the quality of the workforce, Nepal made noteworthy progress in educational attainment, especially at the primary and secondary school levels. According to the NLSS 2010–11, the total literacy rate for the population aged five years and above was almost 60%, a remarkable improvement compared to 50.6% in 2003–04 [10]. However, differences across gender and geographic regions were significant. The female literacy rate was 20 percentage points lower than that of males; the rural areas fared much worse than urban areas, with differences between males and females in rural areas being even more pronounced; and the Central and Far-Western regions had the lowest rates of literacy.

With regard to the relationship between education and employment, as in many other low-income countries, in Nepal, too, most of the illiterate population is employed, with the nonactivity and unemployment rates for them being the lowest. Notably, though, the rate of employment for the demographic group with higher levels of education has been increasing gradually over the years. The economy of Nepal has also been shifting from agriculture to the services sector and to a limited extent the industrial (or secondary) sector, denoting that job opportunities in the industrial and service sectors are likely to increase within Nepal. However, food insecurity, unemployment, and lack of opportunities provoke migration. Lack of employment opportunities could be attributed to lack of education and lack of access to information. Deep-rooted poverty due to lack of access to markets is exacerbated by disasters such as floods, excessive rainfall, landslides and earthquakes. The vicious cycle of poverty is one of the major factors driving labor migration.

According to the Department of Foreign Employment (DoFE) of 2014 classification of migrant workers done in 2013–14, 74% of migrant workers were “unskilled,” 12% were “semi-skilled,” 14% were “skilled,” and less than 1% were “highly skilled or professional” [16].

Although the classifications of unskilled, semi-skilled, skilled, and professional are widely accepted, attempts have been made to define these terms based on international standards and national practice.

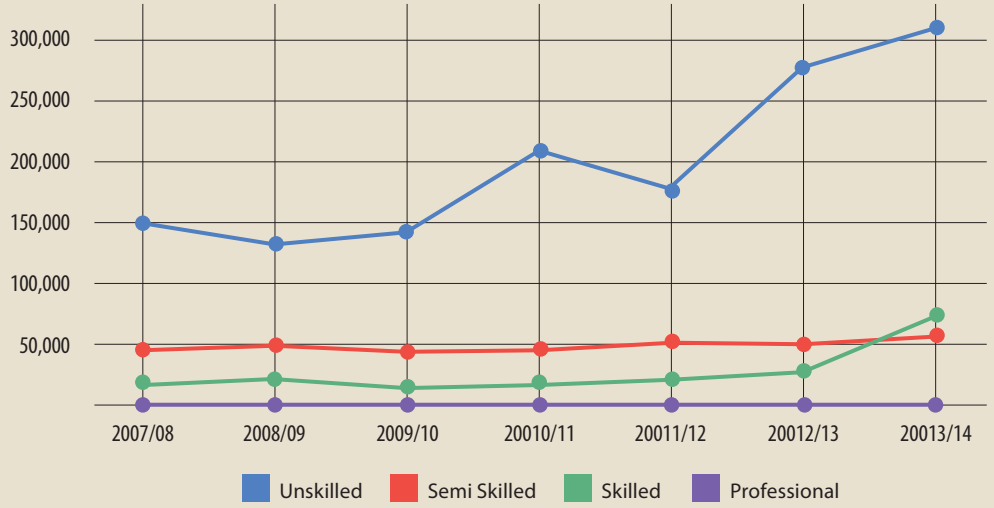
- Unskilled jobs: These jobs can be performed without having prior experience or knowledge. The offered remuneration is also relatively low. Unskilled jobs include farm workers, cleaners, sweepers, and maids.
- Semi-skilled jobs: These jobs require some level of prior experience or knowledge, but individuals are typically not capable enough to perform without the supervision or guidance of seniors. The offered

remuneration is higher than that offered to unskilled job holders. Semi-skilled jobs include driver, tailor, painter, steel fixer, plumber, cook, and waiter.

- Skilled jobs: Those jobs require sufficient level of prior experience or knowledge. Individuals are capable enough to independently perform without the guidance of seniors. Welder, foreman, supervisor, mason, carpenter, electrician, technician, and mechanics constitute skilled jobs.

FIGURE 5.6

SKILL CLASSIFICATION OF MIGRANT WORKERS



Source: APO Productivity Handbook, 2016

Trends in labor migration over the past five years indicated that the percentage of migration in unskilled workers increased from about 70% in 2007–08 to about 74% in 2013–14 (Figure 5.6). The high number of unskilled workers among the migrant population may be due to the fact that a high percentage (66.4%) of them were involved in the agricultural sector prior to migration; hence the country was able to supply primarily unskilled workers. It is worth noting that in the fiscal year 2013–14, the number of skilled workers exceeded the number of semi-skilled workers for the first time since 2007–08. It is possible that as the economy of Nepal gradually transforms from an agricultural base to a service/industrial sector, the proportion of unskilled workers among the migrant population will decrease.

Employment Trends

The composition of the labor force in Nepal has been changing significantly in recent years. Women now constitute a large share of the labor market, the percentage of youths participating in the labor market has gone down, and the proportion of the population living in urban areas has increased significantly, thus placing high pressures on urban employment. Concurrently, the situation of employment in Nepal, at least in quantitative terms, has also been improving. In fact, according to a study, Nepal has the second highest employment growth rate in South Asia (after Pakistan). According to the NLSS 2010–11, the proportion of employed population increased from 67% in 1995–96 to 78% in 2010–11, while during the same period, the unemployment rate decreased from 4.9% to 2.2%, though admittedly the rate of unemployment is not the best indicator of labor market deficits in Nepal. The 2016 labor force participation rate was 80%, with the urban areas having a much lower labor force participation rate at 67% than the rural areas at 84%. In addition, the labor force participation rate for males, was slightly higher (80.9%) than for females (79.4%).

TABLE 5.22

LABOR FORCE PARTICIPATION RATE BY GENDER, AREA, AND AGE GROUP

	Percentage of Population			Labor Force Participation Rate			Unemployment Rate		
	1995–96	2003–04	2010–11	1995–96	2003–04	2010– 11	1995–96	2003–04	2010–11
Gender									
Male	48	47.1	45.1	75.2	80.4	80.9	5.6	3.9	3.2
Female	52	52.9	54.9	66.4	74.4	79.4	4.1	3.6	1.5
Area									
Rural	93	83.3	79.6	72.0	80.2	83.5	4.4	2.9	1.7
Urban	7	16.7	20.4	53.9	62.4	66.7	12.2	9.2	5.0
Age Group (Years)									
10–14	19	17.5	17.6	38.6	51.8	61.2	7.9	3.4	1.1
15–19	14	14.6	14.3	65.7	71.8	73.3	6.9	5.7	2.4
20–24	11	10.8	9.7	79.4	83.1	79.2	7.8	6.4	5.2
25–44	32	31.7	30.1	88.9	91.6	91.4	4.0	3.6	2.6
45–59	14	15.1	16.5	82.9	87.9	91.6	2.9	1.9	1.3
60+	10	10.3	11.8	50.0	61.9	72.1	1.3	1.7	1.2

Source: NLSS 1995–96, 2003–04, and 2010–11

The labor force participation rate for women may be marginally lower than for men, but the female labor force participation rate increased rapidly, from 66.4% in 1995–96 to 79.4% in 2010–11 (Table 5.22). In terms of regional differences, the labor force participation rate was lowest in the urban Kathmandu Valley area (61%), where the unemployment rate was the highest (8%). On the other hand, the labor force participation rate was highest in the rural Mid-Western and Far-Western hills (90%), where the unemployment rate was the lowest (less than 1%).

Further, it was disconcerting to note that the labor force participation rate in the 10–14 age bracket increased by 9.4 percentage points from 2004 to 2011 even though the overall incidence of child labor had been on a decline. This can largely be attributed to the increasing trend of foreign employment, which created a shortage of labor in households across rural Nepal, with the older children having to take on more responsibilities, including household chores such as fetching firewood, collecting water, cooking, and cleaning. In terms of unemployment, from 1995–96 to 2010–11, the share of the unemployed decreased slightly from approximately 3% to 2%, while the share of the inactive population decreased by 9 percentage points to stand at 20%.

Despite these positive changes, there were a few notable concerns. The youth (15–24 age group) unemployment rate remained high at 3.6%, even though this was a significant decrease from 1995–96 when it was 7.3%. In addition, the rate of unemployment among males was double that of females (3.2% for males and 1.5% for females). As revealed by the Nepal School-to-Work Transition Survey, the reasons why young people, particularly young males, continue to experience difficulties in finding work may be linked as much to their lack of experience and/or unrealistic career expectations as to the poor quality of available jobs and employers' preferences for older workers. Regardless, the risk of youth unemployment is not only a problem for the individuals concerned. On the contrary, several studies have shown that when large cohorts of young men fail to get jobs, they tend to cause social and political instability.

Unemployment in Nepal is also more of a concern in urban areas. The rate of unemployment in urban areas at 5% was much higher than in rural areas at 1.7%. The rate for females was also higher than for males. In the context of Nepal, the unemployment rate is not the best indicator of labor market deficits.

But even if one were to consider the length of time out of work, it is clear that long-term unemployment is predominant. For instance, according to the Nepal Labor Force Survey 2008, around 46.2% of the unemployed were found to be out of work for more than a year, while 30.1% of the unemployed were out of work for at least two years.

Youth Employment: Challenges in Nepal

Some of the major issues, challenges, and problems seen in Nepal's youth employment are as follows:

i) The main cause of youth employment problems appears to be on the demand side; slow economic growth leading to slow creation of jobs in the formal sector.

ii) Most of today's employers want to recruit individuals who can easily adjust to their company's work environment. Hence they seek young individuals with strong educational qualifications and skills in problem solving, decision making, interpersonal communication, teamwork, and building self-esteem. Lack of such skills in Nepalese youths poses a big hurdle in increasing youth employment rate.

iii) Many youngsters of Nepal are uncertain about what career choice to make. They are not properly trained and prepared for employment. They do not know how to communicate and make relations with potential employers.

iv) Young women do not have equal opportunities as men in education and training. There are also other minorities in the country who do not get equal employment opportunities. This is due to discrimination and cultural prejudice.

v) Youths involved in unproductive activities such as drugs and alcohol consumption also pose another challenge for concerned authorities working on youth employment issues.

vi) Restricted legal framework on labor law has caused inflexibility in Nepal's local labor markets.

vii) Young individuals who go for foreign employment usually have to work under risky conditions. Even though there is provision of insurance in order to get work permit in foreign land, there is still a challenge in developing clear labor policies to ensure employee security.

viii) Rapidly changing global environment puts entrepreneurship in the position of being one of the most dynamic forces in economy and society. However, Nepalese youths do not have access to a favorable environment in which to start up their own businesses, as there are no proper facilities for innovation.

ix) Increasing political and social conflicts have hazed the future of youths. In the decade-long conflict in Nepal, youths have suffered the most and are still suffering from physical and mental traumas. The challenge is to motivate and provide treatment for them.

x) The disadvantaged position of young people in the labor market is caused by a lack of representation and voice. Young people are often not organized. They are rarely members of trade unions and employers' organizations and have few channels by which to voice their concerns and needs. The majority of young job-seekers rely on informal networks and contacts to search for jobs, whereas public employment services, education and training institutions, and job fairs play a very small role in assisting young women and men in their search for jobs.

Policies Promoting Youth Entrepreneurship

The government has been giving top priority to development activities that contribute significantly to increasing employment opportunities since the First Five-Year Plan (1956–61). In the Three-Year Interim Plan (2007–10), one of its strategies was employment-centric development. The present Thirteenth Plan (2013–16) has also emphasized on infrastructural development for generating employment.

In addition to agriculture, the service sector contributes a large part of Nepal's GDP. The shift from agriculture to nonagriculture sector has been slow. This trend is likely to continue for some time to come. Agriculture, tourism, industry, and infrastructure building sectors are likely to generate the most employment in the future. Industrialization and commercialization of agriculture in niche sectors such ginger, cardamom, and coffee are likely to grow, as are investments in tourism and industries such as cement, mining, and nontraditional products such as pashmina garments.

Every year, over 700,000 new entrants join the labor market in Nepal. Most of them are likely to be engaged in agriculture, which is tied to traditional practice and low productivity. The rest will be absorbed into the manufacturing sector. At least a third of the labor force will not even earn enough, keeping them below the poverty line. Under such a scenario, the young generation is likely to look for employment abroad. To retain youths and the best talents, the Nepalese government must create jobs in the country while making employment abroad more systematic and better paying than they currently are.

Joint initiatives from the government, private sector, and individuals have been started to address the issue of unemployment and underutilization of labor. Nepal's national policy is to ensure that there is enough employment and self-employment opportunities in the country and create skilled, qualified, and entrepreneurial human resources to compete internationally. The government has adopted policies for providing employment by identifying various sectors, namely: microfinance, entrepreneurship promotion, skills development, employment-friendly investment, quality assurance in skills trainings, promotion, self–employment, and microenterprise development. In addition, plans are in place to promote and expand labor market information through employment information centers nationwide.

The 2007 policy on technical education and vocational training focused on expansion, inclusion, integration, relevance, and sustained funding to respond to market demand. The Three-Year Interim Plan articulated objectives to encourage employment promotion and outlined a strategy for training programs on vocational skills development. A National Plan of Action for Youth Employment 2010–18 was prepared with support from the ILO to address various youth issues and identify activities and possible outputs.

The Nepal government also introduced the Labor and Employment Policy 2062 to promote employment through sustainable economic development by providing opportunities for employment and productivity for the country's workforce and by creating a conducive business environment for local businesses and an investment-friendly environment.

The Labor and Employment Policy 2062 was devised to make the necessary modifications in previous policies. Particularly, it intends to boost productivity by eliminating forced labor practices, including bonded labor, as well as by establishing congenial labor relations through the gradual introduction of international labor standards at the workplace in both formal and informal sectors. It aims to make the labor market safe, healthy, competitive, and open by developing a social security system that also includes the informal sector, as well as to promote and develop occupational safety and health. It proposes to enhance the prospects of employment and self-employment by developing high-quality work environment that is free of discrimination. It has introduced strategies to achieve these objectives, including employment-focused investment in economic sectors, youth-targeted employment, promotion of self-employment, building an environment conducive to the promotion of investments and employment, and coming up with a comprehensive policy on international employment.

The government has introduced some employment-targeted programs in the country such as the Karnali Employment Program (KEP), the Youth Self-Employment Fund (YSEF), the Skill for Employment Program, promotion of cooperatives, and others.

The KEP was implemented by the government of Nepal under the Ministry of Federal Affairs and Local Development (MoFALD) to provide poor households in the Karnali zone with employment. The government announced the program through the budget speech of 2006 with an initial sum of NPR180 million. The KEP was initiated as a scheme with "Ek Ghar Ek Rojgar" (one family, one employment) as its objective. The aim was to provide 100 days of guaranteed wage employment to at least on unemployed family member in every household. In addition, the YSEF was established in 2008 with the objective of providing self-employment opportunities to unemployed youths and small entrepreneurs by providing them loans with a 12% interest rate without collateral through different financial institutions.

To promote employment opportunities at the international level, the government of Nepal has also entered into bilateral agreements with several countries to ensure jobs and the rights of the Nepali workers in these countries. It has also adopted policies to establish diplomatic missions and labor officers in the countries where the number of Nepali migrant workers is growing. Moreover, the government has also introduced a system to record the number of returnees from abroad. It has also planned on ways to best utilize the skills, capital, and work culture that the migrant workers bring home. As part of the UN System-wide Action Plan on Youth and Nepal's National Youth Policy, a range of activities have been planned to support youth employment in Nepal. They include:

i) Providing an integrated program of quality entrepreneurship training, business development services, and improved microfinance opportunities to rural youths to promote decent self-employment opportunities.
ii) Providing information sessions and trainings on migration for youths and supporting a comprehensive legal migration system to prevent exploitation of young Nepali workers abroad.
iii) Developing more market-driven technical and vocational training and education to help young people secure job opportunities and making education and training available to rural young people in agriculture, tourism, and construction sectors.
iv) Establishing more employment service centers and providing career guidance to young people.
v) Strengthening the capacity of social partners and promoting tripartite solutions to youth employment at the local level.

Conclusion and Recommendations

SWOT Analysis of Nepalese Labor Market

Based on the SWOT analysis of Nepalese labor market, it can be concluded that without the creation of sufficient quality jobs, young people have no opportunity for productive employment. Without an effective education and training system that equips young men and women with the necessary skills and knowledge, they cannot seize the available employment opportunities. Without entrepreneurship, the driving force of young people to initiate business ideas, establish enterprises, and create jobs remains untapped. And finally, without equal opportunities for young women, half of the youth potential remains unrealized. Other challenges include increasing domestic employment through the arrangement of skill-oriented trainings as per the requirement of domestic markets, sending youth workers for foreign employment and using the remittance earned from such foreign employment in productive sectors by converting it into the capital, and creating employment opportunities for workers within the country who have earned their skills abroad.

Although the Nepalese economy moved in the right direction during the first decade of liberalization, the trend did not continue in the next decade. Hence there has been no significant structural change in the employment and productivity front, although the share of agriculture in the total GDP has decelerated marginally per year. Still, the agricultural sector is the mainstay for two-thirds of the

	STRENGTHS (+)	WEAKNESSES (-)
INTERNAL FACTORS	**Sectors of job opportunities:** • Agriculture • Construction • Tourism • Services: health, mechanics, technicians (mobile, television)	• Predominance of the agriculture sector and the informal sector • Underemployment and unemployment primarily affecting youths • Lack of labor marker information system • Lack of strong labor-related laws • Lack of skilled labor force
	OPPORTUNITIES (+)	**THREATS (-)**
EXTERNAL FACTORS	• High share of economically active population (15–30) and is still expanding • Important resources and raw materials available • Urbanization on the rise which is an opportunity for job creations	• Ongoing political instability • Economic context: low GDP growth rate, weakness of investment both domestic and foreign • Electricity supply • Lack of transport infrastructure

population, although the productivity of this sector is very low. There has not been any particular sector that has emerged as an engine of growth in the Nepalese economy. Sluggish and jobless growth in the nonagricultural sector in the recent decade has compelled people to go for foreign employment. The Nepalese economy observed just a marginal growth in employment and a contraction of employment elasticity in recent years.

During 2001–11, the Nepalese economy witnessed a negative correlation between the relative productivity of sectors and the change in their employment share. This indicated a decline in employment in high-productive sectors. As a result, structural changes did not enhance growth or generate employment. It is suggested that energy shortage, industrial conflict, and political instability have contributed to cause manufacturing industries and even service sectors to contract and release labor to less productive activities such as agriculture, community, social and other services, and to foreign employment. While the population of working-age youths has been increasing, the employment rate has been contracting.

In contrast to the positive effect from structural changes, namely intersectoral labor relocation during 1991–2001, there was a negative effect from such a shift during 2001–11. This indicated that structural changes in Nepal in the recent decade was not growth inducing or employment generating, resulting in slowdown in the growth of per capita GDP. Obviously, this type of growth cannot be inclusive despite the increase in recent years in nonagriculture sector productivity because of capital intensive techniques.

A number of policy implications can be drawn to increase both productivity and employment and raise per capita income in the economy by giving due consideration to the youth factor.

i) Productivity in the agricultural sector should be increased through mechanization and commercialization.

ii) Special attention should be given to promote the manufacturing and service sectors, which can generate employment and exhibit high productivity.

iii) The government should focus on developing human capital that is necessary for the economy. With the right skills, employment will increase and growth will be more inclusive. Specifically, there should be policies and programs for developing entrepreneurial skills.

iv) The construction of physical infrastructure and adequate supply of energy should be ensured to promote economic activities.

Recommendations

i) The existing labor laws and labor policies have several areas of improvement for enrolling more people in the employment sector. Legislation and policies should incorporate the realities of the changed employment environment and vibrant economic order in the context of globalization.

ii) The "working poverty" is a major issue in Nepal. It should be addressed by the government and private sector to significantly increase the GDP.

iii) The higher labor force participation rate in rural areas compared to urban areas with little contribution to the GDP should be addressed.

iv) The strategy for labor flexibility should first identify the specific sectors and subsectors with labor market surplus, deficit, and balance as per the employment environment. The next step is to determine the conditions for employment relations and employment termination either by the employers or the workers.

v) A strong Labor Market Information System (LMIS) should be developed to play an active role in gathering market information, analyzing them, and ensuring their timely dissemination. A dynamic LMIS is the backbone of a healthy and vibrant labor market, a means to monitor the elasticity of demand and supply of employment, the requirements of specific subsectors, and the movement of people, among others.

CHAPTER 6

PAKISTAN

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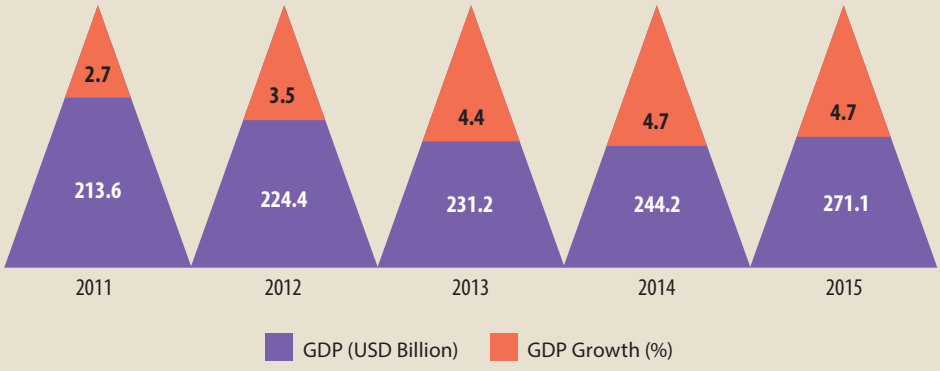
Introduction

Pakistan is a developing South Asian country with an estimated population of 188 million in 2015 [1]. A cursory glance at the growth and development trend of the country reveals a volatile and unstable growth pattern. During 2011–15, the economy grew at a fluctuating but reasonable rate. The high growth experienced in 1960s, 1980s, and for a brief period in 2003–06, proved difficult to sustain, while the gradual increment in the growth rate during 2011–15 suggests that the economy was recovering from the low growth experienced in the years immediately preceding 2011 (Figure 6.1).

FIGURE 6.1

PAKISTAN'S GDP (IN BILLION) AND GDP GROWTH (2011–15)



Source: World Bank

The GDP per capita from 2006–15 shows a rising and steady upward trend (Table 6.1).

At independence in 1947, Pakistan was an agrarian economy with agriculture contributing over 50% toward the GDP. Today, the services sector has grown tremendously to contribute the greatest percentage toward the GDP, whereas agriculture the least despite employing the largest share of labor force (Figure 6.2).

Poor and deteriorating human capital impede labor productivity and economic growth in Pakistan. The Human Development Index (HDI) performance of Pakistan in Table 6.2 summarizes the HDI performance during 2011–15.

TABLE 6.1

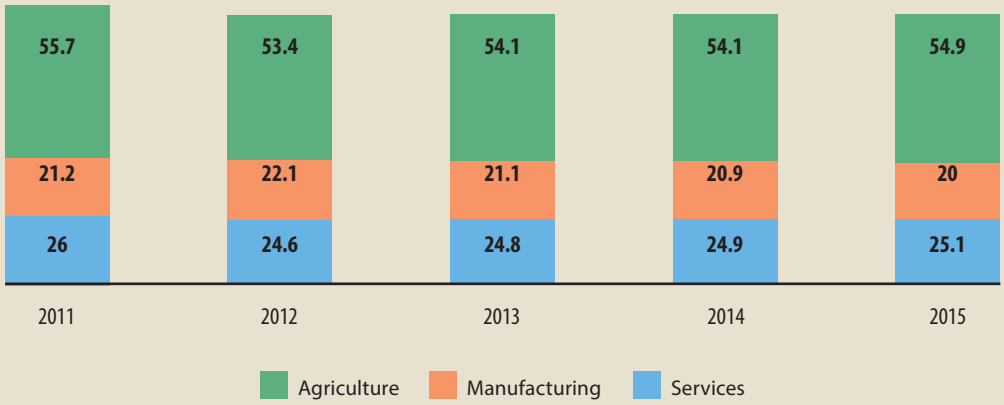
GDP PER CAPITA (MILLION) AND POPULATION (MILLION) IN 2006–15

Year	GDP per Capita (million)
2006	877
2007	954
2008	1,043
2009	1,010
2010	1,043
2011	1,230
2012	1,265
2013	1,276
2014	1,320
2015	1,435

Source: World Bank

FIGURE 6.2

GDP SECTORAL SHARES (%)



Source: Labor Force Survey (various issues) [2–6]

Pakistan's HDI rank hovered around 146 or 147 during 2011–14. The two main sectors for computation were health and education. An average of 2.3% and 2.8% of GDP was spent on health and education, respectively during 2011–14 (Table 6.2), and

- the mean and expected years of schooling remained static in trend
- life expectancy increased by one year due to improvements in public health, medical advances, and literacy.

Pakistan ranked as the world's 6th most populous country and likely to become the 4th by 2050. The rise in working age population and declining mortality rate (although still higher compared with other South Asian countries) changed the demographics of Pakistan [7]. The fertility rate also showed a slow but persistent decline (Table 6.3), brought on by changing social and culture barriers, and increase in literacy and active participation in labor market. It was prudent for Pakistan to invest on one of its abundant resources - labor and its productivity.

TABLE 6.2

PAKISTAN'S HDI IN 2011–14

	2011	2012	2013	2014
EDUCATION				
Expenditure on Education (% of GDP)	2.2	2.1	2.49	2.47
Mean Years of Schooling	4.7	4.7	4.7	4.7
Expected Years of Schooling	7.5	7.7	7.8	7.8
HEALTH				
Expenditure on Health (% of GDP)	3.01	2.76	2.70	2.61
Health Index	0.698	0.703	0.708	0.711
LIFE EXPECTANCY AT BIRTH (IN YEARS)	65.4	65.7	66.0	66.2
HDI				
HDI Value	0.527	0.532	0.536	0.538
HDI Rank	145	146	146	147

Source: Human Development Report (various issues) and World Bank

TABLE 6.3

INFANT MORTALITY AND FERTILITY RATE FOR PAKISTAN IN 2011–15

	2011	2012	2013	2014	2015
Infant Mortality Rate (per 1,000 live births)	72.1	70.6	69.1	67.4	65.8
Fertility Rate (births per woman)	3.802	3.744	3.682	3.617	-

Source: World Bank

TABLE 6.4

PAKISTAN'S TOTAL LABOR FORCE (MILLION AND %)

Year	Total Labor Force (Million)	Population Aged 15–64 (% of total)
2015	.	60.5
2014	65.3	60.3
2013	63.6	60.1
2012	61.8	59.8
2011	60.1	59.6

Source: World Bank

Pakistan has a labor force of 65 million people (Table 6.4). More than 60% of the population was in the age group of 15–64 in 2015 while this percentage was 54% in 1950. This demographic transition can easily be noticed and a slight ongoing transition is visible even during 2011–14 (Table 6.4).

Economic growth hinged crucially on productivity of labor. The per hour and per worker labor productivity for Pakistan and South Asia are shown in Tables 6.5 and 6.6. The per hour labor productivity of Pakistan has been below the South Asian average, however, surprisingly, the per hour labor is above the South Asian average. (Per hour productivity and per worker productivity are computed with different base years, except in the year 2011. As they are in different base years, comparison of these productivities across years is difficult).

TABLE 6.5

PER HOUR LABOR PRODUCTIVITY FOR PAKISTAN IN 2010–14

Year	Per Hour Labor Productivity	Per Hour Labor Productivity for South Asia***
2014*	7.4 (13.5%)	7.175 (13.2%)
2013	6.5 (12.4%)	7.075 (13.425%)
2012	6.1 (12.3%)	6.35 (12.8%)
2011**	3.6 (8.7%)	4.15 (9.9%)
2010	3.9 (9.8%)	4.05 (10.075%)

* The base year for all the corresponding years is different except for the year 2011
** The reference year for the year 2011 is 2010
*** Author's calculation. This average does not include the following countries: Afghanistan, Bhutan, Nepal, and Maldives due to nonavailability of data
Source: APO Productivity Data Book (various issues) [8]

TABLE 6.6

PER WORKER LABOR PRODUCTIVITY FOR SOUTH ASIA AND PAKISTAN

Year	Per Hour Labor Productivity	South Asia	Gap in Per Worker Labor Productivity of Pakistan and South Asia***
2014*	15.4 (12.3%)	12.9 (10.3%)	2.5 (2%)
2013	14.7 (12.0%)	12.8 (17.9%)	1.9 (-5.9%)
2012	13.9 (12.1%)	11.5 (10.0%)	2.4 (2.1%)
2011**	8.3 (9.1%)	8.1 (8.8%)	0.2 (0.3%)
2010	8.4 (9.4%)	7.9 (8.8%)	0.5 (0.6%)

* The base year for all the corresponding years is different except for 2011
** The reference year for the year 2011 is 2010
*** Author's calculations
Source: APO Productivity Data Book (various issues) [8]

Labor Market Overview

As a prelude to youth productivity in Pakistan, an overview of the country's labor market is in order.

The labor force participation remained somewhat static at around 68% during 2010–15, with a slight decrease in 2015. As expected, a big gender parity existed in LFP - female LFP was 24% lesser than male. However, according to ILO, that gap seemed to be reducing.

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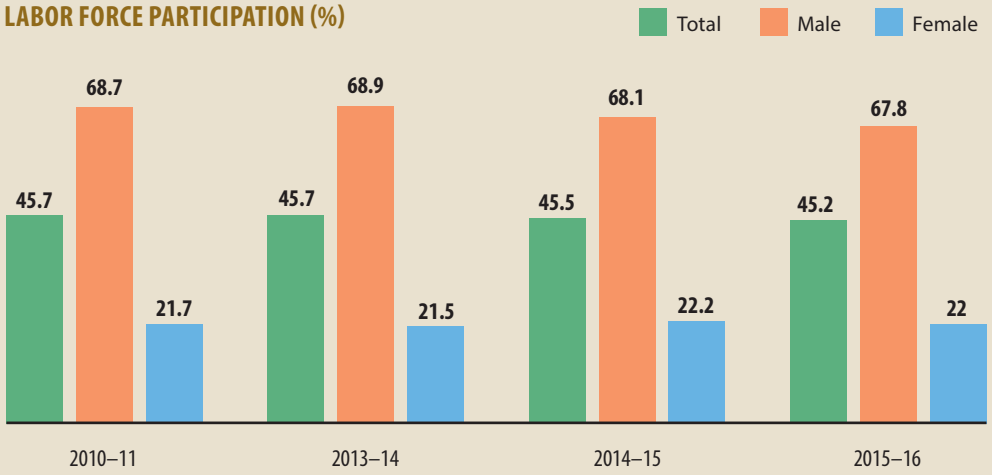
FIGURE 6.3

LABOR FORCE PARTICIPATION (%)

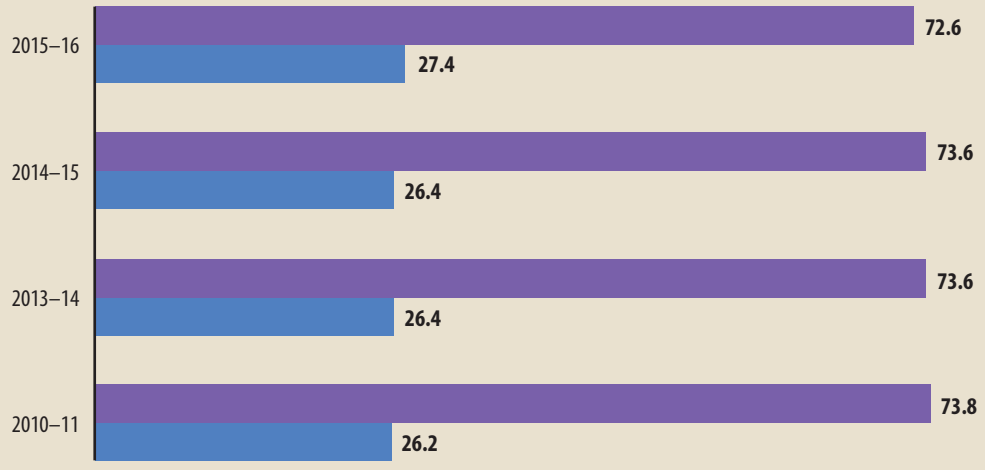


Note: The Labour Force Survey was not conducted for the fiscal year 2011–12
Source: Labour Force Survey (various issues) [2–6]

Pakistan's economy consist of small and large enterprises with specific labor productivity issues. The labor force survey classified informal enterprises as with 10 employees and below. About 73% of Pakistan workforce belong to this sector.

FIGURE 6.4

LABOR FORCE PARTICIPATION: FORMAL VS. INFORMAL



Note: The Labour Force Survey was not conducted for the fiscal year 2011–12
*Informal sector includes all those enterprises employing less than 10 workers, owned by own account workers (own account workers are enterprises without hired workers. One or two family members work on the enterprise) and does not include enterprises engaged in agriculture activities or in other nonmarket production.
Source: Labour Force Survey (various issues)

Figure 6.4 details the labor market share according to formal and informal industries and the static status of the two during the years 2011–16, with the share of formal sector increasing by 1% in 2015–16. The informal sector paid less and afforded less protection and security compared to formal sector (CIDC 2014), and this adversely affected labor productivity.

The unemployment rate hovered around 6% from 2011–15. However, this figure may be higher as not all unemployment incidents were reported. Past data suggested that the unemployment rate did not register a decrease even during high-growth periods. This suggested a low employment growth (Hussain 2013). Moreover, during periods of low growth, the unemployment rate of the labor force in the formal sector shifted to the low wage informal sector (Hussain 2013). Female unemployment rate trumped that of male (Table 6.7) [9].

TABLE 6.7

UNEMPLOYMENT RATE FOR PAKISTAN IN 2010–16

	2010–11	2013–14	2014–15	2015–16
Unemployment Rate (%)				
Total	6.0	6.2	6.0	5.9
Male	5.1	5.4	5.1	5.0
Female	8.9	9.0	8.7	9.0

Source: Labour Force Survey (various issues)

Youth Employment Challenges

Pakistan has experienced demographic changes leading to 'youth bulge' [10]. If this was accompanied by gainful employment opportunities, it would benefit the economy. On the other hand, if new entrants to the labor market failed to secure employment, social unrest such as terrorism could follow.

TABLE 6.8

YOUTH LABOR FORCE PARTICIPATION RATE AND UNEMPLOYMENT RATE

	2010–11			2012–13			2013–14			2014–15		
	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female
Participation Rate												
15–19	36.4	51.6	19.6	35.8	51.2	18.2	35.3	49.7	19.2	33.5	47.6	18.0
20–24	53.8	84.3	24.2	53.1	82.4	24.4	52.3	81.7	25.1	52.6	82.3	25.7
Unemployment Rate												
15–19	10.6	10.3	11.4	11.3	11.2	11.7	11.7	11.7	11.8	10.1	10.0	10.4
20–24	10.0	8.5	15.2	9.9	8.9	13.3	9.2	7.6	14.0	11.0	9.2	16.4

Source: Labour Force Survey (various issues)

Table 6.9 shows the participation rate for the 15–19 age cohort was lesser than the 20–24 age cohort. According to Ahmed and Azim, a great percentage of youth in Pakistan start their career early and face a higher unemployment rate [11]. However, this decreases as they get older and become more employable.

The female employment rate is higher than male (Table 6.8). While male youth employment rate decreases, the opposite was true for female - perhaps as female youth enter marriageable age, their employability decreases.

Table 6.9 shows the percentage of unemployed youth by level of literacy. Though the unemployment rate at around 6% may be comparable to many other countries, the fact most of the unemployed (46.45%) fall in the category of youth was particularly troubling.

TABLE 6.9

UNEMPLOYED: 15–24 YEARS BY LEVEL OF EDUCATION (%)

	Age: 15–19 year	Age: 20–24 year	Total (15–24) Out Of Total Unemployed
Both genders	23.91	22.54	46.45
Illiterate	5.77	3.74	9.51
Literate	18.18	18.80	36.98
• No formal education	0.05	0.07	0.12
• Formal education	18.09	18.72	36.81
• Pre-matric (10th Grade)	12.46	6.17	18.63
• Matric but below Intermediate (12th Grade)	4.29	4.01	8.3
• Inter but below Degree (BS-14 years of education)	1.34	3.89	5.23
• Degree, Postgraduate and PhD		4.47	4.47

Source: Labour Force Survey (various issues)

TABLE 6.10

YOUTH UNDEREMPLOYMENT* (%)

	2010–11			2012–13			2014–15		
	Total	Male	Female	Total	Male	Female	Total	Male	Female
15–19	21.35	12.69	8.66	17.36	9.35	8.02	18.18	11.36	6.82
20–24	17.51	10.46	7.05	19.21	11.08	8.13	20.61	11.03	9.58

*Those who have worked less than 35 hours a week are considered underemployed
Source: Labour Force Survey (various issues)

A high percentage of youth was unemployed or underemployed; i.e., working less than 35 hours a week. The following table shows the percentage of underemployed. While underemployment of youth in 15–19 age cohort declined, correspondingly the underemployment of youth in the 20–24 age cohort increased.

The impact of youth unemployment can be severe as the long-term effect of youth unemployment includes adverse effect on earnings 'for as long as 10 years' [11]. Qayyum also asserted that even educated youth faces a higher unemployment rate [12].

The change in the population structure and its implications for Pakistan's growth and development has been a topic of great interest. According to Akhtar and Lubna, youth unemployment in Pakistan is different for both rural and urban centers [13]. Youth unemployment was primarily an urban

phenomenon. Youth unemployment could be significant in rural areas, however, it may not surface as entire families work on farms. The authors also found that youth unemployment increased if the head of the household was employed in the informal sector or the family size was large.

Youth Employment Challenges

Pakistan's 'youth bulge' became the biggest challenge in improving youth productivity. Ahmed and Azim stressed there are personal, household, and regional differences in the labor market, so labor especially the youth cannot be treated as a 'homogeneous group' [11]. Low youth productivity manifested from concentration of labor in low-skilled informal sector, especially agriculture [10]. According to the World Bank, 1.5 million jobs would need to be created to keep the current rate of unemployment [1, 10]. Literature also suggested that unemployment, job insecurity, and crime have strong correlations, especially in Pakistan [10]. Hou argues that various issues faced by the youth in Pakistan were common in the overall labor market [14]. However, certain issues were youth specific, e.g., high unemployment rate among educated youth and the initial earnings of the educated youth being almost equal to that of less educated youth. Despite that, the overall labor performance of the country needed to be improved. According to Amjad, Pakistan experienced labor growth of about 3.5% annually with an elasticity of 0.45, and 8% GDP growth rate was required to absorb the increase in the labor force. However, this rate of growth would need to be increased many folds if the country were to reduce the unemployment rate [15].

Informal sector dominated the workforce, mainly because the formal sector required a minimum level of education and skills which the majority of the labor force lacked. The literacy rate in Pakistan was 56% and among the youth is 73%. Around 24 million children of school-going age - about 47% do not go to school, and subsequently entered the job market with low literacy. Majority of the children worked alongside parents to make their living. While school enrolment was high, many dropped out as soon as they were able to earn for their family.

Mandatory schooling for children may not be enough if the parents' earning concerns were not addressed first. Conditional cash transfers to the poor under social welfare schemes could help alleviate the financial burdens faced by parents for sending their children to school. For this purpose, the national budget would have to be prioritized to channel funds for this purpose. Pakistan's low youth productivity resulted from massive numbers of entrepreneurs who fall under informal sectors. Factors such as lower literacy level of the entrepreneurs and tax-related matters have propelled entrepreneurs to stay small.

To grow big, barring exceptions, a certain level of literacy was often required. For example, bigger firms needed bank loans but it was difficult for an illiterate person to interact with and fulfil the documentary requirements of banks. Secondly, businesses prefer to remain small to avoid taxes - a growing business attracted the attention of tax authorities whose tax regulations must be complied with. To increase productivity, the challenges mentioned must be addressed and attended to.

Intergenerational social mobility in Pakistan is very low. The economic status of an offspring crucially depended upon the father's socioeconomic status. The initial endowments of (or absence thereof) money, cultural outlook, and social connections remain the primary determinant of one's future chances in life. If the father was illiterate, there was a 42% chance that the son would also remain uneducated. If the father worked in an elementary profession, there is a 72% chance that the son would also end up in a similar profession. Lack of education and social disparities between the rich and the poor restricted intergenerational mobility of many Pakistanis.

Pakistan's rather fragmented approach to education has contributed to challenges faced in its human capital management. To begin with education is not compulsory, therefore economically disadvantaged parents would rather have their children working than schooling. The types of schools available in Pakistan include:

i) Madrasahs: religious school that need not follow the mainstream or conventional curriculum and functions without the guidance and supervision of state. Subjects such as mathematics and computers were taught at basic levels, if at all. Its graduates do not enjoy good job prospects in the labor market.

ii) Private schools: free to follow the curricula prescribed by the government or the Cambridge system (the O/A level system). The curriculum followed by the Cambridge system schools is usually different and better than government's curriculum. These schools develop greater proficiency in English language and other skills. Due to high fees, usually the rich attend these schools and go on to score better job prospects in the future.

iii) Public schools: English or Urdu are the language of medium. Somehow, Urdu-going children watch their peers ending up in menial professions - therefore, tend to lose interest in that future, and drop out of schools.

Another impediment to employment and labor productivity is skill mismatch. Given Pakistan's colonial legacy, the country inherited the glamorized impression of government jobs, seen as providing job security and status. Also, lack of vocational trainings produces unskilled workforce that can only be trained on the job as blue-collar workers, and that over time took a toll on the entire workforce and its productivity.

The institutional framework for employing people, their career progression, and other terms of service restricted productivity. For example, public servants enjoyed almost absolute job security and career progression was mostly seniority based - the knowledge that pay and pension of an employee was guaranteed killed much of the incentives to excel, especially if promotions were not based on meritocracy.

TABLE 6.11

PAKISTAN'S YOUTH LITERACY RATE IN 2011–15

Year	Youth Literacy Rate (%Total 15–24)	Literacy Rate (% Female 15–24)	Literacy Rate (% Male 15–24)
2015	73.715	66.795	80.234
2014	-	-	-
2013	71.636	63.438	79.404
2012	72.583	64.475	80.288
2011	70.769	63.137	78.042

Source: World Bank

Policies and Programs Promoting Youth Entrepreneurship

Labor falls under the purview of provincial governments in Pakistan. However, the federal or provincial governments have also initiated various schemes and campaigns to increase youth productivity and employment. Some of those schemes are:

Prime Minister's Youth Employment Scheme

A youth employment scheme that provides loans up to PKR2 million to eligible youth (aged 21–45) at concessional interest rate of 6% - much less than the commercial rate. The difference in interest rate was paid by the government to the banks concerned. The scheme was not successful as borrowers were required to furnish three guarantors with a collective income of 1.5 times the size of the loan. The ratio of debt:equity under the scheme was 90:10, i.e., for an investment requiring PKR1 million, the entrepreneur had to inject an equity worth PKR100,000 and the bank will lend the rest.

Programs for Promoting Education

The Higher Education Commission (HEC) of Pakistan ran a number of schemes to encourage better employment opportunities that also increased the productivity of youth. The schemes primarily involved scholarships for higher education in Pakistan and abroad. Notable schemes included scholarships for:

- MS and PhD in developed countries
- Split PhD in developed countries (Course-work in Pakistan ad thesis abroad)
- Postdoctoral in developed countries
- PhD in national universities and abroad
- Science Talent Farming

For the exception of the last degree, the contribution of the above to youth productivity was obvious.

Science Talent Farming

Under the Science Talent Farming Scheme, 300 students were hand-picked annually to attend reputable science colleges in selected cities under full scholarships. 80% hailed from educational institutes in public sector, while the remaining 20% from private institutes.

Other examples include programs by the Pakistan Poverty Alleviation Fund (PPAF) and Punjab Education Foundation.

The PPAF ran a conditional cash transfer program for the poor. Under the program, cash grants were awarded to eligible mothers who enrolled their children in schools identified by the PPAF. The Punjab Education Foundation provided vouchers to students who excelled in their studies to read in selected schools. The students can use the vouchers to pay their fees and such.

Microfinance

The contribution of microfinance to productivity, especially by way of providing employment is well established.

Akhuwat, (Urdu for brotherhood) is a nonprofit established in 2001 with the objective of providing interest-free microfinance to the poor under the doctrine of Qarz-e-Hasanah (loans extended to aid borrowers in need). Akhuwat collected only minimal service charge from its borrowers. To make the microfinance a success, Akuwat's mandate extended beyond financial assistance - it guided, supported, and empowered the poor.

Drawing on the principles of social justice and brotherhood, Akhuwat set out to alleviate poverty by creating a system based on mutual support in society. Its operational strategies levied no interest on its loans, operated at religious places and encouraged volunteering to help others. Akhuwat is registered under the Societies Registration Act of 1860. It has extended large volumes of loans and is growing rapidly in its reach across the country.

Khushali Bank

The Khushali Microfinance bank was established in 2000 as part of Pakistan's Poverty Reduction Strategy and its Microfinance Sector Development Program (MSDP). The latter developed with the facilitation of ADB. The bank's mandate was to retail microfinance services and act as a catalyst in stabilizing the country's newly formed microfinance sector. The bank offered lending products for groups as well as individuals. Some of the products included:

i) Khushali Qarza - a group-based loan of PKR20,000–50,000 for those aged 20–63 having an annual income of less than PKR500,000. The loan was extended for a period of 3–12 months and required an annual service charge of 31%. Group guarantee/social collateral was required for the loan.

ii) Sarsabz Karobar (green business) - caters to small growers of agro-based organizations, primary and secondary milk suppliers, craftsmen and other entrepreneurs. The loan amount ranged from PKR15,000–50,000 and an annual service charge of 28%. The annual service charges for raising livestock and setting up schools ranged 25–32%.

Yellow Cab Scheme

The Yellow cab scheme was first initiated in Pakistan in 1990s. For a small down payment and easy instalments, the unemployed and youth could purchase the cabs. A subsidized interest rate was levied on the loan by the public-sector bank. The scheme has been revived recently by the Punjab province. The provincial government intended to distribute 50,000 cabs under the scheme in 2017–18. A budget of PKR25 billion had been allocated. In 2016–17, 20,000 cabs were distributed.

Evaluation of Policies Promoting Entrepreneurship and Increasing Productivity

The Prime Minister's Youth Employment Scheme required borrowers to furnish three guarantors whose combined income was 1.5 times the size of the loan. A poor would-be entrepreneur was highly unlikely to have high income people in their network. Predictably, the scheme failed.

One of the shortcomings of the microfinance was high administration cost, given the need to engage a large number of small borrowers. As such, the service charges of Khushali bank deterred most from applying for loans. However, Akhuwat, a private local NGO that loaned interest-free microfinance has been a huge success. The volume of microfinance disbursed by Akhuwat had grown considerably in a short period of time due to its low administration cost.

The efforts of PPAF to enroll poor children in schools had not been a great success as the program heavily depended on the cooperation and efficient coordination between the Benazir Income Support Programme (BISP), which is a federal entity and provincial education departments/schools. This proved to be challenging. Secondly, skilled volunteers of BISP mothers were needed to promote others to join Waseela-e-Taleem. As BISP mothers may not be well equipped to educate others, and poverty kept them occupied with the daily challenges of making a decent livelihood. Thirdly, the condition that only mothers could register their children into the Waseela-e-Taleem program was not strictly adhered to. Fathers should also be able to do so too. Understandably, mothers-only registration of their children was intended to empower them. However, other more effective methods could be employed to achieve female empowerment in Pakistan.

Recommendations

Major constraints to productivity included low literacy, educational systems that favoured the rich and disadvantaged the poor, large informal sector that only required low skilled workforce, nonmerit-based recruitment and career progression in public sector, gender disparity, and lack of social mobility across generations. Low literacy lied at the heart of the problems and challenges.

Mitigative measures such as mandatory schooling for children is a necessary first step. Article 25-A of the constitution stated exactly that. This provision of the constitution is not being implemented due to lack of financial resources. National budgets would need prioritizing so education sector could become part of Pakistan's nation building efforts.

Children of poor parents often contribute to earning incomes for their family. Putting these children in schools, even if the education is free, cost the parents loss of income that the child would earn if she/he is not in school. Therefore, to put poor children in schools, the parents would have to be compensated for the potential loss. Initiatives such as compensating parents who lose the income of a school-attending child, could participate in social welfare schemes such as conditional cash transfers (CCT).

Pakistan's Poverty Alleviation Fund (PPAF) was practicing the kind of CCT mentioned above on a very limited scale with the help of World Bank, but was not successful. The Waseela-e-Taleem program faced certain design problems. One, the sponsoring agency PPAF, was a public-sector federal entity while education in Pakistan fell under the purview of the provinces. The success of the program relied heavily on the cooperation of schools and provincial education authority. As if that was not challenging enough, if two different political parties reigned the helms, the cooperation usually broke down at the

expense of the children needing education. The Waseela-e-Tasleem program needed to be expanded in scope while addressing the design flaws of the program.

Meritocracy-based recruitment and career progression should be introduced to encourage efficiency and productivity. The design flaws in Prime Minister's Youth Entrepreneurship program - the collateral of three personal guarantees needs to be replaced too.

Limitations

The labor force survey conducted by the Government of Pakistan served as the main source of data regarding labor. The data lacked depth. The following must be added to labor force survey.

- A separate section for the age cohort 15–24 that list down the key indicators and characteristics relevant to the youth should be included,
- Labor legislation and labor policies falls in the provincial domain since the devolution contained in the 18th amendment to the constitution was enacted in 2010. A number of labor statistics were not available at the provincial and district level. These statistics need to be collected at a disaggregated level.

CHAPTER 7

PHILIPPINES

DR. RONAHLEE A. ASUNCION

DEAN/ASSISTANT PROFESSOR

SCHOOL OF LABOR AND INDUSTRIAL RELATIONS

Introduction

The Philippines is an archipelagic nation with more than 7,000 islands located in Southeast Asia. Its history and culture were significantly shaped by over 300 years of colonization by Spain, the period of American rule, the occupation of Japanese, and the migration of Chinese. The total land area of the country is about 30 million hectares [1] and divided into Luzon, Visayas, and Mindanao. As of December 2016, the Philippines has 18 regions, 81 provinces, 145 cities, and 1,489 municipalities [2].

Demographic Profile

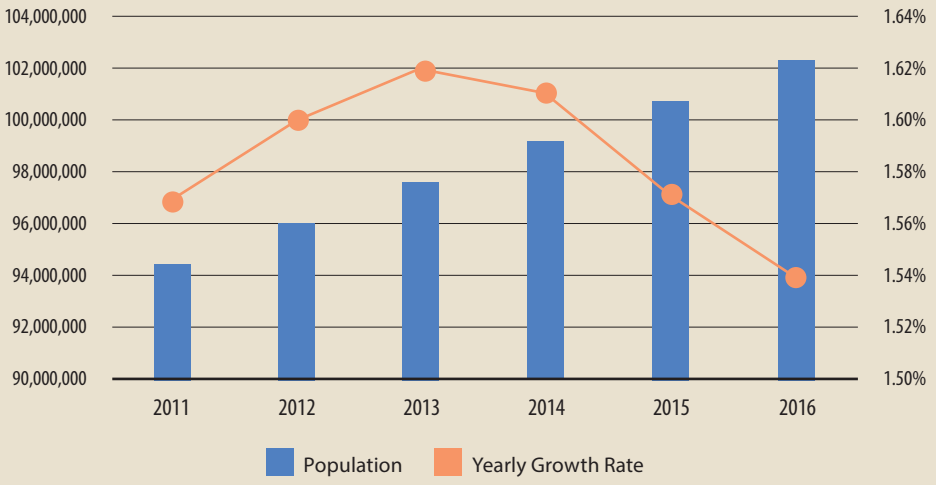
Population

The population of the Philippines continuously grows every year. In 2016, the Worldometers [3] estimated the population at more than 102 million, which is equivalent to 1.38% of total world population. It is 12th in the global rank by population. The Worldometers [3] further reported that the country has a population density of 343 per km^2 where 44.8% reside in urban areas.

In terms of population distribution by age structure in 2016, the 0–4 age group has the widest base. This becomes narrower as the age group increases, thus exhibiting a well distributed population

FIGURE 7.1

POPULATION AND YEARLY GROWTH RATE (2011–16)

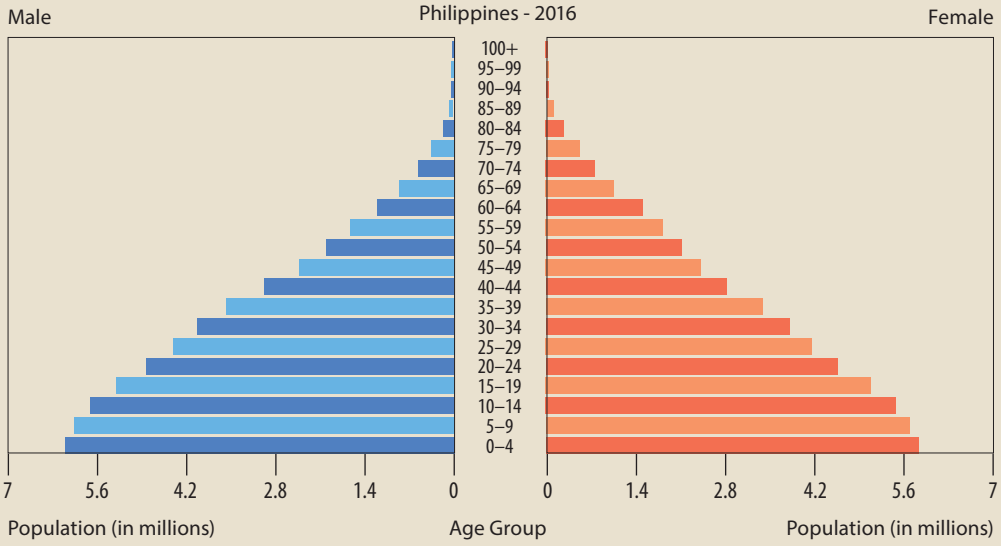


Source: Worldometers (www.worldometer.info)

pyramid as shown in Figure 7.2 [4]. The gender distribution between male and female is not significant as the ratio is almost 1:1. In the same year, Indexmundi [5] determined the overall median age of Filipinos at 23.4 years with male at 22.9 years and female at 23.8 years. By 2020, the total population is projected to be more than 109 million where the 0–4 years old still comprising the majority [2].

FIGURE 7.2

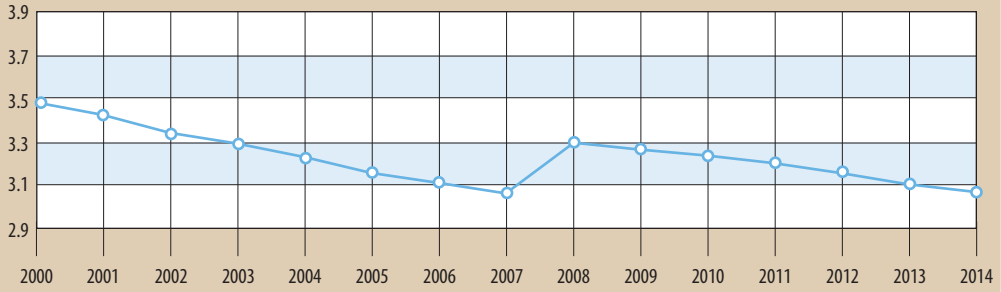
MALE-FEMALE POPULATION BY AGE STRUCTURE (JULY 2016 EST.)



Source: The World Factbook (www.cia.gov)

FIGURE 7.3

TOTAL FERTILITY RATE TREND (2000–14)



Country	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Philippines	3.48	3.42	3.35	3.29	3.22	3.16	3.11	3.05	3.32	3.27	3.23	3.19	3.15	3.1	3.06

Source: The World Factbook (www.cia.gov) in Indexmundi. (www.indexmundi.com)

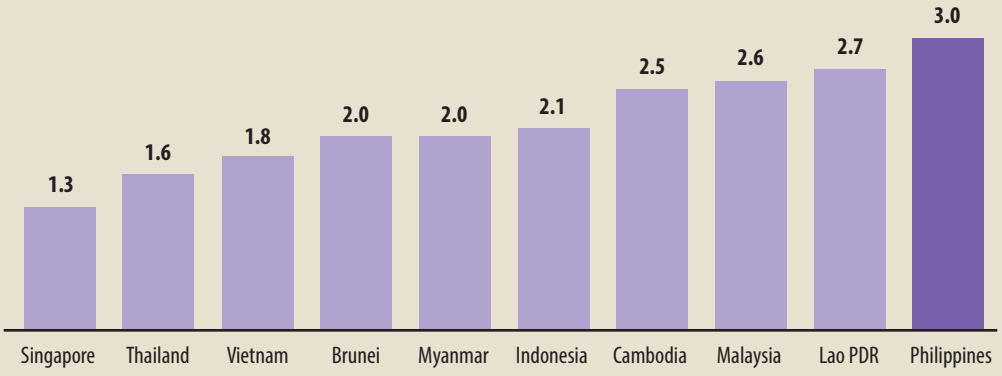
Fertility

From 2000 to 2014, the total fertility rate (TFR) ranged from 3.48 to 3.1. It was highest in 2000 and lowest in 2013. In 2016, the estimate was pegged at 3.06 children born per woman [4]. The total fertility rate refers to the average number of live births per woman by age 50, subject to the age-specific fertility rates observed in a given year. Further, it assumed that there is no mortality.

In 2014, the Philippines ranked 53rd in TFR out of 223 countries [4]. In 2013, the Philippines had the highest fertility rate among its counterparts in Southeast Asia, as shown in Figure 7.4 [6].

FIGURE 7.4

FERTILITY RATES IN SOUTHEAST ASIA



Source: 2013 Philippines Demographic and Health Survey (https://dhsprogram.com)

Among the regions in the Philippines, the 2013 National Health and Demographic Survey showed that the Autonomous Region of Muslim Mindanao had the highest TFR at 4.2, closely followed by Bicol Region at 4.1. The National Capital Region though had the lowest TFR at 2.3. In terms of residence, those who live in rural areas had a higher TFR at 3.5 than those in urban areas - 2.6 TFR [2].

Mortality

The Philippine Statistics Authority (PSA) defines the maternal mortality ratio (MMR) as the "number of women who died (for reasons of pregnancy, childbirth and puerperium) to the number of reported live births in a given year, expressed as the number of maternal deaths per 100,000 live births" [2]. According to the World Health Organization (WHO), the Philippines is experiencing a slow progress in meeting the fifth Millennium Development Goals (MDGs) which is to reduce the maternal mortality ratio, as shown in Figure 7.5 [7]. In 2015, there were 114 deaths/100,00 live births and the country ranked 74th globally [4]. The target was to reduce the MMR to 52 maternal deaths per 100,000 live births in 2015. The slow progress can be attributed to insufficient facilities, trained staff, medicines, supplies, and leadership problems at all levels of governance [8].

In terms of infant mortality rate (IMR), there is a significant decrease from 57 to 22 between 1990 to 2011 [9]. In 2016, the total deaths/1,000 live births was 21.9 and the country ranked 78th globally. Between genders, the 2016 data showed that males have higher IMR at 24.8 deaths/1,000 live births while females 18.8 deaths/1,000 live births [4]. MDG's 2015 target for under five children was 20 deaths/1,000 live births. The country achieved it but only for females.

The IMR is "the probability of dying between birth and age one, expressed as the number of infant deaths or deaths occurring before reaching 12 months of life in a given period per 1,000 live births" [2].

TABLE 7.1

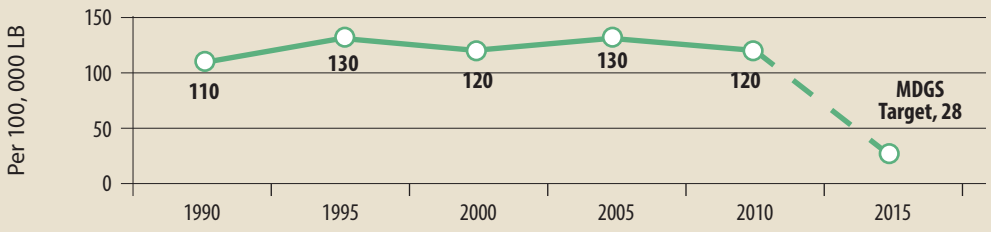
TOTAL FERTILITY RATE BY BACKGROUND CHARACTERISTICS IN 2013

Background Characteristic	Total Fertility Rate (TFR)
Residence	
Urban	2.6
Rural	3.5
Region	
National Capital Region	2.3
Cordillera Administrative Region	2.9
I - Ilocos Region	2.8
II - Cagayan Valley	3.2
III - Central Luzon	2.8
IVA - CALABARZON	2.7
IVB - MIMAROPA	3.7
V - Bicol Region	4.1
VI - Western Visayas	3.8
VII - Central Visayas	3.2
VIII - Eastern Visayas	3.5
IX - Zamboanga Peninsula	3.5
X - Northern Mindanao	3.5
XI - Davao	2.9
XII - SOCCSKSARGEN	3.2
XIII - Caraga	3.6
ARMM	4.2

Source: National Health and Demographic Survey (www.psa.gov.ph)

FIGURE 7.5

MATERNAL MORTALITY RATIO (PER 100,000 LIVE BIRTHS [LB])

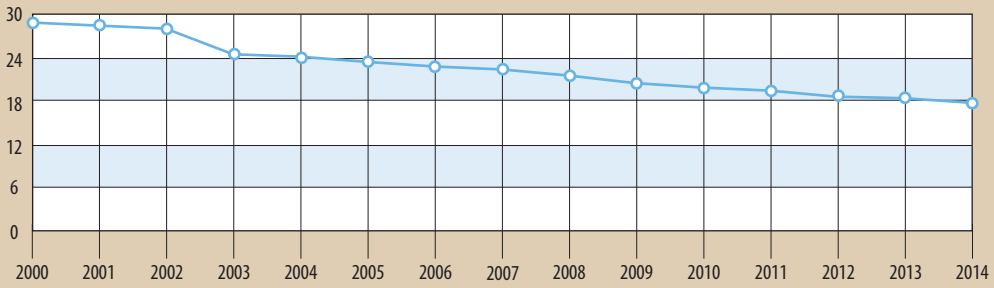


Source: World Health Organization (http://www.who.int)

In 2013, the Department of Health identified the top 10 causes of mortality across all age groups nationwide (Figure 7.7). In both genders, heart diseases led the number one cause of death [10].

FIGURE 7.6

INFANT MORTALITY RATE TREND (2000–14)

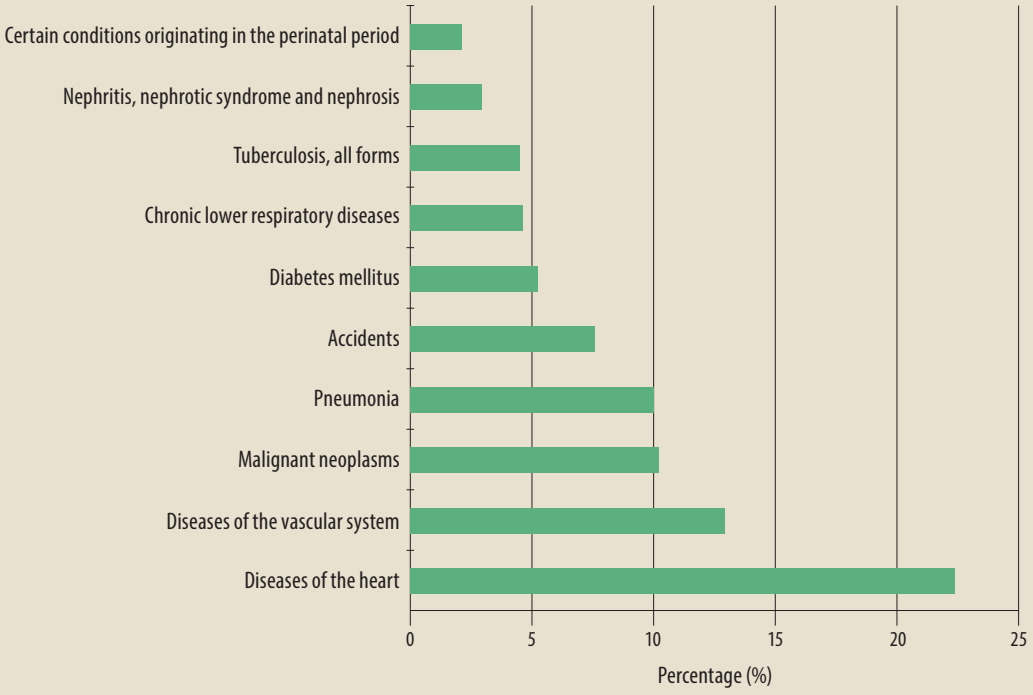


Country	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Philippines	29.52	28.7	27.87	24.98	24.24	23.51	22.81	22.12	21.2	20.56	19.94	19.34	18.75	18.19	17.64

Source: The World Factbook (www.cia.gov) in Indexmundi (www.indexmundi.com)

FIGURE 7.7

TOP TEN LEADING CAUSE OF DEATH (2013)



Source: Department of Health. (www.doh.gov.ph)

Demographic Dividend

The demographic dividend is an economic growth which can be attributed to changes in age structure, shift from people having short lives and large families to having long lives and small families. Since the government no longer need high investments for the youngest age groups, it provides an opportunity for faster economic growth and family welfare. The dividends are usually manifested in labor supply where the economy is able to absorb more workers, there is increased personal savings, improve human capital like decreased fertility rates, and an increased GDP per capita as a result of decreased dependency ratio [11].

The Philippines has a good chance of benefiting from the demographic dividend considering that one-third of its population belonged to the 10–24 years old group. Be that as it may, it is still a far cry from hitting the demographic dividend or the demographic "sweet spot". This is because of the high fertility rate in poor households as well as the high unemployment rate and poor quality jobs among the youth population [12]. The study of Mapa et al shows that considering the present conditions, the Philippines will most likely miss the chance of economic growth as a result of demographic dividend. Socioeconomic Planning Secretary Ernesto M. Pernia explained that the country would benefit from the demographic dividend by 2030 had it put the family planning in place as early as 2008 [13].

Socioeconomic Profile

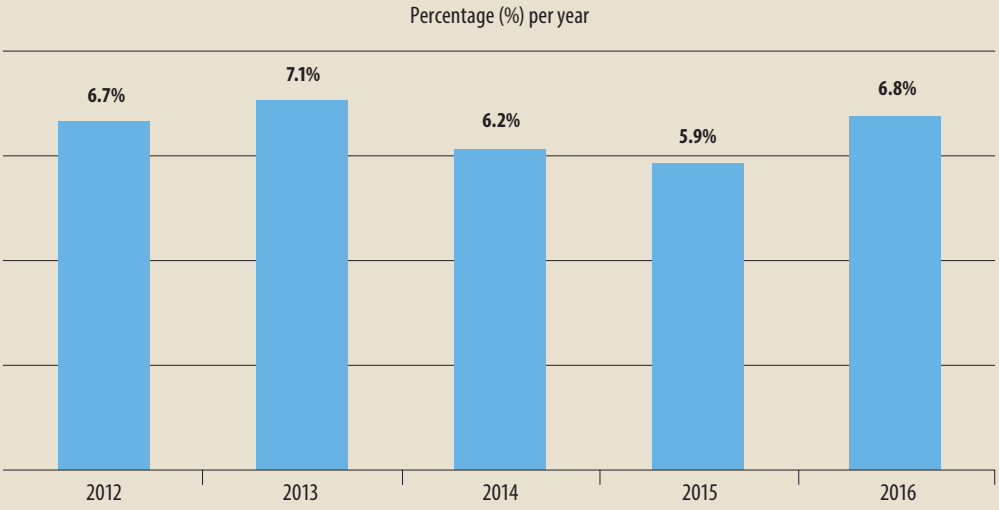
GDP

In 2015, the Philippines posted a GDP of 5.9% lower than the GDP of 6.2% in the previous year. However, it made a better performance in 2016 at 6.8% [14].

The Philippines economy was growing continuously and remained robust. This as a result of higher investment and strong consumption in the country [14]. In the last quarter of 2016, investments grew by 15%, public construction 23%, private consumption 6.3%, external demand on exports rose by 9.6%, imports accelerated to 18.6%, growth in services improved at 7.4%, and industry grew by 7.6% [15]. Socioeconomic Planning Secretary Pernia explained this good economic performance was because of business and consumer confidence, modest inflation and interest rates, and improving labor

FIGURE 7.8

ANNUAL GROSS DOMESTIC PRODUCT (2012–16)



Source: ADB (www.adb.org)

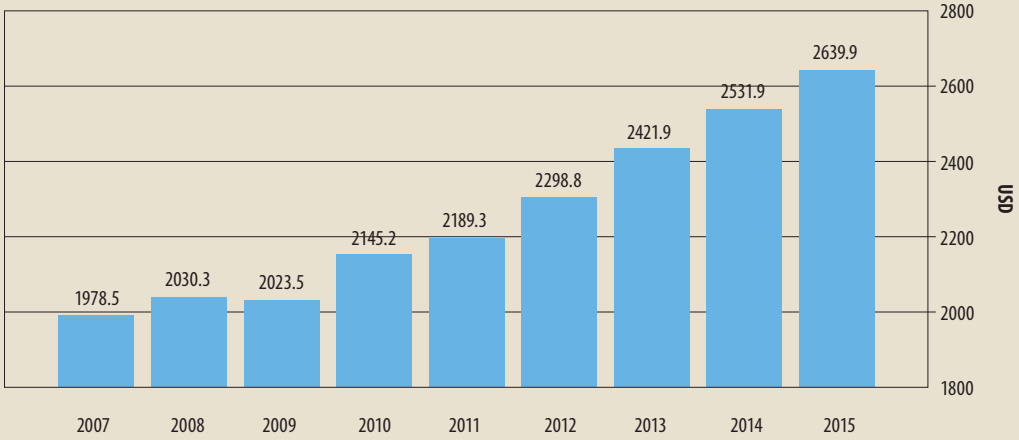
market conditions. According to him, the total factor productivity of the country is the fastest in ASEAN as it was growing at 2.3% [15].

GDP Per Capita

From 1960 to 2015, the average GDP was USD1,588.43 billion [16]. It was expected to grow at 6.4% in 2017, an increase of 0.1% from the December 2016 estimate [17]. Although its economic performance was improving, it still needed to catch up with its Asian neighbors such as Singapore and Hong Kong. This gap in the per capita GDP between Philippines and its neighbours can be explained by the gap in labor productivity performance and employment rate [18].

FIGURE 7.9

ANNUAL GDP PER CAPITA (2007–15)



Source: Trading Economics (www.tradingeconomics.com)

Gross Domestic Product by Sector

Table 7.2 shows that the GDP by sector grew steadily except in 2015, with a slight decline in the GDP at current prices in the agriculture, fishery, and forestry sectors. According to the PSA, the manufacturing, trade, and real estate, renting, and other business activities pushed the growth of GDP by 7.1% in the third quarter of 2016. This was higher than the posted growth rate of 7.0% in the second quarter of 2016 and the 6.2% in the third quarter of 2015 [2].

In 2016, the industry sector registered an 8.6% growth rate as compared to 6.1% in 2015. In the third quarter of 2016, agriculture recovered and registered a 2.9% growth. However, the service sector registered a lower growth at 6.9% in the third quarter of 2016 as compared to 7.2% of 2017 [2].

The PSA reported that considering the projected increase in the population in the third quarter of 2016, the per capita GDP grew by 5.3% while the per capita Gross National Income (GNI) increased by 4.6% [2].

The Philippine government's aim is to make the country an upper middle-income country by 2022 which means that six million Filipinos should be lifted out of poverty, according to Socioeconomic Planning Secretary Pernia. Aside from this, the country is also faced with possible challenges to economic growth, such as extreme weather disturbances, vulnerability to possible policy shifts in the USA, greater volatility in capital flows, and geopolitical risks. However, he explained that the government will still continue its work to ensure that, “economic growth is built on people-centered and people-powered policies, stable macroeconomic fundamentals, and strong partnerships with other countries” [19].

TABLE 7.2

GDP GROWTH RATE BY INDUSTRIAL ORIGIN

	(Constant 2000 prices)			(Current prices)		
	Agriculture	Industry	Service	Agriculture	Industry	Service
2015	9.48	33.4	57.12	10.27	30.77	58.96
2014	10.02	33.35	56.63	11.32	31.31	57.37
2013	10.47	32.87	56.66	11.25	31.12	57.63
2012	11.08	32.22	56.7	11.83	31.25	56.92
2011	11.5	32.05	56.45	12.72	31.35	55.93

Source: Philippine Statistics Authority (psa.gov.ph)

Human Development Index

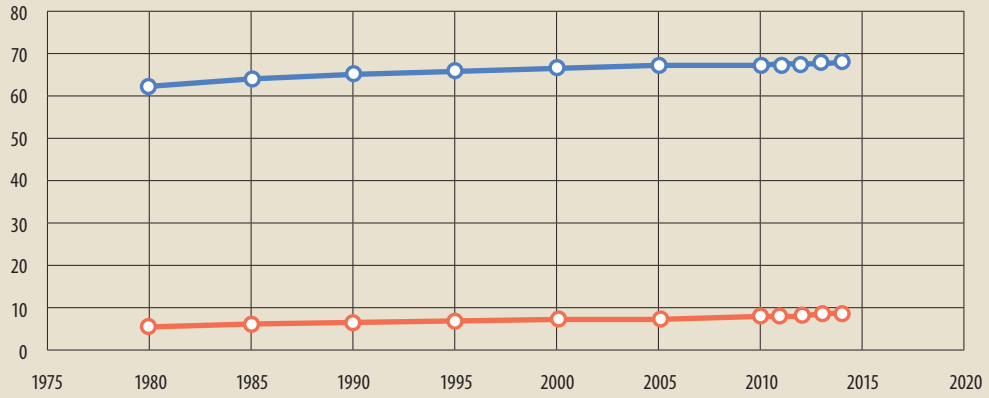
Education

The Philippine education system underwent a major change on 15 May 2013 when the Republic Act 10533 or the Enhanced Basic Education Act of 2013 was signed into law by President Benigno Aquino. The law effectively replaced the old 10-year basic education curriculum with the K-12 program. In the new curriculum, kindergarten was now part of the basic education and two years were added in senior high school where students were expected to take technical and vocational courses. This way, those who can no longer pursue tertiary education had better chances of employment in blue-collar jobs [20]. Prior to the enactment of the law, the Philippines was the only country in Asia as well as one of three countries worldwide together with Angola and Djibouti with a 10-year basic education curriculum [21].

From 1980 to 2014, Figure 7.10 showed a steady increase in both the expected and mean years of schooling in the country. The expected years of schooling increased by one year, while the mean years increased by 3.5 years [22].

FIGURE 7.10

EXPECTED AND MEAN YEARS OF SCHOOLING



Year	1980	1985	1990	1995	2000	2005	2010	2011	2012	2013	2014
Expected Years of Schooling	62.2	63.8	65.3	66.1	66.7	67.2	67.7	67.8	67.9	68.1	68.2
Mean Years of Schooling	5.4	6.2	6.6	7.1	7.6	7.9	8.2	8.4	8.5	8.7	8.9

Source: United Nations Development Programme (UNDP) (http://hdr.undp.org)

Females posted higher completion rates in both elementary and secondary education in SY 2010–11. In the elementary level, the female completion rate was 77.14%, while the male completion rate at 67.65%. In the secondary level, females have a higher completion rate at 80.27% than males at 69.88% [23]. According to the Philippine Commission on Women, females have lower average dropout rate at the elementary level at 5.02% compared to that of males at 7.45%. Based on a survey conducted by the PSA in 2013, both genders gave the following reasons for not attending school: marriage, insufficient family income to send child to school, lack of personal interest, housekeeping, high cost of education, illness/disability, and employment/looking for work, etc.

TABLE 7.3

SIMPLE LITERACY RATE (%)

	2003	2008	2010
10 years old and above	93.4	95.6	97.5
Male	92.5	95.1	97.4
Female	94.3	96.1	97.6

Source: Philippine Statistics Authority (psa.gov.ph)

Based on Table 7.3, the simple literacy rate in both male and female 10 years old and above was improving. Between genders however, women have higher simple literacy rate than men. According to the PSA, simple literacy means one's ability to read, write, and understand simple messages in any language or dialect [2].

TABLE 7.4

FUNCTIONAL LITERACY RATE (%)

	1994	2003	2008
10–64 years old	83.8	84.1	86.4
Male	81.7	81.9	84.2
Female	85.9	86.3	88.7

Source: Philippine Statistics Authority (psa.gov.ph)

Functional literacy demanded a higher level of literacy. It did not only consider reading and writing skills, but also numeracy skills. According to the PSA, "the skills must be sufficiently advanced to enable the individual to participate fully and efficiently in activities commonly occurring in life situation that require a reasonable capability of communicating by written language".

Over the years, the functional literacy rate of the country improved. However, between the two genders, women have steadily enjoyed a higher functional literacy rate than men. The UNDP explained that this situation was because men need to work to financially help their families, as well as the lower motivation of men to attend schools [24].

Health

The health situation in the country improved in terms of meeting the MDG, particularly in reducing child mortality, improving maternal health, and combating malaria and other diseases. The National Economic and Development Authority (NEDA) reported that a steady decrease in the number of infant and under-five deaths between 2006–11. The MMR likewise decreased in 1990, 1998, and 2006. However, in 2011, the Family Health Survey revealed that the MMR increased to 221 per 100,000 live births [25]. With regard to contraceptive prevalence rate (CPR), the National Statistics Office data

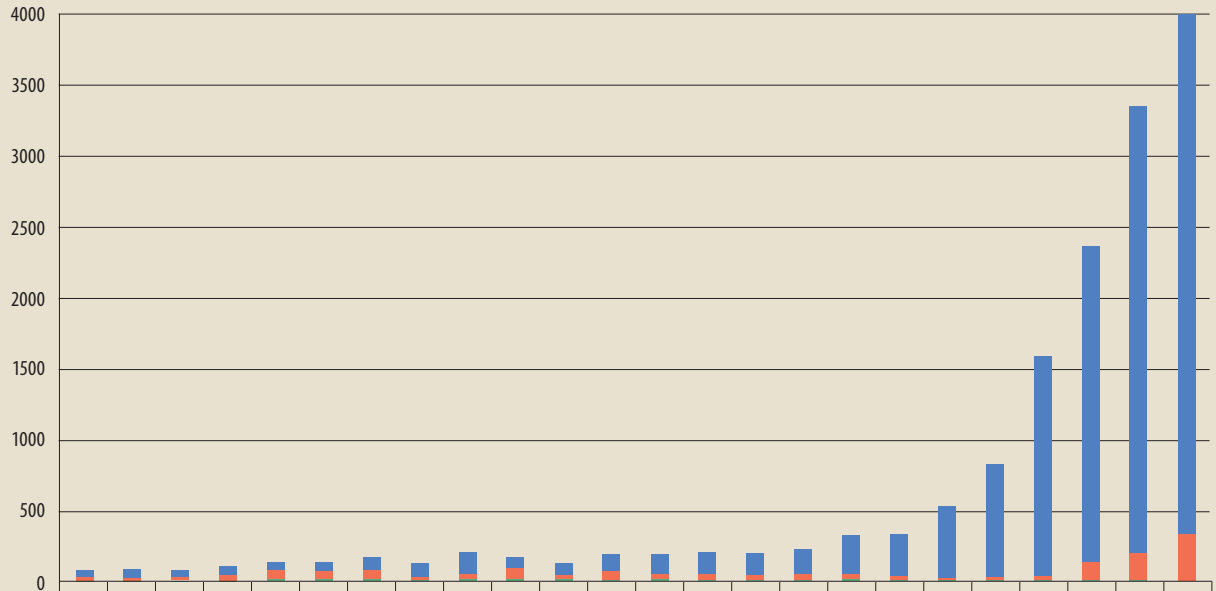
showed that it remained stagnant at almost 50% from 1998 to 2011. This percentage even decreased to 48.9% from 2006 to 2011 and, at the same period, traditional methods declined by 2.8%.

The Philippines (Figure 7.11) was challenged in combating HIV/AIDS. The number of cases significantly increased in 2013 at 4,814 compared to 2,349 in 2011. HIV infection concentrated in the 20–24 (22%), 25–29 (30%), and 30–34 age groups (19%) [26]. The UNDP in fact reported that the country is one of seven countries where HIV prevalence increased by more than 25% between 2001 and 2009 [24].

With regard to malaria, the morbidity rate declined from 1.5 deaths per 100,000 Filipinos in 1990 to 0.03 in 2010 and 0.01 in 2011. Tuberculosis incidence likewise decreased from 393 cases in 1990 to 270 per 100,000 cases in 2011. The prevalence rate also declined from 1990 at 1,000 cases to 484 cases per 100,000 Filipinos in 2011. Lastly, mortality rate decreased from 58 deaths in 1990 to 29 deaths per 100,000 Filipinos in 2011 [27].

FIGURE 7.11

NUMBER OF HIV/AIDS CASES (1990–2013 DECEMBER)



	'90	'91	'92	'93	'94	'95	'96	'97	'98	'99	'00	'01	'02	'03	'04	'05	'06	'07	'08	'09	'10	'11	'12	'13
TOTAL	66	85	72	102	118	116	154	117	189	158	123	174	184	193	199	210	309	342	528	835	1591	2349	3338	4814
Asymptomatic	48	68	51	64	61	65	104	94	144	80	83	118	140	140	162	171	273	311	505	804	1562	2239	3152	4476
AIDS	18	17	21	38	57	51	50	23	45	78	40	56	44	53	37	39	36	31	23	31	29	110	186	338
Death	15	13	13	11	19	24	27	10	16	17	9	20	11	10	5	16	18	10	7	1	3	19	11	0

Source: Philippine HIV and AIDS Registry, National Epidemiology Center in NEDA (http://www.neda.gov.ph)

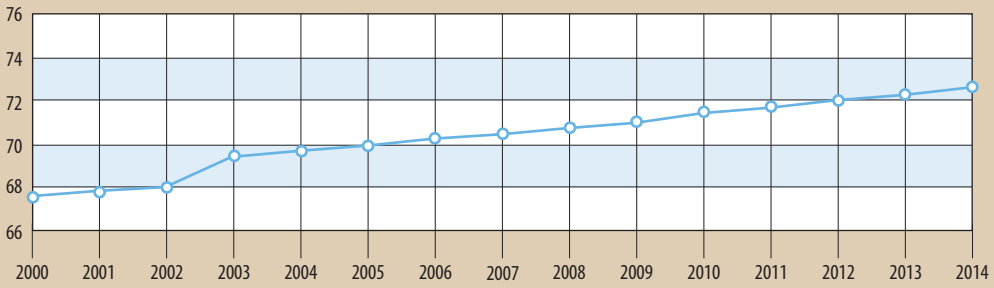
However, while the country was making headway in its health, it was still confronted with many challenges, such as regional disparities in health outcomes, high cost of select drugs and medicines compared to other countries, insufficient or lack of basic emergency equipment, x-ray and ultrasound machines in some hospitals; inequities in accessibility, availability, and affordability of health services, etc [28]. Cognizant of these problems, the Philippine Health Agenda 2016–22 of the country aims for financial protection particularly for the poor, marginalized, and vulnerable Filipinos against the high cost of health care, better health outcomes for all, and responsiveness where Filipinos feel respected, valued, and empowered when they interact with the health system [29].

Life Expectancy

Between 2005 to 2010, females have 5.53 years higher life expectancy than males. Women have life expectancy of 71.64 years compared to 66.11 years for men in the same period. In 2000, Filipinos from Region 1 have the highest life expectancy for both men and women while those in the Autonomous Region of Muslim Mindanao (ARMM) have the shortest life expectancy in both genders. Compared to the world average of 67.2 years, Filipinos have 4.5 years higher life expectancy [2].

FIGURE 7.12

LIFE EXPECTANCY AT BIRTH



Country	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Philippines	67.48	67.8	68.12	69.29	69.6	69.91	70.21	70.51	70.8	71.09	71.38	71.66	71.94	72.21	72.48

Source: The World Factbook (www.cia.gov) in Indexmundi (www.indexmundi.com)

Overall, the human development index of the Philippines was 0.668 above the average of 0.630 in 2014 for countries that belonged to the medium human development group. Relative to other countries in Southeast Asia, it came close to Thailand and Indonesia [24].

Labor Market Overview

Labor Force

The working population in the country are those who are 15 years old and above who contribute to the production of goods and services. It includes those who are employed and unemployed. In 2016, the working population was estimated to be more than 65 million [2]. This number excluded the province of Leyte which was badly hit by Typhoon Haiyan in 2013. Based on the projections by the National Statistics Office (NSO), this number can rise to 77 million in 2020 and 85 million by 2025. In 2040, the working population will double compared to 2000. The annual growth rate, however, is expected to decline in 2030 until 2040. In terms of age group, the working population comprised mostly those between 25 to 54 years from 2000 to 2015. Table 7.5 shows this trend will continue until 2040 as projected.

In July 2016, Filipinos aged 0–14 accounted for 33.71% of total population [5]. Male made up 17.201% and female 16.51%. In the same report, the following male-female distribution for the working population was posted.

Table 7.6 shows the ratio of male-female working population by age group and its corresponding percentage in total population. It indicates that most of the working population of the country belonged to the 25–54 years old range, followed by those in the 15–24 age range. This indicated that the Philippines has a young supply of human resources in its labor force.

TABLE 7.5

WORKING AGE POPULATION PROJECTION (IN '000 EXCEPT %)

Year	Working Age Population		Age Group					
			15–24		25–54		55 and over	
	Number	Annual Growth Rate* (%)	Number	% Share	Number	% Share	Number	% Share
2000	48,400	-	15,155	31.3	26,769	55.3	6,506	13.4
2005	55,357	2.72	16,868	30.5	30,743	55.5	7,747	14.0
2010	62,855	2.57	18,461	29.4	34,975	55.6	9,419	15.0
2015	70,284	2.26	19,303	27.5	39,389	56.0	11,591	16.5
2020	77,949	2.09	19,994	25.7	43,855	56.3	14,099	18.1
2025	85,839	1.95	21,107	24.6	39,142	45.6	15,772	18.4
2030	93,721	1.77	22,085	23.6	51,861	55.3	19,775	21.1
2035	101,289	1.57	22,650	22.4	55,529	54.8	23,112	22.8
2040	108,310	1.53	22,774	21.0	58,766	54.3	26,770	24.7

*Geometric growth rate
Source: National Statistics Office (psa.gov.ph)

TABLE 7.6

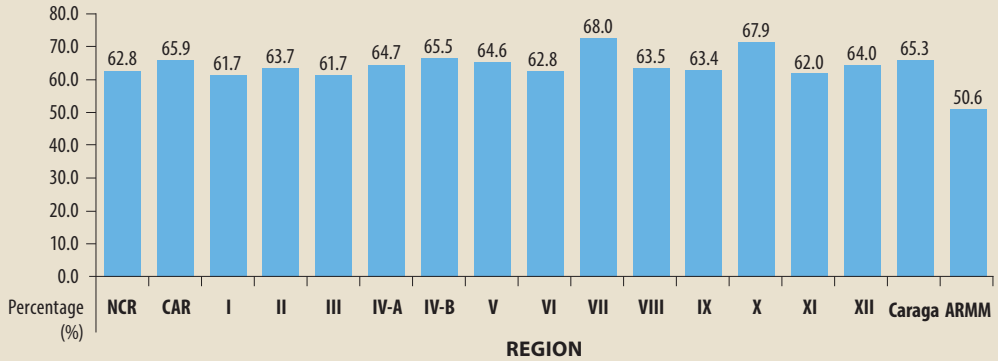
MALE-FEMALE WORKING POPULATION DISTRIBUTION IN 2016 (%)

	Male	Female	Total
15–24 years	9.785	9.383	19.17
25–54 years	18.713	18.142	36.86
55–64 years	2.688	3.198	5.89
65 years and above	1.815	2.561	4.38

Source: Index Mundi (www.indexmundi.com)

FIGURE 7.13

LFPR BY REGION (APRIL 2016)



Source: Philippine Statistics Authority, April 2016 Labor Force Survey (psa.gov.ph)

As of April 2016, the country has a labor force participation rate (LFPR) of 63.5%. In the same period, Region VII which comprised of Cebu, Bohol, and Siquijor provinces have the highest LFPR at 68.0%, while the ARMM the lowest LFPR at 50.6%, as shown in Figure 7.8.

From 2014 to 2016, the country registered a steady LFPR of a little more than 63%. This was both good and bad since LFPR accounted for those who are either employed and unemployed aged 15 years old and over. In January 2017, the LFPR was estimated at 60.7% out of the 69.4 million labor force population [2].

Labor Productivity

Labor productivity is the GDP per person. It is the production of goods and services for the same amount of work. It is affected by growth or decline in physical capital, new technology, and human capital.

The Philippines has generally managed to improve its economic growth in the past years. However, it has not been translated to an inclusive economic growth. For example, the country has a much slower poverty reduction than its neighbors [30]. The World Bank reported that labor productivity of the country has been stagnant, increasing the least among East Asian economies in the last 20 years. Be that as it may, the Philippines will remain to have a strong economy and was projected to accelerate its economic growth to 6.2% in 2017 [30]. Its ability to rise above global economic shocks because it is "less exposed to troubled international securities, lower dependence on exports, relatively resilient domestic consumption, large remittances from about 10 million overseas Filipino workers and migrants, and a rapidly expanding outsourcing industry" [31].

In the last quarter of 2016, the GDP of the country rose to 6.6% - slightly higher than the 6.5% growth in 2015 [19]. This growth was attributed to manufacturing, trade, real estate, renting, and business activities.

In terms of labor productivity by region at 2000 constant price, Region XI or the Davao Region had the highest GDP per person in 2015, while Region IVB, the Southern Tagalog part consisting of Marinduque, Mindoro, Romblon, and Palawan provinces (MAMIROPA) showed the lowest in the same year [2]. Overall, the services sector made the biggest contribution to the GDP of the country.

With regard to per-worker productivity levels, the Philippines was somehow coping. According to the APO Productivity Database 2016, the country was one of the Asian countries catching up with the USA in per capita GDP. It has improved its labor productivity over the past four decades [18].

Employment

Those who are employed "consists of persons in the labor force who are reported either at work or with job or business although not at work. Persons at work are those who did some work, even for an hour during the reference period" [2].

The annual labor and employment estimates is based on the average four rounds of the Labor Force Survey (LFS) which is normally conducted in January, April, July, and October. Based on Figure 7.14, the employment rate has improved modestly from 2012 to 2016.

The agriculture sector comprised of two subsectors, i.e., agriculture, forestry, and hunting in the first subsector and fishing in second. The first subsector consistently led with a 23.8% to 29.1% range of employment from 2010 to 2016.

The industry sector is made up of five subsectors; mining and quarrying; manufacturing; electricity, gas, steam, and air conditioning supply; water supply, sewerage, waste management, and remediation activities; and construction. Among these subsectors, manufacturing had the highest percentage of employment 8.3% on average from 2010 to 2016.

The services sector has the most number of components. It is composed of 15 subsectors, such as wholesale and retail trade, repair of motor vehicles and motorcycles; transportation and storage;

accommodation and food service activities; information and communication; financial and insurance activities; real estate activities; professional, scientific and technical activities; administrative and support service activities; public administration and defence, compulsory social security; education; human health and social work activities; arts, entertainment, and recreation; other service activities; activities of households as employers, undifferentiated goods and services producing activities of households for own use; and activities of extraterritorial organizations and bodies. Of the 15 subsectors, the wholesale and retail trade, repair of motor vehicles and motorcycles recorded the highest percentage of employed persons which accounted for 18.3% to 19.9% from 2010 to 2016.

TABLE 7.7

LABOR PRODUCTIVITY BY SECTOR

SECTOR	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
At Current Prices (P)													
ALL SECTORS	**148,461**	**161,972**	**175,711**	**192,155**	**205,385**	**226,493**	**228,919**	**249,854**	**261,033**	**280,880**	**302,702**	**327,165**	**343,493**
Agriculture, Forestry & Fishing	51,498	59,863	61,840	66,400	73,084	84,997	87,170	92,733	100,678	103,346	109,705	121,285	120,955
Industry	324,766	345,725	382.292	420,329	444,885	502,865	499,824	543,115	550,323	574,604	604,727	641,928	652,569
Services	164,535	177,913	193,963	212,765	225,357	244,529	247,220	265,629	279,985	304,158	326,851	350,781	370,599
At Constant 2000 Prices (P)													
ALL SECTORS	**130,846**	**135,291**	**138,683**	**144,510**	**149,830**	**153,630**	**151,086**	**158,222**	**158,911**	**167,692**	**177,098**	**185,517**	**196,014**
Agriculture, Forestry & Fishing	49,864	51,281	51,318	52,941	54,954	55,574	55,110	55,425	55,420	57,800	59,734	60,908	63,728
Industry	276,122	281,324	291,596	306,747	316,584	336,603	327,298	344,418	342,486	353,725	373,769	387,739	404,111
Services	144,925	150,093	154,478	160,742	165,688	168,668	165,526	170,183	172,033	180,875	187,988	196,318	204,904
GROWTH RATES (in %) At Current Prices													
ALL SECTORS	**6.3**	**9.1**	**8.5**	**8.3**	**6.9**	**10.3**	**1.1**	**9.1**	**4.5**	**7.6**	**7.8**	**6.0**	**4.7**
Agriculture, Forestry & Fishing	3.8	16.2	3.3	6.2	10.1	16.3	2.6	6.4	8.6	2.7	6.2	8.7	0.3
Industry	5.0	6.5	10.6	9.8	5.8	13.0	(0.6)	8.7	1.3	4.4	5.2	5.0	0.5
Services	6.8	8.1	9.0	8.4	5.9	8.5	1.1	7.4	5.4	8.6	7.5	4.9	5.2
At Constant 2000 Prices (P)													
ALL SECTORS	**3.0**	**3.4**	**2.5**	**3.2**	**3.7**	**2.5**	**(1.7)**	**4.7**	**0.4**	**5.5**	**5.6**	**2.8**	**5.4**
Agriculture, Forestry & Fishing	3.8	2.8	0.1	2.0	3.8	1.1	(0.8)	0.6		4.3	3.3	0.3	5.2
Industry	1.2	1.9	3.7	5.0	3.2	6.3	(2.8)	5.2	(0.6)	3.3	5.7	2.6	3.1
Services	3.1	3.6	2.9	2.8	3.1	1.8	(1.9)	2.8	1.1	5.1	3.9	2.1	3.9

Notes:
1. Beginning 2006, employment data were based on 2000 Census-based population projections.
2. Labor productivity data for 2014 were computed using the average of April, July, and October employment data which excluded that of Leyte. For comparability, 2014 growth rates were computed using 2013 labor productivity whose employment data was the average of April, July, and October that excluded that of Leyte.
3. Labor productivity data for 2015 were computed using the average of January, April, July, and October Labor Force Survey (LFS) rounds which excluded that of Leyte. The use of the annualized LFS data using the four survey rounds was based on the results of the referendum among members of the Inter-Agency Committee on Labor and Productivity Statistics. For comparability, average of 2015 growth rates were computed using the April, July, and October employment data that excluded that of Leyte.

* Less than 0.05%. r Revised figures.

a For comparability of 1997 growth rate with that of 1996, the labor productivity for these two years both used employment data based on 1980 Census-based population projections.

b For comparability of 2006 growth rate with that of 2005, the labor productivity for these two years both used employment data based on 1995 Census-based population projections.

Source: Philippine Statistics Authority, National Accounts of the Philippines and Labor Force Survey (psa.gov.ph)

TABLE 7.8

LABOR PRODUCTIVITY GROWTH RATE BY REGION AND SECTOR (AT CONSTANT 2000 PRICES)

	Growth Rates (by%)					
Region and Sector	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
National Capital Region (NCR)	**2.2**	**1.0**	**6.4**	**6.4**	**2.5**	**5.8**
Agriculture, Forestry, and Fishing	(36.9)	(16.8)	(11.9)	1.1	0.8	29.0
Industry	2.6	(5.1)	6.3	18.2	0.8	2.5
Services	2.3	2.7	6.4	3.9	2.9	6.4
Cordillera Administrative Region (CAR)	**2.3**	**(1.9)**	**(2.5)**	**4.3**	**1.5**	**2.4**
Agriculture, Forestry, and Fishing	(3.7)	2.9	4.2	2.1	(5.4)	(3.6)
Industry	(7.1)	(10.2)	(8.2)	(2.4)	17.3	(2.6)
Services	3.2	(5.1)	(5.6)	6.9	3.3	3.7
Region I	**4.2**	**(0.7)**	**10.9**	**4.8**	**2.9**	**4.7**
Agriculture, Forestry, and Fishing	6.9	1.2	12.2	10.0	2.9	2.6
Industry	9.1	3.9	(2.9)	2.0	3.6	10.6
Services	0.9	(1.8)	13.1	0.6	2.4	2.9
Region II	**(0.5)**	**0.9**	**8.4**	**4.7**	**7.7**	**1.8**
Agriculture, Forestry, and Fishing	(4.3)	6.8	8.4	0.5	10.4	(1.0)
Industry	5.2	(15.8)	10.4	20.6	(4.3)	4.1
Services	(1.8)	1.7	8.4	3.0	4.6	2.3
Region III	**6.3**	**3.9**	**5.9**	**1.5**	**6.4**	**4.2**
Agriculture, Forestry, and Fishing	(2.7)	(4.6)	15.8	2.3	8.7	11.1
Industry	15.0	11.5	2.7	(5.3)	13.1	5.5
Services	2.0	1.1	4.0	5.9	(0.5)	1.2
Region IVA	**6.9**	**(2.1)**	**5.0**	**4.7**	**0.3**	**5.7**
Agriculture, Forestry, and Fishing	8.4	3.6	4.3	11.9	(7.9)	16.2
Industry	5.8	(2.3)	3.5	1.4	2.1	3.5
Services	1.8	(1.2)	4.9	4.8	(0.7)	4.9
Region IVB	**(1.6)**	**(1.7)**	**5.4**	**1.8**	**3.6**	**1.4**
Agriculture, Forestry, and Fishing	(6.4)	(2.2)	2.1	1.4	1.6	9.0
Industry	(6.9)	0.1	4.9	(11.4)	8.9	(9.3)
Services	3.6	(0.2)	6.1	5.3	(3.2)	1.5
Region V	**1.3**	**0.9**	**0.5**	**7.0**	**4.0**	**4.3**
Agriculture, Forestry, and Fishing	4.7	(0.3)	4.3	7.0	2.4	(4.2)
Industry	2.8	(7.2)	(0.6)	8.9	0.3	11.4
Services	(3.3)	3.8	(2.8)	5.0	5.2	4.1
Region VI	**1.3**	**2.8**	**9.2**	**3.3**	**(1.7)**	**7.2**
Agriculture, Forestry, and Fishing	(3.3)	8.1	5.9	(0.8)	(11.1)	2.1
Industry	1.3	*	20.1	7.7	1.2	22.3
Services	2.2	2.3	6.0	2.6	1.6	2.7
Region VII	**7.4**	**3.4**	**8.5**	**6.1**	**3.1**	**1.6**
Agriculture, Forestry, and Fishing	2.3	(1.1)	2.0	(1.0)	(1.3)	3.9
Industry	14.9	0.7	7.0	11.1	2.5	(2.3)
Services	1.8	5.1	7.0	4.4	0.4	2.4

Region and Sector	Growth Rates (by%)					
	2010	2011	2012	2013	2014	2015
Region VIII	**3.1**	**(1.5)**	**(9.4)**	**1.2**	**(0.6)**	**7.3**
Agriculture, Forestry, and Fishing	11.1	(4.1)	(6.4)	(8.7)	(7.5)	9.6
Industry	3.0	(0.8)	(22.6)	6.3	(15.5)	(7.3)
Services	1.2	0.7	3.6	(1.7)	5.0	3.6
Region IX	**(0.6)**	**(2.7)**	**15.5**	**3.6**	**6.3**	**9.0**
Agriculture, Forestry, and Fishing	(4.6)	(8.0)	1.8	1.3	7.4	5.7
Industry	(5.5)	(7.1)	34.8	0.8	11.7	10.0
Services	3.5	(1.2)	8.5	4.8	(0.5)	6.0
Region X	**4.9**	**2.3**	**4.6**	**6.6**	**2.9**	**7.8**
Agriculture, Forestry, and Fishing	(2.9)	3.8	(0.9)	13.0	(5.4)	20.8
Industry	4.7	5.7	(0.5)	2.3	0.7	3.1
Services	7.1	0.1	8.1	0.9	9.4	(0.6)
Region XI	**4.5**	**(2.0)**	**4.2**	**8.1**	**3.9**	**9.4**
Agriculture, Forestry, and Fishing	5.5	(7.8)	4.0	(4.7)	0.4	12.6
Industry	(2.6)	0.7	2.1	17.4	6.7	9.1
Services	5.2	1.8	0.9	5.9	1.3	3.5
Region XII	**1.5**	**1.2**	**7.3**	**7.9**	**3.6**	**2.6**
Agriculture, Forestry, and Fishing	2.5	0.2	2.9	4.3	6.1	0.3
Industry	(7.2)	12.2	12.6	14.8	(5.1)	(5.6)
Services	1.2	(3.9)	8.2	6.6	1.4	5.7
CARAGA	**10.1**	**6.0**	**7.8**	**4.0**	**9.1**	**5.5**
Agriculture, Forestry, and Fishing	3.7	1.2	5.6	6.6	3.9	(6.9)
Industry	17.2	8.0	13.2	3.5	9.3	5.9
Services	4.8	4.9	2.8	2.6	8.3	8.1
Autonomous Region in Muslim Mindanao (ARMM)	**6.0**	**(0.5)**	**(6.8)**	**3.8**	**(2.3)**	**3.0**
Agriculture, Forestry, and Fishing	7.3	(0.5)	(9.3)	5.0	(5.8)	0.8
Industry	48.3	(6.3)	(14.3)	(5.0)	32.3	(35.2)
Services	(0.2)	(2.4)	(0.5)	1.5	(1.0)	14.5

Notes:
1. GRDP data based on updated 1993/2008 SNA available starting 2009.
2. Regional labor productivity is defined as GRDP per employed person in the region.
3. Labor productivity data for 2014 were computed using average employment data of the April, July, and October rounds of the Labor Force Survey (LFS) which excluded that of Leyte. For comparability, 2014 growth rates were computed using 2013 labor productivity whose employment data were the average of the April, July, and October LFS rounds that also excluded that of Leyte.
4. Labor productivity data for 2015 were computed using average employment data of the January, April, July, and October rounds of the LFS which excluded that of Leyte. The use of the average employment data of the four survey rounds was based on the results of the referendum conducted among members of the Inter-agency Committee on Labor and Productivity Statistics. For comparability, 2015 growth rates were computed using 2015 labor productivity whose employment data were the average of the April, July, and October rounds of the LFS that also excluded Leyte.

Source: Philippine Statistics Authority (psa.gov.ph)

TABLE 7.9

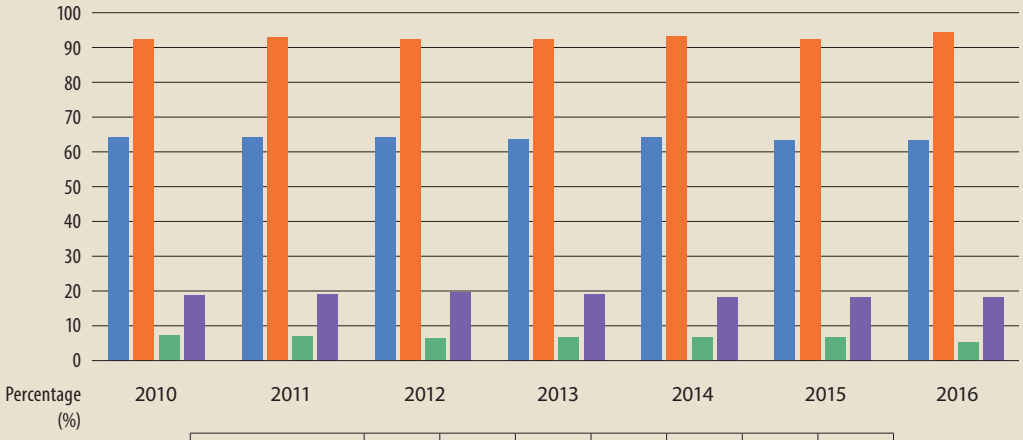
PER WORKER PRODUCTIVITY LEVELS

	Per worker labor productivity levels
2014	16.9
2000	11.9
1990	10.5
1980	11.4
1970	9.4

Notes: GDP at constant basic prices per worker using 2011 PPP, reference year 2014
Unit: USD '000 as of 2014
Source: APO Productivity Databook 2016 (www.apo-tokyo.org)

FIGURE 7.14

ANNUAL LABOR AND EMPLOYMENT STATUS



	2010 %	2011 %	2012 %	2013 %	2014 %	2015 %	2016 %
LFPR	64.1	64.6	64.2	63.9	64.4	63.7	63.4
Employment Rate	92.7	93.0	93.0	92.8	93.2	93.7	94.5
Unemployment Rate	7.3	7.0	7.0	7.2	6.8	6.3	5.5
Underemployment Rate	18.7	19.3	20.0	19.0	18.4	18.5	18.3

Note: The methodology for the computation of annual estimates of labor and employment indicators is based on NSCB Resolution No. 9, Approving and Adopting the Official Methodology for Generating Annual Labor and Employment Estimates, using the average of the estimates of the four LFS rounds.
Source: Philippine Statistics Authority. (psa.gov.ph)

TABLE 7.10

PERCENTAGE OF EMPLOYED PERSONS BY MAJOR INDUSTRY GROUP

	2010	2011	2012	2013	2014	2015	2016
Agriculture	33.2	33.0	32.2	30.4	39.0	29.1	26.9
Industry	15.0	14.9	15.3	15.8	16.0	16.2	17.5
Services	51.8	52.2	52.6	53.8	53.9	54.7	55.6

Source: Philippine Statistics Authority (psa.gov.ph)

TABLE 7.11

PERCENTAGE OF EMPLOYED PERSONS BY OCCUPATION

	2010	2011	2012	2013	2014	2015	2016
Officials of government and special interest organizations, corporate executives, managers, managing proprietors, and supervisors	13.8	14.0	14.9	16.2	16.1	16.3	17.0
Professionals	4.7	4.7	4.8	4.9	5.0	5.1	5.1
Technicians and associate professionals	2.6	2.6	2.7	2.7	2.6	2.7	3.3
Clerks	5.6	5.7	5.6	5.9	6.3	6.4	5.7
Service workers and shop and market sales workers	10.6	11.1	12.1	12.3	12.5	12.7	14.8
Farmers, forestry workers, and fishermen	16.0	15.4	14.1	13.0	13.3	12.9	12.4
Trades and related workers	7.7	7.4	6.7	6.9	6.9	6.7	7.6
Plant and machine operators and assemblers	6.3	6.0	5.4	5.3	5.3	5.4	5.8
Laborers and unskilled workers	32.3	32.6	33.4	32.6	31.6	31.5	28.1
Special occupations	0.4	0.4	0.3	0.3	0.3	0.3	0.2

Source: Philippine Statistics Authority (psa.gov.ph)

Laborers and unskilled workers have always comprised the highest percentage of employed persons. Although it declined in 2016, it still remains number one as against other occupations. This is followed by those who work as officials of government and special interest organizations, corporate executives, managers, managing proprietors, and supervisors. It was also notable that service workers and shop and market sales workers have consistently increased from 2010–16.

TABLE 7.12

PERCENTAGE OF EMPLOYED PERSONS BY CLASS OF WORKER

	2010	2011	2012	2013	2014	2015	2016
Wage and salary workers	54.4	55.2	57.2	58.6	58.2	59.3	61.7
- Worked for private household	5.3	5.2	5.3	5.2	5.0	5.1	5.1
- Worked for private establishment	40.4	41.5	43.6	45.0	45.0	45.6	48.2
- Worked for government and government- controlled corporation	8.4	8.2	8.0	8.0	7.8	8.3	8.1
- Worked with pay in own family-operated farm or business	0.3	0.3	31.8	0.4	0.3	0.3	0.3
Self-employed without any paid employee	30.2	29.6	28.3	27.9	28.0	27.6	26.9
Employer in own family-operated farm or business	3.9	3.6	3.6	3.3	3.2	3.1	3.3
Worked without pay in own family-operated farm or business	11.5	11.6	11.0	10.1	10.6	10.0	8.0

Source: Philippine Statistics Authority (psa.gov.ph)

In terms of employed persons in the informal sector, the Labor Force Survey reported that the number had reached 15.6 million which accounts for 38% of the total number of workers in the country [32].

Informal workers composed of farmers, fishermen, forestry workers, jeepney drivers, ambulant vendors, tricycle drivers, unpaid family workers, etc.

TABLE 7.13

PERCENTAGE OF EMPLOYED PERSONS BY HOURS WORKED IN A WEEK

	2010	2011	2012	2013	2014	2015	2016
At work	98.7	98.7	98.7	98.8	98.6	98.8	99.0
Worked less than 40 hours	35.2	36.2	37.0	34.4	36.4	35.8	32.5
Worked 40 hours or longer	63.5	62.5	61.7	64.5	62.3	63.0	66.6
With job, not at work	1.3	1.3	1.3	1.2	1.4	1.2	1.0
Mean number of hours worked in a week	**41.7**	**41.1**	**41.2**	**41.9**	**40.9**	**41.0**	**42.3**

Source: Philippine Statistics Authority (psa.gov.ph)

By class of worker, more than half of those employed are wage and salary workers, mostly in private establishments. Those who are employed in their own family-operated farm or business comprised the lowest percentage as compared to self-employed without any paid employee or those who worked without pay in own-family operated farm or business.

From 2010–16, the mean number of hours worked in a week by working Filipinos was a little more than 40 hours. This corresponded to the 40 hours a week legally mandated number of hours at work. Interestingly, in the same period, more than 60% Filipinos still worked above 40 hours a week.

TABLE 7.14

PERCENTAGE OF UNEMPLOYED PERSONS BY GENDER

	2010	2011	2012	2013	2014	2015	2016
Male	63.3	63.0	62.5	62.1	63.6	63.7	62.8
Female	36.7	37.0	37.5	37.9	36.4	36.3	37.2

Source: Philippine Statistics Authority (psa.gov.ph)

In April 2005, a new definition of unemployed was adopted based on NSCB Resolution No. 15. Unemployed persons are those who are 15 years old and over as of their last birthday and are reported as: i) without work (i.e., had no job or business during the basic survey reference period); ii) currently available for work (i.e., were available and willing to take up work in paid employment or self-employment during the basic survey reference period, and/or would be available and willing to take up work in paid employment or self-employment within two weeks after the interview date); and iii) seeking work (i.e., had taken specific steps to look for a job or establish a business during the basic survey reference period); or not seeking work because the person is a) tired/believe no work was available, i.e., the discouraged workers who looked for work within the last six months prior to the interview date; b) awaiting results of previous job applications; c) temporary illness/disability; d) bad weather; and e) waiting for rehire/job recall [2]. Overall, unemployment causes in the Philippines can be attributed to structural unemployment, oversupply of graduates, economic recession, and overpopulation [33].

Between male and female, an average of more than 60% males were unemployed from 2010 to 2016 i.e., more men unemployed than women. In terms of age group, in the same period, those 15–24 age bracket charted the highest percentage of unemployed with a range of 51.1% to 48.4% even if this

percentage steadily declined annually. It should be noted that those who belonged to this age group consisted mainly students in either secondary or tertiary levels. In the percentage of unemployed persons with highest grade completed, high school graduates had the highest percentage followed by college graduates. This reflected the lack of employment opportunities in the country for its working population and job and skill mismatch, among others. Considering the high percentage of unemployed college graduates averaged about 20.58% from 2010 to 2016, this translated to lost opportunities for productive work from them.

TABLE 7.15

PERCENTAGE OF UNEMPLOYED PERSONS BY AGE GROUP

	2010	2011	2012	2013	2014	2015	2016
15–24	51.1	50.4	50.0	48.8	49.1	49.0	48.4
25–34	29.6	29.7	29.0	30.0	30.4	30.8	29.3
35–44	9.3	9.8	10.1	10.7	10.1	10.4	10.7
45–54	6.3	6.4	6.7	6.3	6.5	6.2	7.2
55–64	3.0	3.1	3.4	3.5	3.3	2.9	3.5
65 and over	0.7	0.7	0.8	0.7	0.6	0.6	0.9

Source: Philippine Statistics Authority (psa.gov.ph)

TABLE 7.16

PERCENTAGE OF UNEMPLOYED PERSONS BY HIGHEST GRADE COMPLETED

	2010	2011	2012	2013	2014	2015	2016
No Grade Completed	0.5	0.4	0.5	0.5	0.3	0.3	0.7
Elementary	13.1	12.6	13.2	13.2	12.1	12.1	12.9
- Undergraduate	6.1	5.7	5.8	5.9	5.3	5.7	6.4
- Graduate	7.0	6.9	7.4	7.3	6.8	6.3	6.5
High School	45.2	45.1	45.1	44.3	44.0	44.6	42.8
- Undergraduate	12.7	11.5	11.8	11.6	10.9	11.1	11.5
- Graduate	32.5	33.6	33.3	32.7	33.2	33.5	31.2
College	41.2	42.0	32.9	33.8	35.3	34.9	35.2
- Undergraduate	21.7	21.8	13.4	13.8	13.7	13.1	13.9
- Graduate	19.5	20.2	19.6	20.0	21.6	21.8	21.4

Source: Philippine Statistics Authority (psa.gov.ph)

The Philippines has 81 provinces, 145 cities, 1,489 municipalities, and 42,036 barangays [34]. The Census of Population and Housing (CPH) reported that in 2010, 96.5% Filipinos were nonmovers. This means that they have not changed location of residence since 2005. But in terms of domestic migration, within 2005–10, 2.9 million Filipinos moved either in short distance or long distance. In 2005, a little more than 50% of them were short-distance movers or those who lived in a different city or municipality but within the same province. Those who moved to a different province or considered long-distance movers in 2010 reached 1.4 million. They moved to Region IVA, NCR, and Region III. The decision to live in a different place was a combination of many factors, such as perceived better economic opportunities and education, presence of relatives and friends living in the area of destination, marital arrangements, and environmental displacement due to natural, calamities among others [35].

More than 4,000 overseas Filipino workers (OFWs) leave the country every day. They are either documented or undocumented workers. Documented workers are those with valid work permits and who underwent the legal process. Undocumented OFWs are those who work abroad without going through the legal process, for example initially entering the country of destination as a tourist and eventually working in that country without the necessary work permit. Based on data from the PSA, the number of deployed workers in both land-based and sea-based who are documented continued to increase every year, as shown in Table 7.17. For land-based workers, there were more OFWs who were rehired or returned to the same employer.

TABLE 7.17

DEPLOYED OFWS BY WORK BASE

	2010	2011	2012	2013	2014	2015
Land-based	1,123,676	1,318,727	1,435,166	1,469,179	1,430,842	1,437,875
Sea-based	347,150	369,104	366,865	367,166	401,826	406,531
TOTAL	**1,470,826**	**1,687,831**	**1,802,031**	**1,836,345**	**1,832,668**	**1,844,406**

Source: Philippine Statistics Authority (psa.gov.ph)

According to the PSA, in 2015, 51.1% of OFWs were female while male was 48.1%. This may be explained by the fact that most deployed land-based workers were employed as cooks and related work, household service workers, nursing professionals, waiters, home-based personal care workers, and cleaners and helpers in offices, hotels, and others. Other common occupations of land-based OFWs were manufacturing laborers, welders and flamecutters, civil engineering laborers, plumbers and pipe fitters, and building construction laborers. The top destinations of land-based OFWs were Saudi Arabia, United Arab Emirates, Singapore, Qatar, Japan, Kuwait, Hong Kong, Republic of China, Malaysia, Oman, and Bahrain. With regard to seafaring Filipinos, they were mostly employed as ordinary seaman, able seaman, oiler, chief cook, second mate, bosun, third engineer officer, messman, and third mate [2].

The problems of available job opportunities vis-à-vis the available competencies of the labor supply coupled with low wages in the country push Filipinos to work abroad. In the process, their remittances also become responsible for the good economic performance of the country. According to the Bangko Sentral ng Pilipinas (BSP [Central Bank of the Philippines]), in 2014, personal remittances reached almost USD24 billion and between January to August 2015, USD16.21 billion [36].

Youth Employment Challenges

Section 2 of Republic Act 8044 or the Youth in Nation-Building Act recognizes the responsibility of the state to enable the youth to fulfill their vital role in nation-building. It further declares that youth is the critical period in a person's growth and development from the onset of adolescence toward the peak of mature, self-reliant, and responsible adulthood. Section 4 of the same Republic Act defines youth as comprising those who are fifteen (15) to thirty (30) years old [22]. This age group clearly belongs to the working population.

From 2010 to 2014, the youth household population in the country continuously increased. Its share in the labor force and LFPR increased steadily. Among its sixteen regional divisions, NCR had the most number of youth population with an average of more than 3 million. The Cordillera Administrative Region had the lowest number of youth population with an average of only around 500,000 [2].

TABLE 7.18

YOUTH HOUSEHOLD POPULATION, LABOR FORCE, AND LFPR (IN '000 EXCEPT RATES)

	2010	2011	2012	2013	2014
Household Population	26,986	27,609	27,842	28,421	28,354
Labor Force	14,740	15,204	15,257	15,469	15,647
Labor Force Participation Rate	54.6	55.5	54.8	54.4	55.2

Source: Philippine Statistics Authority. Labor Force Survey, Public Use Files (psa.gov.ph)

Employment

In 2010, there were more than 12 million youth employed and surpassed 13 million from 2011 to 2014. Region IVA comprising Cavite, Batangas, Laguna, Rizal, and Quezon led the number of employed youth nationwide with an average of over 1.6 million in the five-year period. Located in the southwestern part of the island of Luzon, Region IVA was considered one of the leading regions in the country for economic investment and growth. There was rapid industrial growth in this area and likewise, influx of people who live in this region. With an average of more than 1.5 million in the same five-year period, the NCR , which included Metro Manila, came in a close second. It is subdivided into 17 local government units with 16 cities and one municipality. The cities are Caloocan, Las Piñas, Makati, Malabon, Mandaluyong, Manila, Marikina, Muntinlupa Navotas, Parañaque, Pasay, Pasig, Quezon City, San Juan, Taguig, and Valenzuela. Pateros is the only municipality of NCR.

TABLE 7.19

YOUTH EMPLOYMENT BY REGION (IN '000)

	2010	2011	2012	2013	2014
TOTAL	**12,644**	**13,160**	**13,236**	**13,404**	**13,677**[a]
NCR	1,658	1,709	1,460	1,525	1,556
CAR	262	261	267	268	273
Region I	645	665	639	648	668
Region II	456	488	515	513	524
Region III	1,352	1,370	1,339	1,379	1,446
Region IV A	1,603	1,707	1,645	1,688	1,797
Region IV B	382	407	446	436	460
Region V	680	692	823	826	833
Region VI	974	1,038	1,034	1,030	1,121
Region VII	984	996	1,021	1,021	1,081
Region VIII	544	567	634	678	379[a]
Region IX	456	474	521	523	513
Region X	678	711	742	725	763
Region XI	626	675	682	671	716
Region XII	585	618	640	636	672
CARAGA	336	340	387	401	416
ARMM	424	442	440	437	459

Note: Based on past week reference period.
[a] Does not include the province of Leyte.
Source: Philippine Statistics Authority. Labor Force Survey, Public Use Files (psa.gov.ph)

In contrast, the Cordillera Administrative Region (CAR) had the lowest average of youth employment at only about 260,000 during the five-year period. CAR is a landlocked region consisting of Abra, Apayao, Benguet, Ifugao, Mountain Province, and Kalinga provinces. Its regional center is Baguio City. Among the industries in the province, agriculture, fishery, and forestry contributed the most to its local economy.

TABLE 7.20

YOUTH EMPLOYMENT BY GENDER (IN '000)

	2010	2011	2012	2013	2014
Male	7,990	8,307	8,373	8,492	8,617
Female	4,654	4,853	4,862	4,912	5,059

Note: Annualized data for 2014 refer to the average of estimates for April, July, and October survey rounds.
The estimates for these rounds exclude Leyte province.
Source: Philippine Statistics Authority. Labor Force Survey, Public Use Files (psa.gov.ph)

The data on youth employment by gender showed a big disparity between male and female with an evident bias toward employing males. On average, there were more than 8.3 million employed male youth compared to only 4.8 million female. This figure was almost half of the number of employed male youth.

TABLE 7.21

YOUTH EMPLOYMENT BY HIGHEST GRADE COMPLETED (IN '000)

	2010	2011	2012	2013	2014
No Grade Completed	119	119	133	112	103
Elementary	2,703	2,780	2,862	2,802	2,691
- Undergraduate	1,415	1,472	1,525	1,490	1,393
- Graduate	1,288	1,307	1,337	1,312	1,298
High School	5,850	6,144	6,162	6,198	6,382
- Undergraduate	2,051	2,196	2,125	2,070	2,060
- Graduate	3,799	3,948	4,036	4,128	4,322
Post Secondary[1]	-	-	613	667	728
- Undergraduate	-	-	186	157	117
- Graduate & Higher	-	-	426	510	611
College	3,972	4,117	3,466	3,625	3,773
- Undergraduate	1,961	2,021	1,362	1,407	1,404
- Graduate	2,010	2,096	2,104	2,218	2,369

Note: Based on past week reference period.
[1] Available starting January 2012. Data were included in the college category in previous years.
Source: Philippine Statistics Authority. Labor Force Survey, Public Use Files (psa.gov.ph)

High school graduates have the highest number of employment. Those who had finished tertiary education or college graduates rank second. However, those who have no grade completed seemed to have the least chance of employment as figures in Table 7.21 show.

Agriculture, hunting, and forestry employed the most youth. The Philippines is an agricultural country and most families make use of the services of family members to help in farms. As of February 2017,

the minimum wage for agricultural workers in both plantation and nonplantation areas ranged from PHP235 to PHP454, while nonagricultural work ranged from PHP235 to PHP491 depending on the region [37]. Service sector such as wholesale and retail trade, repair of motor vehicles, motorcycles, and personal household goods ranked second. Youths employed in the manufacturing industry come in third.

TABLE 7.22

YOUTH EMPLOYMENT BY MAJOR INDUSTRY GROUP (%)

	2010	2011	2012	2013	2014
Agriculture, Hunting, and Forestry	26.82	26.82	26.03	24.65	24.04
Fishing	4.44	4.16	3.97	3.79	3.66
Mining and Quarrying	0.74	0.78	0.89	0.91	0.82
Manufacturing	10.43	10.14	9.84	9.73	10.0
Electricity, Gas, and Water Supply	0.38	0.40	-	-	-
Electricity, Gas, Steam and Air Conditioning Supply	-	-	0.19	0.21	0.18
Water Supply, Sewerage, Waste Management, and Remediation Activities	-	-	0.12	0.14	0.11
Construction	5.30	5.43	5.62	5.95	6.54
Wholesale and Retail Trade; Repair of Motor Vehicles, Motorcycles, and Personal and Household Goods	20.02	20.79	-	-	-
Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	-	-	18.64	19.45	19.63
Hotels and Restaurants	4.50	4.58	-	-	-
Transport, Storage, and Communications	7.48	7.19	-	-	-
Transportation and Storage	-	-	5.92	6.08	5.66
Accommodation and Food Service Activities	-	-	5.33	5.42	5.78
Information and Communication	-	-	1.38	1.43	1.31
Financial Intermediation	1.56	1.66	-	-	-
Financial and Insurance Activities	-	-	1.59	1.63	1.74
Real Estate, Renting, and Business Activities	4.36	4.70	0.26	0.30	0.24
Professional, Scientific and Technical Activities	-	-	0.57	0.59	0.64
Administrative and Support Service Activities	-	-	3.54	3.76	3.97
Education	3.00	3.03	2.93	3.0	3.18
Public Administration and Defence; Compulsory Social Security	-	-	3.06	3.10	3.09
Health and Social Work	1.56	1.51	-	-	-
Human Health and Social Work Activities	-	-	1.54	1.63	1.66
Arts, Entertainment and Recreation	-	-	0.74	0.83	0.78
Other Community, Social, and Personal Service Activities	2.34	2.27	-	-	-
Other Service Activities	-	-	5.14	5.04	4.80
Private Households with Employed Persons	7.05	6.54	-	-	-
Activities of Households as Employers; Undifferentiated Goods and Services-Producing Activities of Households for Own Use	-	-	2.66	2.36	2.14
Extraterritorial Organizations and Bodies	0	0	0	0	0.02

Note: Annualized data for 2014 refer to the average of estimates for April, July, and October survey rounds. The estimates for these rounds exclude Leyte province.
Source: Philippine Statistics Authority. Labor Force Survey, Public Use Files (psa.gov.ph)

A significant influence in the employment of young workers in the Philippines is the informal sector. It is defined by the National Statistical Coordination Board (NSCB) as: "consists of "units" engaged in the production of goods and services with the primary objective of generating employment and incomes to the persons concerned in order to earn a living. These units typically operate at a low level of organization, with little or no division between labor and capital as factors of production. It consists of household unincorporated enterprises that are market and nonmarket producers of goods as well as market producers of services. Labor relations, where they exist, are based on casual employment, kinship or personal, and social relations rather than formal or contractual arrangements" [38]. Those who work in corporations, quasi-corporations, units with 10 or more employees, corporate farms, commercial livestock raising, and commercial fishing are not considered as informal sector.

In 2008, according to the PSA, there were 10.5 million informal sector operators - either self-employed without any paid employee, or employer in own-family farm, or business. There were 9.1 million self-employed and 1.3 million employer [2]. In that year, their workforce was 14.8 million, equivalent to a total share employment of 43.5%. Hence, the informal sector had a high share in total employment in the country. It also contributed to the GDP of the country as it was estimated that 45% of the country's GDP came from the informal sector [39]. The Department of Labor and Employment (DOLE) further pointed out that these workers usually engaged in agriculture, wholesale and retail trade, fishing, transport, storage, and communication. In terms of age distribution, in 2008, those in age group 35–44 years comprised the largest share of informal sector operators at 27.5%, while those in the 15–24 years age group have the least share at 5.2% [2].

TABLE 7.23

YOUTH EMPLOYMENT BY MAJOR OCCUPATION GROUP (IN '000)

	2010	2011	2012	2013	2014
Officials of Government and Special-Interest Organizations, Corporate Executives, Managers, Managing Proprietors, and Supervisors	801	842	923	1,021	993
Professionals	624	660	716	748	799
Technicians and Associate Professionals	326	335	384	381	367
Clerks	1,054	1,097	1,076	1,167	1,286
Service Workers and Shop and Market Sales Workers	1,984	2,161	2,392	2,464	2,577
Farmers, Forestry Workers, and Fishermen	831	834	739	700	723
Trades and Related Workers	772	751	699	729	764
Plant and Machine Operators and Assemblers	790	793	707	715	695
Laborers and Unskilled Workers	5,408	5,635	5,567	5,450	5,440
Special Occupations	54	52	33	32	34

Note: Annualized data for 2014 refer to the average of estimates for April, July, and October survey rounds. The estimates for these rounds exclude Leyte province.
Source: Philippine Statistics Authority. Labor Force Survey, Public Use Files (psa.gov.ph)

More than 5 million youths worked as laborers and unskilled workers, which shed light on more male youths being employed than females and the highest grade completed high school or reached high school level had the most number of employment. Those who have no grade completed or only reached the elementary levels had a hard time landing jobs. Service workers, shop workers, market sales workers as well as clerks rank in second and third, respectively, in the major occupations of youths. College graduates ranked first.

The majority of employed youths, male or female earn incomes from private establishments. Family farms and businesses had the least number in both sexes from 2010–14. A good number of them were

considered in vulnerable employment. According to the PSA, vulnerable employment refers to those self-employed workers without any paid employee and those unpaid family workers in own-family operated farm or business [2]. In this aspect, the male youths outnumber female youths. The average for self-employed without any paid employee was more than 1.2 million for male, and female at more than half a million. Male youths engaged in own family-operated farm or business without pay averaged more than 1.4 million, while the average during the same period for female youths was 800,000 only.

One of the major challenges in the Philippines despite its economic growth is the natural disasters and crises which affect those already in vulnerable employment [40]. For example, in 2013, Typhoon Haiyan directly affected 5.9 million workers in Eastern Visayas, Central Visayas, and Western Visayas. Of this number, 2.6 million were in vulnerable employment. The Bohol earthquake affected 200,000 vulnerable workers out of the estimated 440,000 workers. The Zamboanga City Crisis affected 23,000 vulnerable workers out of 46,000.

Underemployment

Workers who are considered underemployed are those "who express the desire to have additional hours of work in their present job or to have additional job, or to have a new job with longer hours" [2]. From 2010 to 2016, there was a slight change in the underemployment rate. The lowest rate so far was in 2016 with 18.3% and the highest in 2012 with an underemployment rate of 20.0% [2].

The country's poverty closely correlated with underemployment, according to a report by the DOLE in The Philippine Labor and Employment Plan 2011–16. For example, in 2009, it was noted that the five regions with the most number of underemployment except for the ARMM were also the poorest regions which were CARAGA, ARMM, Region V, Region VIII, and Region IX [41]. The same report explained that this situation persists as Filipinos would rather be underemployed than be unemployed as they cannot afford not to earn a living. With limited opportunities for wage employment, they then engage in any form of economic activities.

The number of underemployed youths remained at 2 million from 2010–14 with male youths still outnumbering the female youths. In the same period, Region V had the most number of underemployed male youths, while Region IVA the most number of underemployed female youths. Region V or Bicol Region composed of the provinces Albay, Camarines Norte, Camarines Sur, Catanduanes, Masbate, and Sorsogon. Close to 40% of its economy came from agriculture. Fishing and mining also contributed to its economy [2]. In 2012, three in 10 underemployed were female [2].

High school graduates made the majority of underemployed youth - a trend in both genders during the five-year reference period. The PSA reported that in 2012, one in four underemployed female workers graduated high school. In contrast, youths who have no grade completed made the lowest number in underemployment. The level of education attained by most young workers became a source of their job insecurity as compared to college graduates. In addition, lower education of young workers combined with the increased informality of work arrangements made them vulnerable to precarious work situations - combined with slow economic growth, an inclusive and decent work seemed impossible.

Based on Table 7.27, most underemployed youths spend 40 to 48 hours of work per week while around 250,000 work 49 hours and over weekly. Although the data do not indicate the specific age of these youths, RA 9231 defines the hours of work of those who are 15 years old but below 18 years old. It stipulates that those in this age group are not allowed to work for more than eight hours a day or 40 hours a week. Likewise, they are also prohibited from working beyond 10 o'clock in the evening and six o'clock in the morning the following day [42]. This Act was passed to eliminate the worst forms of child labor and ensure stronger protection for the working child.

TABLE 7.24

YOUTH EMPLOYMENT BY CLASS OF WORKER AND GENDER (IN '000)

	2010		2011		2012		2013		2014	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
TOTAL	**7,990**	**4,654**	**8,307**	**4,853**	**8,373**	**4,862**	**8,492**	**4,912**	**8,617**	**5,059**
Wage and Salary Workers	5,152	3,341	5,451	3,461	5,638	3,504	5,870	3,592	5,966	3,660
- Worked for private household	131	732	127	709	127	699	129	644	119	605
- Worked for Private Establishment	4,618	2,227	4,941	2,358	5,136	2,399	5,347	2,527	5,450	2,620
- Worked for Government and Government- Controlled Corporation	341	365	326	371	313	385	328	401	339	411
- Worked with Pay in Own Family- operated Farm or Business	62	17	57	23	62	21	66	22	58	25
Self-employed Without Any Paid Employee	1,248	526	1,252	534	1,197	508	1,187	532	1,165	545
Employer in Own Family-operated Farm or Business	89	25	86	27	84	30	82	22	76	22
Worked Without Pay in Own Family-operated Farm or Business	1,500	762	1,519	832	1,455	821	1,352	765	1,411	831

Note: Annualized data for 2014 refer to the average of estimates for April, July, and October survey rounds.
The estimates for these rounds exclude Leyte province.
Source: Philippine Statistics Authority. Labor Force Survey, Public Use Files (psa.gov.ph)

Unemployment

The Philippine's modest economic growth is still confronted with high unemployment rate. For one, the problem of youth unemployment remained a major challenge. In April 2014, more than half of the 2.9 million unemployed Filipinos comprised of youths [2]. The transition from school to work among many young job seekers remained a major concern. The Asian Development Outlook 2016 stated that based on a survey, a college graduate took about a year to secure jobs and high school graduates three years longer. Hence, many of them engaged in informal work, part-time and poorly-paid work or continue to be unemployed [43]. This ultimately led to the young population to be self-employed or engaged in vulnerable employment like those unpaid family workers [40]. According to the ADB, one's initial job determined the person's future at work. There was a 50% chance of having a formal and decent work if one's first job is a regular wage job. However, if one's first job is through self-employment, the chance of being stuck in this work arrangement was 70%.

Table 7.28 shows the youth unemployment rate which is the ratio of the unemployed youth to the youth labor force multiplied by 100 [2]. The socioeconomic disparities of male-female population resulted in unemployed female youths at 14.46% compared to 12.72% annual average for male youths. In terms of geographical location, NCR recorded the highest youth unemployment rate from 2010 to 2014, while Region I or the Ilocos Region consistently suffered the highest youth unemployment rate. The reproductive role of women negatively affected the employability of young women. Family responsibilities, such as taking care of siblings, or parents, or giving birth and taking care of offsprings fell on women, and made it much more difficult to integrate into the labor market later on. Rising job skills requirements and limited network compounded this problem. Hence the gender gap at the labor front continued to widen.

TABLE 7.25

YOUTH UNDEREMPLOYMENT BY GENDER AND REGION (IN '000)

	2010		2011		2012		2013		2014	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
TOTAL	**2,245**		**2,368**		**2,505**		**2,458**		**2,374**	
Subtotal	1,678	566	1,751	617	1,843	663	1,820	638	1,723	650
National Capital Region	127	67	154	83	124	76	108	57	101	54
Cordillera Administrative Region	27	13	28	11	28	12	24	12	21	9
Region I	73	20	100	30	100	28	101	31	72	26
Region II	53	14	57	16	47	14	50	16	45	12
Region III	89	27	98	38	120	39	140	54	135	60
Region IV A	180	82	184	93	183	92	184	89	216	91
Region IV B	66	21	60	16	71	21	76	18	67	23
Region V	197	49	186	53	216	62	228	72	189	61
Region VI	180	53	166	44	160	42	166	44	156	55
Region VII	97	39	114	52	123	58	86	47	113	60
Region VIII	93	21	101	28	122	32	124	35	88	27
Region IX	71	20	81	16	95	29	82	25	74	19
Region X	128	55	127	56	147	60	138	48	132	57
Region XI	97	27	85	21	94	19	90	19	101	28
Region XII	93	26	91	28	104	43	101	36	101	32
CARAGA	58	13	68	16	67	17	81	22	69	21
ARMM	48	18	50	16	44	18	43	15	43	15

Note: Annualized data for 2014 refer to the average of estimates for April, July, and October survey rounds.
The estimates for these rounds exclude Leyte province.
Source: Philippine Statistics Authority. Labor Force Survey, Public Use Files (psa.gov.ph)

With regard to distribution of unemployment by age, those in the 15–24 years age group comprised the majority from 2010 to 2014, and again in 2016, where the rate jumped to a high of 48.4% of the total percentage of unemployed working population [2].

From 2010–14, unemployment among the youth population concentrated among high school graduates of both sexes. In October 2016, those seeking additional hours and income increased to almost 500,000 to 7.5 million, noted IBON, a nonprofit research, education and information-development institution. Poor quality jobs, part-time, insecure, low wages, and poor work benefits plagued youths. Those working less than 40 hours per week increased to 13.6% in October 2016 as compared to the same month in 2015 [44]. Canlas and Pardalis mentioned studies by O'Higgins (1993, 2003), Ziss and Dick (2003) and Godfrey (2003) which explained that youths had lesser chance of being employed compared to adults because of lower qualifications, shorter work experience, and limited network [45]. Moreover, young workers would most likely stop working or be fired during recession compared to adult employees of companies who have invested in training them [45].

The economic growth of the country has failed to address its unemployment problem in general and youth unemployment in particular. Various factors come into play - the employment growth or jobs generated/available can barely keep up with the rapid growth of population. In the past six years, the service sector, specifically the business process outsourcing (BPO), tourism, and retail industry had

generated the most jobs [40]. Thus harnessing the full potential of the working population became a primary concern. The neoliberal economic policies have prevented the growth of Filipino industries and the country's agriculture underdeveloped [44]. IBON explained that labor flexibilization and contractualization worsened the problem. Another factor was job mismatch, i.e., a disconnect between labor market needs and the graduates churned out by various institutions further worsened the situation. As reported by the World Bank [46], the country was facing the following skill gaps:

- A combination of job specific and generic skills. Critical skills include the capacity to work independently and communicating effectively, as well as practical knowledge of the job across all sectors and occupations; problem solving and leadership for managers/professionals; teamwork, time management and better grounding in theory for skilled production and sales staff;
- Higher level skills applicable to the service sector - including the continuous provision of some key careers such as business and finance (also provided at the post-secondary level), as well as high level academic and behavioral skills particularly applicable to the sector, such as excellent literacy levels and client-orientation skills, including communication and foreign language (foreign language is currently underestimated by employers but latest findings on English skills are suggesting that this is an area with long-term implications for development which needs more attention); and
- Skills supporting a more competitive manufacturing sector - including skills such as problem solving and creative thinking - particularly important in the manufacturing and export sector - as well as sufficient supply of technical skills and some technologically advanced fields, at both an intermediate and higher level, to help manufacturing firms adapt technological innovations, face international competition, and ultimately, improve their productivity and competitiveness.

Nonetheless, the country pushed hard to mitigate these challenges.

TABLE 7.26

YOUTH UNDEREMPLOYMENT BY HIGHEST GRADE COMPLETED AND GENDER (IN '000)

	2010		2011		2012		2013		2014	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
No Grade Completed	19	5	19	4	22	7	22	4	15	3
Elementary	581	105	578	100	637	103	600	98	562	91
- Undergraduate	339	53	332	50	366	53	335	47	310	41
- Graduate	242	52	247	50	271	51	265	50	252	50
High School	795	254	841	290	881	306	890	299	855	308
- Undergraduate	334	78	361	84	357	92	358	85	335	86
- Graduate	461	176	480	206	524	214	532	214	520	222
Post Secondary[1]	-	-	-	-	68	39	75	36	73	39
- Undergraduate	-	-	-	-	25	12	19	10	14	6
- Graduate & Higher	-	-	-	-	43	27	56	26	59	33
College	284	204	313	224	235	207	233	202	218	209
- Undergraduate	194	101	201	103	127	79	129	79	117	77
- Graduate	90	102	112	121	108	129	104	123	101	132

Note: Annualized data for 2014 refer to the average of estimates for April, July, and October survey rounds.
The estimates for these rounds exclude Leyte province.
Source: Philippine Statistics Authority. Labor Force Survey, Public Use Files (psa.gov.ph)

TABLE 7.27

YOUTH UNDEREMPLOYMENT BY HOURS WORKED ('000)

	2010	2011	2012	2013	2014
TOTAL	**2,245**	**2,368**	**2,505**	**2,458**	**2,374**
Less than 20 hours	501	551	595	569	586
20–29 hours	389	419	430	421	394
30–39 hours	340	340	358	354	335
40–48 hours	735	777	801	814	778
49 hours and over	245	243	282	266	238
Did not work/not reported	34	38	38	34	43

Source: Philippine Statistics Authority. Labor Force Survey, Public Use Files (psa.gov.ph)

TABLE 7.28

YOUTH UNEMPLOYMENT RATE BY GENDER AND REGION (%)

	2010		2011		2012		2013		2014	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
TOTAL	**2,096**		**2,045**		**2,021**		**2,065**		**1,970**	
Subtotal	13.6	15.2	12.8	14.5	12.5	14.5	12.6	14.6	12.1	13.5
National Capital Region	21.3	17.6	20.0	17.5	21.0	17.5	19.6	16.3	20.0	16.5
Cordillera Administrative Region	8.4	11.0	8.8	11.1	9.0	12.6	7.8	10.9	9.0	11.4
Region I	15.7	20.0	15.0	19.6	14.9	19.6	14.0	18.1	16.1	16.1
Region II	7.0	10.0	4.7	8.1	4.8	7.6	4.9	10.8	5.5	11.4
Region III	15.3	17.5	15.6	16.9	16.2	17.9	16.1	17.8	15.0	16.8
Region IV A	18.7	17.1	18.4	16.9	18.0	15.6	18.2	15.6	16.4	14.4
Region IV B	9.3	11.9	8.1	9.9	6.9	12.5	7.3	10.8	7.8	11.0
Region V	10.3	15.9	11.4	15.3	10.0	15.8	11.2	15.7	10.8	12.7
Region VI	14.1	14.5	12.6	13.7	11.6	13.7	13.1	14.7	10.5	12.5
Region VII	15.4	13.8	14.0	12.0	14.8	12.1	13.2	11.5	11.4	11.2
Region VIII	9.8	14.0	8.3	14.9	8.5	14.8	8.1	12.5	9.1	15.7
Region IX	7.4	10.1	6.6	7.9	5.8	11.0	5.8	9.4	6.6	9.5
Region X	9.8	10.5	8.6	9.8	8.7	9.4	10.1	11.9	9.8	11.5
Region XI	10.8	15.3	9.3	12.9	10.1	15.0	11.0	17.4	9.8	12.5
Region XII	7.5	11.0	6.6	8.9	6.3	9.4	7.0	9.6	5.4	7.2
CARAGA	12.5	13.3	10.9	14.0	8.8	12.2	10.3	13.7	8.8	11.7
ARMM	5.4	14.5	4.9	12.0	4.7	13.1	6.2	17.0	5.0	12.9

Note: Annualized data for 2014 refer to the average of estimates for April, July, and October survey rounds.
The estimates for these rounds exclude Leyte province.
Source: Philippine Statistics Authority. Labor Force Survey, Public Use Files (psa.gov.ph)

TABLE 7.29

PERCENTAGE DISTRIBUTION OF UNEMPLOYMENT BY AGE GROUP

Years	2010	2011	2012	2013	2014	2015	2016
15–24	51.1	50.4	50.0	48.5	49.1	49.0	48.4
25–34	29.6	29.7	29.0	30.4	30.4	30.8	29.3
35–44	9.3	9.8	10.1	10.6	10.1	10.4	10.7
45–54	6.3	6.4	6.7	6.4	6.5	6.2	7.2
55–64	3.0	3.1	3.4	3.4	3.3	2.9	3.5
65 and over	0.7	0.7	0.8	0.7	0.6	0.6	0.9

Source: Philippine Statistics Authority (psa.gov.ph)

TABLE 7.30

YOUTH UNEMPLOYMENT BY HIGHEST GRADE COMPLETED AND GENDER (%)

	2010		2011		2012		2013		2014	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
No Grade Completed	0.16	0.12	0.12	0.06	0.21	0.06	0.20	0.12	0.13	0.06
Elementary	6.48	2.63	5.91	2.73	6.42	2.90	6.41	2.99	5.88	2.54
- Undergraduate	3.06	1.19	2.83	1.09	3.15	1.15	3.06	1.25	2.88	1.01
- Graduate	3.42	1.43	3.04	1.64	3.31	1.75	3.35	1.73	3.01	1.52
High School	24.50	21.68	24.38	21.91	24.03	22.42	23.71	21.50	23.56	20.23
- Undergraduate	8.04	4.36	6.98	4.13	6.96	4.47	7.02	4.00	6.31	3.80
- Graduate	16.47	17.32	17.41	17.84	17.07	17.95	16.70	17.50	17.29	16.42
Post Secondary	-	-	-	-	4.32	4.65	4.29	4.54	4.24	4.44
- Undergraduate	-	-	-	-	1.22	1.33	0.98	0.96	0.64	0.57
- Graduate & Higher	-	-	-	-	3.10	3.32	3.27	3.58	3.60	3.87
College	18.93	25.63	19.66	25.30	15.10	20	15.51	20.91	16.23	22.76
- Undergraduate	10.94	11.89	11.17	11.65	6.50	7	6.73	7.29	6.40	7.42
- Graduate	8.0	13.74	8.50	13.65	8.60	12.99	8.77	13.62	9.83	15.35

Note: Annualized data for 2014 refer to the average of estimates for April, July, and October survey rounds.
The estimates for these rounds exclude Leyte province.
Source: Philippine Statistics Authority. Labor Force Survey, Public Use Files (psa.gov.ph)

Policies and Programs Promoting Youth Entrepreneurship

Youth employment problems should be high on government's priorities as they are more prone to economic shocks. Youth unemployment can lead to insecurity with multiplier effects on their respective families and lastly, unemployment may lead to a lifetime of unemployment or underemployment [44].

Cognizant of the major role young workers play in the future of the country, the following policies and programs have been established to promote youth employment and youth entrepreneurship, enhance employability, and provide social protection, decent work, and equal employment opportunity to young workers. It is worth mentioning though that some programs and policies were in place to promote employment in the country in general.

1) The Philippine Constitution. Article 2 Section 13. The State recognizes the vital role of youth in

nation-building and shall promote and protect their physical, moral, spiritual, intellectual, and social well-being. It shall inculcate in the youth patriotism and nationalism, and encourage their involvement in public and civic affairs.

Section 17. The State shall give priority to education, science and technology, arts, culture, and sports to foster patriotism and nationalism, accelerate social progress, and promote total human liberation and development.

Article XIV Section 1. The State shall protect and promote the right of all citizens to quality education at all levels, and shall take appropriate steps to make such education accessible to all. Section 5 (3). Every citizen has a right to select a profession or course of study, subject to fair, reasonable, and equitable admission and academic requirements.

2) Republic Act No. 8044. An act creating the National Youth Commission, establishing a national comprehensive and coordinated program on youth development, appropriating funds and other purposes. The national comprehensive and coordinated program on youth development shall be based on these principles:
   i) promotion and protection of the physical, moral, spiritual, intellectual and social well-being of the youth to the end that the youth realize their potential for improving the quality of life;
   ii) inculcation of patriotism, nationalism and other basic desirable values, faith in the Creator, belief in the sanctity of life and dignity of the human person, conviction for the strength and unity of the family, and adherence to truth and justice;
   iii) encouragement of youth involvement in character-building and development activities for civic-efficiency, stewardship of natural resources, agricultural, and industrial productivity, and an understanding of world economic commitments on tariffs on trade and participation in structures for policy-making and program implementation to reduce the incidence of poverty and accelerate socioeconomic development; and
   iv) mobilization of youth's abilities, talents, and skills, and redirecting their creativity, inventive genius, and wellspring of enthusiasm and hope for the freedom of our people from fear, hunger, and injustice.
3) Republic Act 8044 Section 3. Development Program. To achieve the functional objectives of the National Youth Commission, a national comprehensive and coordinated program on youth development was established. It has the following programs among others:
   i) formulation, approval and implementation of a Medium-term Youth Development Program every three years, which shall align to and complement theMedium-term Philippine Development Plan taking into account the existing National Development Plan;
   ii) a national study on the "Situation of Youth in the Philippines" every three years, identifying priority needs, prevailing attitudes and values of youth, the existing services, and gaps in services delivery of the basic needs of youth; and
   iii) comprehensive coordinated nationwide service delivery system comprising existing public and civic services for youth, which after review and reform or realignment fully support the policy and program framework under this Act, and innovative services and delivery systems institutionalized in areas with or without adequate services and which are responsive to needs, following pilot demonstration projects to test the validity and feasibility of the services.
4) Republic Act No. 10644 or the Go Negosyo Act. Encourages the establishment of microenterprises and SMEs in order to generate jobs, achieve inclusive growth, reduce poverty, and foster national development.
5) Republic Act No. 10742. Establishes reforms in the Sangguniang Kabataan, creating enabling mechanisms for meaningful youth participation in nation-building and for other purposes. The following were likewise established under this Act: the Comprehensive Barangay Youth Development Plan (CBYDP), Local Youth Development Council (LYDC), and the Local Youth Development Plan (LYDP) in consonance with the Philippine Youth Development Plan (PYDP) which is the national plan for youth.
6) Republic Act No. 6727 Wage Rationalization Act. Sets minimum wage to protect the welfare of

workers by specifically establishing a new mechanism for minimum wage determination through the creation of the National Wages and Productivity Commission (NWPC) and the Regional Tripartite Wages and Productivity Boards (RTWPBs) in all regions of the country.

7) Public Employment Service Office Act of 1999. Mandates local governments nationwide to give full and equal employment opportunities for all. A Public Employment Service Office (PESO) in all local government units are mandated to carry out PESO's initiatives.

8) Republic Act No. 7796. Otherwise known as the Technical Education and Skills Development Act (TESDA) of 1994 encourages full participation of industry players and mobilize the industry, labor, local government units, and technical-vocational institutions in the skills development of the country's human resources. Generally, TESDA formulates manpower and skills plans, sets appropriate skills standards and tests, coordinates and monitors manpower policies and programs, and provides policy directions and guidelines for resource allocation for technical-vocational education and training (TVET) institutions in both private and public sectors [47].

9) Republic Act 10361. An Act instituting policies for the protection and welfare of domestic workers. Article II, Section 9. Right to Education and Training. The employer shall afford the domestic worker the opportunity to finish basic education and may allow access to alternative learning systems and, as far as practicable, higher education or technical and vocational training. The employer shall adjust the work schedule of the domestic worker to allow such access to education or training without hampering the services required by the employer.

10) Republic Act 7323 or the Special Program for the Employment of Students. This helps poor but deserving students pursue their education through employment during summer and/or Christmas vacations, through incentives granted to their employers by allowing them to pay only 60% of their salaries or wages and the 40% through education vouchers to be paid by the government. It also gives the opportunity to out-of-school youth to finish their education and engage them in a viable employment-bridging program.

11) Republic Act No. 10533 or the Enhanced Basic Education Act of 2013. A Grade 11 student who chooses the Technical-Vocational-Livelihood track can obtain a Certificate of Competency (COC) or a National Certificate Level I (NC I). In Grade 12, that same student can obtain a National Certificate Level II (NC II) for as long as the competency-based assessment of TESDA is passed. Having an NC I and NC II increases one's employability in the fields of agriculture, electronics, and trade.

12) Ratification of ILO Conventions. i) ILO Convention 100 ensures equal remuneration for men and women workers for work of equal value; rates of remuneration established should not be discriminated based on gender, ii) ILO Convention 111 is designed to promote equal opportunity and treatment in respect of employment and occupation, with a view to eliminate any form of discrimination, iii) ILO Convention No. 122 refers to employment policy which guarantees full opportunity to all workers regardless of gender.

13) Labor Code Article 135. Discrimination prohibited. It shall be unlawful for any employer to discriminate against any woman employee with respect to terms and conditions of employment solely on account of her gender. The following are acts of discrimination:

    i) payment of a lesser compensation, including wage, salary, or other form of remuneration and fringe benefits, to a female employee as against a male employee, for work of equal value; and

    ii) favoring a male employee over a female employee in regards to promotion, training opportunities, study, and scholarship grants solely based on gender.

    Criminal liability for the willful commission of any unlawful act as provided in this Article or any violation of the rules and regulations issued pursuant to Section 2 hereof shall be penalized as provided in Articles 288 and 289 of the Labor Code. Provided, that the institution of any criminal action under this provision shall not bar the aggrieved employee from filing an entirely separate and distinct action for money claims, which may include claims for damages and other affirmative reliefs. The actions hereby authorized shall proceed independently of each other.

14) Labor Code Article 136. Stipulation against marriage. It shall be unlawful for an employer to

require as a condition of employment or continuation of employment that a woman employee shall not get married, or to stipulate expressly or tacitly that upon getting married, a woman employee shall or separated, or to actually dismiss, discharge, discriminate, or otherwise prejudice a woman employee merely by reason of her marriage.

15) Labor Code Article 137. Prohibited acts. It shall be unlawful for any employer:
   i) To deny any woman employee the benefits provided for in this Chapter or to discharge any woman employed by him for the purpose of preventing her from enjoying any of the benefits provided under this Code.
   ii) To discharge such woman on account of her pregnancy, or while on leave, or in confinement due to her pregnancy.
   iii) To discharge or refuse the admission of such woman upon returning to her work for fear that she may again be pregnant.
16) Philippine Development Plan 2017–22. This serves as the economic blueprint of the Philippine government. It aims to strengthen the GDP of the country, achieve inclusive growth, reduce poverty, reduce unemployment ,and make the Philippines an upper-middle income country by 2022.
17) The Philippine Youth Development Plan is a framework for youth development and empowerment. It involves national and local governments to implement sustainable programs for youth development under the National Youth Commission.
18) Millennium Development Goals (MDG). As a member of the United Nations, the Philippines is one of the 189 countries that adopted the MDG initiated by UN. Its goals are to:
   i) eradicate extreme poverty and hunger;
   ii) achieve universal primary education;
   iii) promote gender equality and empower women;
   iv) reduce child mortality;
   v) improve maternal health;
   vi) combat HIV/Aids, malaria, and other diseases;
   vii) ensure environmental sustainability; and
   viii) develop a global partnership for development.
19) Youth Development Index (YDI). It seeks to measure youth development in education, employment, health, civil and political participation. In turn, this will result in better planning and implementation of policies geared toward the youth.
20) Micro, Small and Medium Enterprise Development Plan for 2011–2016. This Plan aims to solve problems that beset the growth and development of microenterprises and SMEs by focusing on the business environment, access to finance and markets, and productivity and efficiency.
21) Philippine Labor and Employment Plan 2011–16. A framework and vision that provide strategic directions for labor and employment in the country.
22) Department of Science and Technology (DOST) Scholarships. The Department offers three scholarships such as;
   i) DOST-SEI Merit Scholarship Program - for priority courses in the basic sciences, engineering, other applied sciences, and science and mathematics teaching at selected universities,
   ii) RA 7687 Science and Technology Scholarship Program or the Science and Technology Scholarship Act of 1994 - intended for talented and deserving students whose families' socioeconomic status do not exceed the set cut-off values of certain indicators; the fields of study are in the basic sciences, engineering, other applied sciences, and science and mathematics teaching, and
   iii) RA 10612 Junior Level Science Scholarship (JLSS) Program - granted to third year students enrolled in priority fields of study in engineering, basic and applied sciences, and science and mathematics teaching at selected universities and colleges.
23) Commission on Higher Education (CHED) Scholarships.

i) Full Scholarship for high school graduates whose general weighted average (GWA) is at least 90% or equivalent, and graduating high school students whose GWA is at least 90% or equivalent in the third year and at least 90% in the first three grading periods of the fourth year, who will enrol in selected courses of reputable public or private higher education institutions (HEIs).

ii) Partial Scholarship for high school graduates whose GWA is at least 85% or equivalent and graduating high school students whose GWA is at least 85% in the third year and 85% in the first three grading periods of the fourth year, who will enrol in selected courses of reputable HEIs.

24) DOLE Apprenticeship and Employment Program. Provides new entrants of the labor force with the opportunity to acquire basic skills and work experience, which are of prime importance to employers in hiring new employees.

25) DOLE JobStart Philippines Program. Youth beneficiaries receive full-cycle employment facilitation services, which include career guidance and coaching, life skills training for eight days, technical skills training for up to three months, and company-based internships for up to six months. The government will pay PHP9,000 training fee to employers who accept the interns.

26) DOLE Integrated Livelihood Program. Under this program, trainings such as productivity improvement, worker safety and health, and entrepreneurship development are conducted for those with existing livelihood activities to make them viable and sustainable.

27) DOLE Kabuhayan Starter KITS Project. The objective of this program is to improve the socioeconomic well-being of those in the informal economy, groups or sectors with special concerns, and displaced wage workers both locally and overseas.

28) Nego-Kart (Negosyo sa Kariton). This project is intended for ambulant vendors where they are provided with capital or raw materials, vending cart and accessory livelihood tools, trainings on business management, entrepreneurship, and production skills, and business permits for their operation.

29) TESDA Enterprise-Based Training Programs. This program has three components;

i) Apprenticeship Program that will ensure availability of qualified skilled workers according to the requirements of industries,

ii) Learnership Program which is a practical training on-the-job for approved 'learnable' occupations, and

iii) Dual Training System which is a training modality that employs active partnerships between business enterprises and technical vocation schools so there is a continuous supply of best job-fit and ready workers for industries.

30) Sustainable Livelihood Program (SLP) of the Department of Social Welfare and Development (DSWD). This is a community-based capacity building program through creation of more employment and entrepreneurial opportunities.

31) Government Internship Program (GIP) of DSWD. Out-of-school and in-school youths could learn life skills in the workplace by giving them the chance to work in government agencies during summer breaks.

32) Government Internship Program (GIP) of DOLE. A component of Kabataan 2000 under EO no. 139 series of 1993, this program provides young workers the opportunity to work for government agencies/entities projects and programs at both national and local levels.

33) Alternative Learning System (ALS) of the Department of Education (DepEd). The ALS is a substitute for those who does not have access to formal education. Learnings are community-based, such as in community learning centers, barangay multi-purpose hall, libraries, or at home. It is managed by ALS learning facilitators. Students in ALS can enroll in Basic Literacy Program or in the Continuing Education Program - Accreditation and Equivalency (A&E). Learnings can take place depending on the availability of the learners.

34) Career Guidance Advocacy Plan 2017–22. This gives access to information and provide guidance

on career and education or training options available to young people so that they will be able to make the most of the opportunities available to them.

35) Youth Entrepreneurship Support (YES) Project. The objectives of this project are to;
   i) mobilize college and technical-vocational graduates to become young entrepreneurs, thereby generating income and jobsin the countryside,
   ii) meet the employment needs of young graduates through a comprehensive package of entrepreneurship-related services that will contribute to uplifting their living conditions,
   iii) help raise the quality of life of households and increase household economic worth by unleashing youth entrepreneurship potentials in innovative community-based business ventures, and
   iv) intensify enterprise development through collaboration and partnership between DOLE and the educational institutions in preparing college and technical-vocational graduating students and business graduates.

36) My First Job Program. Spearheaded by the DOLE, in partnership with the ADB and the Canadian International Development Agency (CIDA), it provides skills training and promote employment among the youth.

   No less than the Philippine Constitution, the highest law of the land recognizes the role of the youth in nation-building. Based on the foregoing, the country has many policies and programs dedicated to its youth. In 2009, Habito made an evaluation on the Promoting Youth Employment in the Philippines (PYEP) project, which was built on these 4Es; a) Entrepreneurship, b) Employability, c) Equal opportunity, and d) Employment creation. The following are some problems identified in the successful implementation of the project:
   i) Policies and programs that help youth employment were mostly uncoordinated, isolated, and activity-driven rather than results-oriented; accessibility of these programs was unevenly distributed nationwide.
   ii) Coordination at the local level was more successful than at the national level.
   iii) Public Employment Service Offices could not effectively address youth employment challenges.
   iv) There was weak ownership of the project by the government agencies that were involved, such as DOLE and NYC.
   v) Changes in political leadership affected the sense of ownership of a program as new leaders did not want their programs to be identified with the previous administration.
   vi) Unappreciative or uninterested attitude toward entrepreneurship as employment is still preferred.
   vii) Problematic access to financing, technology, raw materials, and markets.
   viii) Reluctance of local government units to promote or implement various incentives to small businesses as provided by law.
   ix) Dole-out mentality [48].

While ensuring the welfare of the youth in the aspect of employability is a daunting task, the country has so far made progress on this. A report by the Bureau of Local Employment shows that since the inception of the SPES program in 1993 to 2016, it has helped a total of 2,611,491 students and out-of-school youth beneficiaries nationwide. They have either finished high school, college, or technical-vocational programs.

With regard to the DOLE Government Internship Program, in 2016, the number of youth who underwent the program reached 43,035 nationwide. This meant that they were able to gain experience as interns in government institutions and local government units or “barangay”. The DOLE Regional Office VIII has the most number of interns recorded at 8,402.

Somehow, the success of government programs and initiatives for youth can be proven by the 2016 Global Youth Development Index (YDI) report by the Commonwealth. Based on the report, the

Philippines ranked 79 out of more than 180 countries and indicated that the country had a high YDI in 2010 [49]. The following table shows its YDI and domain ranks and scores.

At present, while there was progress at the labor front in the country, this can still be further improved. Persistent problems afflicting the labor market, such as regional disparities in terms of job opportunities, engagement in poor quality jobs as laborers and unskilled workers, and the historical disparity between male and female unemployed youth still exist. The bias for male youth worker still persisted. While there was a modest decline in unemployment rate, figures were still high. Data show that youth still account for majority of those without work. Another important problem which the Philippine government need to urgently act on were the young population who were neither in employment, education, or training (NEET). Indexmundi reported that in 2012, the share of youth population in the Philippines ages 15–24 who were in NEET was 24.78% [5]. Hence, addressing the youth employment challenges in the country was indeed a gargantuan task.

TABLE 7.31

PHILIPPINES 2016 YOUTH DEVELOPMENT INDEX AND DOMAIN

Global Rank	79	
2016 YDI Overall Score	0.645	
YDI level 2010	High	
YDI Overall Score	0.635	
Domains	Rank	Score
Health & Well-being	89	0.712
Education	112	0.698
Employment & Opportunity 2016	116	0.509
Civic Participation	144	0.303
Political Participation	125	0.469

Source: Global Youth and Development Index and Report 2016 (www.youthdevelopmentindex.org)

Policy Implications and Recommendations

The country will reap the rewards of demographic dividend for years to come. However, this demographic dividend is not guaranteed. The Philippine government should ensure that the country has the right policy environment to be able to realize this demographic dividend.

It is imperative to make the economy grow faster and more inclusive. A high unemployment rate for example can lead to an increase in income inequality, poverty, poor health, and crime, to name a few. Also, whatever gains the country has so far enjoyed with its economic growth will be left for naught.

To accelerate growth and ensure decent work in the country, the ILO recommended;
i) increase investments that will generate massive quality improvement,
ii) mainstream productive employment in industry roadmaps,
iii) invest in skills,
iv) improve the labour market information system, and
v) intensify the social protection agenda [40].

Narrowing the gap between labor supply and demand is key. According to the ILO, this requires a "more broad-based growth driven by productivity gains across all sectors". Job skills mismatch can be addressed by enhancing employment services such as career guidance and coaching. Further skills training can also give the young working population an advantage in terms of employability as they will be better equipped and become job ready. Aside from increased competition, young working

population have a hard time entering the labor force due to lacks in experience and skills. Job skill mismatch can be addressed through enhanced academe and industry partnerships. Schools can tailor-fit their curricula based on the needs of various industries.

Local government units also need to intensify targetted and wider information dissemination on job opportunities by enlisting the help of private organizations and nongovernment units.

Support system for those transitioning from school to work should be made available. Job placement programs are necessary for young job seekers to make informed decisions. This necessitates active participation of public employment service offices nationwide as well as other government agencies, such as DOLE that could directly assist in securing decent employment, improve the employability of young women to close the gender gap, and those neither in school, education or training.

In the Philippines, there is a widening gap between urban and rural areas. The government should help aspiring entrepreneurs by intensifying its programs in providing collateral-free loans, particularly to poor regions of the country. In short, government should promote and ensure a more enabling environment that will enhance the spirit of entrepreneurship of the youth. This will make the local economy vibrant and at the same time, improve the quality of life of people. In this connection, the government should improve its investments in rural areas to aid growth in agriculture.

In order to maximize government resources, it would be best to identify programs to be abolished or modified as well as determine new interventions that generate the greatest impact of job generation on the young working population. This requires an in-depth evaluation of programs or measures implemented by the government at both national and local levels.

With regard to capacity building for youth employment, the APO can engage strong partnership with various government institutions in member countries in the areas of skills training for decision makers and policy makers. This can be done through;

i) planning, developing, and implementing programs,
ii) supporting projects and programs that will improve youth employment, such as addressing the mismatch between education and the labor market, and
iii) promoting entrepreneurship.

Lastly, an integrated framework on all employment plans and programs of the country should be established and properly coordinated. An interagency mechanism will help unify the direction of the various government agencies involved in promoting youth employment, decent work, and youth entrepreneurship.

Study Limitations

Labor market statistics are invaluable tools for problem solving and decision making by policy makers. As such, it is imperative to have an updated and well-disseminated labor force survey. The labor market database should be complete and updated at both national and local levels. Websites of concerned government agencies should be constantly updated, complete, and contain pertinent data. In addition, requests for data must be given utmost attention by government institutions. The inattention of public servants to requests for data is a major problem in any research undertaking.

It would also be helpful to include in the labor force survey information about the respondent's skills so that the magnitude of skill mismatch in the labor market can be determined and appropriate measures introduced. In addition, information on those "not in education, employment and training" (NEET) as well as those in the school-to-work transition period must likewise be included in the labor force survey to give policy makers concrete data that will aid them in crafting policies and programs, and guide them in arriving at decisions beneficial to youth.

Finally, for this study, it was difficult to validate or compare data, as youth in the country was defined as those who are 15– 30 years old, while the ILO and the UN defined youth as those whose age ranges from 15–24. Hence, in the interest of conforming to the definitions set by international bodies, the Philippine government should review and harmonize definitions used globally.

CHAPTER 8

THAILAND

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Introduction

Overview of Thailand's Socioeconomic and Political Profile

Thailand's economy grew at an average rate of 7.5% in the boom years of 1986–96 and 5% following the Asian crisis during 1999–2005. However, Thailand had become an upper-middle income economy by 2011. Following a period of economic decline in 2014 (0.8%), the growth in 2015 was increased to 2.8% and 3.1% in 2016. The World Bank forecasted growth of 3.2% in 2017 (Table 8.1), but this is still below the country's growth potential. Political uncertainty remains an issue. Currently, Thailand is ruled by the National Council for Peace and Order (NCPO), whose stated goals are to restore stability and enact reforms. In February 2016 the council announced that it was in the process of drafting a new constitution, with elections scheduled before the end of 2018.

Economic growth has been the key driver of poverty reduction. However, poverty remains a challenging issue, with 88% of the country's 5.4 million poor living in rural areas especially in the north and northeast. The benefits of economic success have not been shared equally, especially between Bangkok, Thailand's largest urban area, and the rest of the country.

TABLE 8.1

YEARLY GDP GROWTH RATE (%)

Year	GDP Growth Rate (%)
1990–1995	8.1
1995–2000	0.7
2000–2005	5.3
2005–2010	3.7
2010–2014	3.0
1990–2014	4.2
2014	0.8
2015	2.8
2016	3.1
2017	3.2*

* Growth forecast by World Bank (2016) [1]
Source: APO Productivity Databook, 2016 (p.24) [2]

Human Development Index and Inequality - Adjusted Human Development Index

The UN's Human Development Index (HDI) is an index of 187 countries measuring the average achievement in three dimensions of human development:

i) The health dimension is assessed by life expectancy at birth

ii) The education component is measured by mean of years of schooling for adults aged 25 years, and the expected years of schooling for children of school entering age

iii) The standard of living dimension is measured by gross national income per capita

The goalpost for minimum income is USD100 (purchasing power parity - PPP) and the maximum is USD75,000 (PPP). Thailand's HDI had consistently increased and ranked 103rd (0.690) in 2013, and rose to 93rd (0.726) in 2014.

The Asia-Pacific region's average life expectancy at birth is 72.7 years. Thailand has a life expectancy of 74.4 years, an expected year of schooling of 13.5 years, and average of 7.3 mean years of schooling. Thailand has GNI per capita USD13,323. However, when adjusted for inequality, Thailand's HDI falls to 0.576, a loss of 20.6%. Income inequality still has a wide gap of 34.0%, whereas Asia-Pacific HDI falls to 0.572, a loss of 19.4 % and income inequality 27.4%, as shown in Table 8.2.

TABLE 8.2

HDI AND INEQUALITY (ADJUSTED HDI)

HDI and Inequality - adjusted HDI	Year 2014	
	Asia-Pacific	Thailand
HDI rank	-	93
Human development index (value)	0.710	0.726
Life expectancy at birth (years)	74.0	74.4
Expected year of schooling (years)	12.7	13.5
Mean year schooling (years)	7.5	7.3
Gross national income per capita (2011 pp USD)	11,449	13,323
Inequality - adjusted HDI (value)	0.572	0.576
Inequality – adjusted HDI (Overall loss %)	19.4	20.6
Inequality in life expectancy (2010–15 %)	11.7	9.5
Inequality in education	18.4 (%)	16.1
Inequality in income	27.4 (%)	34.0

Source: UNDP (2016) Asia - Pacific Human Development Report (p.255)

Population

Thailand's population is approximately 67 million, with a yearly growth rate of 0.4% (2010–14). Population increased from 47.369 million in 1980 to 66.402 million in 2010, with a forecast of 67.858 in 2020. The rural population decreased from 73.21% to 55.92% (1980–2010); the figure is expected to fall to 44.46% in 2020. Meanwhile the urban population gradually increased from 26.79% to 44.08% during 1980 to 2010 and will be 55.84% in 2020.

For the share of the population aged 0–14 years, there was a decrease from 19.20% in 2010 to 17.97% in 2014, whereas the population aged 15–64 years and aged 65 and over, the number grew from 8.90% in 2010 to 9.44% in 2012 and 10.08% in 2014. However, dependent population aged 1–14 and 65 and over remained at a consistent rate (Table 8.4).

Population ageing is a relatively new occurrence for Thailand; it was in 2001 that Thailand became an ageing population with more than 7% of the population aged over 65. "By 2040, Thailand's aging

population is expected to increase to 17 million, accounting for 25% of the population". This means that out of every four Thais, one will be a senior citizen (Office of the National Economics and Social Development Board, 2013) [5].

TABLE 8.3

THAILAND RURAL AND URBAN POPULATION

Year	Total Population ('000)	Rural Population		Urban Population	
		Person ('000)	%	Person ('000)	%
1980	47,369	34,678	73.21	12,691	26.79
1990	56,583	39,934	70.58	16,649	29.42
2000	62,343	42,773	68.61	19,570	31.39
2010	66,402	37,132	55.92	29,270	44.08
2020	67,858	29,964	44.46	37,894	55.84

Source: UN, Development of Economic and Social Affairs (2014) [4]

TABLE 8.4

DEMOGRAPHIC BREAKDOWN IN 2010–14

Population	Year				
	2010	2011	2012	2013	2014
Total population ('000)	65,926.26	66,134.77	66,392.95	66,676.94	66,948.34
Population growth rate (%)	0.44	0.32	0.39	0.43	0.41
Share of population aged 0–14 (%)	19.20	18.85	18.53	18.24	17.97
Share of population aged 15–64 (%)	71.91	72.00	72.04	72.02	71.95
Share of population aged 65 and over (%)	8.90	9.16	9.44	9.74	10.08
Share of dependent population aged 1–14 and 65 and over (%)	28.09	28.00	27.96	27.98	28.05
Demographic dividend (index)	2.56	2.56	2.58	2.57	2.56

Source: Online APO Productivity Databook 2016

Gender Development Index and Gender Inequality Index

Gender equality and women's empowerment are essential for growth, faster poverty reduction, and sustainable development. Gender equality and the empowerment of women in Thailand remain as challenges. There is a lack of gender disaggregated data. Traditional attitudes and stereotypes underpin domestic violence and violence against women, low participation of women in politics and decision-making positions, discrimination and vulnerabilities of ethnic and rural women as well as women in the informal sector. HIV prevalence, trafficking, and exploitation remain issues. The Thailand Gender Inequality Index was 0.380 in 2014, higher than in Asia-Pacific region. Its ranking has dropped from 69 in 2011 to 76 in 2014.

The HDI was 0.726 for female and 0.728 for male. Meanwhile, in the Asia-Pacific region, the figures are female 0.692 and male 0.730. Male labor force participation rate (ages 15 and older) was 80.7%, higher than female at 64.3%. Comparative figures in the Asia-Pacific region was male at 79.4%, and female at 62.6%, as shown by Table 8.5.

TABLE 8.5

GENDER DEVELOPMENT INDEX AND GENDER INEQUALITY INDEX

Gender Development Index and Gender Inequality Index	Asia-Pacific	Thailand
Gender Development Index (value)	9.48	1.00
Human Development Index	0.692 (female) 0.730 (male)	0.726 (female) 0.728 (male)
Gender Inequality Index	0.328	0.380
Rank	-	76
Labor force participation rate (% ages 15 and older)	62.6 (female) 79.4 (male)	64.3 (female) 80.7 (male)

Source: UNDP (2016) Asia-Pacific Human Development Report (p.227–228) [6]

Labor Market Overview

Labor Participation

The Labor Force Survey in 2016 (National Statistical Office (a), 2016) found that out of a total population 67.43 million, 55.61 million Thais were of working age (15 years old and over) and 37.69 million were in the labor force which included seasonally inactive labor force of 0.19 million. The population not in the labor force was 17.34 million. This comprised household workers, students, and the old age population. The number of unemployed persons increased slightly from the year 2012 to 2016 (0.25 million in 2012, 0.32 million in 2014, and 0.37 million in 2016), as shown in Table 8.6.

Employment

Men are more likely to be unemployed than women. However, the number of unemployed females continously increased, in parallel with the unemployed males (Table 8.6). The unemployment situation in Thailand has consistently declined and substantially improved to a level that is almost three times lower than that from 10 years ago (Labor Force Surveys, 2001–10). In 2016, the majority of employed persons (15 years and over) are skilled agricultural and fishery workers (11.27 million), service workers and shop and market sales workers (7.45 million), craft and related trades workers (4.13 million), and elementary occupations (3.93 million), respectively. The number of skilled agricultural and fishery workers declined from 2012 to 2016 for both male and female. However, the number of service workers, shop and market sales workers, and professionals, including technicians and associate professionals consistently increased for both male and female (Table 8.7).

Employment by Sector

In 2016, the number of labor force was 37.36 million, comprising 12.57 million workers in agriculture and 24.79 million in nonagriculture. In comparison to 2015, the number of agriculture workers declined 1.06 million (from 13.63 million to 12.57 million). The number of nonagriculture workers had also reduced by 0.45 million (from 25.24 million to 24.79 million). They consist of manufacturing - 380,000, construction - 200,000, public administration and defense; compulsory social security - 110,000, accommodation and food service activities - 40,000, and education and human health and social work activities - 20,000. However, some sectors saw only a slight increase; wholesale and retail trade; repair of motor vehicles and motorcycles increased by 110,000 while financial and insurance activities and real estate activities by 30,000 (Table 8.8).

The Informal Employment Survey (National Statistical Office (b), 2016) found that the total number of employed persons was 38.3 million persons [7]. The number of employed persons who were not protected or had no social security from work or informal employment was around 21.3 million or 55.6%. Formal employment was about 17.0 million or 44.4%. On informal employment by gender, it

was found that the numbers of male and female were not much different, that is, 11.7 million or 54.9% and 9.6 million or 45.1%, respectively. Underemployed workers were 172,000 persons, or 0.5% of total employed persons, with male at 92,000 persons (0.5%) and female at 80,000 persons (0.5%).

TABLE 8.6

POPULATION AGED 15 AND OVER BY LABOR FORCE STATUS AND GENDER IN 2012–16

Labor Force Status	Year 2012–16 (persons)				
	2012	2013	2014	2015	2016
Total population	**67,891.96**	**68,228.5**	**66,977.3**	**67,211.4**	**67,430.24**
Population aged 15 and over	54,514,029	55,024,159	54,843,084	55,238,460	55,610,141
Total labor force	39,407,838	39,383,790	38,576,232	38,548,232	38,266,591
Employed	38,939,130	38,906,889	38,077,429	38,016,169	37,692,651
Unemployed	259,094	283,520	322,675	340,561	377,466
Seasonally inactive labor force	209,614	193,381	176,128	191,502	196,474
Persons not in labor force	15,106,191	15,640,369	16,266,852	16,690,227	17,343,550
Male					
Population aged 15 and over	26,480,320	26,721,180	26,529,387	26,707,156	26,873,406
Total labor force	21,380,189	21,495,859	21,031,403	20,987,074	20,849,079
Employed	21,129,084	21,245,908	20,753,731	20,690,009	20,522,206
Unemployed	149,061	162,799	184,242	189,972	208,804
Seasonally inactive labor force	102,044	87,151	93,430	107,093	118,069
Persons not in labor force	5,100,131	5,225,322	5,497,984	5,720,083	6,024,326
Female					
Population aged 15 and over	28,033,710	28,302,979	28,313,697	28,531,303	28,736,735
Total labor force	18,027,649	17,887,931	17,544,829	17,561,159	17,417,511
Employed	17,810,046	17,660,980	17,323,698	17,326,160	17,170,445
Unemployed	110,033	120,721	138,433	150,590	168,661
Seasonally inactive labor force	107,570	106,230	82,698	84,409	78,405
Persons not in labor force	10,006,060	10,415,048	10,768,867	10,970,144	11,319,224

Source: The Labor Force Survey, National Statistical Office, Thailand Ministry of Information and Communication Technology

TABLE 8.7

EMPLOYED PERSONS AGED 15 AND OVER BY OCCUPATION AND GENDER IN 2012–16

Occupation and Gender	Year 2012–16 (persons)				
	2012	2013	2014	2015	2016
Total	**39,586,870**	**39,087,021**	**38,262,059**	**38,370,985**	**37,429,716**
1. Legislators senior officials and managers	1,170,590	1,484,361	1,414,920	1,475,764	1,409,613
2. Professionals	1,905,193	1,983,228	2,214,692	2,330,537	2,218,739
3. Technicians and associate professionals	1,442,187	1,496,270	1,740,152	1,700,026	1,737,184
4. Clerks	1,338,339	1,254,846	1,510,921	1,464,252	1,608,330

Occupation and Gender	Year 2012–16 (persons)				
	2012	2013	2014	2015	2016
5. Service workers and shop and market sales workers	7,248,840	6,660,172	7,219,620	7,317,980	7,452,385
6. Skilled agricultural and fishery workers	15,006,133	15,181,209	12,146,183	12,031,075	11,277,616
7. Craft and related trades workers	4,151,867	4,098,661	4,456,959	4,260,360	4,132,701
8. Plant and machine operators and assemblers	3,111,640	3,173,466	3,650,114	3,827,507	3,590,839
9. Elementary occupations	4,184,315	3,725,421	3,867,219	3,918,995	3,932,423
10. Workers not classifiable by occupation	27,767	29,388	41,278	44,490	69,886
Male	**21,333,540**	**21,377,134**	**20,810,004**	**20,853,192**	**20,410,848**
1. Legislators senior officials and managers	846,712	972,560	972,377	981,514	939,691
2. Professionals	798,548	806,452	925,331	971,172	896,743
3. Technicians and associate professionals	691,921	692,715	818,009	788,428	807,089
4. Clerks	387,014	388,314	448,766	436,694	475,202
5. Service workers and shop and market sales workers	2,995,705	2,680,330	2,931,198	2,975,154	3,020,522
6. Skilled agricultural and fishery workers	8,360,294	8,666,337	7,027,965	6,993,644	6,675,964
7. Craft and related trades workers	3,055,106	3,056,247	3,234,364	3,122,504	3,060,797
8. Plant and machine operators and assemblers	2,101,121	2,180,304	2,506,036	2,625,200	2,515,129
9. Elementary occupations	2,086,355	1,918,532	1,928,088	1,937,657	1,986,423
10. Workers not classifiable by occupation	10,766	15,343	17,870	21,225	33,289
Female	**18,253,330**	**17,709,887**	**17,452,055**	**17,517,794**	**17,018,868**
1. Legislators senior officials and managers	323,879	511,801	442,543	494,250	469,923
2. Professionals	1,106,645	1,176,775	1,289,361	1,359,366	1,321,996
3. Technicians and associate professionals	750,266	803,555	922,143	911,598	930,095
4. Clerks	951,326	866,532	1,062,155	1,027,558	1,133,128
5. Service workers and shop and market sales workers	4,253,135	3,979,843	4,288,422	4,342,826	4,431,864
6. Skilled agricultural and fishery workers	6,645,838	6,514,873	5,118,218	5,037,431	4,601,652
7. Craft and related trades workers	1,096,761	1,042,414	1,222,595	1,137,856	1,071,904

Occupation and Gender	Year 2012–16 (persons)				
	2012	2013	2014	2015	2016
8. Plant and machine operators and assemblers	1,010,520	993,162	1,144,078	1,202,307	1,075,710
9. Elementary occupations	2,097,960	1,806,889	1,939,132	1,981,338	1,946,000
10. Workers not classifiable by occupation	17,001	14,044	23,408	23,265	36,597

Source: The Labor Force Survey, National Statistical Office, Thailand Ministry of Information and Communication Technology

TABLE 8.8

EMPLOYMENT BY SECTOR DURING 2015–2016

Sector	2015 (million)	2016 (million)
Total	**38.87**	**37.36**
Agricultural	13.63	12.57
Agriculture, forestry, and fishery	13.63	12.57
Nonagricultural	25.24	24.79
Manufacturing	6.31	5.93
Construction	2.04	1.84
Wholesale and retail trade, repair of motor vehicles and motorcycles	6.03	6.14
Transportation and storage	1.20	1.22
Accommodation and food service activities	2.69	2.65
Financial and insurance activities	0.51	0.54
Real estate activities	0.18	0.21
Public administration and defense; compulsory social security	1.60	1.49
Education	1.17	1.15
Human health and social work activities	0.76	0.74
Other service activities	0.76	0.82
Others	1.99	2.06

Source: The Labor Force Survey, National Statistical Office, Thailand Ministry of Information and Communication Technology

TABLE 8.9

NUMBER OF EMPLOYEE CLASSIFIED BY WORKING HOUR/WEEK

Working hours	2015 (Million)	2016		
		Male (Million)	Female (Million)	Total (Million)
0 hour	0.39	0.19	0.14	0.33
1–34 hour	5.55	2.76	2.36	5.12
Over 35 hour	32.93	17.42	14.49	31.91
Total	38.87	20.37	16.99	37.36

Source: National Statistical Office (2016) Employment Situation Report, ISSN 1685-7437

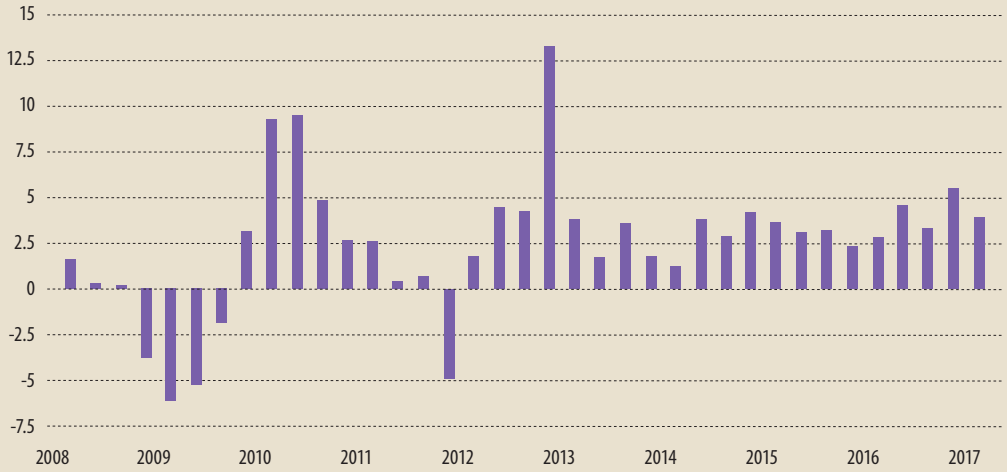
On working hours of employees per week finds that the majority of employees, at about 31.91 million, worked over 35 hours/week (male 17.42 million and female 14.49 million) while those who worked from 1–34 hours was 5.12 million (male 2.76 million and female 2.36 million). For employees who were not working during the survey (0 hours), there were 333,000 in 2016, a decrease from 390,000 in 2015. The number of employees who worked over 35 hours/week decreased to 1.02 million. Those who worked from 1–34 hours decreased 444,000 and those who did not work in the survey week (0 hours) decreased by 60,000.

Labor Productivity

Thailand's labor productivity growth increased from a record low -6.07% in March 2009 to 13.32% in 2012 which was an all-time high rate. The growth dropped to 5.85% by the end of the first quarter in 2017, then 3.96% in the second quarter. Thailand's labor productivity growth data is updated quarterly, available from March 2008 to March 2017, averaging at 2.96%. CEIC calculates labor productivity growth from the quarterly real GDP and quarterly employment. National Economic and Social Development Board provides real GDP in local currency at 2002 prices. National Statistical Office provides employment numbers based on the 2010 Census. In the latest reports, Thailand's population reached 65.93 million people in December 2016. Its unemployment rate dropped to 1.10% in June 2017. Monthly earnings of Thailand stood at USD392.36 in May 2017. The country's labor force participation rate increased to 69.4% in June 2017.

FIGURE 8.1

LABOR PRODUCTIVITY GROWTH



Source: CEIC (2017) [8]

Labor productivity growth by industry for the total economy in the period 2000–14 was 3.0%. Comparison by sector found that electricity, gas, and water supply was at 6.5%, transportation, storage, and communications at 6.3%, manufacturing 3.7%, and finance, real state, and business activities 2.9%. Construction showed the lowest productivity growth at -0.4%. Whereas ASEAN's growth was seen at 3.4%. Transportation, storage, and communications scored the highest at 7.2%, agriculture 3.9%, wholesale and retail trade, hotels, and restaurants at 3.1%, respectively. Meanwhile, the mining sector recorded the lowest at -2.8%

Labor Migration

Since 1995, Thailand had labor mobility increasing steadily from 550,000 (0.92%) to 790,000 (1.25%) in 2000 and from 980,000 (1.47%) to 1.1 million in 2010. Comparing to the ASEAN region, migrant workers were gradually increasing from 3.5 million (6.87%) to 4.8 million (7.80%) in 2000, and from

5.6 million (8.30%) to 6.7 million (8.97%) in 2010. Indonesia, the Philippines, Lao PDR, Myanmar, Cambodia, and Vietnam were recognized as the major exporters of labor working outside of their countries. These were mainly classified as unskilled laborers - maids and construction workers, workers in the agricultural sector, and laborers in fisheries and fish processing industries. When Thailand was the recipient of migrant workers the majority came from neighboring countries, around 1.67% (1.2 million people) in 2011, increasing to over 1.5 million people in 2017 [9].

TABLE 8.10

LABOR PRODUCTIVITY GROWTH BY INDUSTRY OF THAILAND AND ASEAN IN 2000–14

Industry	Thailand	ASEAN
Agriculture	2.0 (0.6)	3.9 (0.5)
Mining	2.5 (0.1)	-2.8 (0.1)
Manufacturing	3.7 (0.9)	2.1 (0.8)
Electricity, gas, and water supply	6.5 (0.1)	2.6 (0.1)
Construction	-0.4 (-0.1)	0.9 (0.0)
Wholesale and retail trade, hotels, and restaurants	2.0 (0.2)	3.1 (0.4)
Transportation, storage, and communications	6.3 (0.4)	7.2 (0.8)
Finance, real state, and business activities	2.9 (0.6)	-0.8 (0.8)
Community, social, and personal services	0.6 (0.1)	0.7 (0.0)
Total economy	3.0	3.4

Source: APO Productivity Databook 2016

TABLE 8.11

NUMBER OF MIGRANT WORKERS IN ASEAN COUNTRIES

Country	Number of migrant worker (per 1,000 persons)/percentage							
	1995		2000		2005		2010	
	No.	%	No.	%	No.	%	No.	%
Brunei	87	(30.15)	104	(31.84)	124	(34.2)	148	(37.13)
Cambodia	116	(1.04)	237	(1.9)	304	(2.27)	336	(2.38)
Indonesia	219	(0.11)	292	(0.14)	136	(0.06)	123	(0.05)
Lao PDR	23	(0.49)	22	(0.41)	20	(0.35)	19	(0.31)
Malaysia	1,193	(5.76)	1,554	(6.64)	2,029	(7.77)	2,358	(8.3)
Myanmar	114	(0.27)	98	(0.22)	93	(0.2)	89	(0.18)
Philippines	210	(0.3)	323	(0.42)	375	(0.44)	435	(0.47)
Singapore	992	(28.48)	1,352	(34.49)	1,494	(35.02)	1,967	(38.67)
Thailand	549	(0.92)	792	(1.25)	982	(1.47)	1,157	(1.67)
Timor Leste	10	(1.13)	9	(1.12)	12	(1.18)	14	(1.23)
Vietnam	39	(0.05)	56	(0.07)	54	(0.07)	69	(0.08)
ASEAN	**3,552**	**(6.87)**	**4,838**	**(7.80)**	**5,624**	**(8.30)**	**6,715**	**(8.97)**

Source: UNESCAP, Statistical Yearbook for Asia and the Pacific 2014 [10]

Youth Employment Challenges and Its Implication to Labor Productivity and Human Capital

Statistical Trend of Youth and Issues in Youth Employment

Youth is one of the most important factors for the future development of a country. The Thai government has proceeded to promote and develop its youth so that they may become good citizens, qualified employed persons, and share the responsibilities for the future development of the nation. It is considered that employment promotion can be one of the measures to reduce poverty and unemployment problems. Thailand's youth population is gradually declining; in 2012, it was 9.04 million, to 9 million in 2017 and 8.7 million in 2020 (Table 8.12).

This is partly due to the success of the population policy in bringing down the population growth rate. At the same time, the number of the aging population has increased rather significantly from 9.74 million in 2013 to 11.31 million in 2017. This trend accentuates the significance of youth participation in employment to compensate for the growing numbers of retired people.

TABLE 8.12

NUMBER OF THAI YOUTH AGED BETWEEN 15–24 YEARS OLD

Year	Number of Thai Youth ('000)		Total
	Age 15–19	Age 20–24	
2012	4,611	4,431	9,042,000
2013	4,592	4,486	9,078,000
2014	4,562	4,536	9,098,000
2015	4,523	4,571	9,094,000
2016	4,474	4,586	9,060,000
2017	4,416	4,584	9,000,000
2018	4,350	4,566	8,916,000
2019	4,280	4,536	8,816,000
2020	4,270	4,498	8,705,000

Source: Office of the National Economics and Social Development Board (2013)

Youth Employment

The number of youth in employment (15–24 year) decreased from 45.6% in 2010 to 44.4% in 2017. Gender and age finds that the number of male youths' share in employment (15-24 years) is higher than female youth, as shown in Table 8.13. However, the number of youth employment of both genders gradually declined from 2010 to 2017. The majority of youth employment is in the informal sector, especially in agriculture with the attendant risks of lack of knowledge of career guidance, professional skill, and skills mismatch.

Youth Unemployment

Youth unemployment, which is three times higher than adults, is the biggest issue for the youth in the Asia-Pacific region. Unemployment rate among youth increased for Asia and the Pacific region as a whole between 1995 and 2010 [11].

In Thailand, unemployment is more likely to be high among youths (15–24 years) compared to the total (15+) at 1.0% and 4.1% in 2010, 0.6% and 2.7% in 2017, respectively. However, youth unemployment (15–24 year) has consistently declined from 4.1% in 2010 to 2.7% in 2017. Female unemployment has been slightly greater than male unemployment, by about 0.5–1.7% (Table 8.14). In 2010, the unemployment rate of male and female was at a high level at 3.9% and 4.4%, respectively, and decreased to 2.5% and 3.0%, respectively, in 2017.

The youth unemployment situation has substantially improved, but with female unemployment remaining at a higher rate than the male. The share of unemployment by education shows that graduates (at high schools and vocational colleges) are entering the workforce at a low rate due to either wanting to pursue higher study, or the perceived lack of valued employment available. Meanwhile, graduates (at bachelor's degree) have a high rate of unemployment and this is increasing from 19.22% in 2013 to 21.52% in 2015 [12].

TABLE 8.13

YOUTH EMPLOYMENT BY GENDER AND AGE

Year	Total ('000)		Male ('000)		Female ('000)	
	15+	15–24	15+	15–24	15+	15–24
2010	38,670 (71.8%)	4,327 (45.6%)	21,147	2,544	17,523	1,783
2011	39,609 (73%)	4,342 (46.3%)	21,476	2,568	18,133	1,774
2012	39,719 (72.6%)	4,250 (45.8%)	21,602	2,522	18,117	1,728
2013	39,327 (71.1%)	3,991 (43.4%)	21,547	2,438	17,690	1,554
2014	39,393 (70.9%)	3,909 (43%)	21,636	2,387	17,757	1,522
2015	39,644 (70.9%)	3,914 (43.7%)	21,763	2,380	17,882	1,534
2016	39,819 (70.8%)	3,895 (44%)	21,850	2,364	17,969	1,532
2017	39,971 (70.6%)	3,867 (44.4%)	21,927	2,343	18,044	1,524

Source: ILO; estimates and projections, Nov. 2016

TABLE 8.14

UNEMPLOYMENT RATE OF YOUTH

Year	Total (%)		Male (%)		Female (%)	
	15+	15–24	15+	15–24	15+	15–24
2010	1.0	4.1	1.1	3.9	1.0	4.4
2011	0.7	3.0	0.6	2.4	0.7	4.0
2012	0.6	2.9	0.6	2.5	0.5	3.3
2013	0.8	3.6	0.8	2.9	0.8	4.6
2014	0.8	4.5	0.9	3.9	0.8	5.5
2015	0.7	3.5	0.7	3.1	0.6	4.0
2016	0.6	3.1	0.7	2.9	0.6	3.5
2017	0.6	2.7	0.6	2.5	0.5	3.0

Source: ILO modeled estimates (%), Nov. 2016

Policies and Programs Promoting Youth Entrepreneurship

The Development of Policies and Programs on Youth Employment and Promotion

Thailand, a founding member state of the ILO, ratified the Employment Policy Convention, 1964 (No. 122) in 1963. The Royal Thai government have implemented the Convention's provisions for formulating policies and measures to promote youth development, including the extension 15 years of compulsory education, public student loan schemes, skills development as well as universal health care. The Nation Youth Development Plan had been formulated and integrated as part of manpower policies since the First National Economic Development Plan (1961–66) which emphasized better academic preparation and vocational training for youth in order to develop middle-level human resources. The National Youth Office was established in 1963, aimed to support and develop the youth of the nation as persons who have better physical, mental, and intellectual ability in order to serve as a powerful force in social development. Youth strategies reported in Perspective Policies and Planning for the Development of the Youth (1982–2001) were intended for long-term planning for youth development in the areas of education, employment, morals, government, health, and resources.

In 2002–16, the National Development Plan focused on people-centered and human capital development. Sufficiency economy philosophy was adopted and applied to every segment of the Thai society, from families and communities up to nationwide scope and continues to implement the key elements, which stresses "a middle path" and comprises the three principles of moderation, reasonableness, and self-sufficiency. The philosophy aims to change the priority of economic policy from "growth" to "social development" in order to bring about happiness and the people's well-being, reduce income disparity and poverty, strengthen the Thai economy, enhance the country's competitiveness, promote natural capital and environmental quality, and further boost the confidence of Thailand in the international community. The youth development strategies during the period aimed to:

- Promote vocational education
- Develop competencies and skills for self-employed persons and entrepreneurs of small enterprises
- Increase employment through more off-farm activities
- Support small and micro community enterprise and new entrepreneurs
- Develop management knowledge, marketing, branding, and standard of products
- Encourage overseas employment
- Develop labor market information technology and relevant labor market indicators

SMEs and Start-ups Supporting Policies

In 2000, the Royal Thai government issued the Small and Medium Sized Enterprises Promotion Act. The promulgation of this act was that small and medium enterprises are important to the progress of the economic and social development. Due to free trade agreements, the lack of entrepreneurship skills including technology, production, management, marketing, and finance, prevented competition with large enterprises. In order to strengthen SMEs for trade competition at both domestic and international levels, the government needed to provide assistance in terms of processes, to promote, support, and create proper measurements for rights and benefits of small- and middle-sized enterprises. The Office of Small and Medium Enterprises Promotion (SME) was established as a coordinating center for relevant government organizations and state enterprises that are responsible for promoting small and medium enterprises in order to achieve continuity and consistency.

In 2005, the Government issued the Community Enterprise Promotion Act as certain existing community economies were not ready for trade competition at both the domestic and international levels. Therefore it was deemed necessary to empower the communities to be self-reliant and to strengthen communities' economy for their readiness in future trade competition at all levels, including the development of community enterprises toward small and medium entrepreneurs. This is to be done through promotion of knowledge and local wisdom, income generation, mutual help, managerial capacity-building, and development of community enterprises.

Even the entrepreneur promotion policy which began in 2002 had previously not focused on youth entrepreneurs (15–24 year old). The young entrepreneur promotion policy was established under SME promotion plan (2012–16), aimed to create new entrepreneurs and encourage youth workers, new graduates, the unemployed, and employees who have acquired sufficient skills and experiences to set their own business by providing skill trainings, advice on project preparation, to seek financial assistance from public and private financial institutions, supported by Bureau of Entrepreneurship Development and Department of Industrial Promotion, Ministry of Industry.

There are several public, private, and independent organizations which relate directly and indirectly to the youth entrepreneur promotion such as young farmers promotion by the Department of Agricultural Extension, Ministry of Agriculture and vocational education promotion by Vocational Education Commission Office, Ministry of Education. There is also skill development by Skill Development Department, Ministry of Labor, New Life for Women and Family Project by Department of Women's Affairs and Family Development, Ministry of Social Development and Human Security.

Small and medium enterprises (SMEs) and start-ups for young entrepreneurs have become important for Thailand's economy. They contribute significantly to the GDP growth and share in unemployment reduction and job creation. There are a number of organizations, policies, program, and projects related to small and medium enterprises which were established during the last decade. The matrix of youth entrepreneur promotion is shown in Table 8.15.

TABLE 8.15

RELEVANT ORGANIZATION AND SERVICES PROVIDING FOR YOUTH ENTREPRENEUR PROMOTION

Organization	Services Providing					
	Skill Development	Entrepreneurs Development Training	Capital Assistance	Material Equipment	Market Assistance	Consultant
1. Department of Agricultural Extension, Ministry of Agriculture and Cooperatives	Ø	Ø	Ø	Ø	N/A	Ø
2. Department of Skills Development, Ministry of Labor	Ø	Ø	Ø Small loan	N/A	Ø	Ø
3. Vocational Education Commission Office, Ministry of Education	Ø	Ø	N/A	Ø	Ø	Ø
4. Department of Non-Formal Education, Ministry of Education	Ø	Ø	N/A	Ø	Ø	Ø
5. Department of Social Development, Bangkok Metropolitan Administration (BMA)	Ø	Ø	Ø Small loan	N/A	N/A	Ø
6. Department of Women's Affairs and Family Development, (New Life for Women & Family Project), Ministry of Social Development and Human Security	Ø	Ø	Ø Small grant	Ø	Ø	Ø

Remarks: Ø = has provided services
Source: Paitoon Sinlarat, and et al. (2012) [13]

In 2015, Prime Minister General Prayuth Chan-O-Cha addressed the National Assembly on youth policy that he will "promote vocational education and community college education in order to produce skilled labor to respond the needs of local labor market and develop quality of education to meet the requirements of professional autonomy". He also mentioned the 20-year National Strategic Plan (2017–2036) which aimed to enhance and develop the potential of human capital, ensure justice and reduce social disparities, strengthen the economy, and enhance competitiveness on a sustainable basis. The Plan promoted green growth for sustainable development, bringing about national stability for national development toward prosperity and sustainability, and enhancing the efficiency of public sector management and promoting good governance. He aimed to achieve long-term sustainable development for the country.

Innovative Self-employment and Start-ups Programs

Start-ups are an essential element to build an economy and society that grows through innovation, creativity, advanced and green industries, and R&D. Creating an environment that supports those attributes would provide fertile ground for start-ups, which are often the source of new ideas, innovations, products, and services. In 2016, the government established the National Start-ups Centre under the Ministry of Finance in order to promote the concept of start-ups by encouraging SMEs to develop innovation-driven enterprises for greater business opportunities. The promotion of start-ups is connected with efforts to transform Thailand into a digital economy and society, and to move the country toward a value-based economy. The Thai government aims to boost the number of start-ups. It is now working on setting up ICT networks across the country as learning centers for the people, where they can apply digital technology for occupational development and income generation. The number of start-ups in Thailand rose in various fields of business, such as food, tourism, communication, and agriculture from around 1,000–2,500 to 4,000–5,000 in 2016, and the government pushed for an increase to 10,000 by 2017. The National Start-up Centre will create linkages and promote new ideas, angel or venture investors, incubators, and accelerators, including exchange markets.

In 2017, Start-ups for Young Entrepreneurs Project was initiated by the Office of Small and Medium Enterprises Promotion, Thailand Tech Start-up Project by Software Industry Promotion Agency in collaboration with 43 IT universities, and the Young Designers Project by Thailand Textile Institute. The nature of activities of each agency may differ due to the objectives and scope of the agency. There are some examples of start-ups which produced successful young entrepreneurs (Thailand Creative and Design Center, 2016) [14].

- Passion Ville: Cosmetics create engaging customers

  Phurada Jingjit, over 30 years old, is the founder of Passion Ville cosmetics. After she attended the entrepreneur's development training, received capital assistance, and consultancy from government agencies, she saw an opportunity to create cosmetics under a Thai brand. She began to develop her products between 2010–13. Her first cosmetic collection was lipsticks over 25 shades of colors, which were different from other famous brands. She used the social media - Facebook and Instagram - to promote her lipstick brand which received good feedback from customers. Its proposition was that the Thailand lipstick brand has more shades. Blushes were then added with customers taking part in the color combination process. This is consistent with the behavior of modern consumers who want unique products and they participated in the mix-color lipstick for their own style. The customers have the opportunity to exchange information about the products through the social media. Now, Passion Ville cosmetics has become well known among specific target group and customers.

- NASHA: Thailand's leather handbag brand that reached the global market

  NASHA is a leather handbag brand that features a distinctive architecture design ideas. Natcha Vanich, over 30 years old, is the designer and brand owner. She participated in the entrepreneurs' development training, skill development as well as received financial support from related government agencies. Her collection was first unveiled at the Paris Fashion Week in 2012. Currently, her brand is available in 20 countries worldwide. After the grand opening in Paris, she marketed her leather handbags in Thailand. She learned that the needs of customers are different from both markets and managed their expectations accordingly. NASHA brand can be found in selected shops outside of Thailand, however, locally, NASHA has its own boutique.

Both young entrepreneurs mentioned about the key success for SMEs, start-ups, and self-employed were policies relating to entrepreneur promotion, business environment, credit and loan, technology, social media marketing as well as exemption measures for start-ups.

Conclusion

Thailand has shown remarkable economic growth. The quality of life of the people has continued to improve and poverty has been greatly reduced. Social protection system that were put in place is responding to the needs of the society. Disadvantaged and vulnerable groups now have more opportunities to access social services.

However, consequent disparities in income and access to social, health, and educational services remain a major problem for a national and global agenda. Driving through the Thailand 4.0 and the 20 Years National Strategy Planning, they are found to be in accordance with the Sustainable Development Goals (SDGs) as the "new government approach" with emphasis on creating multifaceted innovation, smart technology, green energy technology, smart manufacturing, and focusing on more service innovation in the attempt to reduce disparities and achieve stability, prosperity, and sustainability.

Small- and medium-sized enterprises (SMEs) have played a significant role in the Thai economy since the economic crisis in 1997. There is now heavy emphasis on the importance of promoting SMEs as the grassroots foundation of job creation, increasing the growth rate of employment, and contributing to GDP growth and economic development. However, SMEs need to develop in order to enhance productivity, minimize costs, improve designs, manage labor and overall operations, and to make their products more competitive in a free-trade environment.

Thailand's youth population trend continues to decline. Meanwhile, the numbers of the aging population has increased at the same time. There is a decreasing trend in youth employment although the male youth share in employment is higher than the female. The youth unemployment rate is lower, similar to other countries in Asia and the Pacific region.

Entrepreneurs promotion policy was initiated over 15 year ago, aimed to create young entrepreneurs who are new graduates and unemployed youth to set up their own business which are supported by relevant agencies. However, a large number of new graduates from colleges/universities (20–24 years) preferred to work in the formal sector rather than being self-employed or the SMEs due to difficulties in accessing business opportunities. This may be from lack of knowledge in career guidance, professional skill, and skill mismatch of young workers and the needs of the market. The recent government have promoted start-ups which is a relatively new concept for young entrepreneurs and aims to provide business opportunities for youth employment, boosting up the economy, and as the long-term sustainable development of the country.

National plans, legal, and government policies have all aimed to include integrated strategies for youth employment and promotion. However, their implementation seems to have been hampered by frequent changes in the government administration and inadequate coordination among government agencies, including opportunities for employment and promotion of youth.

Recommendations

Thailand has produced a number of comprehensive plans, legal, and government policies for its youth development which include integrated strategies for employment promotion. The following recommendations point to specific areas where youth policies may be strengthened and improved:

i) The youth employment promotion policies and program failed to reach the target group which do not focus on the youth aged 18–24 years old. The government should clarify the target group and emphasize on education and training policies, skills development program, training and knowledge of career guidance, entrepreneurship training, and job placement program as well as employment opportunities that focus on youth at specific ages, especially in the informal sector.

ii) Continue support for a "sufficiency economy" of His Majesty the King by practising a "New Theory" for farming enterprises and community business with more emphasis on employment promotion of youth entrepreneurship, start-ups by increasing their confidence, business opportunities, related knowledge, and skills.

iii) The government should develop a start-up ecosystem to attract domestic and foreign investment and easing obstacles for entrepreneurs, such as improving the law and regulations in order to support new business model, reform education and human capital development to respond to the needs of the self-employed, and SMEs and start-ups businesses.

iv) The government should have an intensive youth enterprise development strategy, such as training programs and skills training in order to develop entrepreneurship and create new jobs that would also address youth unemployment and the limited participation of young people in the economy. The interventions should include mentorship and coaching, youth business incubation, business infrastructure support and funds, create easy ways to access services, including youth entrepreneurship awards, youth entrepreneurship promotion and awareness as well as establishing a youth entrepreneurship information system.

v) The curriculum or training courses in colleges or universities should interact with the labor market. Enterprise education and training should emphasize and provide an opportunity to develop young people's attitudes and skills, helping them realize their potential, and learn about entrepreneurship. There is a need to provide practicum which integrate training course knowledge with the learning of labor market skills. This will turn ideas and opportunities into reality, enabling young people to make decisions for their life and work in the future. Enterprise education should raise awareness of youth rights in the workplace in order to ensure these rights, and protection from all forms of discrimination and inequality.

vi) Strengthen the role of the responsibilities of stakeholders in promoting youth employment policy. Achieve better coordination among government agencies and between government organizations, and the private sector as well as nongovernment organizations.

Limitations

The limitations are associated with the standard labor force survey data where the labor force survey were conducted quarterly and annually with general issues such as labor force status, labor force by sector, employment, unemployment, and underemployment. The survey should focus more on the issues of youth employment, such as their training needs and skills, youth labor market and employments, access to employment services, and job creation for youth including the needs to support star-ups. There is a lack of collaboration on data and information exchange among organizations related to youth employment promotion as well as lack of data on the monitoring and evaluation of the implementation of youth employment promotion policies and programs.

This research collected a number of secondary data through websites and various sources of data. However, secondary data might be general, vague, out of date, and may not be helpful for content analysis. It would be better to obtain primary data sources that are collected from key informants, such as policy makers, representative of related agencies, and youth entrepreneurs to respond the specific purposes for future studies.

CHAPTER 9

VIETNAM

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Introduction

Vietnam's economy is highly open and driven by domestic demand with a modern, export-oriented foreign direct investment (FDI) sector. In the period of 2005–15, Vietnam's economy grew robustly with an average annual growth rate of 5.81% (Table 9.1). However, for a few years, the economy took a setback due to the impact of regional financial crisis. The economic growth rate was at 7.5% in 2005 and decreased at the lowest rate in 2012 (5.25%), but in 2013 it showed signs of recovery.

The rate of growth in the various economic sectors reflects the significant structural change which is occurring in Vietnam. The share of agriculture sector in total GDP declined from 19.57% to 17.0% between 2011 and 2015, although there was a 23.27% increase in the value of agriculture over that period. On the other hand, the industry and construction sector increased its share from 32.24% in 2011 to 33.25% in 2015. GDP from industry and construction increased by 37.92% over that period. Meanwhile, the service sector contributed 36.7% of GDP in 2011, increasing to nearly 40% in 2015. GDP from service increased by 43.34% over the period of 2011–15 (Table 9.1).

TABLE 9.1

ANNUAL GDP AND GDP GROWTH RATES (2011–15)

Indicator	2011	2012	2013	2014	2015	Annual Growth Rate Period 2011–15 (%/year)
GDP (VND billion)	2,292,483	2,412,778	2,543,596	2,695,796	2,875,856	5.81
Sectoral structure of GDP (%)	100.00	100.00	100.00	100.00	100.00	-
• Agriculture, Forestry, Fishery	19.57	19.22	17.96	17.70	17.00	3.53
• Industry and Construction	32.24	33.56	33.19	33.21	33.25	6.56
• Service	36.73	37.27	38.74	39.04	39.73	7.59
• Product's taxes minus product's subsidies	11.46	9.95	10.11	10.05	10.02	1.36
GDP growth rates (%)	6.24	5.25	5.42	5.98	6.68	-
GDP per capital (USD/person/year)	1,241	1,306	1,344	1,390	1,398	-

Source: General Statistical Office (GSO), 2011–15

After more than 30 years of economic reforms and sustained economic growth, Vietnam has become a lower-middle income country. Per capita income surpassed the middle-income country threshold of USD1,000 in 2008, which increased to USD1,241 in 2011 and USD1,398 in 2015 (Table 9.1). However, the growth now poses challenges of falling into the middle-income trap and, more immediately, attempting to sustain high rates of economic growth and poverty reduction.

Vietnam's Human Development Index (HDI) value increased from 0.662 in 2011 to 0.683 in 2015 which put the country in the medium development category - positioning Vietnam at 115 out of 188 countries and territories [1]. Table 9.1 reviews Vietnam's progress in each of the HDI indicators. Between 2011 and 2015, Vietnam's life expectancy at birth increased by 0.6 years, expected years of schooling increased by 0.4 years, and mean years of schooling increased by 0.4 years. Vietnam's GNI per capital increased by about 18.21% between 2011 and 2015 (Table 9.2).

TABLE 9.2

VIETNAM'S HDI TRENDS (2011–15)

Year	Life Expectancy at Birth	Expected Years of Schooling	Mean Years of Schooling	GNI Per Capital (2011 PPP USD)	HDI Value
2011	75.3	12.2	7.6	4,513	0.662
2012	75.5	12.3	7.8	4,707	0.668
2013	75.6	12.5	7.9	4,899	0.675
2014	75.8	12.6	7.8	5,098	0.678
2015	75.9	12.6	8.0	5,335	0.683

Source: United Nations Development (UNDP), 2016

Demographic

The total population of Vietnam in 2015 was 91.7 million (estimated), increasing annually by about 1.08% a year from 2011 to 2015. In a global comparison of population size, Vietnam ranks as the 13th most populous country in the world. It is a multiethnic country with a King group and 53 ethnic minority groups. The King people account for 86% of the population in 2015. Literacy has reached 96.3% for those aged 15 and above, but there are more than 1.3 million of its people who are illiterate.

Rural-to-urban migration has been significant, spurred by rapid industrialization in some specific regions. However, the population remained mostly in rural areas at 66.4% in 2015 (Figure 9.1). The sizeable rural population remains a challenge for the modernization and industrialization process of the country as well as rural-based developments.

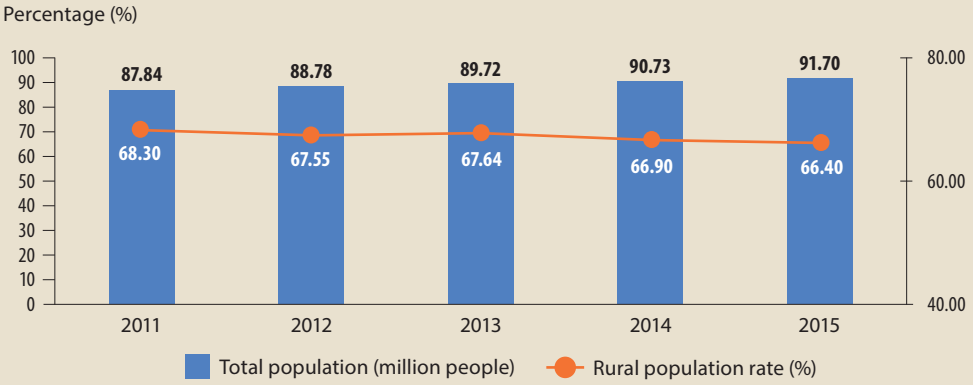
From 2011 to 2015, the proportion of females in total population had decreased slightly but remained around 52%. Women and the elderly were overrepresented within the population as a consequence of many decades of wars and higher life expectancy compared to men. However, new evidence points to an impending gender imbalance as the gender ratio at birth is estimated to have escalated from normal levels in 2005 of 111.9 male births per 100 female births in 2011 to 112.8 male births per 100 female births in 2015 [2]. While this pattern is unlikely to impact the country's gender distribution before 2025, it does have future socioeconomic implications, including those related to a shrinking female workforce.

Total Fertility Rate (TFR) reduced from 2.3% in 1999 to 1.69% in 2012 and increased to 2.1% in 2013–15. Crude dead rate (CDR) increased slightly during 2005-2015, from 5.3 persons/1,000 people to 6.5 persons/1,000 people [2]. In a decade, life expectancy had increased by 4.5 years, from 68.6 years in 1999 to 73.2 years in 2015 (female 76.0 years vs. male 70.6 years), ranking 58th among 177 countries. However, Vietnam's healthy life expectancy is only 66 years, ranking 116th out of 177 countries [1]. All these factors have impacted Vietnam's age structure.

In 2005–15, the country's age structure changed significantly - the share of children (0–14 years) dropped rapidly from 27.9% down to 21.32% while the rate of adults (15–59 years old) increased from 63.46% to 67.59% and the share of the elderly (aged from 60 and over) raised drastically from 8.55% to 11.9%. Vietnam was experiencing "a golden population structure" since 2007, with abundant labor force that brought advantages for the nation's socioeconomic development [3]. At the same time, the pace of aging population was accelerating dramatically [4]. The rate of elderly people aged 60 and over was at 10.1% in 2011 and continuously increased in the following years. Thus together with the period of the "golden population structure", Vietnam was also experiencing population aging that poses new opportunities and challenges in job creation as well as having to ensure social protection for the entire population, especially the elderly groups.

FIGURE 9.1

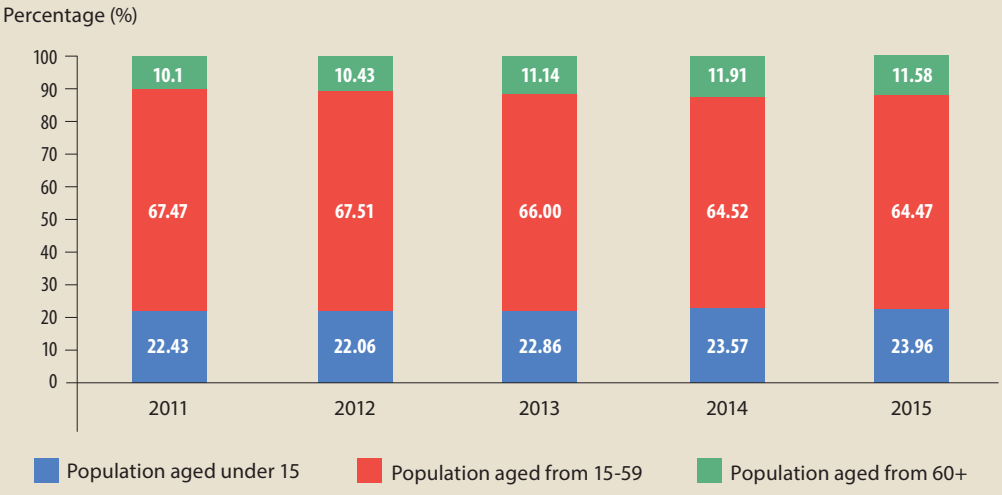
VIETNAM'S POPULATION AND RURAL POPULATION RATE (2011–15)



Source: GSO, 2011–15

FIGURE 9.2

AGE STRUCTURE OF VIETNAM'S POPULATION (2011–15)



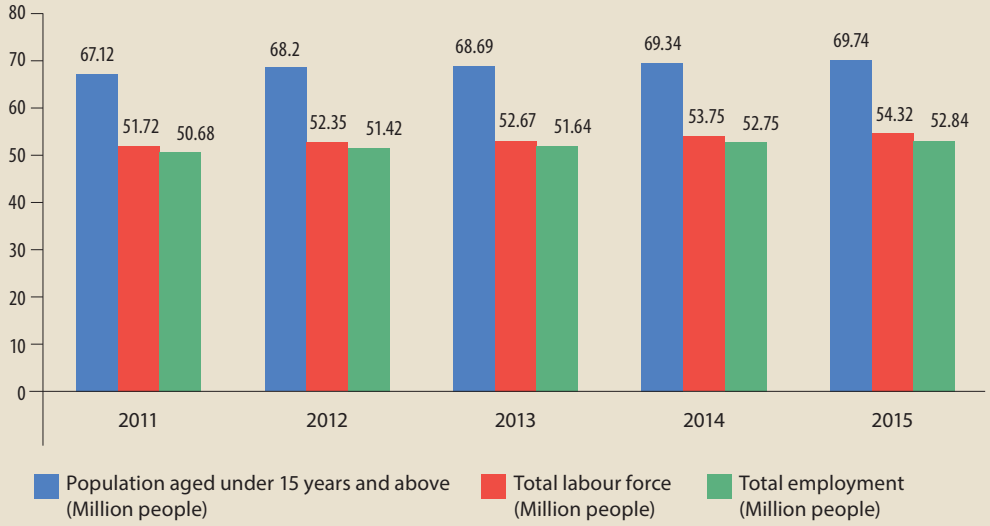
Source: GSO, 2011–15

Labor Force

Population aged 15 and above reached 69.74 million in 2015, of which the economically active (labor force) reached 53.98 million. Total employment was estimated at 52.84 million. In 2011–15, the employment growth rate was slightly higher than the labor force growth rate(1.3%/year compared 1.21%/year) which implied reduced pressure on job generation. Together with this trend, the employment ratio per population was high during 2011–15 at around 57.6%. This indicated that the Vietnamese economy was able to create enough jobs for the labor market.

FIGURE 9.3

SIZE OF POPULATION AGED 15 AND OVER, LABOR FORCE, AND EMPLOYMENT (2011–15)



Source: GSO, 2011–15

Labor Productivity

Labor productivity is one of the indicators that reflect the production capacity of a country which is measured by products that is produced by one employee. According to the GSO data, Vietnam's labor productivity (national labor productivity) in 2015 was VND79.3 million/employee (Table 9.3). Labor productivity of the agriculture, forestry, and fishery sectors was the lowest with VND29 million, equaling to 40% of the national figure. The service sector was VND100.7 million, 1.4 times higher than the national figure. While industry and construction was the highest with VND133.4 million, 1.8 times higher than the national figure (GSO, 2016).

TABLE 9.3

VIETNAM'S LABOR PRODUCTIVITY AND ITS GROWTH RATE (2011–15)

	2011	2012	2013	2014	2015
Labor productivity (VND million per capital, real price)	55.21	63.11	68.65	74.3	79.3
Labor productivity (VND million per capital, compared price)	45.53	46.92	48.72	51.08	54.38
Labor productivity growth rate (%)	3.5	3.05	3.84	4.88	6.46

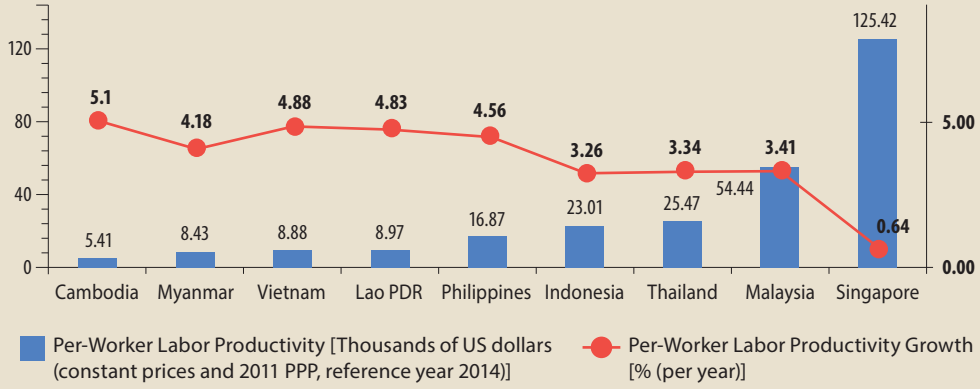
Source: Vietnam's GSO, 2011–15

Vietnam's labor productivity is still low compared with other countries in the region. In 2014, the labor productivity of Vietnam, calculated according to purchasing power parity of USD in 2011 (USD PPP) was USD8,880, only higher than Cambodia (USD5,410) and Myanmar (USD8,430), but lower than many other ASEAN countries: Lao PDR (USD8,970), the Philippines (USD16,870), Indonesia (USD23,010), Thailand (USD25,470), Malaysia (USD54,440), and Singapore (USD125,420). Thus the low level of productivity is a concern for Vietnam's future competitiveness in the context of regional and global economic integration and the process of moving up in the value chain in regional and global production systems.

On the growth rate of productivity in 2006–15, the average rate of national productivity growth was 3.9% a year. Of which, the average growth rate for the period 2011–15 was 4.3% a year, compared to 3.4% a year for the period 2006–10 [5]. In 2014, the growth rate of Vietnam's labor productivity reached 4.88%, higher than the overall average of ASEAN (3.44%) [6]. Vietnam is now in the group of countries that have medium growth rate of labor productivity (lower than China (6.64%), India (5.81%), but higher than Malaysia (3.41%) and Thailand (3.34%)).

FIGURE 9.4

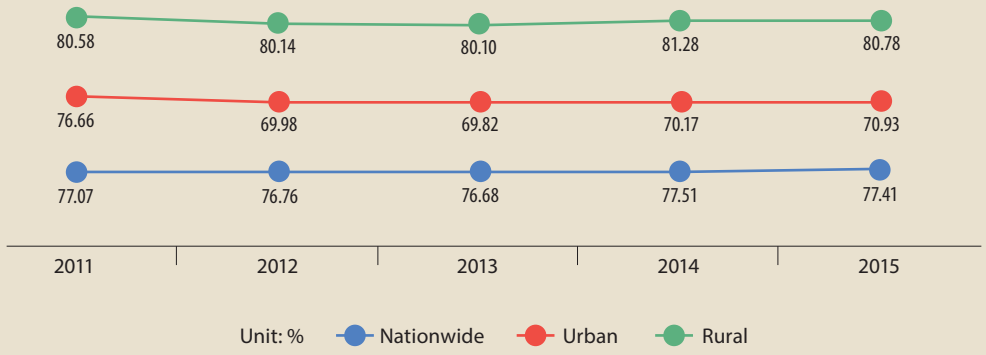
PER WORKER LABOR PRODUCTIVITY AND ITS GROWTH RATE IN ASEAN COUNTRIES IN 2014



Source: APO Productivity Database 2016

FIGURE 9.5

LABOR PARTICIPATION RATE (2011–15)



Source: Vietnam's GSO, 2011–15

Labor Market Overview

Labor Force Participation Rate (LFPR)

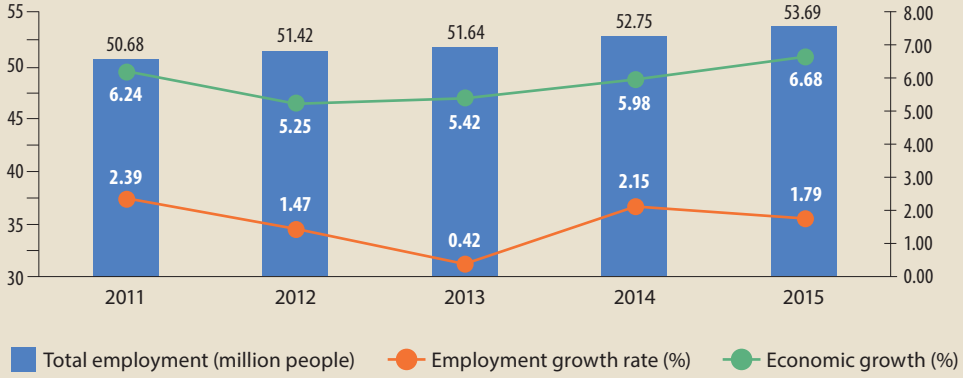
In 2015, the LFPR was 77.41%. The rate of urban areas (70.93%) was lower than the rural areas (80.78%). One of the factors is the higher rate of school entrance of the working age population in urban areas. The LFPR increased from 77.07% in 2011 to 77.51% in 2014, and declined slightly (77.41%) in 2015. It was an indication that Vietnam was among the countries holding the highest LFPR in the region (in 2013, the average LFPR of ASEAN countries was 70.3%, Japan: 59.3%, South Korea: 61.5%, Singapore: 66.7%, Thailand: 71.6%, and the Philippines: 63.9%) [7].

Employment

In 2015, there were 52.84 million employed workers in Vietnam. The number increased by 95,000 people (0.18%) when compared to 2014. In 2011–15, Vietnam employment growth rate drastically declined from 2011 (2.3%) to 2013 (0.42%), but it recovered and gained 2.15% in 2014. However, it declined again a little in 2015 (1.79%). In 2015, the employment elastic coefficient to economic growth was 0.22, higher than that in 2013 at 0.08.

FIGURE 9.6

TOTAL EMPLOYMENT AND ITS GROWTH RATE (2011–15) (%)



Source: Vietnam's GSO, 2011–15

TABLE 9.4

NUMBER AND COMPOSITION OF EMPLOYED WORKERS BY ECONOMIC SECTOR (2011–15)

	2011	2012	2013	2014	2015
Total (million people)	**50.68**	**51.42**	**51.64**	**52.745**	**52.84**
• Agriculture, forestry and fishery	24.52	24.35	24.24	24.46	23.26
• Industry - construction	10.79	10.79	10.91	11.31	11.90
• Services	15.37	16.29	16.49	16.99	17.68
Percentage (%)	**100.00**	**100.00**	**99,99**	**100.00**	**100.00**
• Agriculture, forestry and fishery	48.38	47.35	46.95	46.36	44.02
• Industry - construction	21.29	20.97	21.12	21.44	22.52
• Services	30.33	31.68	31.93	32.2	33.46

Source: GSO, 2011–15

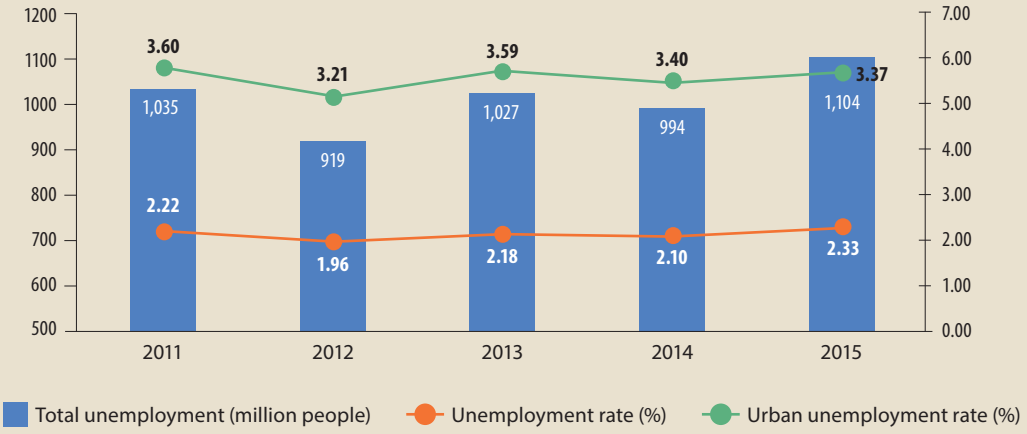
Employment transition by economic sector has been slower in recent years with a large share of employment in agricultural sector which was the lowest labor productivity sector. In 2011–15, the density of labor in agricultural sector had decreased from 48.38% (2011) to 44.02% (2015) and the number of labor in agricultural sector had declined to only 315,000 workers per year (reduced 1%/year). The density of labor in industry-construction sector had increased slightly from 21.29% to 22.52% in the period of 2011–15, to 278,000 workers per year (2.46%/year). The density of labor in service sector was drastically raised from 30.33% to 33.46% at the same period, up to 578,000 labor on average per year (3.27%/year).

Unemployment

In the period of 2011–15, the unemployment rate in Vietnam stayed at a stable low level (under 2.5%). In 2015, there were over 1.1 million unemployed workers at working age[1], which was an increase of 110,000 from 2014. The unemployment rate was 2.33% in 2015, an increase by 0.23 percentage point compared to 2014; the rate in urban areas was 1.85 times higher than that in rural areas (in 2014: 3.37% compared to 1.82%). The low unemployment rate could not reflect the strength of labor market because of the high share of workers in the agriculture and informal sectors which made up over 70% of total employment. The bigger factors of concern was low productivity or hidden unemployment, such as underemployment and low-paid employment.

FIGURE 9.7

TOTAL UNEMPLOYMENT RATE (2011–15)



Source: GSO, 2011–15

Underemployment

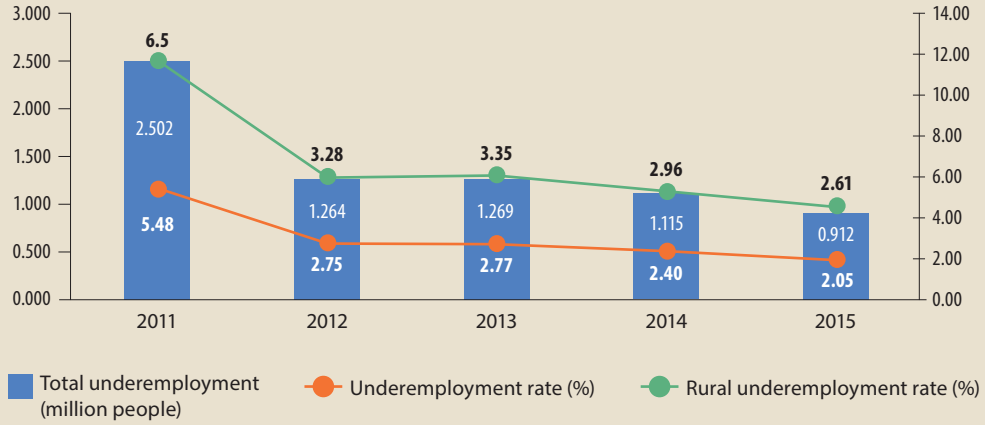
In 2015, there were 912,000 underemployed workers (their working hours was under 35 hours/week, they desired and be willing to work under longer working hours), making up 2.05% of total employed workers, which was a decrease of 203,000 people compared to 2014. In 2011–15, although the economy was undergoing difficulties, the number of underemployed youths was on the downward trend, from 2,502,000 underemployed workers in 2011 down to 912,000 in 2015. As the result, the rate of underemployed people was considerably reduced from 5.48% in 2011 to 2.05% in 2015. Underemployment also was not the problem of youth during the period 2011-15 - the rate of underemployed youth declined drastically from 7.48% in 2011 to 2.58% in 2015.

[1] The Vietnamese legal working age is from 15-55 years of age for female/60 years of age for male.

Underemployment in rural areas was more serious than the urban areas. The rate of underemployment in rural areas was 0.3 percentage points higher than in urban areas (2.61% compared to 2.05% in 2015). The rate of workers in rural areas was 85% of total underemployed youths.

FIGURE 9.8

QUANTITY AND RATES OF UNDEREMPLOYED WORKERS (2011–15)



Source: Vietnam's GSO, 2011–15

Youth Employment Challenges

Youth Labor Force and Employment

In 2015, the youth population aged 15–24 recorded at 13.55 million people, accounting for one-seventh of the total population (14.77%) (Table 9.5). In 2011–15, the youth population decreased by 2.42%/year on average.

From 2011 to 2015, Vietnam's youth labor force decreased by an average of 384,000 people a year (Table 9.5), a negative annual growth rate of around -3.15%. In 2015, the youth labor force totalled 8.01 million with a LFPR of 59.14%. The youth workforce consisted of 4.37 million male and 3.64 million female. Worth noting is the small increase in the overall youth LFPR from 57.37% in 2011 to 59.14% in 2015, which partly reflects the decreasing number of years of educational attainment and delayed entry into the labor force. The LFPR for youth male is higher than those for youth female although LFPR increased for both genders between 2011 and 2015; the gender gap widened from 6.91% in 2011 to 7.98% in 2015. This trend could reflect the decreased participation rate of women in education but increased their disproportionate share of noneconomic and household activities.

Despite some advantages, the youth labor force remained mostly unskilled or technical workers without degrees/certificates as 79.75% of them did not have any technical education/trainings in 2015 (Table 9.6). Of particular concern is the gender gap in technical education/trainings. In 2015, 82.9% of youth female workforce had no technical training compared to 76.1% for youth male. Moreover, data indicate that women face barriers in accessing vocational training. Females represent only 27.4% of the total labour force with either a short-term vocational certificate or long-term vocational diploma. Women have limited access to vocational education because of gender bias in society, particularly in rural and mountainous areas where limited resources or traditional ideas, such as girls do not need to study, continue to be prevalent.

TABLE 9.5

YOUTH POPULATION, YOUTH LABOR FORCE, AND LFPR BY GENDER (2011–15)

	2011	2012	2013	2014	2015
Youth population from 15– 24 years of age (Total in million)	**14.85**	**14.10**	**13.59**	**13.03**	**13.55**
• Male	7.62	7.34	7.09	6.74	6.97
• Female	7.23	6.76	6.50	6.29	6.58
Youth labor force (Total in million)	**8.52**	**7.89**	**7.80**	**7.59**	**8.01**
• Male	4.63	4.33	4.32	4.12	4.37
• Female	3.89	3.56	3.48	3.47	3.64
Youth LFPR (Total in %)	**57.37**	**55.93**	**57.39**	**58.21**	**59.14**
• Male	60.74	58.92	60.82	61.09	62.78
• Female	53.82	52.67	53.64	55.13	55.29

Source: GSO, 2011–15

TABLE 9.6

DISTRIBUTION OF YOUTH LABOUR FORCE BY TECHNICAL LEVELS (2011–15) (%)

	2011	2012	2013	2014	2015
Unskilled or technical workers without degrees/certificates	87.84	85.38	82.81	82.09	79.75
Short-term vocational diploma	1.74	2.28	2.71	2.12	2.30
Secondary	4.98	5.40	5.66	5.39	5.22
College	2.70	3.74	4.62	5.41	6.65
University/Post university	2.74	3.20	4.20	4.98	6.08
Total	100.00	100.00	100.00	100.00	100.00

Source: GSO, 2011–15

TABLE 9.7

DISTRIBUTION OF YOUTH LABOR FORCE BY EDUCATIONAL ATTAINMENT LEVELS (2011–15)

	2011	2012	2013	2014	2015
Illiterate	2.60	2.14	1.99	1.97	1.68
Did not finish primary school	6.32	5.71	4.54	4.41	4.48
Primary school graduated	22.88	22.33	21.03	19.65	19.55
Secondary school graduated	39.47	38.05	39.87	38.37	36.13
Upper secondary school graduated	28.74	31.77	32.57	35.61	38.16
Total	100.00	100.00	100.00	100.00	100.00

Source: GSO, 2011–15

As shown in Table 9.7, educational attainment of the youth labor force remains a significant challenge. Less than 40% of the youth labor force completed upper secondary education in 2015. In addition, a higher share of the youth female labor force was illiterateâc (2.95%) compared to the male labor force (1.41%). This evidence points to the youth labor force and skills deficits that Vietnam must address in order to be competitive and sustain growth in the coming years.

In 2015, there were 7.45 million employed youth workers in Vietnam, increased by 339,000 people (4.76%) compared to 2014. In the period of 2005–15, youth employment growth rate was drastically declined (by 2.7%/year). The average annual negative growth in youth employment between 2011 and 2015 was approximately 245,000, or 3.27% (Table 9.8). The number of employed youth workers declined from 8.08 million to 7.45 million during this period, with the share of women workers in total employment increasing slightly from 45.19% in 2011 to 45.3% in 2015. In terms of employment-to-population ratio, 55% of youth population was employed in 2015, but the gender gap, which reached 7.27% in 2015 (7.64% in 2011), reflects in part the inequality of employment opportunities that women face in the labor market.

TABLE 9.8

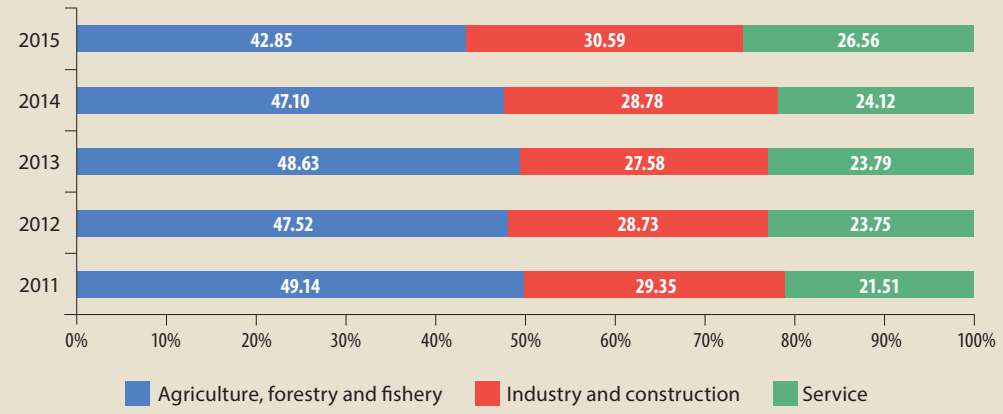
EMPLOYMENT AND EMPLOYMENT-TO-POPULATION RATIO BY AGE AND GENDER (2011–15)

	2011	2012	2013	2014	2015
Youth employment, ages 15–24 ('000s)	**8,078**	**7,456**	**7,313**	**7,110**	**7,449**
• Male	4,428	4,131	4,080	3,893	4,075
• Female	3,651	3,325	3,234	3,217	3,374
Youth employment-to-population ratio, ages 15–24 (%)	**54.40**	**52.86**	**53.80**	**54.57**	**54.98**
• Male	58.13	56.22	57.50	57.72	58.51
• Female	50.48	49.21	49.76	51.19	51.24

Source: GSO, 2011–15

FIGURE 9.9

DISTRIBUTION OF YOUTH EMPLOYMENT BY SECTOR (2011–15) (%)



Source: Vietnam's GSO, 2011–15

Vietnam economy has been experiencing a rapid structural transformation which is reflected in the shifting sectoral composition of youth employment [8]. In 2011, nearly 50% of all youth workers were employed in agriculture which is the lowest labor productivity (Figure 9.9). However, by 2015, this had declined to 42.85%, reflecting a rapid transition for both youth male and female. The most substantial shift from 2011 to 2015 has been toward the industrial sector, which accounted for nearly 31% of youth employment, while services employed the remaining 26.56% of all youth workers in 2015.

Examining data of the employed youth population disaggregated by their status in employment, it is apparent that nearly half of youth workers are engaged in nonwage employment (Table 9.9). The proportion of youth workers who were wage or salary workers increased from 44.46% to 52.12% from 2011 to 2015, reflecting a positive but modest development. This particularly reflects the expansion of the manufacturing sector in Vietnam. The share of vulnerable employment (including own-account workers and family unpaid workers) is still high at 47.4% in 2015, with a higher proportion of youth female (51.2%) compared to youth male (43.1%). Another alarming concern is that in 2015, the majority of women were unpaid family workers (41.2%), while a much smaller share of men (28.94%) were classified as paid youth employment. In sum, youth women were more likely to be engaged in home-based work and thus not employed in paid jobs covered by legal and social protection, or often working in sectors with lower productivity and wages.

TABLE 9.9

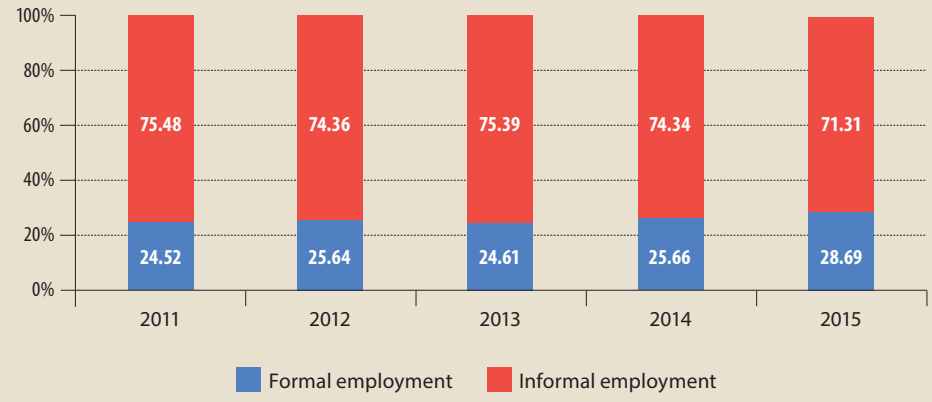
DISTRIBUTION OF EMPLOYMENT BY STATUS (2011–15) (%)

	2011	2012	2013	2014	2015
Owner	0.58	0.44	0.32	0.31	0.46
Self-employed	12.99	13.01	13.75	12.61	11.94
Family labor	41.90	40.10	41.22	40.46	35.46
Wage worker	44.46	46.26	44.66	46.57	52.12
Cooperative member	0.01	0.01	0.00	0.02	0.01
Missing	0.06	0.18	0.04	0.03	0.01
Total	100.00	100.00	100.00	100.00	100.00

Source: GSO, 2011–15

FIGURE 9.10

DISTRIBUTION OF YOUTH EMPLOYMENT BY FORMAL VS. INFORMAL EMPLOYMENT (2011–15)



Source: GSO, 2011–15

In the period of 2011–15, the share of informal employment had declined but still very common among the youth (Figure 9.10). Informal employment accounted for 75.48% of all youth workers in 2011 and accounted for 71.31% in 2015. Nearly one-half of young paid employees were engaged in an unwritten contract (46.85% in 2015). With informal employment, youth workers could not access to entitlements, such as social security, paid annual and sick leave, and overtime pay.

Wage

During the period of 2011–15, the average monthly wage of youth paid worker increased from VND2,582 to VND3,781 with a growth rate in monthly wage per paid youth workers reaching 9.7% per year (Table 9.10). In 2015, the average monthly wage of paid youth workers was VND3,781,000 which was lower than that of paid workers in general (VND4,637,000).

In terms of gender inequality, the average wage of youth female workers were lower than that of youth male workers for the same jobs. In general, the average monthly wage of youth female workers was equal to 98.16% of wages of young male workers in 2015 which was narrowing from 93.22% in 2011. However, the largest gap in wages and salary was in some occupations, such as machine installation and operation (the wage of youth female workers was 61% of their male counterparts). The next area of wage discrepancy was in the occupations requiring professional and technical qualifications, where youth women earned around 82% of male earnings. However, from 2011 to 2015, the wage growth rate of youth female workers was slightly higher (10.26%) than that of young male workers (9.33%), which helped to narrow the gender wage gap.

TABLE 9.10

MONTHLY WAGE OF WAGED WORKERS AGED 15–24 (2011–15) (VND)

	2011	2012	2013	2014	2015
Total	**2,582**	**3,056**	**3,268**	**3,597**	**3,781**
By gender					
• Male	2,659	3,047	3,280	3,615	3,813
• Female	2,479	3,068	3,253	3,575	3,743
By urban/rural					
• Urban	2,751	3,362	3,603	3,929	4,152
• Rural	2,492	2,884	3,093	3,407	3,567
By sectors					
• Agriculture, forestry, fishery	2,062	2,331	2,455	2,669	2,814
• Industry and construction	2,725	3,244	3,448	3,815	4,067
• Service	2,519	3,008	3,259	3,529	3,635

Source: GSO, 2011–15

During this period, the monthly wage per worker (at current prices) increased by 46.41% with urban wage growth (50.92%) outpacing the rise in rural wage growth (43.14%). As a result, monthly urban wage per worker reached VND4.152 million in 2015 with 16.39% higher than the wage level in rural areas.

From 2011 to 2015, growth in youth worker wages in the industry and construction sector climbed the fastest at 10.11% annually, while youth worker wages in the service sector and agriculture, forestry, and fishery sector increased 9.34% and 7.87%, respectively. By 2015, workers in the industry and construction sector earned 11.98% and 44.54% more than their counterparts in the service sector and agriculture, forestry, and fishery sector.

Unemployment of Youth

The unemployment rate of youth is higher than that for the total labor force. In 2015, the unemployment rate of youth was 7.03% (11.94% in urban areas and 5.23% in rural areas), while the unemployment rate for adults aged 25 years and above was 1.2% (2.3% in urban areas and 0.7% in rural areas). In the period of 2011–15, the unemployment rate of youth increased from 5.17% in 2011 to 7.03% in 2015 (Table 9.11).

TABLE 9.11

EMPLOYMENT AND EMPLOYMENT-TO-POPULATION RATIO BY AGE AND GENDER (2011–15)

	2011	2012	2013	2014	2015
General	**5.17**	**5.48**	**6.25**	**6.26**	**7.03**
By gender					
• Male	4.3	4.58	5.47	5.51	6.79
• Female	6.21	6.57	7.23	7.15	7.32
By urban/rural					
• Urban	9.04	9.17	11.22	11.06	11.94
• Rural	3.98	4.25	4.69	4.63	5.23

Source: GSO, 2011–15

FIGURE 9.11

JOBLESSNESS AMONG YOUTH (2011–15) (%)

Source: GSO, 2011–15

In 2015, the unemployed youth aged 15–24 accounted for 45.7% of total unemployed. The female youth share was slightly lower than that of the male at 45.2% and 46.3%, respectively. Overall, the youth take a higher share of total unemployment in rural areas than in urban areas. In fact, more than half of the total unemployed in rural areas, both male and female, are the youths. In urban areas, the share of youth men in total male unemployment is higher than the female (41.4% compared to 35.7%), but in rural areas, it is youth women who take the higher share among the age group 15–24 (54.9% compared to 51.2%).

Joblessness

In 2015, jobless youth reached 1.51 million people, including 948,3000 people who do not work nor go to school (62.73%) and 563,5000 unemployed people (37.27%). In 2011–15, joblessness among the youth increased by 4.02% per annum while the growth of youth labor force was negative (-3.15% per annum). Considerably, people who do not work nor go to school increased rapidly (by 8.2% annually) while unemployed people decreased slightly (-1.16% annually) in this period. the As a result, joblessness rate among youth increased from nearly 14% in 2011 to 18.87% in 2015 (Figure 9.11).

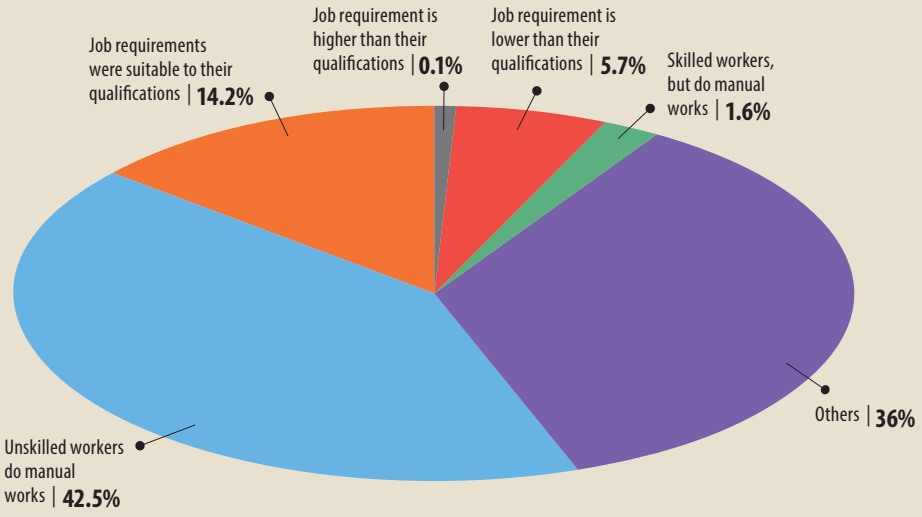
Employability of Workers (Skill Mismatch)

There were several limitations in matching between occupation and technical professions of youth workers. In 2015, there were 395,000 workers whose jobs required lower skills than their qualification and they made up 6% of total employed youth workers (while those of total employed workers in general was only 3.9%) (Figure 9.12). The undereducation of workers can have a severe impact on labor productivity and can be a significant hindrance to economic growth, but can also impact the youth worker in terms of their self-confidence.

On the other hand, there were nearly 111,000 skilled workers (made up 2% of total employed youth workers) who worked in unskilled jobs. The consequence is that overeducated youth are likely to earn less than they otherwise could have and are also not making the most of their productive potential.

FIGURE 9.12

DISTRIBUTION OF YOUTH EMPLOYMENT BY SKILL MISMATCH TYPES IN 2015 (%)



Source: GSO, 2011–15

Causes and Challenges Facing Labor Productivity Arising From Youth Employment Issues

- Low Labor Quality

  Though the qualification of youth workers has improved in recent years, it has not met the practical requirements of the labor market. There remain big gaps in technical and professional qualifications between urban and rural youth workers. In particular, young workers, especially thosein rural areas, are still behind at performing industrial working culture and complying with labor disciplines. Even skilled workers do not meet the demands of enterprises, lacking soft skills and weak capacity of foreign language. These lead to low competitiveness of Vietnamese youth workers as low labor productivity may cause many difficulties for youth workers in the integration process.

- Youth Labor Still Concentrates in Low-productivity Sectors

  In 2015, the proportion of youth employees working in agriculture, forestry, and fishery in total employees made up 42.85%. The proportion of industry and construction sector was 30.59% but of which, the processing sector generated low-added value, such as textiles and garments, leather, and footwear which were the majority (accounting for 32% of processing and manufacturing industry); 47.4% in household and self-employment sector. Transformation of the structure of youth labor is taking place slowly. Most of the youth laborers are working in the agricultural sector and their jobs are unstable with low income, which pose challenges and barriers for specific geographical areas for the Vietnam government in solving jobs for youth.

- High Rate in Unemployment

  The unemployment rate of youth workers in urban areas are still high for both young male and female. Should unemployment remain unresolved, there will be a waste of young labor force in addition to other arising social issues.

- Ineffective Management and Limited Contribution of Total Factor Productivity (Tfp) to the Economy

  Efficiency of management at both macro and micro (enterprises) levels is low. In the period 2011–15, the contribution of TFP to GDP growth of Vietnam was just 17.2% [9], compared to Thailand with 21.32%, China 37.49%, Malaysia 40.74%, and Korea 47.54%. Moreover, low economic structure transformation, inadequate economic development planning of localities, lack of relevance of development of industrial zones, and economic sectors to job creation for youth workers in particular and all laborers in general, inadequate attention paid to investments in rural areas are among the reasons young laborers' lack access to better jobs and higher income. Further, high-tech production of Vietnam is limited.

  Productivity, quality, and efficiency of each sector as well as the competitiveness of products mostly depends on technological advances but until today, the use of technology in Vietnam is still very basic and is among the lowest level in the region. Most of Vietnamese enterprises use technology that lags behind the world from two to three generations; nearly 80% are using equipment and machines from the 1960s–70s; more than 75% of equipment have expired their depreciation period but are not replaced; in total imported machines, more than 50% are refurbished. In general, 52% of equipment and machines in use are obsolete or very obsolete. In SMEs, this rate is over 70%; only about 10% of equipment and machines are modern [10].

- Limitations of the Educational and Training System

  Most of the training subjects focus on management, economics, and social affairs but there are few training subjects on technical skills. The education system and vocational training overlap and only are inadequate, which is shown by the youth's weak physical strength, low sense of responsibility and labor disciplines, and poor industrial manners. State budget for vocational training and job creation for youth laborers is still limited, and many are not relevant to the scale of youth laborers. In addition, the allocation and usage of that limited budget has been ineffective and not many youth laborers can access that budget due to complicated procedures, and the objectives of the budget is sometimes irrelevant to youth laborers' demand.

- Labor Market Institutions Have Not Been Developed Enough

  There are several factors that hamper Vietnam's labor market institutions. First, the labor market information system has not been adequately developed. Information on labor recruitment, employment requirements by the economic sector, training major, age group, training qualification level as well as training capacity of training institutions have not been disseminated widely. Second, poor performance of career advice and orientation is one of the causes which have restricted youth's ability in seeking jobs and choosing appropriate careers. In practice, there are not many available orientation activities, meetings, and advice provided by schools, training institutions, job introduction centers, and service providers for the youth. Usually, parents, relatives, friends, and neighbors of the youth who dispense advice and career orientation. Third, employment transaction activities have been organized mainly in urban areas where the labor market is quite progressive while in rural

areas, they have not been taken into account seriously. Most of the rural youth could not access full information on employment and thus they have had few opportunities to access jobs.

- Youths' Limited Awareness
  A problem more apparent in urban areas, the youths appear unaware or have low awareness on the fact that they should take the responsibility for self-job creation and self-training to improve their qualification. Many wait for support from their families, the state, and the community to find jobs.

Policies and Programs Promoting Youth Entrepreneurship

National Legal Framework and Vietnam Youth Development Strategy

The legal framework for employment consists of a set of legal documents, such as Labour Code 2012, Employment Law 2013, Law on Occupational Safety and Health 2015, Law on Vocational Education 2014, Law on Vietnamese Workers Working Overseas under Contract 2006; and more recently, the introduction of Enterprise Law 2014, Cooperative Law 2012, and Foreign Direct Investment Law 2014. The enactment of specific national laws has further contributed to employment creation and to enhancing the employability of the whole population, including the youth.

However, the most relevant piece of legislation for the purpose of this analysis is the Vietnam Youth Law 2005, which includes a major component on employment creation. The Youth Law states the rights of young people, such as their right to education and employment, and the importance of such entitlements for the future of Vietnam. In this law, the government confirms its commitment to; i) create jobs for youth, ii) develop vocational education to meet young people's need for skills, iii) develop a system to help young people find jobs, especially for rural youth, youth completing military service, and youth completing duties in development programs, and iv) use national funds to reduce unemployment, hunger, and poverty among the underprivileged [8].

Moreover, The Vietnam Youth Development Strategy was a key component of the Socioeconomic Development Strategy for Vietnam (2001–10) and outlined the government's solution for youth unemployment. The overarching objective of the strategy is to provide and encourage education, training and support for young people. Three key programs were identified to achieve decent employments: i) improving employment opportunities for youth, ii) enhancing education and professional skills for youth, and iii) increasing the scientific and technological capabilities of youth.

General Employment and Development Capacity Programs and Policies

Developing an effective employment policy for the overall labor market has been a priority for the government of Vietnam. National policies for employment include a number of measures and initiatives, focusing on the mobilization of the existing workforce, labor efficiency, early re-employment for redundant workers, and ensuring a balanced relationship between economic growth and employment generation. In which, governmental policies targeting the youth have aimed to facilitate their contribution to the nation-building effort in the belief that young people are essential to the industrialization and modernization of Vietnam. Within these programs, the government of Vietnam have implemented several policy measures addressing job creation and income generation, education and training, and promotion of young talent. These socioeconomic development initiatives have reached large shares of youth in Vietnam, including youth working in state-managed agencies and the private sector, in both urban and rural enterprises. The main beneficiaries range from young entrepreneurs, ethnic-minority youth, youth working in Key Economic Zones, and rural youth in remote islands and border areas [8].

Many specified initiatives were issued and implemented, such as i) the Master Plan on Supporting Vocational Training and Employment for young people in 2008–15 (Decision No.103/2008/QD-TTg of The Prime Minister), ii) The Master Plan on Consultation, Vocational Guidance and Job Placement for the Youth in 2016–2020; iii) Circular No. 43/2016/TT-BLDTBXH guiding policies on supporting vocational training for youths fulfilling their military service and volunteering to complete the

socioeconomic development project, etc. These initiatives aimed to create employment and promote self-employment, especially for vulnerable youth groups. In addition, in 2013, the prime minister issued the Directive No. 06/2005/CT-TTg, which emphasized the necessity of youth participation in several national employment-oriented programs, prioritizing young people in remote islands, border areas, and low-income regions. Within the context of the Directive, the Youth Union and its related ministries are responsible for the development of implementation plans with measurable targets, mechanisms, and resources to train youth and reduce youth unemployment.

In parallel, various programs, such as industrial development programs, programs for the development of export processing, industrial zones, and high technology zones, among others, have contributed to job creation and gradually raised the living standards of workers. Every year, the goal of these programs is to create jobs for 1.1 to 1.2 million workers, mostly youth [8].

Specified Programs Promoting Youth Entrepreneurship

- Program on Youth's Business Start-Up

  2016 was selected as the national year of business start-ups. It was also the time when a number of policies and incentives were approved and deployed to encourage business start-ups. The government effort had important objectives and the dynamics to facilitate the Vietnamese youth's passion for business start-up and hunger for enrichment to develop the nation's economy.

  The government adopted Resolution No. 35/NQ-CP dated 16 May 2016 on support for and development of enterprises by 2020, aiming for at least one million operating enterprises, a number of which will be large-scale operations with strong resources. The aim of the Resolution is to strengthen training and foster Vietnamese young people's will for enrichment, though they may face risks or even failures in their business start-up. The Resolution targets to provide long-term financial support as well as encourage youth's potentials for development to formulate a contingent of young business persons in Vietnam.

  On 18 May 2016, the government approved the Masterplan of Development of National Innovation and Entrepreneurship Ecosystem Toward 2025 with a series of support, such as coworking space, training activities, specific taxation mechanism, and capital contribution for start-ups. The objectives of the Master plan are:

  i) By 2020, to complete the legal framework for start-up ecosystem; build the online portal for the National Innovative Startup Ecosystem; support approximately 800 start-up projects, 200 start-up enterprises, of which 50 successfully raised follow-on investments from private venture investors, or undergone mergers and acquisitions with total value of about VND1,000 billion,

  ii) By 2025, it is expected that the Project will have already supported 2,000 start-up projects and 600 start-up enterprises, of which 100 successfully raised follow-on investment from private venture investors, or undergone mergers and acquisitions, with a total value of about VND2,000 billion.

  This Masterplan has opened up important opportunities for start-up youth.

  Ho Chi Minh Youth Union initiated the program on Youth's Business Startup in 2016 and to run through to 2021. Within the framework of this program, the Youth Union signed cooperative agreements with banks, economic corporations, and other agencies/organizations to call for financial and technical support for the Program with a total amount of VND350 billion. This program is to create favourable conditions in facilitating and supporting youth in their business start-up process and innovations; encouraging, cheering, and building youths' and students' mind and determination for business start-ups. The Program aimed at benefiting three groups of youth; i) students from universities and colleges, ii) rural youth who have demands of business start-up (focusing on supporting them to conduct projects and plans in the fields of innovation and creation as well as application of technologies in agriculture), and iii) young businesspersons, owners of businesses as well as home-based businesses which are newly licensed to the youth.

The program will continue mobilizing financial and human resources as well as infrastructure which are relevant to legal regulations in collaboration with resources from related programs and projects to support youth's business start-up.

- Youth Program in Research and Application of Sciences and Technologies

Since 2011, the Ministry of Science and Technology in collaboration with the Youth Union, deployed the program which took on "the pioneer role of youth in study, research, and application of sciences and technologies for the acceleration of the country's industrialization and modernization." The Program aims to create conditions for study, work, recreation, and physical and cognitive development for the young generation. The Program also a platform to encourage and cheer the youth to nurture their dreams and passion for development, pioneering, innovation, and control over modern sciences and technologies; forming a contingent of elite young generation in every aspect, successfully inheriting, and being loyal to the cause of the Communist Party, significantly contributing to the acceleration of industrialization and modernization of the country.

In 2011–15, the Program focused on key activities, such as application and transfer of sciences and technologies in production, businesses, and services; strengthening organization of training courses and technology transfer to foster the application of advanced techniques in production and real life; creating favourable conditions for youth to apply their initiatives, improved techniques as well as innovations in practice. The Ministry of Science and Technology has also promoted collaborations in joint research, development, and pilot of applicable and transferrable models of sciences and technologies among youth. An emphasize has been put on the poor districts in northwest, central highlands, and the west of Thanh Hoa and Nghe An provinces.

The Program also supported the application of effective advanced sciences and technologies innovated by youth. In addition, the Program collaborated with provincial Youth Unions to actively develop appropriate projects such as Development of Applicable Models and Transfer of Sciences and Technologies for rural and mountainous economic development 2011–15, and the project in developing the database on Young Talents in Sciences and Technologies in Vietnam.

- Incentive Credit Loan Program for Youths

Since 2002, in recognition of the importance of incentive credit loans for the youth, the Ho Chi Minh Central Youth Union and Vietnam Bank for Social Policies have signed the Joint Program No. 283/VBLT on Organization and Receipt of Chartered Loans for poor households who are the target groups of the Resolution No.78/2002/ND-CP dated 4 October 2002 of the Government on Credits for the poor and other policy target groups.

So far after nearly 15 years of implementation, the total debts of the chartered loans managed by the Youth Union has reached VND19,260 billion with over 831,000 of households having young people getting loans from 24,019 saving groups. The programs on loan lending with high debts include loans for poor households (VND4,740 billion), nearly poor households (VND2,760 billion), students and pupils (nearly VND2,400 billion), households running home-based businesses in disadvantaged areas (VND2,205 billion), clean water and rural hygiene and sanitation (VND2,080 billion), and newly poverty-escaped households (VND357 billion).

For accessibility to incentive loans, many young people from poor and nearly poor households had the financial capacity to develop breeding and cultivation activities that generated more jobs for their household members. A number of households have created with opportunities to pilot newly productive breeds in their cultivation, applying newly advanced cultivation methods, and piloted many effective cultivation models. Particularly, many poor households have expanded their cultivating and breeding from small to larger scale. They have engaged in producing farming products for sale and have generated more jobs for the local people, which have helped other households to escape poverty. Incentive credits have positively contributed to motivating the movement of youth in study, production, and business start-ups. As a result, young people have been able to create jobs for themselves and others in their own production business.

In addition, the Youth Union lent their support for youth's development through training programs on poverty reduction and transfer of scientific and technological advances, aiming for effective usage of credit loans for self-development and business start-up for rural youth.

Masterplan on Supporting Vocational Training and Employment for Youth

Over the past years, in order to improve capacity and employment opportunities for young people, the government issued a masterplan in supporting vocational training and employment for young people in the period of 2008–15 (Decision No.103/2008/QD-TTg of the Prime Minister).

The Youth Union has utilized loans to support the youth for economic development, job generation, poverty reduction, and poverty alleviation in an effective manner. Up to 2015, the total funds of the National Fund for Employment managed by Central Youth Union reached more than VND72 billion, which was being implemented in 61 provinces and cities with roughly 1,420 projects.

The loans from the Vietnam Bank of Social Policies through the Youth Union system were boosted. The outstanding loans in 2015 in this system increased by VND2,100 billion (equivalent to over 15%) and exceeded the target of VND800 billion. The Youth Union piloted the mortgage program for young people to start businesses.

Conclusion

During 2011–15, Vietnam developed many specific programs/masterplans to promote youth entrepreneurship, which had made strides for the youths in the labor market. However, policies and mechanisms for job creation for the youth developed slowly. There were no specific policies on employment for the youth in specific geographical regions and areas. The policies on employment for youth were very broad, unpractical, and updated slowly. In addition, monitoring and evaluating the implementation of the policies on employment in general and those for young laborers in particular were not done well in several localities.

Job creation for youth, including those in urban and rural areas, were not taken into account seriously; thus the effectiveness of job creation for young laborers in socioeconomic development programs was low. Programs and projects on job creation for youth were still small in scale and were not duplicated. Preferential loans for job creation and vocational training from the National Employment Fund for youth were neither sustainable nor effective. Most of the loans were provided for households, while loans for production and business establishments were few. Moreover, the youths' lack of practical experience in starting and running businesses also compromised the effectiveness of the program. Meanwhile, labor dispatch to foreign countries were mainly focused on sending unskilled or low professionals and technical laborers.

Recommendations

Policy Implications

i) Design Coherent Policies and Mechanism on Employment Generation for Youth

Policies and mechanism for job creation for youth have been developed slowly. There have not been specific policies on employment for youth in geographical regions and areas. The policies on employment for youth are very broad, unpractical, and sluggish. The existing institutional and legal frameworks on employment and youth employment should be further developed in order to support the implementation of responses to the challenges on education/training and employment opportunities. Thus Vietnam should further refine the law and policy system in the area of labor employment, specifically by accelerating the issuance of instruction documents for implementing Labour Code (Amendment) in 2012, Law on Employment 2013, and Law on Vocational and Professional Education in 2015. This is to provide evidence for designing and implementing

active and passive labor market for the youths in meeting the requirements of the nation's economic development. The monitoring and evaluation aspects on the implementation of youth employment policies in general and those for young laborers in particular at localities should be enhanced.

The specific strengths of Vietnam's relevant institutions, including local, district, provincial and national governments, organizations of employers and workers, civil society organizations, and national or international nongovernmental institutions should be mobilized and harnessed in order to design coherent policies and programs and to help ease the transition of young people from school to work.

ii) Development of Youth Human Resources

- Ensure access to education and encourage the youth to remain in school.
  Low educational attainment among young people is likely to exacerbate youth employment problems in the future as the economy shifts more toward manufacturing and services and the rising demand for high-skilled labor force. Thus education must be made affordable. The opportunity cost of keeping youths in school versus sending them to work also needs to be addressed by policy makers. Financial incentives to keep children and youths in education and training would achieve this goal. On the other hand, schools need to provide a favourable environment for learning and effective support to students. This requires better funding. The introduction of school fees for students could be implemented to increase the funding available to schools, as long as students from poorer families and schools in lower income areas can receive special assistance. In parallel, youth and students need to be made aware of the benefits of education in terms of personal development and access to professional opportunities. Career guidance and vocational guidance should be accessible by young people from an early age to help shape their aspirations and stimulate their appetite for education.
- Restructure resources to improve quality, raise the number of skilled workers, and reform vocational training and education to equip youths with new skills (including technical and core work skills) and standards.
  Priority should be given to; i) invest and implement policies, suggest measures to enhance the quality of highly qualified workers to improve human resource competitiveness, ii) draft policy and options to enhance the quality of education and vocational training, iii) improve skills for supplying skilled labor resource for important industries, and iv) strengthen the forecast activity of labor demand for socioeconomic development as to be the guideline for planning education, vocational training for drafting strategy of training, and enrollment of professional schools as well as vocational training schools. Focus on core work skills training for pupils/students (e.g., critical thinking, communication skill, problem-solving skill, teamwork skill, creation skill, technological discipline, etc.). These skills should be trained and formed from general education level and continue to develop to occupational training or professional education.
- Develop vocational training opportunities for economically active youth.
  Youth who are active in the labor market are relatively unlikely to go back into the education system as full-time students. Training options should be designed specifically for easy accessibility by youth outside working hours, for instance, it could lead to career change opportunities and help the economy in the re-skilling of workers to match current labor demand. Another solution to improve the skills of workers is to encourage employers to establish on-the-job training programs within their enterprises. In this case, enterprises should be incentivized to include transferrable skills and soft skills in their training, and to give access to their young and less experienced workers.

  Addressing the challenges faced by youth in education/training might require creating new institutions and redefining the mandate of existing ones. A range of services, including career counselling, training and information campaigns at national and local levels are required, and infrastructure for their provision needs to be established. In parallel, the education system must be improved to provide youth in different geographic areas with equal opportunities. Credit institutions and the way they serve their young clients need to be redefined and monitored in order to ensure equal provision of good services to all.

iii) Formalize Informal Employment

Many young workers, particularly in rural areas, are engaged in informal employment arrangements based on oral contracts, excluded by social protection. Employers, especially in rural areas, should be given incentives to move toward providing more formal employment contracts to employees, although this solution alone will not be enough. Informal employment is a complex issue, and difficult to address through any one policy. Economic growth has been reducing the informal employment rate but will not necessarily lead to a reduction in the size of the current informal sector. Even in developed countries, informal employment has not been eliminated. The creation of formal employment must be a key focus of future macroeconomic policy. Extending the formalization of contracts would greatly improve the conditions of young workers by ensuring job stability and by extending access to benefits.

iv) Improve Effectiveness of Projects and Programs in Supporting Youth in Vocational Training and Job Creation in Terms of Mechanism, Implementation, and Allocation of Resources

State budget for vocational training and job creation for young laborers is still limited, which is not relevant to the scale of young laborers. In addition, the allocation and usage of that limited budget has been ineffective. Many young laborers have been unable to access that budget because of complicated procedures and the objectives of the budget is irrelevant to young laborers' demand. Create and implement masterplans on labor market development by enhancing the quality of vocational training and education; develop an information system of the labor market, including drafting a database on the labor market; and provide assistance for low-income youth workers and the jobless to ensure stable income and escape from poverty.

v) Strengthen Labor Market Institution for Youth

- Develop labor market information system

  The labor market remained underdeveloped and the labor market information system is inadequate. Employment transactions were only organized occasionally. Information on labor recruitment, employment requirement by economic sector, training major, age group, training qualification level as well as the capacity of training institutions were not disseminated widely. Thus, the labor market information system should be developed. The forecast on new job demands and the skill required in the medium and long term need to be strengthened due to the changes in technology and meet the demand for economic restructure. Timely information provided to employees will help them to be aware of the need for capacity building and the skill change required to adapt to new technologies as well as to meet the requirements of their jobs through lifelong learning and practise.

- Provide career orientation and employment selection advice for youth

  Poor career advice and orientation is one of the causes that have restricted youths' abilities in seeking jobs and choosing appropriate careers. In practice, there are not many available orientation meetings and advice provided by schools, training institutions, job introduction centers and service providers for young people. Vocational consult and guide for youths/students are necessary to clearly identify their forte/capacity for appropriate career choices. There is a need of a better support mechanism to attract qualified people to participate in vocational training and new technology training.

- Enhance the supply-demand connection on youth workers

  Youth support should be provided in the form of access to employment service centers and training institution during the preparation of human resources and recruiting skilled workers for meeting the requirements of new technology transfer and application. Efforts to improve employment quality must persist and focus on guaranteeing stable employment and decent income and working conditions.

vi) Develop Job Creation Industries for Youth

Low economic structure transformation, inadequate economic development planning of localities, lack of relevance in developing industrial zones and economic sectors to job creation for young laborers in particular and all laborers in general, and little attention paid to investments in rural areas are among the challenges for young laborers in accessing good jobs and income. A stronger

focus on macroeconomic policies for job growth is required to accommodate the current and future supply of labor market entrants.

Limitations

Limitations Associated with the Standard Labor Force Survey Data

The labor force survey have been implemented quarterly and annually with general issues of youth employment, without expanding to specific issues of youth employment, such as their need for trainings and employment, access to employment service, social services, the process of labor market integration, etc.

There is a lack of linkage between youth employment and labor productivity in enterprises in specialized youth employment surveys. There is also a lack of finance resources from state budgets to update surveys on youth employment issues and youth entrepreneurship policies.

Potential Measures That Can Be Adopted to Overcome Challenges

The use of multi-methodologies (desk reviews, quantity, and quality analyses of raw data of national surveys, etc.) is needed. Data has to be combined from various sources, such as the annual standard labor force survey, the household living standards survey, the enterprises census, and specific surveys on youth employment issues and youth entrepreneurship policies in Vietnam. An increase in awareness and a call for support from related central and local authorities and other stakeholders in providing their administrative data and information on youth employment issues and youth entrepreneurship policies can be another potential measure.

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