

## EMPLOYABILITY AND YOUTH DURING COVID-19

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**Abstract :** *The COVID-19 crisis has turned from a global health crisis into a severe economic crisis. The policy responses taken to fight the pandemic have resulted in economic shutdown, leaving millions out of work, with young people, women and less-skilled people worst affected. The global recession is expected to result in the loss of five to 25 million jobs, and it will be young adults and young people that are most vulnerable to unemployment. Across the world, young working people will be the first to lose their jobs, or will have to resort to lower quality, less paid, insecure or unsafe jobs.*

*Young people have been hard hit by the wide-reaching labour market and social impacts of the COVID 19 crisis. Youth unemployment has increased considerably; education and work-based learning have been heavily disrupted; and many young people are suffering from financial insecurity, housing instability and mental distress. OECD governments have responded to this situation by taking comprehensive policy measures for young people, ranging from labour market and income support measures, to housing responses and mental health support. This policy brief provides an overview of the measures that countries have put in place to avoid a long-lasting negative impact on the employment prospects and aspirations of young people.*

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### **COVID-19 crisis is reshaping the world of work :**

The impacts of the pandemic on youth labour market outcomes will be severe in developed, emerging and developing countries. Economies with high rates of informal employment are particularly vulnerable to shocks. The lockdowns and the spread of the virus mean millions of young people lack social protection, income benefit in case of sickness, and are at risk through inadequate access to universal health care.

Even though all economic sectors are affected by the pandemic, labour-intensive sectors with millions of low-paid and low-skilled young workers have been most dramatically affected. Young people in developing and developed countries make up the majority of workers in the wholesale and retail trade, accommodation, and food services sectors, and these have been hit hardest.

Covid-19 is forcing economies and companies to speed their digital transformation to meet the sudden boom in home working and online shopping. The crisis is also driving expansion of artificial intelligence and automatization. With new online tools like video

conferences now in wide-use, global business trips are set to decline post-crisis, with a significant knock-on effect on jobs in administrative support, events, travel and transport. An increase in temporary and part-time jobs is forecast, with little stability and benefits as companies become reluctant to return to full-time employment models. Sustainable future socio-economic progress with flourishing economies and societies needs a vibrant, empowered and employed youth at their heart.

### **Youth employment must be at the forefront of global policy action:**

The rise of new technologies, globalisation, rapid changes in the world of work, the 2008 economic crisis, automatization, and now COVID-19 have disrupted labour markets across the world in a seismic way for youth and their chances of decent, long term and meaningful employment. Many jobs will disappear and the new jobs that are created will leave many young people behind. Those with lower skills will join the swelling numbers of Youth NEET or will find themselves in insecure jobs, with lower paid working conditions. The increasing demand for digital skills is not only a prerequisite to enter the information technology sector; these skills are also needed in non-technical roles, such as customer services, health and social care. A closer interlinkage between the education and labour sectors becomes more important.

The economic shutdown provides a significant opportunity to redesign economies to fight climate change and environmental degradation and instead invest in decarbonised, sustainable and green economies. Investing in young people means providing decent and sustainable jobs for young adults. Sustainable future socio-economic progress with flourishing economies and societies need a vibrant, empowered and employed youth at their heart.

### **Policies for youth employment:**

At the World Future Council, we have investigated and recognised laws and policies from around the world that foster enabling work environments for youth, and help young adults adapt to market requirements. In 2019 we detailed a number of outstanding policies:

- Scotland's Developing the Young Workforce (DYW) tackles youth unemployment and improves the skills of young people to help them enter the labour market, by bringing together educators, employers, civil society, youth organisations, and local authorities to reshape the education curriculum and expand the apprenticeship programme.
- Rwanda's Youth Connects youth to private sector and government employment and entrepreneurship opportunities, strengthens their civic engagement and leadership and has reached thousands of young Rwandans between 16 and 34 years old, raising awareness on employment, entrepreneurship and ICT. The policy serves as a model across Africa and supports the pan African initiative to create 10 million jobs for African young people. COVID-19 has shown us just how fragile and globalised our economies and societies are. Poverty and income inequality will severely limit opportunities for youth employment in the post-COVID world. Investing in young

people for decent and sustainable jobs must be put at the forefront of policy action so we can build resilient nations with equal, inclusive and sustainable economies and societies that respect nature and care for future generations.

### **Implementing job retention scheme of young workers:**

Across many OECD countries, job retention schemes – primarily short-time work schemes and wage subsidies – have been crucial to protect jobs and livelihoods, thus cushioning the impact of the COVID-19 crisis. While job retention schemes have not been targeted specifically at young workers, they have been used much more for young people than other age groups. This outcome likely reflects the large share of young people in hard-hit industries, which have made heavy use of these schemes. In Italy, Switzerland and the United Kingdom, more than 25% of young workers were on job retention schemes in Q2 2020, more than 5 percentage points above rates for prime-age workers. While job retention schemes will need to remain in place as the crisis continues, they can only be a temporary tool and will have to be increasingly targeted to jobs that are likely to remain viable in the medium term or sectors where activity can resume.

### **Policy priorities to help aid recovery :**

Although the pandemic lies at the heart of increased youth unemployment, there have been multiple specific events leading to people being out of work. For example, it may have been due to industry- or sector-wide closures caused by lockdowns. Retail and hospitality are two such sectors where widespread closures led to large numbers of lay-offs. Others, working in more marginalized forms of employment may have found that opportunities to make money had dried up. But there are also many young people whose education and training have been disrupted, leaving them – in some cases – economically inactive.

Resolving these scenarios requires an understanding of the intersectionality of people's circumstances. In short, one size will not fit all when it comes to planning a recovery of employment prospects for young people, the ILO says. It recommends a series of policy-driven initiatives and interventions to help turn things around.

### **Encourage job creation :**

Stimulate new employment and entrepreneurship, focusing on the most vulnerable young people and getting them into work.

### **Education and training retention :**

Get more young people to study and train to fill any skills gaps that may have arisen due to disruptions during the pandemic.

### **Re-entry programmes:**

Those young people who have lost their jobs should be supported through employment services, entrepreneurship schemes, and programmes that target their entry or re-entry into work.

### **Extending social protections :**

Keeping young people in the formal economy calls for initiatives that make them less likely to seek money-making opportunities through informal activities. The payment of unemployment benefits can play a part in this.

### **Safeguarding workers' rights :**

It will be important to ensure young workers in particular feel they have a voice in the workplace. To that end, they should be included in collective bargaining, freedom of association, social dialogue and social partnership policies.

### **Youth strategies to guide policies for young people during a crisis :**

National youth strategies and plans can help guide policies across ministries and sectors, and most OECD countries had such youth-specific strategies prior to the COVID-19 crisis, although they differ in scope and ambition. 22 out of 37 responding OECD countries have an operational national youth strategy covering multiple sectors, and five were in the process of elaborating a new or updated strategy. These findings are consistent with a survey in April 2020, in which 25 OECD countries reported having an operational national youth strategy.

In a number of OECD countries, new plans, strategies and commitments have been made in response to the COVID-19 pandemic, often with an emphasis on youth employment. In Korea, the government announced a Youth Policy Basic Plan in December 2020 to promote a whole-of-government response to support young people through the COVID-19 crisis with policy directives for each ministry. In New Zealand, a youth plan for 2020-22 was developed to mitigate the impact of the COVID-19 crisis on young people with an emphasis on Māori and Pacific young people, LGBTI+ young people and young people with disabilities. In France, while there is no cross-cutting national youth strategy, the government developed a youth employment strategy for the COVID-19 recovery.

During periods of crisis, emergency income support through transfers and scaled-up social benefits can provide income support for those most affected, and most countries quickly responded to the pandemic by putting into place broad measures. These measures have been vital to provide swift relief to those who need it urgently, although careful consideration will be necessary to ensure these measures are both effective and sustainable. Even when not directed at specific age groups, these measures have often helped to support the incomes of young people.

### **Conclusion:**

Young people have borne a disproportionate brunt of the labour market and social implications of the COVID-19 crisis, and especially so for young people from disadvantaged backgrounds. Recognising the need for early action, especially in light of the late and insufficient response in the aftermath of the 2008 global financial crisis, most OECD governments have responded with targeted youth measures since the start of the pandemic. Labour market measures to support young people in finding and keeping jobs and work-based learning opportunities amidst the COVID-19 crisis have been frequently deployed. Job retention schemes have helped to protect their jobs, and financial incentives to recruit and retain apprentices and young people in full-time positions have been strengthened or newly introduced in many OECD countries. Policy responses beyond labour market support have been more varied and less comprehensive. Similar observations can be made for mental health. While more than half of the OECD countries have put in place initiatives or new funding to support young people's mental health, given the scale of the challenge, greater investments and integrated policy action will be needed.

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