

Youth at Heart | Think piece on a paradigm shift

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Abstract

Whilst the current dominant paradigm on youth employment continues to look at skill mismatches, in reality, efforts focusing on the supply side of labour, proved only to go some length. Are we training youth for jobs that don't exist? We are starting to realize that we need to shift our attention instead to **the structural problem: There are simply too few jobs on the demand side**. The fundamental challenge is how demographics outpace available new jobs. This is obviously related to structural economic factors that determine growth, but also to the quality of the jobs that the private sector currently creates. How decent are these jobs? What are the trade-offs within decent work? How is inclusiveness and youth's diversity integrated? This think piece argues **that we must reframe the debate on youth employment**, away from the traditional focus on education and survival entrepreneurship, and focus instead on inclusiveness and decent careers. As such, there is room to re-envision the role the private sector can play in job creation and improvement. This think piece highlights the major themes that our core thematic team around Youth Engagement, Empowerment and Resilience (YEER) is now working on for the Challenge Fund Youth Employment (CFYE) funded by the Ministry of Foreign Affairs under their Youth at Heart Strategy.

We are witnessing a paradigm shift

The current dominant paradigm on youth employment points to a mismatch between available jobs and skills when it comes to youth employment. Consequently, it is concluded, the *absorptive* capacity of the labor market is low (see for instance Morsy & Mukasa 2020 as presented at the latest World Bank Conference on Jobs¹). A job mismatch can arise because a young person is experiencing a skills deficit (under-education), but a young person can also be over-skilled. The **traditional** conclusion is, that we must focus on **training the supply side to equip young people with skills**. Indeed, from practice we know, that many TVETs are starting to wonder: we are equipping youth, but for which jobs?

What we are witnessing now, is the realization that we must shift our attention instead to **the structural problem: there are simply too little jobs on the demand side** (see e.g. Fox & Kaul 2017). Demographic growth in many of our focus countries, leading to the largest youth peak in history, is outpacing growth in the number of jobs, which makes supply of labor completely elastic² – and young. 'Youth in many low-income countries are entering the labour force in unprecedented numbers, yet many struggle to secure rewarding livelihoods' (Fox & Kaul 2017, ii). This is the fundamental challenge, as also realized by the Ministry of Foreign Affairs of the Netherlands in their strategy Youth at Heart (Ministry of Foreign Affairs Netherlands 2020). As long as supply is elastic, decent jobs are harder to find because with a large supply of labour the incentive for investment in decency is lower. And as long as firms continue to struggle to expand and create new jobs, it would seem to make sense to speed up a transition to self-employment in the informal sector. However, informal employment raises serious doubts about the decency of work (see e.g. ILO 2020). It also doesn't tackle the structural issues related to creating new and decent prospects in the formal economy. Moreover, many people cannot afford to be unemployed, and so work below their abilities – a phenomenon called underemployment (see Walter 2019).

¹ 3rd Annual IZA World Bank/ NJD / UNU-Wider Jobs and Development Conference: Better Jobs for Development. http://conference.iza.org/conference_files/worldbank_2020/viewProgram?conf_id=3300

² Elastic here means, that it can expand almost endlessly. When there is no scarcity in supply of young employees, it's easy to see how an employer is less urged to make a decent job, with for instance, a decent living wage.

In the light of this shift, we must **reframe the debate** on youth unemployment, to focus on the **demand side (formal job creation)**, **revisit the place entrepreneurship and education have in that debate** (after Walter 2019), and shed a light especially on **inclusiveness and decent work**. We must frame a new way, and create precedents on how youth build **qualitative careers**. Careers that are inclusive, decent, in line with their aspirations and lasting. We still need to explore this terrain thoroughly, and see how it impacts our advisory and interventions. Many questions arise. For instance, once a young person is in a job, how do we make sure s/he doesn't drop out? What is decent work? What is a living wage? How are asset building and decent work connected, for instance assets such as social networks or access to finance that, in the long term, are more important than just income? What is decent work in the GIG economy³? Precedents will have to come from a new way of seeing corporate jobs.

Private sector the solution? Hindsight and new approaches

The proposed shift in the debate doesn't automatically mean that the private sector is on its own. The shift proposed cannot happen without accountability and partnerships. Without civil society, private sector will naturally be more inclined to focus on generating profit for shareholders. But this tendency is now challenged, with upcoming models such as 'stakeholder capitalism', in which a company can make a profit for its shareholders, but not at the expense of the environment, clients, suppliers and society (De Groene Amsterdammer, 2020). The current economic crisis, also requires us to rethink what governments are for. 'Rather than simply fixing market failures when they arise, they should move towards actively shaping and creating markets that deliver sustainable and inclusive growth' (The Guardian, 2020).

Civil society plays a key role in ensuring private sector responds to the needs of those who are often in the margins of society (Longid 2019). Indeed, members of the private sector – especially the national micro, small, and medium enterprises (MSMEs) – have the potential to become real partners for development, and create good, lasting impact for the benefit of communities (Longid 2019).

For the past decade or so, governments have been investing more in private sector development, with the conviction that people with a good job, can lift themselves out of poverty. Yet the sector still struggles with how to integrate the growing demand for inclusion and decent work. Such demand is now voiced even stronger with the COVID-19 crisis. A recent briefing paper on Power, Profits and the Pandemic, concludes: 'The pandemic has further exposed the vast gap between the few and the many. While workers, their families, and businesses – particularly small and medium enterprises - are struggling to survive, some large corporations have either managed to shield themselves from the economic fallout of the pandemic, or even cashed in on the disaster' (Oxfam 2020).

It helps when we have precedents. For example, via private sector engagement (PSE) through development co-operation. PSE aims to leverage the private sector to achieve social and development driven objectives, while at the same time recognising the need for financial return for the private sector (Global Partnership for Effective Development Co-operation 2019).

What is the way forward then for our thinking, our advisory, our interventions?

Intersectionality

The challenge is not only to create demand for labor, it's also about who gets access to the (new, decent) jobs – and who is able to keep them, grow? **Youth is not a homogeneous group**. For the past decades there has been a lot of attention for gender, and it is becoming mainstream as feminism also became mainstream. However, a person may experience multiple layers of vulnerability which can give him or her, more or less opportunities to access a job. Gender is just one of these layers. For instance, if you are an employee, a foreigner, from an ethnic minority, coming from a low income family, living in an informal settlement, and a young woman – you have different layers of vulnerability that overlap and impact your opportunity. What are your chances? Layers of your identity, all interact, to affect your lived experience, and contribute to unequal outcomes in ways that cannot be attributed to one dimension only. We use the term '**intersectionality**' for that (see also Christofferson, Ashlee 2017, Joane Nagel, 2003).

³ The GIG economy is based on temporary, flexible jobs. On freelance work.

At VSO we are currently working on integrating the concept of intersectionality for corporate environments. We found that there is an actual **business case for inclusion and diversity**, related to retention and cost reduction. A company with a more diverse and inclusive environment, often has lower wage differences, fewer cases of harassment, and increased level of innovation, an improved company culture and inspiring leadership (World Economic Forum 2019). Inclusion is also associated with greater engagement, commitment and satisfaction (Diversity Council Australia 2013). This can lead to better company results, and better individual performance (Cultureamp 2019).

Youth Voice: the Youth Panel

One of the most important aspects where VSO is working on in terms of youth engagement, is 'Youth Voice'. "Voice" is about the ideas, opinions, experiences, attitudes, knowledge, actions, involvement and initiative of young people and their meaningful inclusion in the creation and implementation of programs, policies and practice. You could sum it up like: "Nothing about us without us." Voice is about youth's authentic engagement that enables them to express their views and have their views taken into account in matters that affect them (JCYO 2014, p. 1).

As also wondered by the Ministry: How do we meaningfully integrate the Youth Voice across Youth Employment investments and programming? Meaning, in essence, that the youth voice impacts decision-making.

One of the tools we are working with is the **Youth Panel**. The Youth Panel provides a platform for young people to shape the ways that businesses work and **not only to be leaders of tomorrow, but to become drivers of change today** (USAID 2020, p. 1). But how do we know the youth voice is not just heard for the sake of it, as merely tokenism? It is essential that there is actual shift in power built into the use of the Youth Panel. That requires a new understanding of the position of youth in terms of power and integration.

Resilience and the future of work

Looking ahead, as the Ministry also stresses in Youth at Heart, there is a lot of attention needed for resilience. This includes employee flexibility, future of work – including trends such as digitalization (see f.i. ACIA 2020) – and preparing young people to deal with unexpected changes – that can lead to sudden loss of income. The Covid-19 pandemic and economic crisis already lead to layoffs in the countries in which we work, affecting youth.

The future will not just be about finding a job, or a series of consequential jobs, it's about understanding personal talents and applying these in various ways to generate an income. Flexibility and adaptability are essential, creating *decent* opportunities is the major challenge.

At VSO we invest in broadening young people's asset base to enhance their resilience and self-reliance. This includes equipping youth with skills that support them in dealing with sudden disruptions – such as adaptability, risk taking, opportunity spotting, asset thinking, improvisation and creativity.

Political context

The debate at hand (a shift to focusing on the demand side) doesn't take place in a vacuum. Some contexts are fragile. For private sector development to be successful in fragile states it is important to add a 'conflict lens' to instruments and support (SOMO, Oxfam-Novib 2018). The aim should be to increase trust and social cohesion, just as much as to spur growth and creation of jobs through that (IFC 2019). Since we cannot do this alone, we are required to identify and use synergies and linkages across relevant actors, sectors and interventions.

Civil society plays a crucial role in demanding transparency and accountability. Organizations can keep highlighting the welfare of those furthest behind and at the margins, those who suffer from any failures in accountability (Global Partnership for Effective Development Cooperation 2019).

By putting emphasis on people's rights, inclusion, and intersectionality within this debate on jobs, civil society organisations can ensure that also the most vulnerable groups benefit from private sector initiatives.

Generations

Which categories of youth will be particularly hit by the Covid-19 crisis? The concept of generations could help identify who will be hit hardest by the economic crisis following the Corona pandemic. Generations not only refer to the same birth cohort (e.g. all born in the 2000s), but also to people who lived a period of fast social change and develop a distinct socio-historical awareness - trend-breaches are especially important here⁴ (Breimer 2006). The Worldwide Lockdown and Economic Crisis following the Covid-19 Pandemic certainly qualifies as a trend breach. We see shared experiences in our focus countries such as lay-offs of young people. Young people who recently left school or university may find it hard to access jobs, for the fierce competition with those who do have jobs already and thus working experience. Possibly, we may see a 'waterbed effect', whereby highly educated young people who lose their job, start to go into underemployment and push out others from their jobs. Young people may have to relocate or even migrate to find a job.

An important layer of vulnerability is the financial background of young people's family⁵. When a young person's family can offer a solid (middle class) financial base, it is likely to be easier for him or her to work for a lower pay on a job or internship that gives experience, or have access to housing nearby. Obviously, the opposite can also be true, and limit opportunities for those coming from families who are poor. Another illustration of a layer of vulnerability might be structural race discrimination on the basis of where young people live in the city (see e.g. Rio on Watch⁶), which may affect a young person's entry with an employer. Both more structural examples, **bring us back to intersectionality**.

Education revised

Is there no place left for education then? Surely the opposite is true, and the Youth at Heart strategy of the Ministry of Foreign Affairs rightly keeps on prioritizing education. As VSO we have traditionally focused on soft skills training, technical TVET quality improvements, and building capacity at other levels of education systems. Working on the Challenge Fund for Youth Employment (CFYE) is giving us growing awareness of the shift in understanding on youth employment. Paradigms typically last 20-30 years depending on the topic⁷, and with the attention shifting more to the demand side, we are also reflecting on the orientation of our own work. It is an exciting journey, and our incremental understanding is further accelerated by our decades long experience in livelihoods. This experience stretches from empowerment, employment and entrepreneurship, to enterprise development and job creation, and rural resilient livelihoods.

Entrepreneurship revised

What does it mean to revisit the place of entrepreneurship – be it micro or survival? One angle, is to shift our attention away from focusing on stimulating survival businesses at the individual level only, and constant skills improvement of a young person. The overall context seems to be that although entrepreneurial aspirations of youth are growing, formal and stable employment is still preferred. Entrepreneurship might be a good temporary solution, in a reality of lack of jobs, as structural changes in the economy and in job creation typically take time. Stimulating inclusive, decent youth-led enterprise creation or improvement – in the light of this debate – becomes a mid-term solution. Another angle, is looking at the benefits, and natural alignment with social set-ups of countries we work in, where young people gain added income from various sources. Can we find market driven solutions to make this more decent? Or having a career perspective instead of just a job perspective. These are just some first thoughts and reflections.

⁴ A well-known example of a generation, are the millennials in Europe – the so-called generation Y. They were born between 1981 and 1996. In the South of Europe, this generation was hit double by huge crises by their mid-thirties (The Economist 2020). First was the financial crisis in 2008, which then morphed into the Eurozone crisis. A few years on, the same generation is hit by the coronavirus pandemic which causes the second major economic crisis of their lives. Lack of jobs, led many millennials from Spain to migrate, with a lasting impact on their lives, such as job stability, access to mortgages, remote relationship with the family, sense of home and place.

⁵ Are they from established middle class families with sufficient wealth to generate new wealth and assets for their children? Belonging to the middle class is often intergenerational, and so is being poor. See Thomas Picketty's work. For an introduction: <https://www.theguardian.com/books/2014/apr/28/thomas-piketty-capital-surprise-bestseller>.

⁶ Rio on Watch, Covid-19 in Post Code 23000: The Lethality of Structural Racism in Campo Grande, Part I, <https://www.rioonwatch.org/?p=60580>

⁷ See Davidson, Forbes 1999 in Breimer 2015 for several slides explaining a hype cycle, as presented to the European Commission Joint Research Centre (JRC) in Milan, Italy

https://ec.europa.eu/jrc/sites/jrcsh/files/breimer_urbanisation_workshop_28may2015.pdf

Way forward for the world of work

How can the world of work be changed? We must:

- Create sustainable partnerships between companies, TVETs and research institutions and ensure that interventions start from a demand-driven perspective.
- Ensure that demand driven projects are locally embedded and owned. Companies should redesign their business models to center on the wellbeing of people in their operations, supply chains and broader society – and be incentivized to do so. This will require investing in decent jobs, addressing human rights risks and supporting efforts for universal social protection.
- Press for decent work and decent pay. People with unstable, unfair incomes are hit the hardest. It is time to ensure that companies will pay living wages and to create a pathway for living wages linked to asset building within the informal sector. We need more exploration on living wages.
- Invest in private sector for the better, to ensure that not only jobs are created, but other aspects of sustainability are invested in too, such as climate sustainability
- Companies need to actively invest in a diverse and inclusive workforce. New generations long for a stimulating, participatory and diverse working environment without racism and exclusion.
- Ensure a business case whereby a company's focus on youth engagement, empowerment and resilience is shared and embedded.
- The future of work has started today – being online, and being digitally connected is more important than ever. We must end the digital divide between the rich and the poor, and invest in new technology for everyone. Ensure lifelong learning in this area of work.

Sustainable job creation – an example

Youth-led social impact investments are the future. The Challenge Fund for Youth Employment (CFYE) supports enterprises that envision inclusive growth and creation of decent jobs for youth. This fund is financed by the Netherlands Ministry of Foreign Affairs, and implemented by Palladium, VSO and Randstad. Within this Fund, VSO provides technical expertise on youth engagement, youth empowerment and resilience. Additionally, through the power of volunteering we are a partnership broker and enable learning between community-movements, private sector experts, south-to-south experts, companies, governments, and international institutions.

One of the selected implementing partners for the CFYE is Marula Creative Consultancy, a social impact agency specializing in creative storytelling and campaigns for positive change. They work together with Protein and Enimiro's foundation to tackle three key problems: inefficient waste management systems, food production challenges, and high youth unemployment in Uganda.

Find out more about their solution here: <https://vimeo.com/380474658>.

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Note

VSO developed strong knowledge and practice on youth, education and employment. What makes sense for the future? This think piece reflects our current spark in understandings, knowledge and implementation and is just meant as a step-up for more dialogue. We are very much open to exchanging with you in person and deepen our understanding even more or even find synergies, and innovate together for a resilient future for youth.

VSO is currently building a body of knowledge and tools on youth engagement, empowerment and resilience (YEER) for corporate use.

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