



THE JOBS IMPERATIVE: IMPROVING EMPLOYMENT OUTCOMES FOR INDIA'S YOUTH



Supported by the

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LABOR MARKET CONTEXT

- Only one in two Indians of working age, 15 years and above, participate in the labour force.¹
- Fewer than one in four women 15 years and above – 23.3 percent – enter the labour market, and this rate has been declining in recent years.²
- Data suggests that unemployment rose to 6.1 percent in 2018.³ And it is the more educated that find themselves unemployed waiting for the right job to come along.
- Most Indians, though, cannot afford to be unemployed – they have to work to sustain themselves. Among those that are working, informal employment as a share of non-agricultural employment was 68.4 percent in 2018.⁴ Informal employment usually entails the sharing of low-productivity work, with poor wages, and the absence of social protection.⁵
- India's 361 million youth between the ages of 15 to 29 represent just under 27 percent of the country's population.⁶
- Youth unemployment stands at 17.8 percent, three times the adult rate. Youth are also more likely to be in contractual and informal work.

Generating jobs and cultivating skills has been a cornerstone of development efforts by the private sector, foundations and non-profits and grassroots organizations for some time now, but interventions have been complicated by the country's vast scale, enormous regional diversity, and endemic problems with policy design and implementation. Ad hoc approaches have not yielded meaningful impact.

Against this backdrop, the JustJobs Network and the Michael and Susan Dell Foundation worked together to develop a new model to address the jobs crisis and chart a better economic trajectory for youth.



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ONE

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A DIFFERENT APPROACH

The project adopts a place-based approach

Years of interventions to generate more and better livelihoods have enjoyed limited success in improving the aggregate picture on employment. One reason is that sweeping schemes and macro, mass targets do not appreciate the place-based specificities of the way labour markets operate. To move away from business as usual, this project looks at the supply and demand side factors in smaller geographies to shed light on the local dynamics of job creation and uptake.



The project is rooted in data

There is a paucity of secondary data to sufficiently understand the nuances of employment especially at the district or city-level or disaggregated by social groups, for instance. Understanding employment prospects for youth from different geographies, of different social backgrounds with varying levels of education and training necessarily requires customised surveys.



The project is integrated

Much of India's focus on employment for youth has focussed on the supply-side. Yet the demand-side, though neglected, is equally important. An understanding of variations in firm hiring practices, degrees of formality and informality, can help target what businesses need to create more and better jobs. This project examines different aspects of the supply and demand in an integrated way to improve employment outcomes.



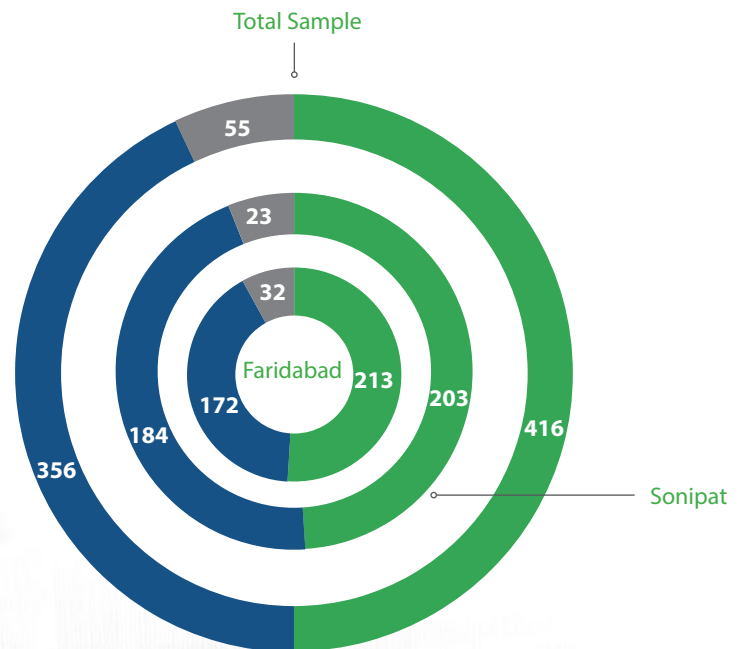
METHODOLOGY

The study consisted of structured surveys with youth, and firm managers or owners, in two districts of Haryana, namely Faridabad and Sonipat (Figure 1). In Faridabad, the study honed in on, (i) the automobile and auto parts sector, and (ii) the textile sector, interviewing 50 firms in each sector. In Sonipat, the project examined firms in (i) food processing, and (ii) in the logistics and warehousing industries, also interviewing 50 firms in each sector.

The project also included qualitative interviews with firm owners in the scientific instruments sector – a once thriving industry that has now waned – in Ambala. Several qualitative, unstructured interviews with firm managers/owners deepened the understanding of the demand-side, while focus groups and in-depth conversations with youth added value in understanding the supply side.

Figure 1: Youth Survey Sample Size by Employment Status

- Employed
- Unemployed
- Not in Labor Force





5 A SNEAK PEEK AT FIVE KEY FINDINGS

1

Major misalignments between business demand and youth supply remain

- a. *A mismatch in the hiring channels:* In qualitative interviews, employers in Faridabad and Sonapat noted that they hire through personal networks, referrals, labour contractors or notice board advertisements, not necessarily through a widely accessible public portal.

This means, that information about potential openings does not always find its way to youth. 55 percent of youth cited “insufficient information” as one of top three obstacles in finding a job. 84 percent of employed youth and 96 percent of unemployed youth relied on their own informal networks, family, friends and neighbors for information on jobs.

- b. *A mismatch in what youth expect and what employers provide:* Sampled youth expressed an expectation of a starting wage in the range of Rs. 15,000 to Rs. 20,000. Yet at Rs. 8,478 in Sonapat, and Rs. 10,700 in Faridabad, the average salary that youth are getting is far below their expectations. This contributes to a lack of employee retention, which businesses site as a problem.

- c. *A mismatch in education and skills:* Nationally, 97.3 percent of persons 15 years old and above did not have any technical education in 2017-18.⁷ Nearly 88 percent of youth in our sample were without a technical diploma or certificate. This points to a shortfall in the number of technically trained youth despite the major national push to train young people. More than 56 percent of employed youth feel that their general education and/or vocational training were insufficient to help them procure a job.

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2

Entrepreneurship is not a panacea for employment woes

In the aggregate, youth in our sample were split between those that wanted to get a government job, those that wanted to work in the private sector and those that want to be entrepreneurs⁸ [see figure 2(a)]. This is also true of females, but for them, (a) the need to balance domestic responsibilities with income generating activities and (b) risk of traveling long distances and/or safety concerns drives them to entrepreneurship as one of their few, if not most desirable, options.

Age disaggregated data also shows that younger cohorts express a preference for a government job, but when they realize that this may not be a realistic goal, they consider the private sector and entrepreneurship as alternatives. When the private sector doesn't deliver on youth expectations in terms of wages and conditions of work, entrepreneurship is seemingly a more appealing option. The fact that more youth that are currently employed in the private sector express a preference for entrepreneurship over unemployed youth corroborates this fact.

Entrepreneurship has to be part of the solution, but it is not the only solution and certainly not the most preferred solution in all cases. Aptitude for entrepreneurship, appetite for risk, a conducive environment and all the associated ingredients from access to finance to the appropriate skills are all necessary conditions to leverage entrepreneurship as a job creation and economic mobility strategy. Even then, a focus on entrepreneurship at the expense of a focus on more and better private sector jobs will not improve outcomes at the scale needed for youth, especially those from disadvantaged backgrounds.

Figure 2(a): Aggregate youth preferences- by preferred job sector (in %)

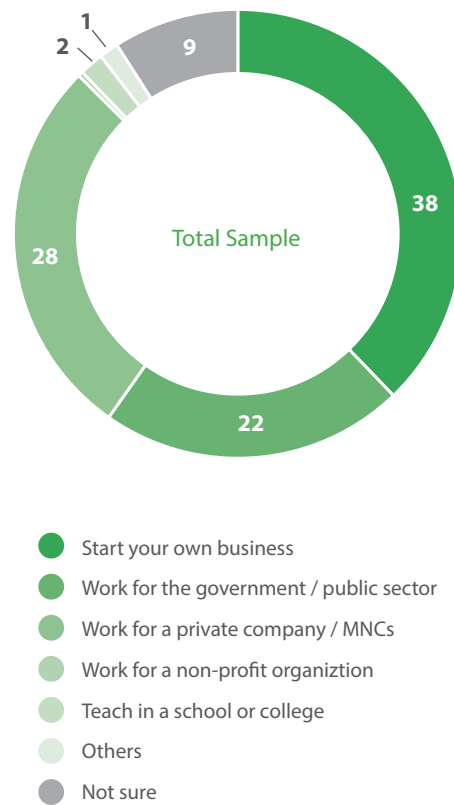


Figure 2(b): Youth preferences- by current employment status and preferred job sector (in %)





In Ambala, there are no skilling programs catering specifically to the locally based scientific instruments industry.

3

Data confirms that geography matters to jobs

Geography is a key determinant of employment opportunities and challenges.

- a. *Skill training ecosystems don't incorporate the needs of locally-based industrial sectors:* For instance, once a key competitive sector, Ambala's Scientific Instruments Industry is waning. The reason, the president of Ambala Scientific Industries Manufacturers' Association (ASIMA) notes, "there is no linkage with the training providers or educational institutes. There are no such courses or training being provided specifically for scientific instruments industry in the region. Not even a single module focussed on scientific instruments industry is being taught in a semester, any programmes, in any institutions."

This has particular disadvantages for women that are frequently restricted from accessing opportunities that are further away.

- b. *Interviews with employers confirm that businesses prefer not to hire locally:* "We as an employer have perception that [the] motivation of migrants and locals differs considerably. We feel that migrants are more dedicated to work, willing to work at lower wages, work longer hours, work longer term, have fewer demands on attention [referring to family or other work/agricultural demands]."
- c. *Marriage induced migration for women hinders access to jobs for women:* 55 out of 103 married women (53 percent) in our sample said they had to migrate after marriage. This can be a demotivating factor for them to establish careers prior to marriage, and it can be a disadvantage in accessing opportunities afresh in a new geography.

53%

in our sample said they had to migrate after marriage.

88%

of youth in our sample were without a technical diploma or certificate.

4

Signs point to the disruptive effects of technology underscoring the need for adjusting education and skills accordingly

A great deal of research and fieldwork suggests that (a) technology is skill-biased and (b) that technology applications are most effective when they have a human interface.

In our research, youth identify 'information technology' and 'scientific or technical qualifications' as among the most critical skills they need to be employable. 48 percent of youth reported information technology as being among the top three critical skills they need for a job, while 47 percent identified scientific or technical qualifications as among the top three.

Our survey did not specifically ask about the efficacy of different technology applications, but in asking whether young people were aware of existing online placement services, 95 percent of employed youth and 92 percent of unemployed youth said that they are unaware of the online placement services. This suggests that more, such as a human interface, is needed to help youth engage with technology in a more effective way.

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5

Despite overall economic progress, women continue to be restrained by engendered attitudes

Only about one in four women of working age, 23.7 percent, enter the labour market.⁹ Female labour force participation has been declining since 2004. This drop can be attributed to several factors ranging, for instance, from girls staying in education longer and delaying their entry into the labour market, to the 'middle income effect'. A lack of demand from female friendly industries such as apparel and footwear, and continuing social disapproval are both important factors.¹⁰ Other culprits include migration and the nuclearization of families where there are fewer women in the household to contribute to domestic work. Low labour force participation is a loss of precious productive potential.

In our sample the average salary of females was much lower than that of their male counterparts. In Faridabad, the average salary for females was Rs. 5,629 per month relative to Rs. 11,422 per month for males and Rs. 4,658 per month relative to Rs. 8,918 INR per month for males in Sonipat.

Focus groups with young women confirmed that they tend not to take up jobs, or have to drop out of jobs owing to pressure from their parents, in-laws and/or husband. The need for gender friendly workplaces, safe and reliable transport, flexibility, lighting and physical security are all factors that have an impact on women's ability to actively participate in the labor market and jobs.



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23.7%

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ENDNOTES

- ¹ Annual Report: Periodic Labour Force Survey (2017/2018) National Statistical Office. Government of India
- Available at: http://www.mospi.gov.in/sites/default/files/publication_reports/Annual%20Report%2C%20PLFS%202017-18_31052019.pdf?download=1
- Defining labour force participation rate (LFPR) as the total number of employed and unemployed persons in the country out of the total population above 15 years of age. Among persons of age 15 years and above, LFPR in usual status (ps+ss) was 49.8 percent; 50.7 per cent in rural areas and 47.6 per cent in urban areas.
- ² Ibid
- ³ Annual Report: Periodic Labour Force Survey (2017/2018) National Statistical Office. Government of India
- Available at: http://www.mospi.gov.in/sites/default/files/publication_reports/Annual%20Report%2C%20PLFS%202017-18_31052019.pdf?download=1
- ⁴ Annual Report: Periodic Labour Force Survey (2017/2018) National Statistical Office. Government of India
- Available at: http://www.mospi.gov.in/sites/default/files/publication_reports/Annual%20Report%2C%20PLFS%202017-18_31052019.pdf?download=1
- Percentage of workers engaged in proprietary and partnership (P & P) enterprises among workers (ps+ss) engaged in non-agriculture and AEGEC sectors 2017-18 (PLFS)
- ⁵ Dewan S. and Prakash D. 2019. "The Evolving Discourse on Job Quality from Normative Frameworks to Measurement Indicators: The Indian Example." Centre for Sustainable Employment, Azim Premji University, CSE Working Paper, Jan 2019. Retrieved from: cse.azimpremjiuniversity.edu.in/wp-content/uploads/2019/01/Dewan_Prakash_Job_Quality.pdf
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- ⁷ Annual Report: Periodic Labour Force Survey (2017/2018) National Statistical Office. Government of India
- Available at: http://www.mospi.gov.in/sites/default/files/publication_reports/Annual%20Report%2C%20PLFS%202017-18_31052019.pdf?download=1
- ⁸ Only 229 employed youth have answered this question.
- ⁹ Labour Bureau. 2016. "Report on 5th Annual Employment-Unemployment Survey (2015- 16), Volume 1". Ministry of Labour and Employment. Available at: http://labourbureaunew.gov.in/UserContent/EUS_5th_1.pdf
- ¹⁰ Roy, S.N. and P. Mukhopadhyay (2019) What Matters for Urban Women's Work: A Deep Dive into Falling Female Labour Force Participation (CPR)

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NETWORK

JustJobs Network is a private, nonpartisan organization finding evidence-based solutions to one of the most pressing challenges of our time: How to create more and better jobs worldwide. We produce empirical research on good job creation, focusing our work on the critical knowledge gaps in the global employment landscape. JustJobs convenes a global network of diverse stakeholders—including policy shapers, academics, and grassroots leaders — to deepen the practical implications of our research endeavors and amplify their impact. Through the combination of cutting-edge research and global knowledge sharing, we aim to forge a fresh, dynamic channel for policy dialogue on employment at national, regional and international levels. Our team members are based in New Delhi and Washington, D.C.

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