



The transition from school to work is a crucial phase for young people as they take on a larger and more independent role in society. A good start in the labour market can lay a strong foundation for personal and professional development throughout adult life; a poor start can seriously impair future prospects.

The experience of entering the labour market is shaped by many factors, some rooted in early childhood and the family, others determined by broader social and economic environments. The changes in economies and labour markets associated with the transition have had profound and sometimes severe consequences for the women and men of the region. The impact on young people – the first generation moving from education to employment in the new market economies – has been examined and understood only to a limited extent. Labour force surveys and similar data sources on the subject are spotty, and consistent time series or longitudinal data on youth are largely lacking. Using the data which are available, this chapter paints, in broad strokes, the picture of employment among this pivotal transition generation.

As they come of age in the emerging market economies of the region, young people are facing considerably different work prospects than their parents did in the former centrally planned economies. Under communism, high school enrolments and full employment were usual, and the entry of youth into the labour market was closely controlled. Young people leaving school were not only guaranteed work, but were obliged to work, and

those who did not work were stigmatized as “parasites”. This structured system of job placement confined opportunities and choices for young people, but it also provided them with stability and social integration, offering immediate job and wage security, as well as broad access to benefits such as childcare, workplace health services and, often, housing.

The collapse of the centrally planned economies has presented young people with a changing labour market environment where new opportunities and fresh obstacles abound.

Youth are meeting both the positive and the negative challenges of the new, emerging workplace with impressive vigour. Yet, because their lives are now less settled and because they have relatively little work experience, young people are more vulnerable to the dynamics of the labour market. Some youth populations are encountering particularly serious stumbling blocks to job success.

Section 4.1 looks at the trends in youth labour force participation, employment and joblessness, areas in which the transition has created new realities. Section 4.2 describes the changing nature of the working conditions being experienced by youth. Section 4.3 examines groups of youth who must deal with obstacles to employment and highlights factors which contribute to the amount of job success. Section 4.4 shows how youth are rising to the employment challenges. Section 4.5 discusses policies affecting youth employment and explores areas for action. ■

4.1 From School to Work: A More Difficult Passage

Of the 65 million youth aged 15-24 living in the 27 countries of the region in 1998, roughly 26 million (41 percent) were enrolled in education; 21 million (32 percent) were employed, and 18 million (27 percent) were neither in education, nor in employment.

In other words, the majority of youth are not in school. A large proportion are making a contribution to the economic life of the transition countries, but many are coming upon difficulties early in their working lives. Certainly, young people must navigate new, often troubled waters in trying to take their place in the world of work – a long way from the lock-step between school and work that their parents knew.

Fewer youth in the labour force and fewer employed

How much has youth participation in the labour force changed since the transition began? In answering this question, one should first point out that, except in Yugoslavia, formal unemployment was virtually non-existent in the centrally planned economies of the region. So, employment and labour force participation were practically identical. Since the onset of the transition, unemployment has become a reality for many, so that the “economically active” youth population today includes the employed, as in the past, but also young people who are out of work and actively seeking work.

Figure 4.1 shows the changes between 1989 and 1997 in the crude rates of economic activity for two groups of youth, those aged 15-19 and those aged 20-24. The data cover 10 transition countries (with the notable absence of the Caucasus, Central Asia, Albania, and those countries affected by the war in the former Yugoslavia) and, for comparison, a selection of established market economies.

As the figure shows, the trend has been decreasing labour force participation among teenagers and young adults across the board. Among teenagers aged 15-19, activity rates fell by nearly nine percentage points in the transition countries represented, similar to the change (down 11 percentage points) in the European Union. The decline in labour force participation among young adults 20-24 was greater in transition countries, with an average drop of 10 percentage points, compared to six percentage points in the EU.

The contraction in youth economic activity in the region can be partially explained by an overall increase in enrolments in secondary and tertiary education. In several countries a rising share of young people are postponing entry into the labour market by staying in school (a trend also observed throughout Western Europe). This is especially true in the Central and Eastern European countries represented in the figure. Young people may be opting for more education both because it is becoming difficult to find work and because acquiring more knowledge and skills will improve their chances of eventual career success.

However, part of the fall in youth economic activity is explained by the fact that young people are withdrawing from the regular labour market by neither working, nor looking for legitimate employment. Some may participate instead in the substantial informal economy that has been flourishing during the transition; others may be relying on subsistence farming. Both of these activities tend to be poorly captured in statistics.

It could be estimated that, despite a rise of six million in the youth population, 11 million fewer jobs were held by young people aged 15-24 in the 27 countries of the region in 1998 relative to the situation in 1989. (This estimate assumes that all youth participating in the labour force in

Table 4.1
Employment-to-population ratios for youth 15-24, 1998
(percent of relevant population)

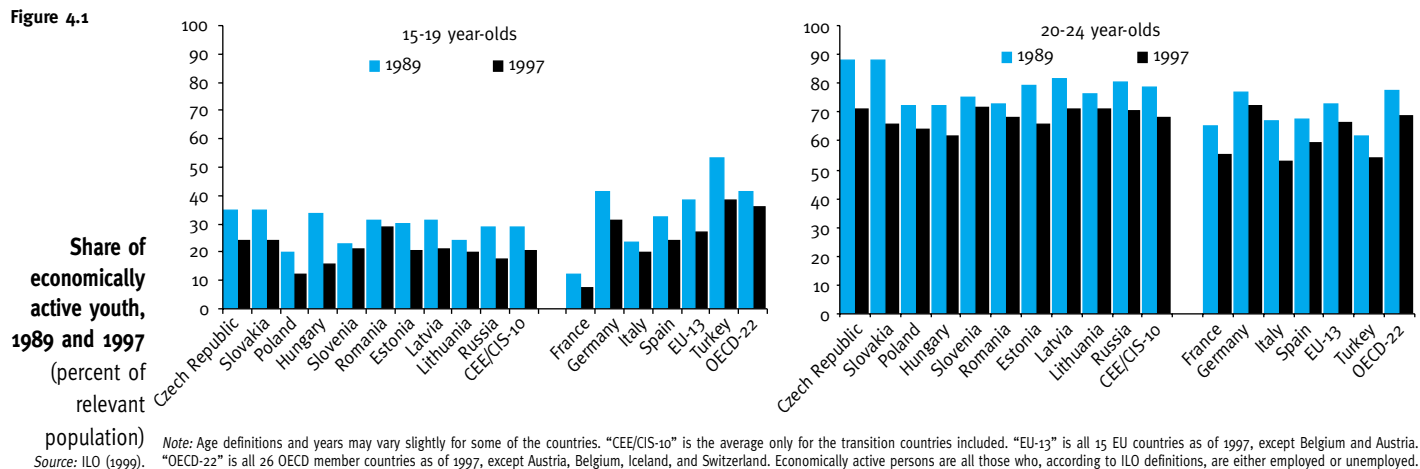
	All	Men	Women	Difference
Czech Republic	41.5	47.4	35.8	11.6
Slovakia	32.4	34.0	30.6	3.4
Poland	27.1	29.6	24.5	5.1
Hungary	35.6	39.8	31.1	8.7
Slovenia	38.3	40.9	35.6	5.3
Bulgaria	21.6	22.5	20.8	1.7
Romania	37.6	43.2	31.7	11.5
Estonia	37.3	41.5	33.1	8.4
Latvia	31.3	36.8	25.6	9.8
Lithuania	35.5	40.3	30.5	9.8
Russia	28.9	31.3	26.4	4.9
Azerbaijan	14.7	14.5	20.9	-6.4
Georgia	14.5	16.9	11.9	5.0
Kyrgyzstan	40.2	47.9	32.5	15.4
Tajikistan	22.1	24.2	14.4	9.8
CEE/CIS-15	30.6	34.1	27.0	7.0
France	24.3	26.8	21.9	4.9
Germany	44.4	46.8	41.9	4.9
Italy	25.2	30.1	20.3	9.8
Spain	24.7	29.5	19.4	10.1
EU-15	36.2	39.6	32.7	6.9
Turkey	38.1	51.1	26.5	24.6

Sources: MONEE project database; OECD-CCET Labour Market Database; OECD (1998a); Azerbaijan, Kyrgyzstan and Tajikistan living standards surveys; Eurostat (1998).

Note: Year is 1995 for Azerbaijan and Kyrgyzstan, 1997 for the Czech Republic, the EU countries and Turkey and 1999 for Tajikistan. "CEE/CIS-15" is the average only among the transition countries included.

the region were employed in 1989, that is, unemployment was negligible, as noted earlier.)

What share of youth in the region are actually employed? Table 4.1 shows crude ratios of employment among young women and men for 15 transition countries and several other economies. The data reveal large regional differences in youth employment, ranging from 14 percent in the Caucasus to 41 percent in the Czech Republic, and



a significant gender gap, whereby the share of young women employed is smaller than the corresponding share of young men.

Because the demand for young workers is highly sensitive to aggregate economic conditions and the state of the labour market, the sharp reduction in youth employment in the last decade must be set against the backdrop of the big declines in GDP that affected all countries in the region early in the transition. The economic shocks were particularly severe in Southeastern Europe, the former Yugoslavia and the CIS. The impact on youth employment varied, however, falling on Bulgaria and the former Yugoslavia especially hard in the first part of the 1990s, but less so, for example, on the Czech Republic. In the CIS, the economic shocks tended to be absorbed by labour hoarding, that is, by overstaffing and overemployment, with a corresponding fall in real wages.

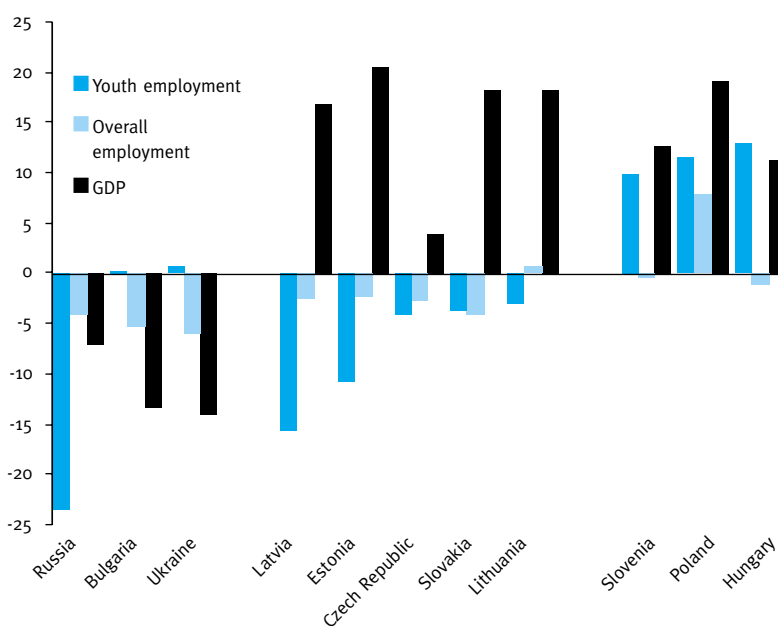
Since 1995, GDP has been growing in some countries as economies have adjusted, while it has continued to shrink or has stagnated in others. Figure 4.2 charts changes in GDP and youth employment between 1995 and 1998 in 11 transition countries, revealing several scenarios in regard to the relationship between economic growth and jobs among youth.

In the Central European countries of Poland, Hungary and Slovenia, advanced economic reform and economic recovery have translated into more employment, which has been concentrated among young people. By contrast, economic growth in the Baltic States and the Czech Republic and Slovakia has been associated with a decline in youth employment. (These countries, apart from Slovakia, are still far from achieving full economic recovery or have recently experienced slowdowns in economic growth.) In Bulgaria (where employment plunged in the early transition years) and in Ukraine, youth employment held its own despite an ongoing fall in GDP, while in Russia youth employment has slumped relatively more than overall employment and GDP.

Economic growth is therefore not necessarily being accompanied by a corresponding boost in job creation, and the impact on youth may be quite different from that on adults. There are signs that economic growth, linked to consistent economic reform, can benefit youth more than it does adults and that labour hoarding and the protection of existing jobs are relatively less advantageous for youth. Nonetheless, the evidence is inconclusive, and a solid verdict must await further investigation.

Youth joblessness is widespread

In 1998, an estimated eight million of the 65 million youth in the region were looking for work, but were unable to find



Note: Youth refers to ages 15-24. Years are 1995-97 for the Czech Republic.

Youth employment and economic growth, 1995-98
(percent change)

Sources: MONEE project database; OECD-CCET Labour Market Database; Statistical Annex, Table 9.1.

Table 4.2
Unemployment among youth 15-24 and overall unemployment, 1998
(percent)

	Youth	Overall	Difference
Czech Republic	6.9	4.2	2.7
Slovakia	20.4	11.1	9.3
Poland	23.3	10.6	12.7
Hungary	13.5	7.8	5.7
Slovenia	17.4	7.1	10.3
Croatia	31.4	9.9	21.5
FYR Macedonia	70.9	34.4	36.5
FR Yugoslavia	61.1	18.5	42.6
Bulgaria	32.2	14.0	18.2
Romania	18.3	6.3	12.0
Estonia	15.7	9.9	5.8
Latvia	25.5	13.8	11.7
Lithuania	22.2	13.3	8.9
Russia	26.8	13.3	13.5
Georgia	27.5	14.3	13.1
Azerbaijan	46.4	23.3	23.1
Kyrgyzstan	37.3	27.2	10.1
Tajikistan	33.2	19.6	13.6
CEE/CIS-18	29.5	14.4	15.1
Germany	10.7	9.9	0.8
France	29.0	12.6	16.4
Italy	33.6	12.4	21.2
Spain	39.2	20.9	18.3
UK	13.6	7.1	6.5
EU-15	21.2	10.8	10.4

Sources: MONEE project database; Eurostat (1998); Azerbaijan, Kyrgyzstan and Tajikistan living standards surveys.

Note: Year is 1995 for Azerbaijan and Kyrgyzstan, 1997 for the Czech Republic, Croatia, Slovakia, Slovenia, and the EU countries and 1999 for Tajikistan. "CEE/CIS-18" is the average only among the transition countries included.

it. Significant and widespread unemployment is a largely new phenomenon in the region, and the experience can be bewildering for youth.

"In the past the government used to support people," said Andrey, 17, of Russia, in focus-group research carried out for this Report. "They provided secure jobs. And now all the factories are shut down, and we cannot find a job."

The consequences at this critical stage in life can be serious. A number of studies in OECD countries have shown that unemployment early in working life may damage future employment prospects. A troubled transition from school to workplace influences behaviours such as household and family formation. Youth unemployment is often associated with social problems such as violence, suicide, alcohol and drug abuse, and crime. A rocky entry into adult life for a significant part of the population can resurface as long-term and wide-ranging political, economic and social difficulties down the road.

Are young people in the region relatively more at risk of unemployment than are young people in established market economies? How does youth unemployment vary across the region? Table 4.2 sheds light on answers to these questions by showing the youth and overall unemployment rates in 18 transition countries in Europe and Central Asia in 1998.

The youth unemployment rates in Central and Eastern Europe and the former Soviet Union are now around double the overall unemployment rates, a trend observed in most OECD countries as well. In 1998, the average youth unemployment rate for the 18 transition countries represented in Table 4.2 stood at 30 percent, 15 percentage points higher than the overall unemployment rate. Moreover, in 11 of the 18 transition countries for which data are avail-

able, both the youth unemployment rate and the ratio of youth unemployment to overall unemployment are higher than the EU averages.

The distribution of youth unemployment in the transition region exhibits large subregional disparities. As in the European Union, there seems to be a north-south divide. Youth unemployment rates are substantially worse in Southeastern Europe (71 percent in FYR Macedonia, 61 percent in FR Yugoslavia, 35 percent in Bulgaria), in the Caucasus (46 percent in Azerbaijan, 27 percent in Georgia) and in Central Asia (37 percent in Kyrgyzstan, 33 percent in Tajikistan). This is partly explained by the armed conflicts and severe drops in GDP that have marred the transition in the south.

Youth unemployment takes various forms, and the distinctions have important implications. For some young people, unemployment is a brief interlude between jobs. But many unemployed youth looking for work have never had a job: they have been unable to gain a foothold in the labour market. Still others join the long-term unemployed who are unable to find a first or any other job for many months.

The adverse consequences of unemployment are likely to increase with the length of unemployment, and long-term unemployment (being without a job for more than a year) is severe among youth in much of the transition region, from Poland to Central Asia. The proportion of long-term unemployed differs greatly among transition countries (as it does in the EU), ranging from 16 percent in the Czech Republic to 68 percent in Georgia. In eight of the 15 transition countries represented in Figure 4.3, the share of long-term unemployed youth exceeds the EU average. Long-term unemployment is less a problem among youth than among adults, but it is nonetheless a serious concern at this formative time of life.

Table 4.3 shows the proportion of young unemployed who are still searching for a first job. It reveals that the share of youth who have no work experience and remain unemployed is particularly high in Poland and Hungary, where youth employment has been rising in recent years. Success is much more elusive for those aged 15-19 than for those 20-24 in all four countries in the table, as it is in many OECD countries. However, the lack of work experience is significant among the older cohort as well – a circumstance that calls out for efforts aimed at getting youth off to a better start in the world of work.

The unemployment rates presented so far capture the share of youth who are actively looking for work, but cannot find a job, among all youth who are economically active (that is, among those who are employed or are looking for work). While this is a good indicator of job-search success, many young people, especially adolescents, are not looking (or have

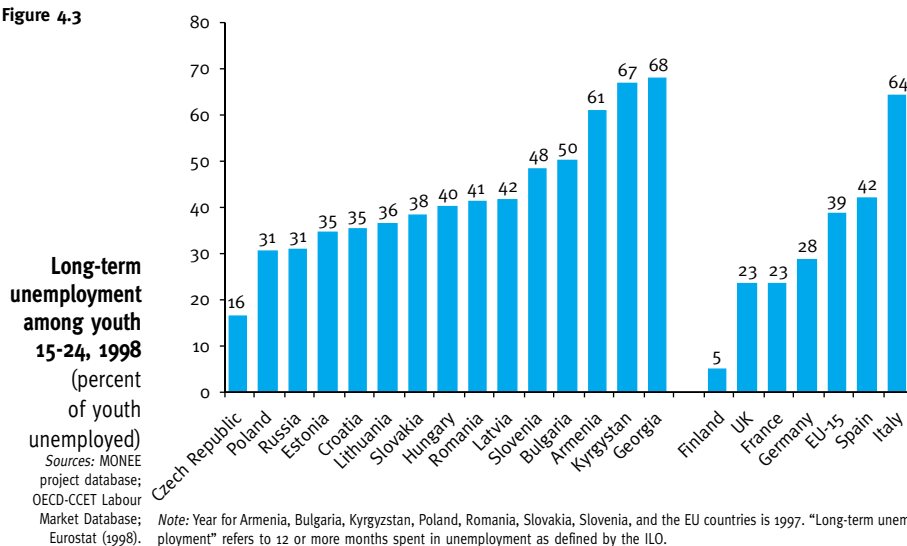
Table 4.3
Unemployed youth 15-24 with no work experience, 1998
(percent of unemployed youth)

	15-19	20-24
Poland	80.4	46.8
Hungary	77.3	28.2
Russia	65.0	25.9
Kyrgyzstan	55.0	24.1

Sources: RLMS Round VIII; Hungarian and Polish labour force surveys; Kyrgyzstan living standards survey.

Note: Year for Kyrgyzstan is 1995.

Figure 4.3



given up looking) for employment. A fuller picture of joblessness among youth can be gained by seeking beyond unemployment data to the number of young people who are neither in the labour force, nor in education. Apart from the estimated eight million unemployed youth in the region, another 10 million 15-24 year-olds are not in education and are economically inactive.

Table 4.4 displays, for selected countries, the share of youth aged 15-19 who were unemployed and the share of those who were neither in the labour force, nor in school in 1996 and 1998. The aggregate of these jobless youth shows the proportion of the adolescent population that is neither in education, nor in jobs.

The proportion of the 15-19 population who are neither in the labour force, nor in school is considerable in each transition country represented in the table. This share is often greater than the share of the unemployed, and, for the most part, it is greater in the transition countries than in other industrialized countries. In 1998, for example, the aggregate proportion of youth who were neither in school, nor in employment reveals that, relative to the measure of unemployment, the incidence of "joblessness" was 1.4 times higher in Latvia and more than three times higher in the Czech Republic. It can obviously be misleading to focus only on unemployment figures for information on joblessness among youth. Policies must therefore take into consideration this discrepancy.

While it is to be expected that teenagers are less likely than young adults to look for work, the extent to which such inactivity among adolescents may persist when these people reach their early 20s is unclear.

Figure 4.4 presents 1998 data on the share of those

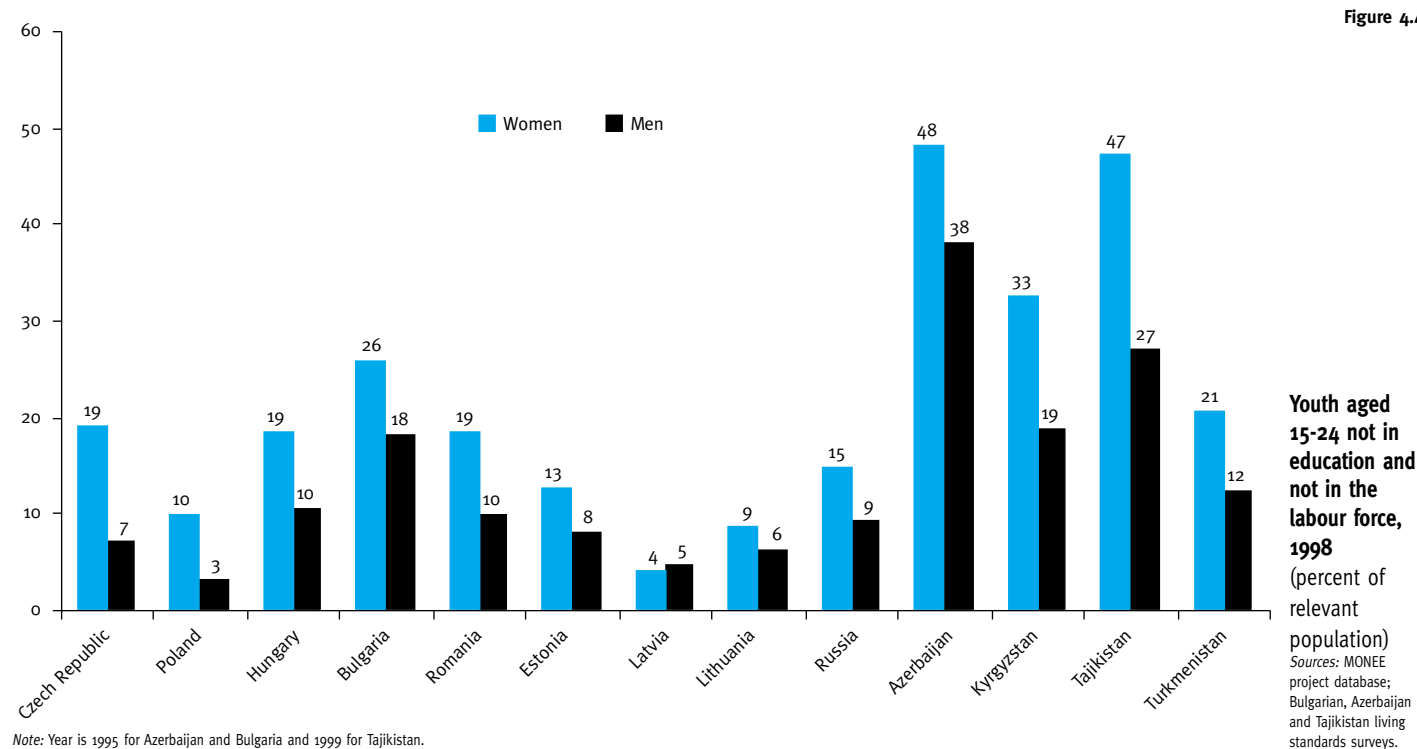
Table 4.4
Joblessness among youth 15-19 according to two measures, 1996 and 1998
(percent of relevant population)

	Unemployed		Not in education, not in the labour force		Not in education, not in employment	
	1996 (a)	1998 (c)	1996 (b)	1998 (d)	1996 (a+b)	1998 (c+d)
Czech Republic	3	6	6	13	9	19
Poland	5	4	3	3	8	7
Hungary	5	4	—	9	—	13
Slovenia	3	5	—	—	—	—
Bulgaria	11	6	24	—	35	—
Romania	9	7	12	10	21	17
Estonia	5	5	9	7	14	12
Latvia	11	7	4	3	15	10
Russia	6	6	8	9	14	15
Canada	4	—	4	—	8	—
France	2	—	1	—	3	—
Germany	2	—	2	—	4	—
Italy	6	—	10	—	16	—
Spain	9	—	5	—	14	—
Sweden	2	—	5	—	7	—
UK	7	—	5	—	12	—
US	3	—	5	—	8	—

Sources: MONEE project database; OECD (1998a).

Note: The "unemployed" are regarded as part of the labour force, as they are actively looking for work. Empty cells indicate no data are available. Age is 14-19 for Spain and 16-19 for Sweden, the UK and the US. First year for Bulgaria is 1995.

who are not in the labour force and not in education among the broader youth group aged 15-24. It also includes countries in Central Asia and the Caucasus and breaks the share down by gender.



There are a number of features worth noting. First is the very high proportion of jobless youth in Azerbaijan, Tajikistan and Kyrgyzstan, where, as Chapter 2 describes, youth participation in education has also declined. Second, for every country except Latvia, the figure shows that, as might be expected, the share of youth out of school and out of the labour force was higher among young women than among young men. This gender gap

points to the role of child-rearing and to women's unequal position (see later). Third and perhaps most surprising is the fact that parental obligations appear to explain only a relatively small part of these youth inactivity rates: the share who remain outside both education and the labour force is significant among both young women and young men. ■

4.2 Youth at Work

Despite the spectre of joblessness that looms over youth in the region, one young person in three is employed. It is equally important to examine this positive side of the labour force picture. Just as the process of entry into the job market has changed greatly since the transition began, so have the nature and conditions of employment. Understanding and adapting rapidly to the new workplace are essential for the development of policies and programmes that promote youth participation in the labour force.

This section looks at these questions: In which sectors and occupations are jobs for youth being created? What is the quality of these new jobs? What can young people expect from their jobs?

The changing nature of youth employment

The past decade of economic reform has brought substantial changes to the industrial structure of employment in the region. Smokestack industry is shrinking, and the service sector has been expanding greatly in many countries, especially in Central and Eastern Europe. Agriculture is

still a mainstay in other countries, particularly those where economic renewal is stymied and economic opportunities outside agriculture in rural areas are limited. In line with the economic reforms, the role of the private sector has been growing everywhere, though public-sector employment is still substantial in all countries and even crucial in some. How have the huge structural changes affected youth employment? This is a pertinent question which, unfortunately, has been little researched so far.

Table 4.5 shows employment figures in selected branches of the economy in six transition countries in the second half of the 1990s. Since these data are taken from various household surveys, the industrial structure of employment is not strictly comparable among the countries; however, the proportions of youth and total employment suggest some consistent patterns.

It is clear from the table that in the three Central and Eastern European countries young people have made greater inroads than older adults into commerce, trade and services outside government. In Poland and Latvia, youth are overrepresented in manufacturing, mining, electricity,

gas, and water ("industry" in the table). However, in Poland, one of the region's strongest economies, 25 percent of young working people were employed in that area, compared to 31 percent as recently as 1994, while the share of youth employed in "trade" had risen from 16 percent to 24 percent. In trade, the share of youth was greater than the share of the overall employed in all six countries in the table, indicating that youth are finding relatively easier access to jobs in this area. On the other hand, the share of youth was lower than that of older adults in all countries in "government, health and education".

Though the public sector has been thinned out considerably in most countries during the transition, a sizeable government sector is an integral part of even advanced market economies. Public-sec-

The distribution of employment by economic sector, late 1990s
(percent)

Table 4.5

	Poland (1998)		Bulgaria (1995)		Latvia (1996)		Azerbaijan (1999)		Kyrgyzstan (1995)		Tajikistan (1999)	
	15-24	Total	15-24	Total	15-24	Total	15-24	Total	15-24	Total	15-24	Total
Agriculture	14.0	21.3	9.1	7.8	10.8	8.8	26.2	23.0	51.5	39.3	60.4	49.1
Industry	24.8	24.4	29.5	34.8	26.7	24.5	8.0	13.6	10.3	13.5	3.0	6.7
Construction	7.7	7.0	7.4	7.9	4.2	5.7	2.3	3.8	2.3	3.0	2.0	3.4
Trade	24.1	15.1	30.1	14.7	23.8	17.3	8.8	4.7	10.3	8.6	8.7	7.3
Transport	2.4	5.9	9.1	9.9	5.4	8.4	2.4	6.1	3.8	6.0	1.3	3.3
Finance	7.2	5.0	1.1	3.3	2.1	2.8	2.4	1.9	1.1	1.6	0.3	0.6
Government, health, education	19.8	21.3	7.4	17.9	27.1	32.5	21.0	22.0	20.8	28.0	20.1	25.3
Other, not specified	0.0	0.0	6.3	3.7	0.0	0.1	28.8	24.9	0.0	0.0	4.2	4.3
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Sources: Polish labour force survey; Latvian household budget survey; Bulgarian, Azerbaijan, Kyrgyzstan, and Tajikistan living standards surveys.

Note: "Industry" includes mining, manufacturing, electricity, gas, and water. "Trade" includes repair services and hotels. "Finance" includes insurance and real estate. "Government" includes public administration and defence, and "health and education" include social work and other community, social and personal service activities.

tor employment can be used as an active labour policy tool. It can provide young people access to their first jobs. Government jobs can also afford young people the opportunity to participate in the public decision-making process and to contribute to policies, programmes and services – especially in health and education – directed at youth. The apparent underrepresentation of youth in the government sector thus raises several questions, including questions revolving around the issue of whether the links between public jobs and youth labour markets are being acknowledged and addressed fully in the transition countries.

As Table 4.5 confirms, the role of agriculture in employment is very important for youth and adults in the Caucasus and Central Asia; in Kyrgyzstan and Tajikistan agriculture accounts for a much greater share in youth employment than it does in total employment. This contrasts with Poland, for example, where small agricultural farms are more significant for jobs among older persons than among youth.

In 1998, the private sector represented an average 58 percent of recorded economic output in the region, ranging from 20 percent in Belarus to 85 percent in Hungary. Given the burgeoning of private employment in the informal sector, the real extent of private economic activity is undoubtedly much greater. Has this rise in private business been to the advantage of youth? Evidence from labour force surveys suggests it has.

In Poland, 95 percent of teenagers 15-19 and 80 percent of youth 20-24 are working in the private sector, compared to 68 percent of young adults 25-29. In Estonia, 81 percent of youth 15-24 work in the private sector, compared to 69 percent overall. In both Hungary and Bulgaria the share of employed youth working in the private sector in 1998 was about 10 percentage points higher than the share of adults. The situation is similar in Central Asia, although the formal private sector has expanded less there than it has in Central and Eastern Europe. In Tajikistan in 1999, 23 percent of employed youth and 18 percent of employed adults were working in the private sector; in Kyrgyzstan in 1995, the numbers were 36 percent for employed youth and 11 percent for working adults.

In the new market economies, young people are tending to become more concentrated in small businesses, where the jobs are often more flexible, for better and for worse. Table 4.6 examines the presence of youth in small businesses in Poland, Hungary, Russia, and Kyrgyzstan in 1998. It shows that the majority of employed youth in these countries were working in firms with less than 100 employees and that the proportion of youth in small businesses was, in general, greater than that of adults.

A sign of the greater flexibility in jobs overall is the rise in part-time employment and the more frequent reliance on short-term contracts, particularly among youth – types of work that were rare in the centrally planned economy, where employment was generally permanent. For example, labour force surveys show that the share of young workers 15-24 in part-time employment in Slovenia

Enterprise employment distribution by the age and number of personnel, 1998
(percent)

Table 4.6

Age:	Poland		Hungary		Russia		Kyrgyzstan	
	15-24	25-54	15-24	25-54	15-24	25-54	15-24	25-54
Number of employees								
20 or less	60	46	42	42	30	20	50	41
21-100	18	21	–	–	37	33	36	38
101-500	17	29	–	–	17	26	9	16
more than 500	5	4	–	–	16	21	5	6
Total	100	100	100	100	100	100	100	100

Sources: RLMS Round VIII; Kyrgyzstan living standards survey; Polish and Hungarian labour force surveys.

Note: Year for Kyrgyzstan is 1995.

climbed from 6 percent in 1995 to 15 percent in 1998 and in Latvia, from 10 percent in 1996 to 16 percent in 1998. Data available for 11 countries in the mid-1990s show that the share of youth working part time ranged widely, from less than 3 percent in Hungary to 30 percent in Kyrgyzstan. In six of nine countries for which data are available, the proportion of part-time employment was higher among youth than among the total labour force.

In Hungary, the 1998 labour force survey reveals that 20 percent of employed youth 15-19 had short-term contracts. In Poland, the figure is almost 15 percent of youth, compared to 7 percent of adults. The share is much higher in some poorer countries, like Bulgaria, where 43 percent of employed youth and 21 percent of employed adults are working on short-term contracts.

Part-time employment and short-term contracts offer flexibility to both employers and employees. They can provide young people with a start in the workforce and allow them to combine work with education or raising children. However, this same flexibility can translate into less secure jobs and an erosion in employee rights and benefits. In several countries, changes in labour laws have reduced the length of time between the termination notice and severance, as well as the amount of severance pay. Employers now also more frequently ignore laws requiring notice of termination, severance pay and occupational safety. These changes associated with the new economic environment are cause for concern, especially in the new private sector and in small businesses, where monitoring and formal complaint procedures are less likely to be implemented.

Meanwhile, trade union membership, especially among youth, has been declining in the countries for which data are available. Trade unions remain stronger in Central and Eastern Europe than in the former Soviet Union, but, despite efforts to modernize their role as advocates for workers, they are usually much more active in large, public enterprises rather than in the growing private sector, especially small businesses. A shake-up in working conditions has been occurring not only in the transition region, but also in post-industrial economies in the West and in glob-

alizing marketplaces. This represents both a challenge and an opportunity for employers and for countries to ensure the development of work environments that value and respect workers and their rights.

Wages and job satisfaction

Wages and benefits are the most obvious indicators of individual economic well-being, but other less measurable indicators, such as job satisfaction, have important consequences for personal development and the contribution of employment and work to the broader society. It is difficult to gauge the value of intangibles such as career aspirations and job satisfaction, but a variety of objective and subjective pointers can provide insights. These include the extent to which a job matches the qualifications of a worker, the willingness of the worker to change jobs and the level of self-reported satisfaction with work.

Various labour force surveys conducted in the region in 1998 reveal that a substantial share of youth have jobs that do not match their qualifications, a situation that merits attention. In Hungary, for example, this was the situation among about 45 percent of employed youth 15-19 and 43 percent of those aged 20-24. In Poland, more than 48 percent of school-leavers had taken jobs which did not correspond to their education. At the same time, research shows that individuals with higher education are much more likely to find relevant jobs.

Other evidence from the region attests to a gap between the aspirations of youth and the realities of the job market. In Russia, for instance, Round VIII of the Russia Longitudinal Monitoring Survey carried out in 1998 shows that almost 50 percent of young employed people 15-24 wanted a different job, compared to 39 percent of adults aged 25-54. The 1998 Polish labour force survey

found a lower, but still substantial number of employed people wishing to change jobs: 15 percent among youth and 7 percent among adults. Among the youth in Poland who want to change jobs, 60 percent say it is because they desire a better job, more money, or a better match with their qualifications.

The International Social Survey Programme carried out in Russia and five Central and Eastern European countries in 1997 included questions on job satisfaction. About 70 percent of the young workers in the five CEE countries were satisfied with their jobs. This is comparable to the corresponding ratios for the total workforce and for young workers in Western countries. In Russia, on the other hand, barely more than half of the employed people young or older appeared content.

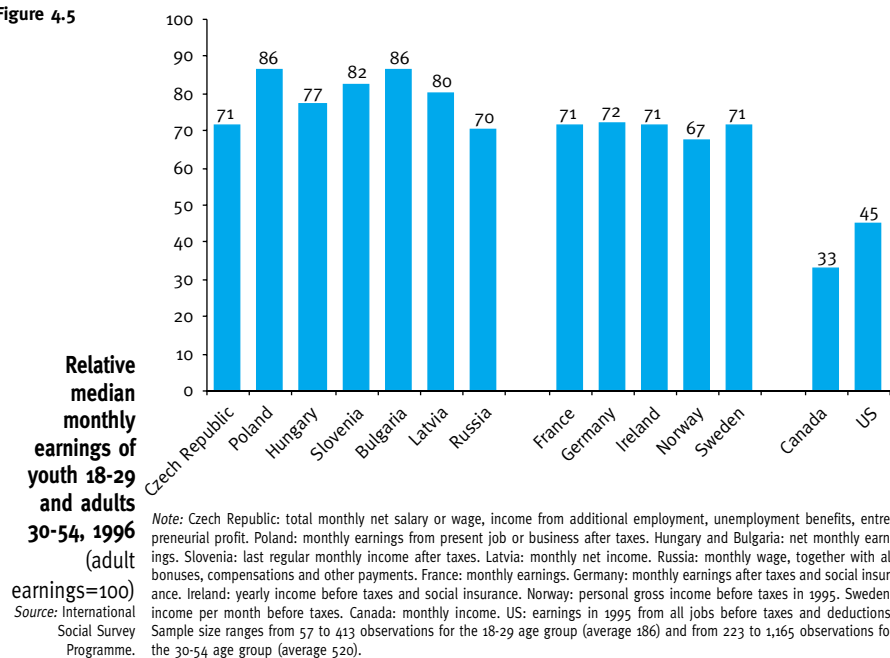
While job satisfaction may be difficult to describe, money talks, as Radek, 18, of the Czech Republic, illustrated in focus-group research for this Report.

“Our manager is Belgian,” he explained, “and was very surprised by the statistics which show that money is the greatest motivator for 75 percent of employees in our country.” In fact, especially in the eastern parts of the region, where labour hoarding became common, the early years of transition produced a sharp drop in real wages (Statistical Annex, Table 9.5). Though wages have since been recovering in many countries, the level of real wages in 1998 was above the 1989 level only in the Czech Republic. Declining wages were exacerbated in several countries of the former Soviet Union by widespread wage arrears.

Young people in the region, as elsewhere, tend to earn less than older adults do, a circumstance usually associated with relative work experience. Figure 4.5, relying on the findings of the 1996 International Social Survey Programme, assembles data on the earnings of workers 18-29 and those aged 30-54 in seven transition countries and a number of established market economies. Though the data are not strictly comparable, the figure shows that youth earnings, as a share of the corresponding adult earnings, range from 70 percent in Russia to 86 percent in Bulgaria and Poland. The relevant numbers in the West were 67 percent in Norway, 72 percent in Germany and below 50 percent in Canada and the US.

The ratio of youth to adult earnings in the figure appears to be relatively high in the transition countries. This finding merits more thorough investigation, but it should not be entirely surprising. The transition countries which are frontrunners in reform and in which the distribution of youth in more well paying sectors is quite favourable are overrepresented in the figure. It is also possible that job tenure or work experience is less a factor in earnings in these countries, where many young people have acquired a good level of education. There could also be a selection effect in operation in that the youth who are still employed in these countries tend to have more well paying

Figure 4-5



jobs. This is quite probably the case in Bulgaria, for instance, where youth employment has collapsed.

Minimum wage legislation can be particularly important to young people because many youth entering the labour market do so at the low end of the wage spectrum. In Central and Eastern Europe, minimum wages are about one- to two-fifths of average wages; in the CIS, minimum wages have fallen dramatically and often reach only a fraction of average wages. It is usually argued that higher minimum wages may raise the earnings of youth, but reduce their employment opportunities. This does not appear to be what is happening. However, impact assessments of youth employment and earnings could be useful, especially as some countries are currently revising their

minimum wage laws and considering substantial increases.

The decline in real wages in the region has frequently been accompanied by cuts in work-related benefits, especially for employees, often young, at the lower end of the pay range. Young workers, especially those who are parents, may be particularly hard hit by less access to work-related housing support, health services and kindergartens. As one young mother, Lena, 16, of Ukraine, said in focus-group research carried out for this Report: "It would be better to find a job which does not bring a lot of money, but which gives a secure salary with social benefits and provides the opportunity to send a child to kindergarten."

4.3 Barriers to Youth Participation in the Workforce

A number of studies in established market economies have shown that the speed with which young people find their first job after leaving school has a strong impact on their employment and career prospects, while a poor beginning in the labour market can be difficult to overcome (Box 4.1). If a good start is an important building block for future success, it pays to look at young people who are having a tough time, and it pays to ask why.

Less education can mean less success

In the transition countries, as in most industrialized coun-

tries, young school-leavers with few skills have more difficulty finding a first employment. Because of the growing ranks of underqualified school-leavers and young job-seekers with little or no experience, a significant pool of youth is at risk of settling into low-paid, insecure jobs or of remaining out of regular work.

In the region, educational achievement does have an impact on the risk of being unemployed, as Chapter 3 describes. Table 4.7 offers further insight by presenting unemployment rates in eight transition countries for youth with various levels of education. The results indicate that there is a clear association between education level and

Box 4.1

The first job effect: evidence from transition and established market economies

Getting a first job while still in school or soon after leaving school tends to have a big influence on the future employment prospects of young people. A recent investigation of German and US longitudinal data shows that employment rates in the first and fifth years after leaving school were higher among individuals who had been working during their last year of school than among those who had not.

This positive "first job" effect seems to weaken, but not disappear over time. The difference in employment rates in Germany between those with early job experience and those without it was 23 percentage points in the first year after graduation, but only three percentage points in the fifth year, while in the US the corresponding rates were 20 and 13 percentage points apart, respectively.

Evidence for five established market economies – Australia, France, Germany, Ireland, and the US – also shows that a greater amount of time spent in jobs during the first year after leaving school is associated with a greater chance of being employed each subsequent

year. This "persistence" is more apparent among those with more education, though only to a small degree. The differences in the consequences attached to a first work experience which is full time and one which is part time likewise seem significant. In general, in the five countries investigated, part-time first jobs are associated with less stable employment histories. Conversely, in all five countries, starting off unemployed or not in the labour force leads to substantially less accumulated time in employment in subsequent years.

For transition countries, an econometric analysis of the determinants of the time spent in unemployment was conducted for this Report using microdata for a sample of unemployed young people in Bulgaria (1995) and Poland (1998). After controls for education, gender and region, the results show that unemployed youth in Poland with no first work experience had a higher chance of being unemployed longer than did those possessing such an experience. In Bulgaria, however, there were no significant differences.

unemployment. In all the countries shown in the table, youth with less than upper secondary education showed the highest unemployment rates, and in most of the countries these rates were much higher than the rates among

youth with more education. The risk of unemployment is often reduced by one-half or much more for those with more education.

There are, however, large differences among countries in this “return” on education. For example, Latvia and Russia have similar overall rates of youth unemployment, but the unemployment rate among youth with higher education is three times lower in Latvia than it is in Russia. In Central Asia and the Caucasus, unemployment rates are high even among those young people with higher education. These cases can be explained by variations in the net demand for workers with more education.

Other evidence on the region indicates that well-educated workers are not only more likely to avoid unemployment, but also more likely to earn higher pay. Earnings function estimates for several countries in the mid-1990s show a wage gap between workers with primary or lower education and workers with higher education.

Table 4-7
Unemployment rates among youth 15-24 by education level, 1998
(percent)

	Tertiary			Upper secondary			Below upper secondary
	All	University	Non-university	All	General	Vocational	
Czech Republic	–	10.8	–	–	13.7	10.5	17.3
Poland	19.6	14.4	23.9	20.6	19.8	22.9	24.5
Hungary	4.1	5.8	3.7	9.8	11.6	8.9	18.3
Latvia	4.1	–	–	22.8	–	–	31.5
Russia	14.6	12.8	16.1	28.9	36.5	25.9	50.0
Azerbaijan	30.5	32.2	22.7	48.0	50.7	42.7	49.9
Kyrgyzstan	21.0	–	–	37.9	39.6	33.1	39.7
Tajikistan	19.5	–	–	31.5	32.1	28.3	39.6

Sources: Novák (1999); Polish and Hungarian labour force surveys; RLMS Round VIII; Azerbaijan, Kyrgyzstan and Tajikistan living standards surveys; Latvian household budget survey.

Note: Year is 1995 for Azerbaijan and Kyrgyzstan, 1996 for Latvia and 1999 for Tajikistan.

Young women face disadvantages

If education is a key factor in finding a good job, then the evidence in Chapter 3 suggests that employment rates should be high among young women in the region. However, young women are doing less well than young men in the workplace. Employment rates are generally lower among young women than among young men. In the 15 transition countries presented in Table 4.1, this gender gap in employment ranges from two or three percentage points among youth aged 15-24 in Bulgaria and Slovakia to more than 15 percentage points in Kyrgyzstan and hovers around 10 percentage points in half the countries. It is not surprising then that the unemployment rate is greater for young women than for young men in about half the countries, including the Czech Republic, Poland, Slovenia, Romania, Latvia, Russia, and Kyrgyzstan (Table 4.8).

As Table 4.8 shows, unemployment among the economically active is also frequent among young men (and in some countries, like Azerbaijan, young men appear to experience significantly worse employment opportunities than young women). Still, it is important to remember that relatively more young women than young men are neither in school, nor in the labour force in these, as well as in other countries (see Figure 4.4). What is happening with those young women who are not working and who do not register as unemployed?

Fertility rates have declined in the region during the transition, but many women are still adolescents or young adults when they have their first children. Meanwhile, as Chapter 1 notes, the frequency of births outside marriage has gone up in most countries. No doubt this means that a portion of the young women who show up neither in school, nor in the labour force are, in fact, mothers who are raising children and, increasingly, are without the support of a partner in marriage. The 1999 Regional Monitoring Report, “Women in Transition”, showed that employment rates fall among women as the number of children rises. For

Table 4-8
Unemployment rates among economically active youth 15-24, by gender, 1998
(percent)

	Men	Women	Difference
Czech Republic	4.0	5.0	1.0
Slovakia	21.0	20.0	-1.0
Poland	21.4	25.5	4.1
Hungary	14.8	11.6	-3.2
Slovenia	17.3	19.0	1.7
Bulgaria	35.0	28.7	-6.3
Romania	17.3	19.7	2.4
Estonia	16.9	14.1	-2.8
Latvia	21.8	30.3	8.5
Lithuania	23.5	20.3	-3.2
Russia	26.2	27.4	1.2
Azerbaijan	50.0	35.6	-14.4
Kyrgyzstan	36.8	38.2	1.4
Tajikistan	34.5	31.7	-2.8
CEE/CIS-14	24.3	23.4	-0.9
France	32.8	24.6	-8.2
Germany	10.3	9.6	-0.7
Italy	28.7	39.9	11.2
Spain	33.1	46.1	13.0
UK	15.6	11.0	-4.6
EU-15	19.9	22.8	2.9
Turkey	14.0	15.0	1.0
US	11.8	10.7	-1.1
OECD-29	13.3	14.0	0.7

Sources: MONEE project database; OECD-CCET Labour Market Database; Azerbaijan, Kyrgyzstan and Tajikistan living standards surveys; OECD (1998a); Eurostat (1998).

Note: Year is 1995 for Azerbaijan and Kyrgyzstan, 1997 for the Czech Republic, Slovakia and the EU countries and 1999 for Tajikistan.

example, among women aged 26-29, a 1997 survey in Hungary found that 82 percent of those with no children, 52 percent of those with one child, 35 percent of those with two children, and 11 percent of those with three or more children were employed.

Different policy responses are required to support young women who have children and want to work, but cannot find employment, young women who have withdrawn temporarily from the labour market, but now wish to return, young women who have been discriminated against in hiring because they have children or who have not received leave benefits though they have children, and young women who have no children, are out of school and are economically inactive. These issues present a rich field for further research on the determinants of gender differences in work.

Social attitudes about gender roles, especially the responsibilities around child-rearing, are an important determinant of the employment experience of women (Voices of Youth 12). As the 1999 Regional Monitoring Report explored, female employment rates, which were outstandingly high by international comparison before the transition, have gone down in much of the region. That Report also found evidence that employers are less likely to hire unemployed women with family commitments and less likely to advance women's careers. In transition and Western countries alike, even where there are family-friendly policies which permit parental leave, as well as maternity leave, the leave is overwhelmingly taken by women rather than men.

Figure 4.6 is based on the results of a 1994 survey which shows that a substantial share of young men and women in Central and Eastern Europe agree or strongly agree that a man's role is to earn money and a woman's role is to look after the home and family. It is unclear whether or how much these attitudes were a legacy of or a reaction to pre-transition times, or an interpretation of the new freedoms and choices which have accompanied the transition. In any case, the attitudes were sharply different in Western Europe, where few young people supported the gender division of responsibilities.

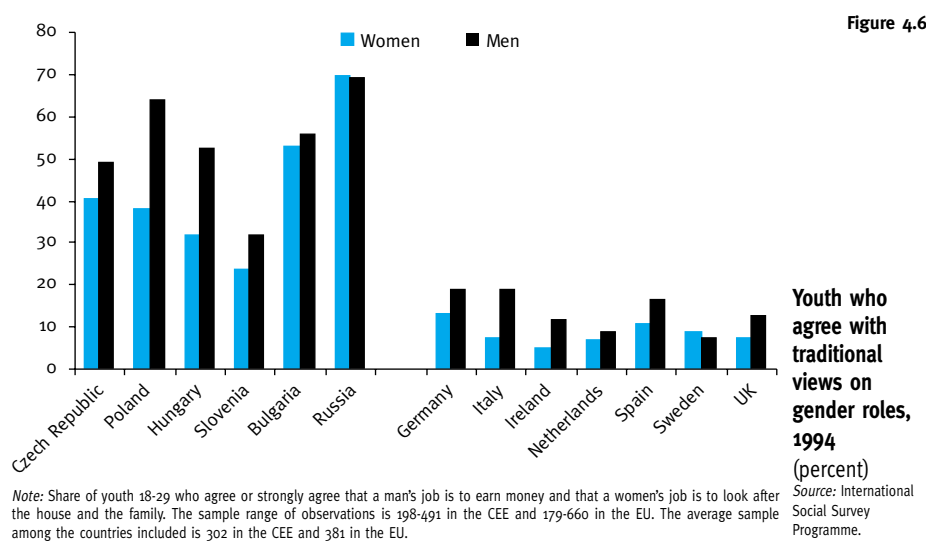
Youth in economically depressed areas

The disparities between unemployment levels and the number of job vacancies are significant throughout the region. Because of the relative concentration of declining industries in some places and of employment-generating sectors, like services, in other places, mainly big cities, this imbalance was expected to occur early in the transition as economies were restructured. However, as the transition has progressed, there are few signs the large disparities are decreasing.

Young women talk about barriers to employment

Balancing work and family responsibilities is a challenge for young women. The young women and mothers below participated in focus groups conducted for this Report in the Czech Republic, Ukraine and Romania.

- "There are still advertisements in newspapers . . . where being a man is one of the criteria required for a position. Abroad, it would be considered discriminatory." (Ivana, 24)
- "I lost my job because of my baby. I used to have a very good job, but, once I got pregnant, they told me that they were going to sack me as soon as the laws allow it." (Lessi, 21)
- "I was working for a private firm, and I was really scared that they would sack me when the baby came. On the contrary, they have helped me a lot, and I can return to work when I will feel like it." (Olga, 19)
- "I can't work eight to ten hours, as is now required. My mother can't stay with the baby continuously; and I can't afford a babysitter." (Emilia, 21)



Meanwhile, the social infrastructure (kindergartens, schools, hospitals) for improving the employability of the labour force is deteriorating or non-existent in the economically stressed areas, creating a vicious circle of disadvantage.

The ability to leave a depressed local labour market affects the employment opportunities of job-seekers, and this mobility, or lack thereof, may partially explain the employment gap between urban and rural youth. Significant barriers to internal mobility include the uncertainty of moving without the guarantee of a suitable job, inadequate rental housing markets in places where there are jobs and the lack or rising cost of public transportation for commuting to work.

A study conducted in 3,000 Hungarian villages in 1993 showed, for example, that commuting costs exceeded unemployment assistance benefits a mere 15 kilometres from the place of residence, reached the level of the minimum wage about 26 kilometres from home, and exceeded

average unemployment insurance benefits only a few kilometres further on.

Table 4.9 provides data on rural-urban differences in labour market outcomes among economically active youth aged 15-24 in selected countries of the region. Youth unemployment rates are higher in urban areas than in rural areas in Latvia, Lithuania, Romania, and Moldova. Youth unemployment rates are similar or higher in rural areas than in urban areas in Poland, Hungary, Russia, Bulgaria, Kyrgyzstan, and Tajikistan, indicating that lower labour mobility may be a factor in these countries. However, in most of the countries represented in the table, the share of young people who are employed is higher in rural areas. This is true even in countries in which rural unemployment

is higher. This suggests that there are fewer educational possibilities in rural areas, but it also demonstrates that the agricultural sector can act as a sponge to absorb the jobless when employment is hard to come by. Many of the jobs may be on collective farms, which have often been restructured more recently than industrial enterprises, or on family farms, including newly privatized farms.

A complementary picture of rural-urban labour market differences is provided in Table 4.10, which presents the situation among economically inactive young people. It shows that in rural areas a much higher proportion of young people have left both the labour force and the education system, while in urban areas more young people who are not in the labour force are still in education. This difference points to particular difficulties in the countryside: young people may simply give up on job-hunting when they cannot find employment within commuting distance; others, especially young mothers, may withdraw from the labour force in the absence of childcare services or kindergartens, and youth who are without jobs may be unable to stay in school because education facilities are fewer.

All this suggests that the barriers to employment are greater for young people living in economically depressed rural areas. The capacity of family farms to absorb young unemployed people should not be a reason for policy inaction on youth joblessness.

Minorities struggle for equal access and participation

The provision of equitable labour market opportunities for minority populations is a problem in the region. Before the transition, cultural and social diversity was officially recognized by the state and in some ways artificially promoted for propaganda purposes – a tactic that may now be creating backlash. The uniformity of big, impersonal state systems failed to promote the participation of minorities in terms of genuine expression and empowerment, and the rights of minorities – including ethnic, cultural and religious groups – were largely levelled out, like those of the general population.

In the unfettered environment of the transition, the opportunities are greater both to respect and to ignore the rights of minorities. In many countries of the region, there is a growing effort involving international bodies, non-governmental organizations and emerging civil associations to put the rights of minorities on the public agenda. A recent study by the International Labour Organization, for example, has drawn attention to the low employment prospects faced by ethnic minorities like the Roma in Central and Southeastern Europe, ethnic Turks in Bulgaria, the so-called “small nations” in the Russian Federation, or ethnic Russians living outside the Russian Federation. The ILO study shows that the higher incidence of unemployment among ethnic minorities is attributable not only to differences in job qualifications, such as lower levels of education, but to discrimination in hiring and firing practices.

Table 4.9
Rural-urban differences among youth 15-24 in the labour force, 1998
(percent of relevant population)

	Unemployment rate			Employment-to-population ratio		
	Rural	Urban	Rural – urban	Rural	Urban	Rural – urban
Poland	23.8	22.2	1.6	29.0	28.4	0.6
Hungary	15.9	14.3	1.6	35.3	33.9	1.4
Bulgaria	50.0	41.3	8.7	21.2	18.4	2.8
Romania	11.3	27.2	-15.9	52.1	26.1	26.0
Latvia	10.4	28.8	-18.4	38.4	33.4	5.0
Lithuania	21.2	23.2	-2.0	41.1	27.2	13.9
Moldova	12.0	30.7	-18.7	–	–	–
Russia	22.7	18.6	4.1	26.4	34.8	-8.4
Kyrgyzstan	41.1	27.4	13.7	28.2	25.4	2.8
Tajikistan	34.3	28.1	6.2	22.1	21.5	0.6

Sources: Hungarian, Polish, Romanian, Latvian, Lithuanian, and Moldovan labour force surveys; RLMS Round VIII; Bulgarian, Kyrgyzstan and Tajikistan living standards surveys; Latvian household budget survey.

Note: “Unemployment rate” is the share of the unemployed in the economically active population. “Employment” and “unemployment” are based on ILO definitions. Age for Lithuania is 14-24. Year is 1995 for Bulgaria and Kyrgyzstan, 1996 for Latvia and 1999 for Tajikistan. For technical reasons or because of the different survey periods, the rural-urban averages do not always correspond with the youth unemployment rates in Table 4.2.

Table 4.10
Rural-urban differences among youth 15-24 out of the labour force, 1998
(percent of relevant population)

	Not in education, out of the labour force			In education		
	Rural	Urban	Rural – urban	Rural	Urban	Rural – urban
Poland	7.7	8.4	-0.7	46.5	46.5	0.0
Hungary	20.7	13.8	6.9	37.2	46.8	-9.6
Bulgaria	29.5	19.0	10.5	18.3	41.0	-22.7
Romania	–	–	–	–	–	–
Latvia	11.8	8.5	3.3	33.4	36.0	-2.6
Lithuania	8.2	4.1	4.1	–	–	–
Moldova	–	–	–	–	–	–
Russia	20.6	8.6	12.0	39.3	44.6	-5.3
Kyrgyzstan	25.6	17.8	7.8	23.2	30.4	-7.2
Tajikistan	36.8	37.8	-1.0	27.1	30.3	-3.3

Sources: Hungarian, Polish, Romanian, Latvian, Lithuanian, and Moldovan labour force surveys; RLMS Round VIII; Bulgarian, Kyrgyzstan and Tajikistan living standards surveys; Latvian household budget survey.

Note: Age for Lithuania is 14-24. Year is 1995 for Poland and Kyrgyzstan and 1999 for Tajikistan.

There is also evidence that youth who belong to ethnic minorities suffer a disadvantage in employment. In Estonia, for instance, the 1998 labour force survey reveals that long-term unemployment is much higher among young people who are not ethnic Estonians. In Hungary, a number of sociological surveys have found that young Roma experience particular difficulties in entering the labour market. Disadvantages are also experienced by minorities other than ethnocultural minorities: young people with health problems and physical disabilities are also vulnerable, and the

obstacles they encounter call for policy responses.

In many countries in the region, the transition has seen the emergence of non-governmental organizations which promote access to work for young people. Some, like the Youth Azeri Parcel Service profiled in Box 4.2, focus on the needs of disadvantaged youth. This service illustrates how public-private partnerships can, through relatively minor investments in society's most vulnerable members, produce significant dividends – social, moral and economic. ■

Box 4.2

Overcoming obstacles to employment among disadvantaged youth in Azerbaijan

Diversity in society is often accompanied by disparity: some groups – including ethnic minorities and persons with disabilities – are pushed to the fringes of the community. The link between this marginalization and poverty is clear and, during the turmoil of the transition, often especially close.

Through the initiative of new civil groups and non-governmental organizations, there is a growing number of projects in the region that seek to create a new social balance. They embrace an approach to social justice that is based on human rights and according to which it is fair – and very often more efficient – to enable people who experience disadvantage to participate in society to the best of their ability.

The Foundation for Disadvantaged Azeri Children and Youth was founded in 1995 to help disabled and orphaned Azerbaijani children and youth become independent and socially active members of their communities. The foundation has gained considerable recognition for its pioneering Youth Azeri Parcel Service (YAPS), which was launched in 1997 and which relies on disabled youth to run the office, while orphaned youth make deliveries. It now has more than 50 employees, who make an estimated 170,000 deliveries each year. Annual revenues have reached \$100,000.

YAPS is proof that public-private partnerships can be viable and also successful. Feasibility studies convinced business leaders to fund and use the new service. The government came on board by providing the

service with premises and tax-exempt status. The parcel service is touted as Azerbaijan's first organization "by the disadvantaged for the disadvantaged".

"I am now the sole breadwinner for my brother and sister," proudly states Yuri, an 18-year-old YAPS employee who recently moved up from courier to office administrator. "I have also learned how to use a computer and to speak English." Without his current job, he says, it is doubtful he and his siblings would have been able to stay together after his parents died.

YAPS is not only economically, but socially successful. The company has helped break down social taboos and prejudices concerning orphans and youth with disabilities. In 1999, YAPS was in a position to donate \$8,000 through UNICEF for other projects addressing the needs of Azerbaijan's most disadvantaged groups.

Profits from YAPS also support the foundation's Child Help Line, a 24-hour telephone hotline operated and managed by youth with disabilities. It was anticipated that, by the end of 1999, the hotline would have handled some 150,000 calls dealing with issues such as drug abuse, suicide, family problems, stress, depression, and violence. The helpline also serves as an effective and much needed "antenna" in the collection of social information on the state of children and youth.

Both projects attest to the soundness of having youth participate in the development and administration of their own services, as put forward in the Convention on the Rights of the Child.

4.4 Youth Responses to Employment Problems

The previous section has shown that securing a good job has become increasingly difficult for many young people in the transition region, especially for those who are women, less educated, living in economically depressed areas, or members of minorities. However, with resilience and enterprise, many young people are rising to the challenges of establishing themselves in the workplace. Lesha, 16, of Russia displayed this self-reliant attitude in a focus group which met as part of the research for this Report: "Nothing

and nobody but yourself can influence you on your way to your goals." This section looks at the strategies young people have adopted to handle their transition from school to work in these difficult times.

School with or without work

In recent years, young people in OECD countries have tended to extend their education in response to the intense

competition in the labour market and the rising demand for skilled labour. Staying in school allows young people to avoid entering the labour market at a time of high unemployment and to raise their future career and earnings prospects by improving their knowledge and skills. This pattern has also been observed in several, though not all transition countries.

As Chapter 3 shows, most young people in the region are aware that education is a key factor in getting ahead in life, and this translates into rising participation rates in tertiary education in Eastern and Central Europe, the Baltic States and the Slavic countries of the former Soviet Union. However, as Figure 3.3 shows, overall youth participation in education has declined in several countries, mainly in the southern belt of the region.

Evidence from labour force surveys shows that a significant number of young people in the region are combining work and studies. This growing overlap is, in part, made possible due to the increased availability of part-time jobs. In Poland in 1997, about 28 percent of graduates had worked while studying, especially at the tertiary level. In Latvia, the figure was 17 percent in 1996, and in Bulgaria 5 percent in 1995. In Georgia in 1998, about 14 percent of teenagers 15-17 combined studies and work. In 1999, in Tajikistan, 6 percent of young employed people aged 15-24 were also studying; in 1995, the figures were 10 percent in Kyrgyzstan and 11 percent in Azerbaijan. In OECD countries, the share of students who are also participants in the labour force ranges from 2 percent in Italy and Greece to 37 percent in the US and 53 percent in the UK.

This work-education strategy allows young people in the region to offset declining family incomes, while gaining practical job experience. It also affords opportunities to establish contacts which are quite important in securing full-time employment later on.

Financial support from family and friends

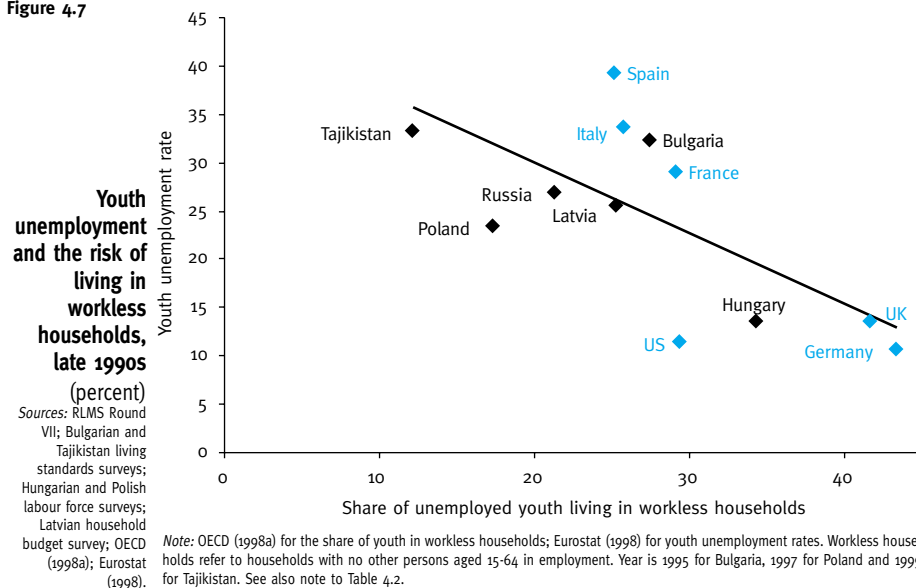
Another way for youth in the region to support themselves while studying or looking for a job has been to rely on family and friends. The housing shortage has obliged many young people to live in extended family situations. The reduced levels of real wages and social benefits mean that many of them simply cannot afford to set up an independent household.

Sociological surveys carried out in 10 transition countries in 1995 included a question designed to gauge the most important source of income among youth under age 29. As expected, a regular job was the biggest single contributor in all countries, representing the top source of income for 40 percent (Romania) to 80 percent (Czech Republic) of young people. However, in some countries, like Poland, Bulgaria, Belarus, and Ukraine, help from family and friends was still the most important source of income for 6 to 9 percent of young people.

Other evidence suggests that, while it may not be the most important source for most youth, support from friends and family plays a significant role. For example, a recent study showed that more than half of young Russians aged 18-29 were receiving financial support from parents, and one in 10 was obtaining money from friends and neighbours. In Estonia in 1998, 78 percent of youth aged 15-24 who were not working reported parental support as their main source of income, as was the case for 89 percent of those in school, and 44 percent of those neither working, nor studying. Other detailed studies confirm the importance of private transfers within family incomes during the transition, with parents strongly supporting their children, even when the children are not living with the parents.

The ability of youth to rely financially on family is, of course, constrained by the income and employment status of other household members. Figure 4.7 looks at the household context of unemployed youth in six transition countries and six established market economies. It

Figure 4-7



shows that about one-fifth of the unemployed youth in the transition countries were living in households where no one had a job. The share ranges considerably among countries, from a small proportion in Central Asia to more than one-third in Hungary, where the share is comparable to the EU average.

Where youth unemployment rates are low, there is a tendency for the share of unemployed youth living in workless households to be high. This suggests that particular groups of young people are at especially high risk of being jobless, a situation calling for targeted measures that take into account the context in which these people live. In countries with high youth unemployment rates, however, broader policies are also needed to address the root causes of unemployment.

When youth do look for work, evidence shows they tend to rely on personal contacts and direct approaches with employers rather than on state employment offices. This emerges from statistical surveys and also shows up in the focus-group research carried out for this Report (Voices of Youth 13).

As Table 4.11 shows for four countries in 1998-99, the share of unemployed youth who, in looking for work, relied on friends, relatives and acquaintances (ranging from 40 percent in Poland to 78 percent in Russia) was greater than the share of those who used state labour offices. A study of 800 unemployed youth in eight locations in Bulgaria, Hungary, Poland, and Slovakia attests to the use of personal connections: during the previous month 57 percent of the respondents had looked for a job through labour offices, 36 percent through friends and relatives, 34 percent through employers, and 31 percent through job advertisements.

Social capital in the form of personal connections is important in job-seeking, but youth tend to have fewer resources than adults, and disadvantaged youth fewer still. Understanding how young people look for and secure employment is important in the development of appropriate labour policies.

Youth self-employment: a growing enterprise

Because of economic transformation and liberalization and the overall loss of jobs in the region, self-employment has increased substantially, especially in the informal sector. A growing number of young people have opted for self-employment for a variety of reasons – to avoid unemployment, to contribute to family income, or to stake a claim in the marketplace.

Table 4.12 gives an idea of the extent of reported self-employment among youth in selected transition countries.

How to get a job?

Young people are aware that personal connections can help widen their access to jobs. However, the perceptions of the importance of such connections vary, as the voices of young workers on the job in the Czech Republic and youth who have lived in state institutions in Romania illustrate.

- “At the outset of a career, parents can play an important role. Parents’ connections could help a young person get a job, for instance.” (Dagmar, 23)
- “I think it could cause problems if others feel that I have got this job because of my parents. Help is important in terms of support while studying.” (Kamila, 23)
- “I can read, write and do sums. That’s all I need for a normal job. . . . You have to know the right people, that’s all you need.” (Edi, 18)
- “OK, suppose I go to the labour resources centre to apply for a job? Be sure that if another pays bribes, I won’t see any job.” (Gheorghe, 19)
- “I would consult job centres and employment agencies as a last resort. First I would use personal contacts.” (Ivana, 24)

Table 4.11

Ways of seeking a job among 15-24 year-olds, late 1990s (percent of job-seekers ticking the answer)

	Poland (1998)	Bulgaria (1999)	Estonia (1998)	Russia (1998)
State labour office	–	41	33	38
Friends or relatives	40	58	50	78
Directly to employers	39	19	45	51
Advertising notices	18	16	90	48

Source: Bulgarian living standards survey; RLMS Round VIII; Estonian and Polish labour force surveys.

Note: More than one answer was possible, so the data do not sum. “State labour office” for Estonia excludes job-seekers who are in education, since these are not allowed to register.

Box 4.3

Young entrepreneurs in the new market economies

A detailed study carried out in 1996 and 1997 and involving 550 young entrepreneurs in four countries of Central and Eastern Europe and three CIS countries revealed important features of youth self-employment.

Youth entrepreneurship in all seven countries shared several characteristics, including the fresh approaches adopted by the entrepreneurs, their work-centred life styles, their business inexperience, the newness of the form of business, the lack of business support services, and the potential for extremely rapid growth.

The research also identified noteworthy differences among countries. In Central and Eastern Europe, the new businesses were generally more suited to the education and training of the young owners. Self-employment had been the goal of the majority before

completing their education. The business often represented a full-time occupation and was the main source of income. Many of the enterprises were legally registered, and the young entrepreneurs had a relatively positive outlook about the future.

Meanwhile, in the countries of the former Soviet Union, youth self-employment was largely restricted to street trading. Most activities were in the informal sector. Bribery was more common. Businesses were usually owned by partners rather than sole proprietorships. Independent female entrepreneurs were rare, and the entrepreneurs felt they needed to succeed quickly because the gradual development of their enterprises was likely to be impeded by changes in the political and economic environment.

There are sizeable differences among countries, with shares ranging from 2 percent in Russia and Azerbaijan to 25 percent in Kyrgyzstan. Relative to that of adults, self-employment among youth appears similar or higher in the Caucasus and Central Asia and lower in Central and Eastern Europe. In the EU, self-employment is mostly lower among youth than among adults. This may relate to

the nature of self-employment in the region (Box 4.3). Youth can seize the burgeoning opportunities in the new services sector, and they also fit the need in most new small businesses for flexibility and mobility.

Barriers and drawbacks to youth entrepreneurship exist in the region. In some transition countries, self-employed persons are not covered by unemployment insurance or social assistance, nor are they eligible for benefits such as disability and pensions. Young entrepreneurs must also deal with frequently changing legal frameworks and fiscal systems, the lack of access to credit, especially

microcredit, and the lack of business mentoring and planning services.

In much of the region, a good deal of youth self-employment does not constitute full-time legitimate work, but is performed as a second job or as occasional work, or takes place largely in the informal sector in services, street trading and subsistence farming. Accurate estimates of the share of young people engaged in the informal labour market are difficult to obtain. There are also a number of practical problems in measuring the importance of subsistence farming, not least of which is the difficulty in distinguishing between small agricultural businesses and unpaid work on family garden plots.

Table 4.12 reports particularly low youth self-employment rates for Russia. Table 4.13 uses data from the same source, the Russia Longitudinal Monitoring Survey, to explore the extent of informal jobs and subsistence farming among youth and adults in that country in 1998. It reveals that about 12 percent of youth were engaged in subsistence farming, while 9 percent held informal jobs. Although the sample is too small to draw firm conclusions in detail, it appears that such activities are more frequent among the unemployed and among those who are neither in the labour market, nor in education.

There are indications that subsistence farming and other informal activities are also widespread among youth in other countries. A 1995 poll reported that "growing food" was the single most important strategy used by people under age 30 to maintain their standard of living. This was true for 15 percent of young people in Hungary and Poland, 20-25 percent in Slovenia, Ukraine and Bulgaria, and 38 percent in Romania. The high ratios of young people who are neither in employment, nor in the education system in many countries provide further evidence that informal, unregistered employment tends to be extensive in the region.

While informal jobs and subsistence farming have no doubt provided important safety nets for young people, they do not represent a satisfactory longer term solution for the employment needs of youth. Moreover, informal-sector workers are vulnerable to exploitation and may have little power to advance their own interests and secure safe job conditions. The larger society also misses out on the employment benefits paid for by businesses and on individual income taxes.

Table 4.12
Self-employment in selected transition countries, 1998
(percent of overall employment by age)

	15-24	25-54
Hungary	7.7	13.5
Bulgaria	5.7	–
Russia	2.3	5.1
Azerbaijan	2.4	2.3
Kyrgyzstan	25.2	22.4
Tajikistan	14.1	11.3

Sources: Hungarian and Bulgarian labour force surveys; Azerbaijan, Kyrgyzstan and Tajikistan living standards surveys; RLMS Round VIII.

Note: Excludes subsistence farming. Year is 1995 for Azerbaijan and Kyrgyzstan and 1999 for Tajikistan.

Table 4.13
Alternative activities in Russia, 1998

	15-24		25-54	
	N	%	N	%
Engaged in subsistence farming				
All	183	11.9	652	15.6
Unemployed	22	18.2	52	16.1
Out of labour force, out of education	47	26.0	166	24.4
Engaged in informal jobs				
All	133	8.7	534	12.8
Unemployed	26	21.5	80	24.8
Out of labour force, out of education	19	10.5	107	15.7

Source: RLMS Round VIII.

Note: "Engaged in subsistence farming" refers to those who had worked during the seven days previous to the interview on an individual plot, a dacha, or garden plot (excluding farm plots). "Engaged in informal jobs" refers to those who, during the month preceding the interview, had a regular job along with a second job, as well as to those with no regular job who were engaged in an additional kind of paid work. "Unemployed" and "out of the labour force" differ slightly from the ILO definitions. Here, they refer to those individuals who do not declare themselves employed, who have no main jobs, and who are looking and available for work ("unemployed") or who are not looking for work ("out of the labour force").

4.5 Institutions and Policies Promoting Employment

In the challenging conditions associated with the transition, young people have used a variety of strategies to cope with the move from school to working life. However, many survival strategies have negative social consequences or cannot be sustained over the long term. Obviously, the

prospects of youth are played out against a much larger economic scene, and broad economic policy will make the biggest difference in the working lives of young people. This section looks at labour market policies and initiatives that target specific points of contact between young people

and work. As the high youth unemployment rates and joblessness even in the countries leading the economic recovery demonstrate, there is much room for action in this regard.

Employment services and centres

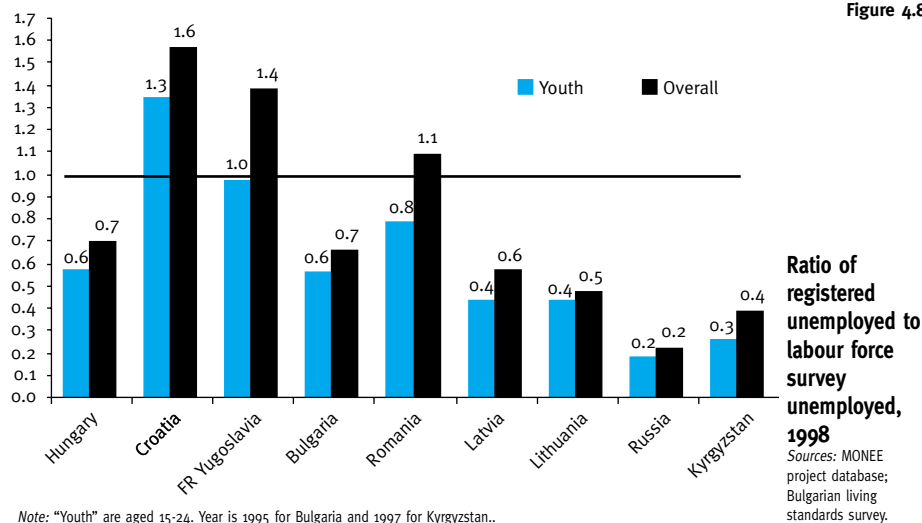
New types of employment assistance have appeared in all the countries of the region. Employment services already existed in some places, in particular the Soviet Union, but their role was rather different from that of employment services in established market economies. The main function of labour departments in the Soviet Union was to match the individual to the needs of enterprises within a context of labour shortages.

The establishment of new employment services in the region has been supported extensively by Western partner institutions and international organizations. Although there are few services specifically geared to youth, these national labour offices and their regional and local branches offer young people various services and training programmes. In most countries, the trend is towards a rise in the share of youth engaged in various initiatives organized by labour offices.

The new institutions suffer, nonetheless, from varying problems, including lack of funding, inexperience, overregulation, understaffing, low salaries, and poor motivation among staff. As a consequence, employers tend to have little confidence in these institutions and use other channels to recruit new workers. The number of job vacancies reported to labour offices is usually estimated at only around 30 percent of the openings in the labour market. This is one reason why many young job-seekers do not rely on labour offices. In turn, this diminishes the effectiveness of the centres in the eyes of employers, thereby contributing to a vicious circle of ineffectiveness.

Another outcome of the poor performance of employment services is the low level of registration among the unemployed. Moreover, young unemployed people are less likely than the older unemployed to register with the public services (Figure 4.8). The ratio of the registered unemployed to the unemployed as determined by labour force surveys is especially low in the countries of the former Soviet Union.

Besides the low expectations connected to obtaining a job through a state employment service, other factors help explain the limited registration of unemployed young people. Many youth may not register because they simply do not qualify for unemployment benefits or because they find these benefits too low to warrant the hassles of registration. In 1997, the average unemployment benefit as a proportion of the average wage was only 8 percent in Estonia, 20-25 percent in Russia, the Czech Republic and Croatia, and 30-35 percent in Bulgaria and Poland. Worse, in some coun-



tries of the former Soviet Union, unemployment benefits are frequently in arrears. In some countries, young school-leavers simply are not allowed to apply to employment services. In Lithuania, for example, only people over age 16 who are not working or who are not studying full time are eligible. This means that students wanting to combine studies with work cannot register.

Passive labour policies: how effective are they?

With the emergence of formal unemployment, unemployment benefit schemes were introduced throughout the region. Initially, they were quite generous. The level of benefits was high, and the period of payment relatively long by Western standards. However, as the economic realities of transition have set in, including shrinking government revenues and rising unemployment and inflation, which has eroded the real value of benefits, the capacity and the effectiveness of benefits systems have diminished. Many countries have trimmed the benefits, reduced the period of payment and restricted entitlement.

In most countries, the period of payment for unemployment insurance benefits currently falls in the range of six months to one year. To become eligible for the benefit, registrants typically must have been employed for at least six to nine months, a requirement which excludes young school-leavers who have little or no job experience. In order to discourage people from giving up jobs or from seeking new jobs, some countries explicitly restrict the benefit entitlement to bar young school-leavers and persons quitting jobs voluntarily.

The lack of incentives to take up unemployment benefits and the eligibility restrictions mean that a relatively small share of the youth identified as unemployed in labour force surveys are receiving benefits. Thus, in the mid-1990s, the share was below 2 percent in Kyrgyzstan, 6 percent in Latvia, 9 percent in Russia, 10 percent in Bulgaria, and 37 percent in Hungary. For the two countries for which 1998

data are available, the share of unemployed youth receiving benefits had declined sharply: to 28 percent in Hungary and to less than 2 percent in Russia.

In several countries, those who are ineligible for unemployment insurance benefits or whose benefits have run out can receive some form of assistance. Many countries, including Croatia, the Czech Republic, Poland, and Ukraine have established systems of social assistance. Others, like Hungary and Bulgaria, have introduced means-tested unemployment assistance that is available only to those who previously received insurance benefits. In general, however, social assistance has eroded, and in some Southeastern European countries and in the CIS arrears and even non-payment are frequent.

As a consequence, in most countries unemployment benefit insurance has, to a large degree, lost the capacity to perform its two main functions: to prevent economic deprivation among the jobless and to enable the jobless actively to look for work. For many young unemployed who may have particular difficulty accessing unemployment benefits, the only escape from poverty is financial support from family and friends or jobs in the informal economy.

The effectiveness of unemployment insurance benefits relative to social assistance is debated, and youth get caught up by the shortcomings of each approach. Young people may fail to qualify for unemployment benefits, which, in view of the substantial long-term unemploy-

ment in the region, may dry up anyway. Meanwhile, social assistance which relies on household means-testing will do little to boost the autonomy of young people already obliged by circumstances to live with parents or extended family.

It is therefore important to develop support systems that suit the aspirations of young people for independent living. Certainly, because of the pressure on passive labour policy measures, such as unemployment insurance, there is a more recent tendency in the transition countries to address youth unemployment through active labour policies, a trend which is also evident in Western market economies.

Active labour market policies

Most established market economies, particularly those in Europe and especially the Scandinavian countries, implement active labour policies which focus on the integration into the workforce of vulnerable groups like the long-term unemployed and first-time job-seekers. In the transition region, active labour market policies aimed at reducing and preventing social exclusion had to be developed from scratch in the late 1980s and early 90s.

The initial programmes typically focused on training schemes and the preservation of existing jobs, but they were often poorly planned and not well targeted on the needs of specific groups. For example, though many young unemployed people participated, few of the programmes were designed specifically for youth. More recent policies represent an improvement, but still face obstacles in coverage, targeting and financing.

Most youth-related policies today involve training, subsidized employment, or public works. In Slovenia, for instance, the National Employment Office furnishes information, counselling, training, and other forms of assistance to the unemployed. Its special programme, Clubs of Job-seekers, offers information on effective job-search techniques and targets the long-term unemployed and first-time job-seekers, apparently with some success. In the Czech Republic, the Bridge project supplies counselling, retraining and job placement for youth aged 15-18 who have received inadequate basic education. In Hungary, the School-leavers Employment Programme helps unemployed youth under age 25 gain work experience and contacts by providing wage subsidies to employers willing to hire them.

Echoing trends in the West, a few programmes also exist to encourage unemployed youth to start their own businesses. In Hungary, there is the Unemployment Benefit Programme for Entrepreneurs, and Poland promotes self-employment among unemployed or laid-off workers through the Loans for Individual Economic Activity, which delivers financial support and business training. In Georgia, the State Programme of Youth Policy Implementation 1996-2000 fosters courses in entrepre-

Table 4.14

Public expenditure on labour market policies in selected countries, 1997

	Total (% GDP)	% total labour expenditures for: Active measures	Unemployment compensation
Bulgaria	0.5	30.9	69.1
Croatia	0.7	21.4	78.6
Czech Republic	0.2	36.2	63.8
Estonia	0.2	52.7	47.3
Hungary	1.2	32.8	67.2
Kazakhstan	–	23.0	75.0
Poland	1.9	–	77.6
Russian Federation	0.3	34.1	65.9
Ukraine	0.2	34.8	65.2
Austria	1.7	25.4	70.5
Denmark	5.8	30.8	38.3
France	3.1	42.2	46.0
Germany	3.8	33.0	65.7
Ireland	4.1	40.8	56.3
Portugal	2.0	48.2	45.2
Spain	2.4	21.1	78.9
Sweden	4.3	49.2	50.8

Sources: OECD (1998a); Nespорова (1999).

Note: Active measures include the costs of public employment services and administration. Year is 1996 for Bulgaria, Croatia, Hungary, France, Ireland, and Portugal and first nine months of 1998 for Kazakhstan. Two last columns do not necessarily sum to 100 because expenditures on other passive measures such as early retirement are not included in the last column.

neurship and the development of a more supportive business environment, including youth-friendly banks.

Overall, however, the funding of labour market policies, whether active, or passive, remains very low in the region relative to the EU. Table 4.14 shows the share of GDP spent on labour market policies in a selection of transition and EU countries and the breakdown for active and passive measures. Apart from Poland and Hungary, the transition countries invest only a tiny fraction of GDP on labour measures, several times less than established market economies. Among the transition countries represented, the expenditures on passive measures outweigh those on active measures everywhere except in Estonia.

The small portion of GDP spent on active labour market policies raises doubts about the effectiveness of the expenditure. The message from the Western experience is that programmes vary greatly in impact over time. Nonetheless, recent OECD and ILO reviews and programme evaluations show an emerging consensus that some programmes, such as those involving training and self-employment, have a good chance of being effective and that better targeting on the needs of specific groups can enhance job-seeking.

Another important message is that, in policy-making, there needs to be a distinction between teenagers and young adults. The most desirable solution to the employment problems of teenagers is to help these young people remain in school, reenter the education system, or pursue more training as quickly as possible. For young adults in their 20s, it is more important to enable them to acquire work experience and to raise their skills in order to avoid the traps of unemployment and social exclusion.

It is difficult to assess the effectiveness of active labour market policies in transition countries because of the relative newness of the initiatives and the absence of adequate monitoring systems. Only a few countries, like Poland and Hungary, regularly follow up on programme participants. Preliminary evidence for transition countries suggests that active measures have produced disappointing results thus far. Initiatives like public works and, to a lesser

extent, subsidized employment have tended to perform poorly and to register low job-placement rates. Likewise, the inefficiencies which characterize many state employment agencies in transition countries further reduce the effectiveness of programmes.

However, there are success stories. The impact of programmes promoting self-employment among unemployed youth has generally been positive. Training schemes are generating high placement rates among young unemployed in many transition countries. For example, Hungary has undertaken policy adjustments in recent years and now puts greater stress on active measures, such as counselling, personal development, skill-training, and wage subsidies for employers who hire first-time job-seekers. The share of unemployed youth benefiting from such measures rose from 26 to 44 percent between 1997 and 1998.

The World Bank recently conducted an evaluation of active labour programmes in Poland, Hungary, the Czech Republic, and Turkey, and the results confirm that training and self-employment have a generally positive impact on overall employment, while the effectiveness of wage subsidies and employment service initiatives are mixed, and public works schemes often perform poorly.

The research also concludes that programmes have variable outcomes depending on the target group. In particular, youth appear to benefit more from training and wage subsidies, the latter exhibiting a positive impact on youth in each of the four countries examined. The benefits of self-employment schemes in the transition countries were about equal among participants with basic or secondary education, but were less apparent among participants with higher education. This is in marked contrast to the experience with self-employment programmes in the West, where participants with more education do better than those with less. The result in the transition countries may reflect the wide-open territory for new small businesses in these formerly planned economies and is an important difference to consider in policy-making. ■

4.6 Conclusions

A good start in the labour market is a key determinant of the participation of youth in society and of their future prospects. A poor start can inhibit and even thwart the participation and contribution of youth, sometimes with serious personal and social consequences.

In the centrally planned economies before the transition, young people were assigned jobs upon leaving school, and unemployment and job insecurity were virtually non-existent. On the other hand, there was little room for individual aspirations and personal career development; absenteeism and demoralization were common in the workplace, and private enterprise was largely prohibited.

The transition has opened up new employment prospects for youth in the region, but it has also rendered the path from school to the workplace more rocky in many ways.

Economic activity rates among youth have declined in every country during the transition, although rising enrolment in education accounts for part of this decline in several countries. In 1998, the average rate of youth unemployment stood at 30 percent in the 18 transition countries for which data are available. This was 15 percentage points higher than the overall unemployment rate and eight percentage points higher than the unemployment rate among youth in the European Union. These high rates are a con-

cern, despite signs that youth employment is recovering in a number of countries. A considerable share of the unemployed youth in the region had been without a job for more than a year. In addition to the unemployed, a substantial portion of the youth population is neither in the labour force, nor in education. The emergence of large pools of jobless youth who are not looking for work is a very worrisome trend in several countries, mainly but not exclusively in the southern part of the region.

The transformation of economies has entailed considerable changes in the nature of employment and in the working conditions encountered by youth. Young people have been particularly active in small private businesses, and their flexibility and mobility have been welcomed in growth areas like the service sector. However, employment has become less secure and less permanent. An increasing number of young workers are employed in occasional jobs or have short-term contracts. The gap between successful young workers and those in low-paid and insecure jobs has also widened markedly. A majority of young workers do report being satisfied with their jobs, although the positions often do not match their education and do little to advance their longer term aspirations. There is also evidence that certain populations of young people – the less educated, young women, residents of remote or rural areas, and members of minority groups – are especially vulnerable to labour market exclusion.

It is reassuring that many young people have been able to find jobs at wages which compare well with those of middle-aged adults. Indeed, youth-adult wage ratios are often more favourable in the transition region than in the established market economies. An increasing number of youth are remaining in education to enhance their job prospects. Many have been able to count on support from family and friends, while studying or looking for work. Many others have been able to rely on family and personal connections. Still others have reacted to the sluggish labour demand by creating their own jobs or by taking part in the informal economy. Reliance on subsistence farming is the last resort for the most vulnerable.

While the array of coping strategies being developed by youth is impressive, they clearly need more public policy support. Part of the rise in higher education enrolment may reflect a response to the immediate risk of unemployment, rather than a belief that education is useful for finding a job. Often, the coping strategies used by young people are not sustainable in the long term. Meanwhile, these young people may be working in poor conditions in businesses which contribute little to public coffers in the way of taxes.

Although there have been substantial efforts to overcome the obstacles faced by young people in the labour markets of the region, much remains to be done. There is a void in youth-related labour market programmes in many countries, and there is need to monitor the impact of existing policies. Still, there is an emerging consensus that improvements in the services offered by employment agencies and enhancements in the targeting of active measures on youth promise particularly good returns in the region.

The available evidence suggests that young people who are making the transition from school to the workplace can benefit especially from training and self-employment programmes, as well as programmes to assist first-time job-seekers. There is also a strong case for promoting labour mobility. Such an effort could involve fundamental improvements in transportation systems and in infrastructure. Tax reform and the integration of informal activities such as commercial trading or part-time work into the regular economy would help protect the rights of workers and increase the capacity of governments to supply assistance to the most vulnerable.

The transitions from school to work and from childhood to adulthood are often abrupt. Given the evidence of how important a successful first-job experience is for the future prospects of young people leaving school, greater policy support and more intervention at this pivotal juncture in life make good sense economically and socially. ■