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**Characterizing the school-to-work transitions of
young men and women:**

Evidence from the ILO School-to-work transition surveys

Makiko Matsumoto and Sara Elder

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Preface

The primary goal of the ILO is to contribute, with member States, to achieve full and productive employment and decent work for all, including women and young people, a goal embedded in the ILO Declaration 2008 on *Social Justice for a Fair Globalization*, and¹ which has now been widely adopted by the international community.

In order to support member States and the social partners to reach the goal, the ILO pursues a Decent Work Agenda which comprises four interrelated areas: Respect for fundamental worker's rights and international labour standards, employment promotion, social protection and social dialogue. Explanations of this integrated approach and related challenges are contained in a number of key documents: in those explaining and elaborating the concept of decent work², in the Employment Policy Convention, 1964 (No. 122), and in the Global Employment Agenda.

The Global Employment Agenda was developed by the ILO through tripartite consensus of its Governing Body's Employment and Social Policy Committee. Since its adoption in 2003 it has been further articulated and made more operational and today it constitutes the basic framework through which the ILO pursues the objective of placing employment at the centre of economic and social policies.³

The Employment Sector is fully engaged in the implementation of the Global Employment Agenda, and is doing so through a large range of technical support and capacity building activities, advisory services and policy research. As part of its research and publications programme, the Employment Sector promotes knowledge-generation around key policy issues and topics conforming to the core elements of the Global Employment Agenda and the Decent Work Agenda. The Sector's publications consist of books, monographs, working papers, employment reports and policy briefs.⁴

The *Employment Working Papers* series is designed to disseminate the main findings of research initiatives undertaken by the various departments and programmes of the Sector. The working papers are intended to encourage exchange of ideas and to stimulate debate. The views expressed are the responsibility of the author(s) and do not necessarily represent those of the ILO.

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¹ See http://www.ilo.org/public/english/bureau/dgo/download/dg_announce_en.pdf

² See the successive Reports of the Director-General to the International Labour Conference: *Decent work* (1999); *Reducing the decent work deficit: A global challenge* (2001); *Working out of poverty* (2003).

³ See <http://www.ilo.org/gea>. And in particular: *Implementing the Global Employment Agenda: Employment strategies in support of decent work*, "Vision" document, ILO, 2006.

⁴ See <http://www.ilo.org/employment>.

Foreword

Youth is a crucial time of life when young people start realizing their aspirations, assuming their economic independence and finding their place in society. The transitions to adulthood and to the world of work often take place simultaneously, and this is a difficult time for many young people. However, if this transition can be made easier by effective assistance in making a good start in the world of work, it will positively affect young people's professional and personal success in the future stages of life.

The ILO is committed to helping Governments and social partners in identifying main employment issues and in designing and implementing integrated policy responses. As part of this work, the ILO seeks to enhance the capacity of national and local level institutions to undertake evidence-based analysis that feeds social dialogue and the policymaking process. To assist member States in building a knowledge base on youth employment that helps better and informed policy-making, the ILO has designed a methodology referred to as a "school-to-work transition survey" (SWTS). The SWTS was developed to quantify the relative ease or difficulty faced by young people in "transiting" to a job that meets the basic criteria of "decency", namely a job that provides the worker with a sense of permanency, security and personal satisfaction.

The current thematic synthesis is based on the transition surveys that were conducted in eight countries in Asia, CIS and the Middle East between 2004 and 2006. The survey implementation method differed between countries, but none could have been carried out without active involvement and support of the national statistical offices, research institutes and the ILO constituency. A detailed reporting on the survey results can be found in individual country reports that have already been published. This synthesis pulls together the results from the eight surveys to highlight how such data that extend beyond the scope of standard labour force surveys can both deepen and widen our understanding about youth in their transition from school to work. The report explores how well young men and women are doing in the labour market in terms of security and satisfaction and explores in some depth particular topics such as job search and recruitment methods and the earnings of young workers.

The conclusions at the end of the report point to some harsh realities facing youth in developing countries; the transitions from school to work for the vast majority of youth are proving to be an extremely lengthy and disheartening process. The danger is that the large shares of youth in transition will become adults who have yet to attain decent employment and yet another generation of productive potential will remain underutilized as the cycle of poverty and decent work deficits continues. Clearly, there is still substantial room for action needed toward the goal to "achieve decent work and productive employment for all, including women and young people" (Millennium Development Goal 1 Target 2). As a call to further and more effective action, this paper does us a great service.

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1. Introduction

A need for more and better labour market information for young people

Today's young generation are the most highly educated in world history. Nevertheless, many young men and women encounter difficulties in entering and remaining in the labour market. *Why?* Despite significant attention paid in the global arena to the topic of youth employment and the subsequent extensive research which has gone into attempts to pinpoint reasons behind the evident disadvantages facing young people,⁵ it is likely that most policymakers at the country level would say that this question has not yet been sufficiently answered and addressed.

Perhaps this shortcoming has to do with the nature of research itself. Investigative research is often only as good as the evidence on hand. Since the quantitative labour market information that would be necessary to fully analyze some of the "suspected" youth employment challenges is often unavailable, researchers are restricted to repeating anecdotal evidence only. As a case in point, it is easy to find claims that young people "work unacceptably long hours under informal, intermittent and insecure work arrangements, characterized by low productivity, meagre earnings and reduced labour protection", but it is rare to find such claims backed up by quantitative evidence. Not that this weakens the statement's good intent as a call for attention to the gravity of the situation that leaves young people feeling underutilized, frustrated, worried and even angry. The statement is *probably* true, at least in part, but *it remains clear that improving both the quantity and quality of labour market information for the segment of population known as youth (typically, aged 15 to 24 years) is necessary before one can fully answer the following question: why do young men and women encounter difficulties in entering and remaining in labour markets?*

Undoubtedly, the favoured source of national labour market information is a periodic labour force survey⁶ but, as of yet, few developing countries are able to maintain a large statistical programme due to either the high costs involved or because priorities are placed elsewhere (although progress is made every year in expanding their presence in developing countries, typically through external aid). And even where labour force surveys do exist, they do not ask the questions needed to determine the specific barriers that young people face. The labour force survey allows us to determine the labour force breakdown of young people (i.e. are they employed, unemployed, or outside of the labour force) and allow us to generate some meaningful indicators (length of unemployment, status in employment, employment by sector). It does not typically allow us to examine contract situations, earnings, job satisfaction, labour protection and certainly not the ease or difficulty of the school-to-work transition.

Objective of the report

Given that (1) current restrictions in labour market information have led to a situation in which we have not yet satisfactorily answered the question of why the school-to-work transition of young people today is proving to be more difficult than for previous

⁵ As examples, see ILO: *Global Employment Trends for Youth, October 2008* (Geneva, 2008); ILO: *Global Employment Trends for Youth, October 2006* (Geneva, 2006); www.ilo.org/trends; UN: *World Youth Report 2007* (New York, 2007), www.un.org/esa/socdev/unyin/wyr07.htm; and World Bank: *World Development Report 2007: Development and the Next Generation* (Washington, DC, 2007).

⁶ Other sources of labour market information such as population censuses, administrative records from government sources and/or employment services, enterprise surveys and livelihood surveys are better than no information, but have disadvantages in terms of timeliness and/or limited representation.

generations of youth; and that (2) improving the transition figures heavily among the policy agendas of a growing number of countries, the ILO developed the school-to-work transition survey (SWTS). (See section 2.1.) In other words, the SWTS was developed in an attempt to meet the demand for alternative information sources. Exploring some of the reasons why transitions are difficult help us to narrow down the range of immediate and longer term policy actions needed to facilitate young people's transition.

The aim of this report is to demonstrate the depth of data made available with the SWTS tool and to showcase the unique schema for classifying transitions, one which adds greater meaning for policymakers who note the insufficiency of traditional labour market indicators when attempting to discern youth employment challenges.

This report looks at the results of surveys run in Azerbaijan, China, Egypt, Iran, Kosovo⁷, Mongolia, Nepal and Syria.⁸ The authors concentrated almost exclusively on exploring the raw survey data that had been systematically cleaned. In this regard, there are some discrepancies between the tabulated data presented here and what appears in the country reports prepared with each SWTS run (see Appendix 1 for details on past survey runs and their accompanying reports). The slight discrepancies in numbers presented here against those in country reports, do not invalidate the key messages and conclusions of the latter. This paper adds to the SWTS literature, through further exploration of different definitions and through systematic analysis across countries on a number of key labour market issues.

Structure of the report

This report presents results from eight SWTS. Section 2 looks at the concepts and definitions of the school-to-work transition and provides methodological information on the data utilized in this report. Section 3 begins the presentation of survey results with information relating to the background characteristics of youth and their households, the breakdown by current activity status and characteristics of unemployed and employed youth. Section 4 turns the attention to the concept of transition, looking at the breakdown of the youth population by stages of transition and identifying possible determinants. Section 5 focuses on the job search in relation to characteristics of the potential and actual supply of labour and relates the processes used to labour market outcomes, including the stage of transition. In section 6, attention is turned to a topic of great interest in discussions of decent and productive employment: earnings, specifically, the relationship between expected and actual earnings of young people and the determinants of the latter. Section 7 looks in some detail at inactive youth as one of the potentially more vulnerable segments of the youth population, investigating determinants of discouragement and inactivity. Finally, in section 8 we draw conclusions on the totality of SWTS findings, discuss the implications for policymaking and make suggestions for future improvements to the survey tool.

The main findings of the report are highlighted in section 8: at the county level in subsection 8.1 and more generally in 8.2.

⁷ In the rest of the report, Kosovo is used as a short reference for Kosovo under UN Security Council Resolution 1244.

⁸ Previous generation of the school-to-work surveys were run in the early 2000s in Indonesia, Kyrgyzstan, Sri Lanka and Viet Nam, but since these utilized a different methodology and questionnaire, they will not be analyzed here. Reports are available at www.ilo.org/public/english/employment/yett/swts.hm.

The sections are organized such that they can be read separately or as a whole, depending on the interest of the reader.⁹

A final note before proceeding: for persons/countries interested in pursuing their own school-to-work transition survey, the ILO has prepared a resource kit which includes guidance on the implementation procedure, customizing the questionnaire, basic sampling methodology, tabulating data results and formulating an analytical report. This “tool” will be available in print and in electronic versions in late 2009.¹⁰

2. Data and methodology

2.1 School-to-work transition: concepts and definitions

The objective of the STWS is to collect in-depth information concerning the labour market situation of young men and women and quantify, according to a systematic schema, the relative ease or difficulty of labour market entry of young people as they exit school. The analysis of data should reveal strengths and weaknesses in the youth labour market and point to the main challenges to be addressed by policymakers through the formulation of youth employment/development policies and programmes.

Defining the school-to-work transition is a matter worthy of careful consideration since it is the definition that determines the interpretation. Most studies define the transition as the length of time between the exit from education (either upon graduation or early exit without completion) to the first entry into fixed-term employment. But exactly what is meant by “fixed-term employment”? The definition of the term and the subsequent measurement of the transition vary from study to study and from country to country. Some studies take as the end point the first moment of employment in any job¹¹ and others apply qualitative elements such as first fixed-term job (measured by contract type).¹²

The SWTS was designed in a way that applies a stricter definition of “fixed-term employment” than is typically used in the genre. By starting from the premise that a person has not “transited” until he is settled in a job that meets a very basic criteria of “decency”, namely a permanency that can provide the worker with a sense of security (e.g. a permanent contract), or a job that the worker feels personally satisfied with, the ILO is introducing a new quality element to the standard definition of school-to-work transition.

⁹ Because of the nature of in-depth analysis that the survey data allows, each section tends to raise more issues than could be satisfactorily resolved by the survey data alone. Readers are invited to take up further analysis in combination with external/institutional data sources.

¹⁰ S. Elder: *ILO School-to-work transition survey: A methodological guide* (Geneva, ILO, 2009). Portions of this introduction are taken from this product.

¹¹ See, for example, L. Guarcello, et al.: “School-to-work transition in sub-Saharan Africa: An Overview”, UCW Working Paper (Understanding Children’s Work Project, Florence), 7 November, 2005; http://ucw-project.org/pdf/publications/standard_youth_SSA_16dec2005-pdf.

¹² See the work initiated by the European Training Foundation (ETF) in relation to a Comparative Analysis of Transitions from Education to Work in Europe project and used in reports such as : A. Fetsi, J. Johansen, et al.: *Transitions from education to work in EU neighbouring countries* (Torino, ETF, 2008); [www.etf.europa.eu/web.nsf/pages/EmbedPub_EN?OpenDocument&emb=/pubgmt.nsf/\(WebPublications%20by%20yearR\)/883F5593FD5263E4C125736900565960?OpenDocument](http://www.etf.europa.eu/web.nsf/pages/EmbedPub_EN?OpenDocument&emb=/pubgmt.nsf/(WebPublications%20by%20yearR)/883F5593FD5263E4C125736900565960?OpenDocument).

2.1.1 Basic statistical unit and its components

The basic statistical unit that the survey aims to measure is the school-to-work transition of a young person.

The *school-to-work transition* is defined as the passage of a young person (aged 15 to 29 years¹³) from the end of schooling to the first *fixed-term* or *satisfactory employment*.

- *Fixed-term employment* is defined in terms of duration of contract or expected length of tenure. The contrary is *temporary employment*, or employment of limited duration.
- *Satisfactory employment* is a subjective concept, based on the self-assessment of the jobholder. It implies a job that the respondent considers to “fit” to his desired employment path at that moment in time. The contrary is termed an *unsatisfactory job*, implying a sense of dissatisfaction about the job.

The ILO choice of “fixed” or “satisfactory” employment as its end point adds a twist to traditional measures of transition that focus on the first entry point of employment regardless of qualification. Again, the reason for the ILO addition of a normative value to the type of employment has to do with our organization’s interest in promoting the concept of decent employment for all. We do not wish to claim that a young person has completed his/her transition to employment when s/he is engaged in work that, by its precarious or unsatisfactory nature, does not benefit the youth on a higher level. In other words, a young person has not completed the transition when the work engaged in does not fulfil his/her potential as a productive actor; does not bring with it a heightened sense of self-worth; does not add value to a desired career path; does not provide an opportunity for social integration; and does not lead to the possibility to bring home a fair income in support of him/herself and his/her family.

It is not until a young person has attained work that meets a very basic criteria of “decency”, namely a permanency that can provide the worker with a sense of security (fixed term employment), or a job that the worker feels personally satisfied with (satisfactory employment) that we claim the transition has been completed.¹⁴

2.1.2 Basic classification of the school-to-work transition – stages of transition

The sample data is classified according to the following three stages of transition:

1. Transited¹⁵ – A young person who has “transited” is one who is currently employed in:
 - T1 a fixed-term and satisfactory job;
 - T2 a fixed-term but non-satisfactory job;
 - T3 a temporary but satisfactory job; or
 - T4 self-employed and satisfied.

¹³ While in most other contexts, a young person is defined as a person aged 15 to 24 years, for the purpose of the SWTS, the end year is extended to 29 years. This is done in recognition of the fact that some young people remain in education beyond the age of 24 years and in the hopes of capturing more information on the post-graduation employment experience of young people.

¹⁴ Note, an alternative framework with an even more stringent criterion for what qualifies as a transition to decent employment, one that requires cohesion to a longer list of decent work variables, is proposed in S. Elder, op cit. Because the alternative framework has not yet been applied in a test analysis with a future survey, it is not discussed here.

¹⁵ In recognition of the fact that the two categories – permanent employment and satisfactory employment – are not necessarily mutually exclusively, the sub-categorization of “transited” youth that is proposed here allows for classification according to three combinations of the two (“permanent” and “satisfactory”), whereby the sum of the three sub-categories should equal the total number of transited youth without double-counting. “A temporary but satisfactory job” is included because we do not wish to exclude those who might voluntarily choose work of a temporary nature.

2. In transition – A young person is still “in transition” if s/he has either of the following current statuses:
 - T5 employed in a temporary and non-satisfactory job;
 - T6 in wage & salaried employment with no contract;
 - T7 self-employed and unsatisfied;
 - T8 in unpaid family employment (both satisfactory and non-satisfactory);
 - T9 unemployed; or
 - T10 inactive and not in school, with an aim to work later.
3. Transition not yet started – A young person who has “not transited” is one who is either of the following:
 - T11 still in school; or
 - T12 inactive and not in school, with no intention of looking for work.

2.2 SWTS questionnaires

The SWTS questionnaires were designed to capture above concepts and definitions. The questionnaires usually contained some buffer questions that allow exploration of alternative definitions, which we invite the readers to try out. In running the eight SWTS analyzed here, the ILO partnered with local survey implementation teams. The ILO provided two basic questionnaires – one used for a household-based sample of persons aged 15 to 29 years and the second aimed for a sample of employers/managers of young people. Both questionnaires were altered slightly with each run to better reflect the national contexts. The structure and flow of the basic questionnaires are as follows:

2.3 Sample sizes and methodologies

Most of the surveys were run in the year 2005, with two as early as 2004, which begs the question on whether the data is now too outdated to be of interest. In our opinion, this is certainly not the case. Substantial changes are unlikely in the labour market situation of young people over the past five years, i.e. up to the point of this analysis. That said, the global financial crisis that started in earnest in late 2008 with sharp decreases in economic growth in many countries is expected to hit youth labour markets hard, but again this should not nullify the analysis and interpretation of SWTS data presented in this report. Rather, what we are likely to see over the next year (at least) is an intensification of the youth employment challenges identified here. There is likely to be even greater stickiness for young people facing the transition from school to decent employment, which makes it all the more important that policymakers who are called upon to take urgent action are armed with knowledge from research based on information sources such as SWTS.

Table 2.1 Sample size, reference period and geographic coverage

Country	Sample size (youth)	Sample size (employers)	Reference period	Geographic coverage
Azerbaijan	4,972	n.a.	Aug 2005	National
China	6,633	209	Jan to Mar 2005	4 urban areas – Dalian, Changsha, Liuzhou and Tianjin
Egypt	3,506	347	Sep to Oct 2005	National
Iran	3,245	48	Sep to Oct 2005	3 provinces – East Azarbayejan, Lorestan and Tehran
Kosovo	1,336	261	Sep to Oct 2004	5 (of 7) regions – Pristina, Mitrovica, Gijlan, Gjakova, Prizren
Mongolia	6,301	755	Nov to Dec 2006	National
Nepal	2,382	120	Sep to Oct 2005	3 areas (5 districts) – Banke, Kathmandu Valley (including Bhaktapur, Kathmandu and Lalitpur districts) and Morang
Syria	1,798	200	Nov 2005	5 provinces – Aleppo, Damascus (urban and rural), Hamah and Tartus

Note: The sample sizes presented here are based on the results of the cleaned data files used in this report and might therefore differ slightly from the overall samples reported on in the respective printed country reports on survey results (links provided in Annex 1).

Appendix 1 provides additional information relating to the sampling methodology utilized by implementation partners in each survey country.

2.4 A note on use of data in this report

All the country data covered in this report underwent a cleaning process intended to rid the data of obvious inconsistencies and to filter out observations where basic background information was missing, such as gender and age. There were considerable cross-country variations in the details of the questionnaires, such as the questions asked, different types of respondents who answered the same questions, and different reply categories used for the same question. For this reason, an unqualified comparison between countries was not possible in the strict sense. Azerbaijan was the only country where macro outcomes could be estimated from the data. Due to the unavailability of such information in other countries covered by this report, the analysis and presentation only uses micro data.

All the countries are presented in the sections relating to the background characteristics of youth and the stages of transitions (sections 3 and 4). In subsequent sections and subsections, while an attempt was made to present as many cases as possible, not all eight countries are presented, mainly because of differences in questionnaires.

In particular, the employer sample data is often not presented for a country. Where the data are missing it is either because the raw data were not available in the country or because there was a lack of resources to randomize and extend the employer coverage beyond the formal sector enterprises. Where it was thought useful, a portion of the employer data is presented, for example in section 5, which covers job search and hiring methods. More details on employers' coverage can be found in each of the previously published country reports (links given in Appendix 1).

3. Characteristics of the youth population

Before jumping into the analysis of labour market transitions, this section provides information on the characteristics of the sample, looking specifically at topics such as family status, mobility, educational attainment, current activity status and, finally, aspirations of the surveyed group. The following table presents the breakdown of youth population by sex, age group, geographic location and marital status:

Table 3.1 Characteristics of the sample by sex, age group, geographic location, marital situation, education level and current activity status

	AZE	CHI	EGY	IR	KOS	MON	NEP	SYR
Total sample	4,972	6,633	3,506	3,245	1,336	6,301	2,382	1,798
Sex								
Male	53.3	51.1	49.1	48.9	50.8	49.2	45.9	54.0
Female	46.7	48.9	50.9	51.1	49.2	50.8	54.1	46.0
Age group								
15-19 years	34.4	32.5	36.9	38.9	35.3	41.8	44.3	47.4
20-24 years	34.5	35.6	31.0	34.9	64.7	31.2	36.1	52.6
25-29 years	31.2	31.9	32.2	26.2	-	27.1	19.8	-
Geographic location								
Urban	59.5	n.a.	47.2	67.1	n.a.	55.2	52.4	n.a.
Rural	40.5	n.a.	53.3	32.9	n.a.	44.8	47.6	n.a.
Marital status								
Married (including divorced and	19.7	n.a.	36.6	25.4	14.2	25.8	35.1	16.1

widowed)								
Single	80.4	n.a.	63.3	74.5	85.8	74.2	64.9	83.9
- with children	15.9	n.a.	29.8	17.2	7.0	26.9	27.6	11.1
Avg age of marriage (s.d.)	21.3 (2.8)	n.a.	20.6 (5.6)	20.2 (3.4)	19.3 (2.0)	22.2 (2.5)	18.5 (3.4)	18.3 (2.6)
Education level								
None	0.9	0.0	12.9	3.2	2.2	3.2	9.4	6.0
Primary	21.0	2.1	6.7	8.8	30.2	44.8	8.6	41.0
Secondary	65.0	57.2	21.0	71.9	52.4	35.7	66.3	44.0
Secondary technical	2.3	25.4	34.9	n.a.	10.9	3.4	1.0	n.a.
Tertiary	10.8	15.2	24.5	16.2	4.3	12.9	14.7	9.0
Main current activity								
Employed	38.1	45.4	25.2	33.6	31.4	34.2	20.2	28.6
Unemployed	9.1	13.0	10.2	7.8	35.6	5.6	6.0	15.0
In school	26.3	36.2	30.1	32.2	21.6	41.8	45.0	26.2
Inactive	26.5	5.4	34.5	26.5	11.5	18.4	28.8	30.2

Note: In this table and all tables that follow, abbreviations are maintained for the countries, such that: AZE = Azerbaijan, CHI = China, EGY = Egypt, IR = Islamic Republic of Iran, KOS = Kosovo, MON = Mongolia, NEP = Nepal, and SYR = Syria.

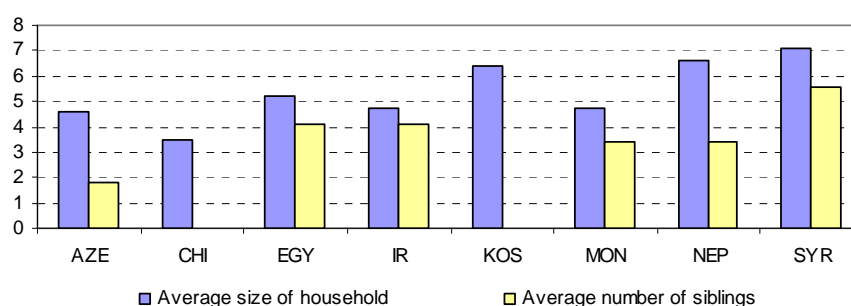
n.a. = Not available

- = Not applicable

3.1 Household size

Characteristically of family structures in developing and emerging countries, the household sizes of youth in the eight SWTS countries are large, particularly in Kosovo, Nepal and Syria (average household sizes of 6.4, 6.6 and 7.1 persons, respectively). (See figure 3.1.) It remains to be determined whether or not household size and household decision-making that involves distributing scarce resources among a large number of children will influence the outcome of young people's educational attainment and their labour market transition. Determinants of the transition will be discussed in more detail in the subsequent sections.

Figure 3.1 Household characteristics: average size of household and number of siblings



3.2 Mobility

To get to the concept of internal migration, the survey asks respondents whether or not they have moved away from their original residence.¹⁶ With the exception of Nepal where almost one-third of youth had moved from their place of origin, the young people proved not to be a highly mobile group in the countries surveyed. (See table 3.2.) Of those that had moved, the stronger trend was in migration from rural areas (as much as 76 per cent in Nepal). The majority in all countries moved to accompany their family, implying that the move was not the decision of the young person alone but rather was driven by the collective motivation of the family unit. Still, a good proportion of youth surveyed in China (53 per cent), Iran (33 per cent), Mongolia (30 per cent) and Nepal (43 per cent) did admit to moving in search of employment or to pursue education. The fact that most young people stay in their area of origin (urban if born in an urban area and rural if born in a rural area) brings home the necessity for governments to address youth employment issues along a geographical division with policies that separately address challenges of the urban versus rural areas.

That said, it could be that some of the respondents who are still in school (from between 20 and 45 per cent of the youth populations; see table 3.1) would consider migration for work purposes in the future. Also, 75 per cent of unemployed youth in Nepal and 72 per cent in Egypt said they would consider moving in search of employment. The shares were smaller but still quite sizable, hovering around 40 per cent in Azerbaijan (37 per cent), China (41 per cent), Iran (44 per cent) and Mongolia (43 per cent). Again, in terms of policy messages, it becomes clear that the State could attempt to prevent future challenges associated with internal labour migration by engaging in job growth strategies that focus on rural and urban areas separately.

Table 3.2 Mobility

	AZE	CHI	EGY	IR	KOS	MON	NEP	SYR
Share of youth who moved from original residence	12.7	12.5	9.2	2.3	n.a.	17.1	31.3	n.a.
of which:								
- from rural area	54.9	44.1	44.4	n.a.	n.a.	n.a.	75.7	n.a.
- from small town/village	28.1	36.4	18.9	n.a.	n.a.	n.a.	12.6	n.a.
- from large urban area	10.6	19.6	34.5	n.a.	n.a.	n.a.	7.0	n.a.
- from another country	6.3	n.a.	2.2	n.a.	n.a.	n.a.	4.7	n.a.
- moved for reason of education or employment	6.7	53.2	8.0	33.3	n.a.	29.9	42.6	n.a.
Share of unemployed youth who would consider moving for employment purposes	43.7	41.3	71.6	36.9	n.a.	43.0	74.6	n.a.

n.a. = Not available

* Note: The Iran survey asks respondents if they moved in the last year only.

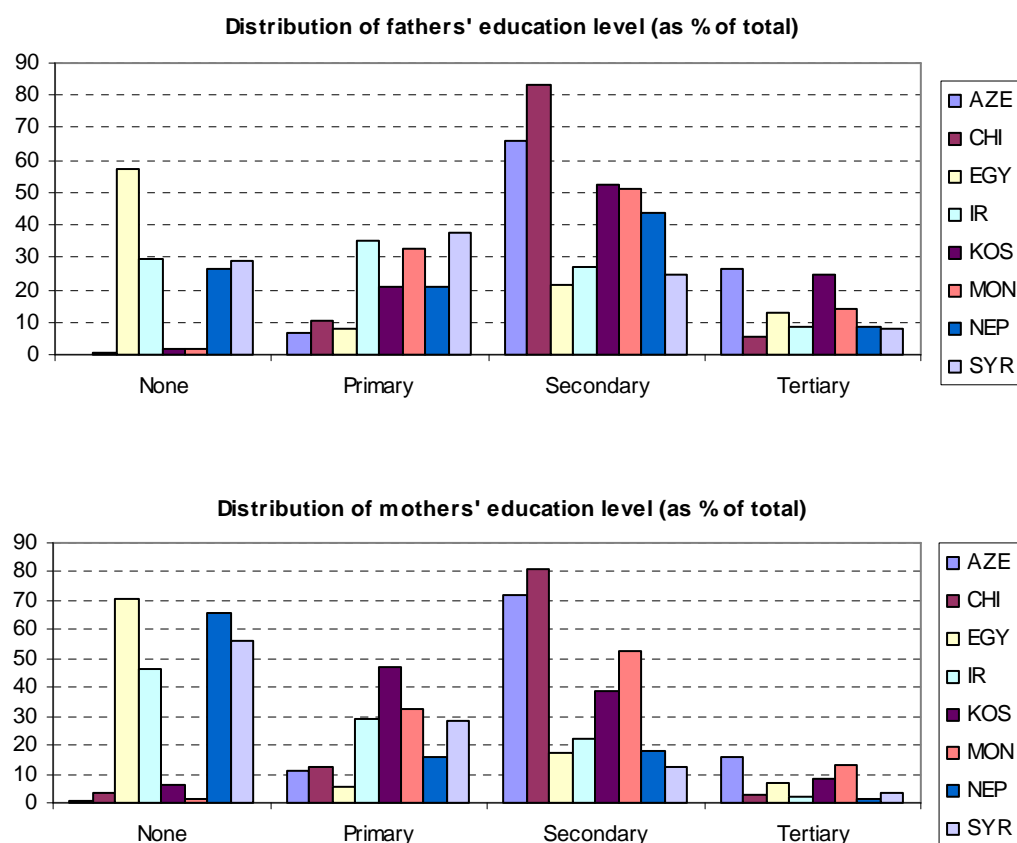
3.3 Educational attainment

Recent times have seen remarkable progress in the area of education enrolment. Today's youth, male and female, are much more likely to have school facilities readily accessible to them and to have been granted the permission to attend them (note, one does not naturally follow from the other). The situation had been quite different for their parents.

¹⁶ Whether respondents moved independently or within a family unit was not determined.

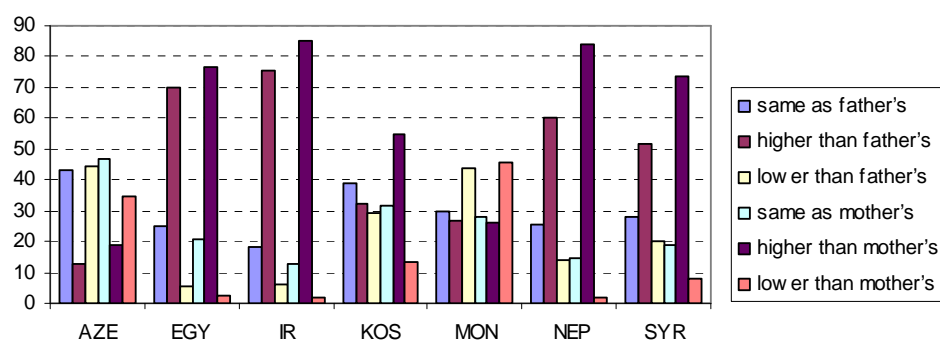
Approximately 30 per cent of the surveyed youth's fathers never attended school in Iran, Nepal and Syria, and the share was as much as 57 per cent in Egypt. The share of mothers with no education was even higher: between 47 and 71 per cents in Egypt, Iran, Nepal and Syria. (See figure 3.2.) In contrast, the education levels of parents in Azerbaijan, China, Kosovo and Mongolia were reasonably high, at least among fathers. In these countries, 93, 89, 77 and 65 per cent of fathers, respectively, had attained at least a secondary level education. The share of mothers with secondary or higher level education in the same countries were 88, 84, 47 and 46 per cent.

Figure 3.2 Education levels of youth's mothers and fathers



With educational facilities and enrolment on the rise in many developing economies, one might expect to see the educational attainment levels of youth surpassing that of their parents for whom educational access might have been more difficult. SWTS data show that such is not always the case. (See figure 3.3.) In Egypt, Iran, Nepal and Syria, there is clearly progress being made on the education front, with education levels of the majority of youth surpassing those of their parents. However, in Azerbaijan, Kosovo and Mongolia, the surveys found that 30 to 44 per cent of young respondents (44, 29, and 44 per cent, respectively) finished with education levels lower than those of their fathers, and 14 to 46 per cent (34, 14, and 46 per cent, respectively) were less educated than their mothers. In Azerbaijan and Kosovo, this might be explained by disruptions to education systems and attendance during the transition and crises years, respectively.

Figure 3.3 Education levels of youth in comparison to parents



Note: For Kosovo, the data refer to last level attended rather than last level completed (attained).

Early departure from school, without diploma, can be a disadvantage in a labour market that favours an educated workforce. However, if the bulk of jobs available are for the unskilled, then an early departure might not necessarily impede future labour market prospects. (See section 5 for a discussion of the desired education levels of young applicants by prospective employers.) In Azerbaijan, only 2 per cent of surveyed youth left school before completion, whereas in Iran and Nepal the shares were one in five (19 per cent) and one in four (27 per cent), respectively. (See table 3.3; Note: reliable data on the indicator exists for these three countries only.)

Looking at the reasons a young person left school reveals that in many cases the decision was likely to have been one made with reluctance, meaning where external considerations – failure of an examination, poor health, family pressures or the need to earn money – foreclosed the possibility of staying in school. Economic reason was shown to be the main cause for early school departures in Azerbaijan, Iran, Kosovo, Mongolia (departure to care for livestock is included) and Nepal. (See table 3.3.) The category “wanted to start working” could also be tied to an “economic reason” for leaving school but given the ambiguous nature of causality (wanted to work for economic reasons or other reasons?), we did not group the two together. Parental influence remains a significant determinant of decisions concerning education as well; from 0.4 to 14 per cent of respondents in the eight countries left school because continuation of enrolment was not supported by their parents.

Table 3.3 Share of early school leavers and reason for leaving school

	AZE	CHI	EGY	IR	KOS	MON	NEP	SYR
Left before completion	1.5	4.7	n.a.	19.2	n.a.	n.a.	27.1	n.a.
Average age of leaving school	n.a.	n.a.	17.3	16.9	n.a.	17.5	16.6	n.a.
Reason for leaving school*								
Failed examination	20.3	18.8	31.6	20.2	10.0	2.4	19.5	31.3
Did not enjoy schooling	23.7	9.0	31.6	24.0	17.1	14.9	22.3	34.6
Economic reasons	23.7	21.8	12.0	26.8	34.3	28.1	26.6	7.8
To get married	6.8	1.1	10.0	8.5	2.9	3.5	19.9	5.0
To take care of livestock	-	-	-	-	-	30.1	-	-
Parents didn't want to continue schooling	13.6	0.4	7.6	5.6	0.7	3.7	5.7	3.5
Wanted to start working	16.9	48.8	6.6	10.3	15.7	17.3	6.0	8.9
Health issues	-	-	0.7	-	17.9	-	-	0.8
No education facilities where I live	-	-	-	4.6	-	-	-	-
To concentrate on household duties	-	-	-	-	-	-	-	8.1

n.a. = Not available

- = Not applicable

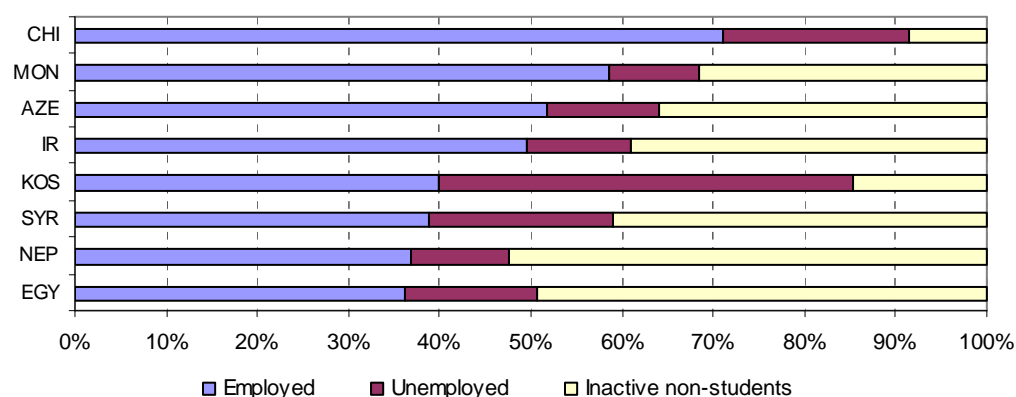
* Those that left school because they completed their course or attained their desired level are excluded from the distribution.

3.4 Current activity status

3.4.1 Distribution of youth by activity status

Excluding youth still in school (who technically fall within the inactive category but are dealt with as a separate category for analytical purposes here), we see fairly significant differences in the shares of employed and inactive youth among the SWTS countries. In descending order, 71 per cent of the out-of-school youth population in China were employed, 59 per cent in Mongolia, 52 per cent in Azerbaijan, 50 per cent in Iran, 40 per cent in Kosovo, 39 per cent in Syria, 37 per cent in Nepal and 36 per cent in Egypt. (See figure 3.4.) The list for out-of-school inactive youth shares then is more or less the mirror image, but in ascending order: China, 9 per cent; Kosovo, 15 per cent; Mongolia, 32 per cent; Azerbaijan, 36 per cent; Iran, 39 per cent; Syria, 41 per cent; and Nepal, 52 per cent. In other words, where a country has a comparatively large share of the out-of-school youth population in employment, it has a comparatively small share among the inactive. In general, there is not such a wide range of differences across countries in the shares of unemployed youth (between 10 and 15 per cent). China, Kosovo and Syria are exceptions here. As much as 20 per cent of the youth populations in China and Syria were unemployed and in Kosovo the share was as high as 45 per cent.

Figure 3.4 Distribution of out-of-school youth population by current activity status

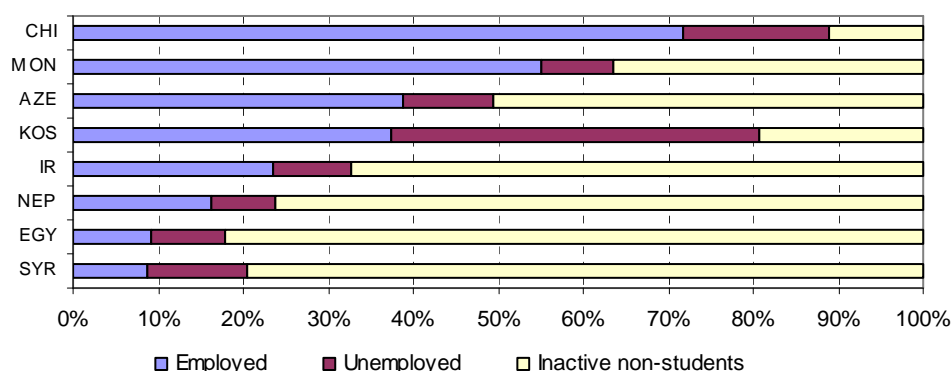


The differences in the activity status breakdowns shown in figure 3.4 mostly stem from the pattern of economic participation of young women. Data on the current activity status of youth by sex confirm that there is actually little difference among the SWTS countries when it comes to the shares of male youth by current activity status. It is only among female youth where the differences can be dramatic. In the low range, in China, 11 per cent of the young female population were inactive, followed by 19 per cent in Kosovo. (See figure 3.5.) In contrast, as much as 76, 79 and 82 per cent of the female youth populations in Nepal, Syria and Egypt, respectively, were economically inactive. In the same countries, there is a large gap in the number of young women in the labour force compared to young men. On average, there were only 3 economically active young women per 10 young men in Egypt, Iran, Nepal and Syria (compared to 8, average of the indicator in Azerbaijan, China, Kosovo and Mongolia). (See figure 3.6.)

While one should not assume that all young women want to work, it is safe to say that they want to be given the same freedom as men to choose to work if they want to. But the fact of the matter is (as supported in the survey results) that many young women are not free to pursue the possibility of working outside of the home. At the same time, lack of outside demand for productive work by women, due to social or cultural reasons, discourages many young women from being active in the labour force. Thus, there is a dual causality of low female economic participation that is hard to separate; is it lack of work

opportunities that keep young females at home or social norms; and what about the lack of demand for female labour in itself – is this not a social construct as well? The issue is never straightforward.

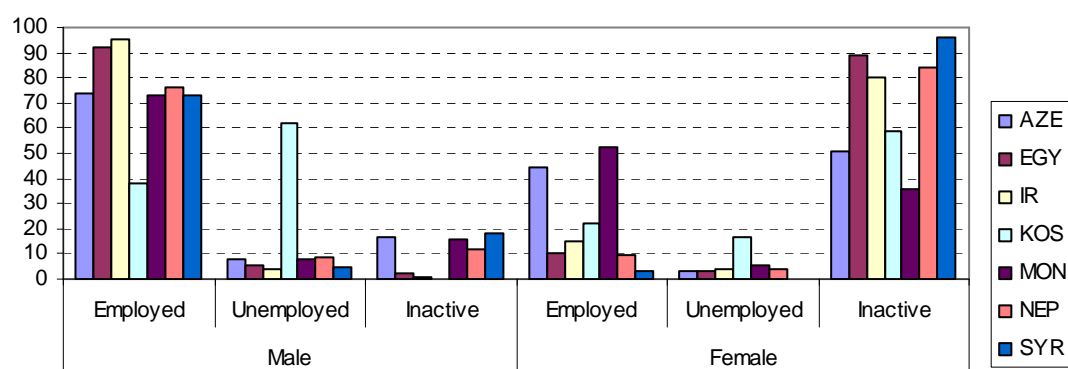
Figure 3.5 Distribution of non-student, female youth population by current activity status



3.4.2 Activity status in relation to parental situation

In two countries – Egypt and Nepal – slightly more than one-third of surveyed youth were already married and approximately one in four youth were married in Iran and Mongolia. Nearly 30 per cent of youth also already had children in Egypt, Mongolia and Nepal. Family status can impact a young person's labour market choices. A youth with dependents might be called upon to serve as the breadwinner for a growing family thus taking up any work available (usually applying to men) or alternatively may feel pressured to remain at home to care for a growing household (usually applying to women). The data do confirm that traditional roles continue to show themselves among today's youth: a strong majority of young mothers remained inactive in all the surveyed countries, while the young fathers worked (or looked for work in the case of Kosovo). (See figure 3.6.)

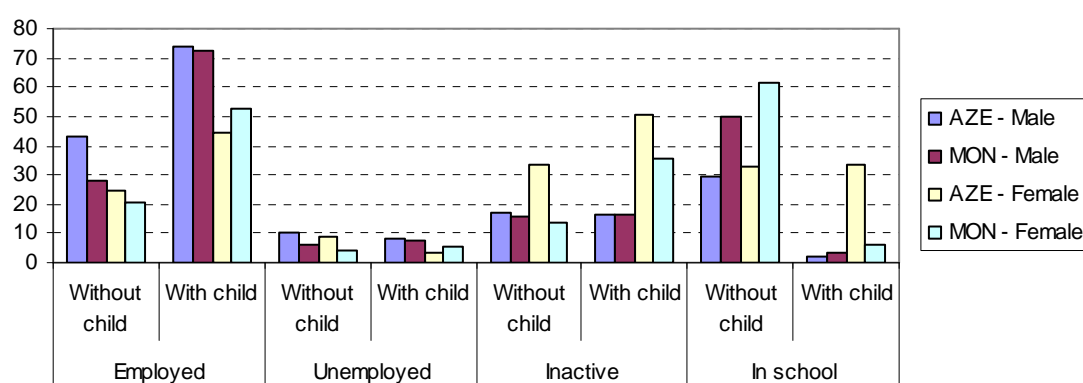
Figure 3.6 Distribution of young parents by current activity status and sex



Note: For the countries shown, except Azerbaijan and Mongolia, the parental status was asked only of married youth. Data for China are not available.

Directly comparing the current activity status of youth with and without children shows the influence of family responsibilities even more dramatically. (See figure 3.7.) In the two countries where direct comparison was possible¹⁷ – Azerbaijan and Mongolia –, it is clear that parenthood and the economic responsibility that accompanies it pushes young males into employment and young women into the home as caregivers. Seventy four and 73 per cent of young fathers were employed in Azerbaijan and Mongolia, respectively, compared to 43 and 28 percent of non-fathers. While young mothers were also much more likely to work than non-mothers (44 versus 24 per cent in Azerbaijan and 53 versus 21 per cent in Mongolia), the gap between the shares of young male workers and young female workers increases significantly when both are parents. As stated above, young mothers are much more likely to stay at home; certainly more likely than young fathers but also more likely than young non-mothers. 50 and 36 per cent of young mothers were inactive (and not in school) in Azerbaijan and Mongolia, respectively, compared to 34 per cent and 13 per cent of non-mothers. Basically, both young men and young women without children have greater freedom to remain in education (see the significantly higher share of non-parents still in school) while young fathers become economically active in pursuit of income for the household and most young mothers stay home to care for the child.

Figure 3.7 Distribution of youth population by current activity status and parental situation



3.4.3 Activity status in relation to aspirations of young women and men

The ranking of life goals, shown in table 3.4, proved to be significantly dependant on the core current activity status of the young respondent. Youth who were already economically active, either employed or unemployed, tended to express goals that were associated with success in terms of either money or job (i.e. there are more black boxes on the right “employment/income related” side of the grid than for the inactive youth and students). Not surprisingly, the most commonly expressed goal among youth who remained outside of the labour force (the inactive) in all countries but Egypt and Mongolia related to having a good family life. The fact that inactive youth in Mongolia rated “success at work” as their primary life goal implies that a good portion of the currently inactive still maintain an attachment to the labour market and hope someday to join it. Perhaps some of the inactive are “discouraged” youth who are postponing their labour market entry due to their impression on the lack of opportunity. (See the following subsection and section 7 for

¹⁷ Other country data allow for comparison of current activity status by parental situation for married men and women only.

additional discussions on discouragement.) There was a bit more variety in the ranking of goals expressed by young students, although money and success also figured heavily as well.

Table 3.4 Primary life goals of young respondents by current activity status

		Primary goal in life							
		Personal in nature				Employment/income related			
		Getting married	Good family life	Building self-esteem and confidence	Success in ones studies	Contributing to society	Getting good job	Success at work	Having lots of money
Employed	AZE								
	CHI								
	EGY								
	IR								
	KOS								
	MON								
	NEP								
	SYR								
Unemployed	AZE								
	CHI								
	EGY								
	IR								
	KOS								
	MON								
	NEP								
	SYR								
Inactive	AZE								
	CHI								
	EGY								
	IR								
	KOS								
	MON								
	NEP								
	SYR								
In school	AZE								
	CHI								
	EGY								
	IR								
	KOS								
	MON								
	NEP								
	SYR								

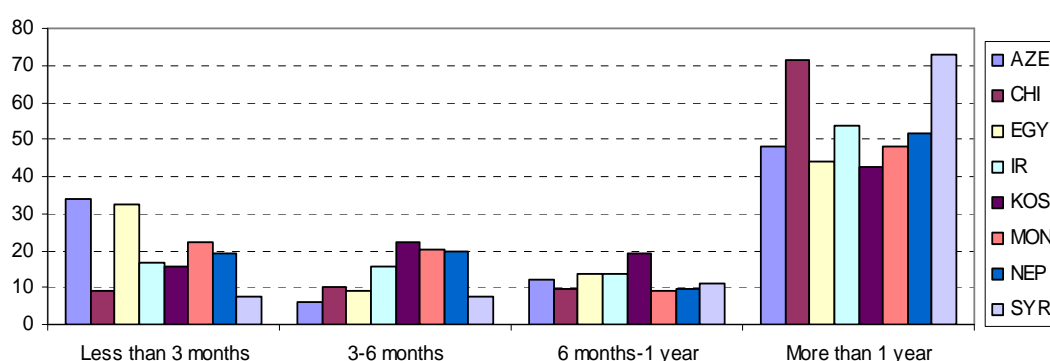
■ Primary goal (highest frequency of selection)

3.5 Some characteristics of unemployed youth

3.5.1 Duration of unemployment

Unemployed young men and women in the SWTS countries tend to remain unemployed for surprisingly long periods of time. The majority of youth in all the countries had been engaged in the search for employment for longer than one year (as much as 72 and 73 per cent of unemployed youth in China and Syria, respectively). (See figure 3.8.) The length of job search can have considerable consequences on not only the current morale of the youth but also on the youth's entire economic future. (See section 5 for detailed examination of job search and its duration.) Research has shown that a young person whose first experience in the labour market is one of long-term unemployment is likely to move between stages of unemployment and low-wage employment throughout the rest of his/her working life.

Figure 3.8 Distribution of unemployed youth by duration

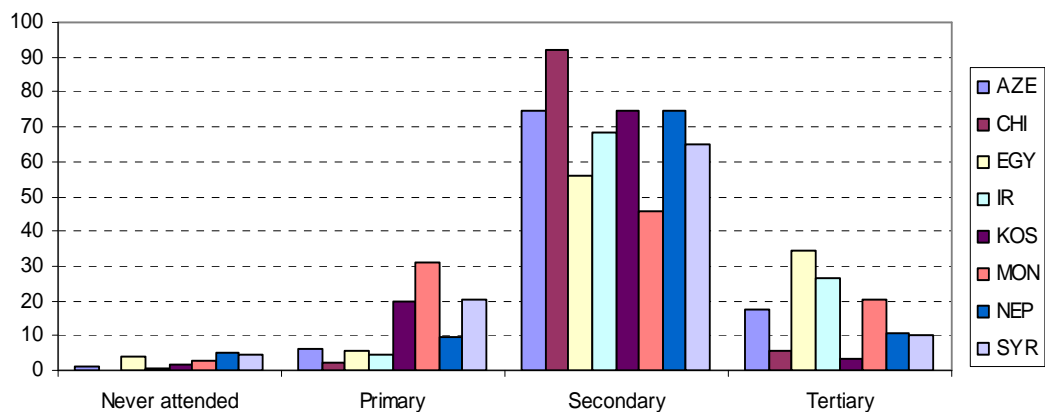


3.5.2 Unemployment by level of education

Numerous countries are concerned about the so-called educated unemployed, assuming that the trend of increasing educational enrolment is accompanied by a trend in increasing numbers of unemployed youth holding higher education degrees. This phenomenon is presumed to be characteristic of some developing countries where the increase in levels of educational attainment outpaces the level of growth and structural change necessary to absorb skilled graduates.¹⁸ If sufficient numbers of “high end” jobs are not forthcoming, the choices of the highly educated youth are few: s/he might take up a job that was below his/her level of education (a form of underemployment); s/he might remain among the ranks of the unemployed for a long period of time in pursuit of the “right” job or eventually fall outside of the labour force as “discouraged” (this option presumes that the youth has some degree of financial support, perhaps from within the household) or might migrate to another country where chances of matching his/her skills level in employment are possibly better (resulting in a so-called “brain drain”).

¹⁸ A recent Asian Development Bank study focuses on the linkages between employment, wages and education in four South Asian countries and urges caution against “mechanically raising education targets in the hope of generating growth”. Asian Development Bank: *Asian Development Outlook* (Manila, 2007), p.338.

Figure 3.9 Distribution of unemployed youth by level of educational attainment



With no time trends data, we cannot accurately confirm or refute an increase in numbers of educated unemployed. Looking at the distribution of educational attainment of the unemployed youth in figure 3.9 does show that in all of the countries at least two-thirds of the unemployed were educated at the secondary level or higher. At the same time, there was a stronger tendency in at least Azerbaijan, Egypt and Iran (Mongolia and Nepal are exceptions and data not available for China, Kosovo and Syria) for the unemployed youth to seek higher-skilled jobs as opposed to lesser-skilled jobs.¹⁹ (See figure 3.10.) If one assumes that type of job sought reflects the education base of the jobseeker then further evidence is given to the prevalence of the educated unemployed.

Figure 3.10 Type of job sought by unemployed youth (grouped according to general skills level required)



Note: Data for China, Kosovo and Syria are not available.

¹⁹ The division between higher- and lesser-skilled jobs sought is not a scientific one. The authors chose to categorize the following as higher-skilled occupations: manager, director or clerical job; professional job; technical job (technician or associated work); and office or administrative job; and the following as lesser-skilled occupations: service/sales work (clerk); agricultural work; manual job (crafts/production work); domestic and personal service job; and military-specific job.

3.5.3 Beyond unemployment to discouragement

A final hint on the phenomenon of the educated unemployed is the existence of significant numbers of discouraged youth in the surveyed countries (making up as much as 10 per cent of the entire dataset in Egypt).²⁰ A discouraged youth is defined as one who is currently inactive for a reason implying that s/he felt that undertaking a job search would be a futile effort. Specifically, the youth might respond that s/he did not seek work because s/he could not find suitable work locally, that s/he has insufficient education and/or skills to get a job, or that s/he did not know where to look for work. Without being able to back it up with hard numbers, there is likely to be a strong representation of highly educated youth among the discouraged since it is the more educated youth who are more likely to give up on the job search when they feel that there is no suitable work available to them. (See section 7 for more information on discouragement).

3.5.4 Job reservations of unemployed youth

The surveys attempt to gauge the relative urgency of the job search among unemployed youth by determining, first, if they have ever refused a job offer and if so, for what reasons (see table 3.5) and, second, under what conditions they would accept a job offer. Presumably, the more desperate jobseeker (likely for reasons of poverty) would accept a job regardless of conditions. Interestingly enough, it was in the two countries with comparatively high poverty rates among those analysed here²¹ – Mongolia and Nepal – that showed the largest shares of unemployed youth who would reportedly take up any job offered (32 and 25 per cent, respectively) and the lowest shares of job refusals (14 and 13 per cent, respectively). Among the conditions placed on job offers, the strongest degree of conditionality, calling for a job that meets all of three criteria (stable conditions, good pay and an appropriate reflection of qualifications), was shown the most frequently among unemployed youth in Iran (46 per cent).

Table 3.5 Job reservations

	AZE	CHI	EGY	IR	KOS	MON	NEP	SYR
Share of unemployed youth who had refused a job	47.2	n.a.	17.1	25.8	n.a.	14.3	12.7	n.a.
Conditions for accepting any job:								
Whatever the conditions	2.9	n.a.	16.3	0.8	n.a.	32.0	25.4	n.a.
Provided it was stable	16.3	n.a.	25.5	15.5	n.a.	21.9	14.8	n.a.
Provided it was highly paid	51.4	n.a.	29.7	13.5	n.a.	34.8	21.8	n.a.
Provided it was appropriate for my level of education	7.1	n.a.	25.0	15.9	n.a.	9.3	12.0	n.a.
Provided it met 2 of the conditions: stable, well-paid and appropriate for my level of education	-	n.a.	-	15.5	n.a.	-	-	n.a.
Provided it met 3 of the conditions: stable, well-paid and appropriate for my level of education	19.9	n.a.	-	38.9	n.a.	-	23.9	n.a.
Other	2.4	n.a.	3.5	-	n.a.	2.0	2.1	n.a.

n.a. = Not available

- = Not applicable

²⁰ In descending order, the share of discouraged workers in the sample youth populations were 10 per cent in Egypt, 9 in Azerbaijan, 7 in Nepal, 6 in Mongolia, 3 in Syria, 2 in Kosovo and 1 in China. Data were not available for Iran.

²¹ According to the World Bank estimates of shares living below the US\$2 a day international poverty line.

3.6 Some characteristics of employed youth²²

3.6.1 Job reservations of employed youth

Back to the issue of job refusals, it is also interesting to gauge whether or not the currently employed youth ever refused a job offer during the course of the job search and if so, for what reasons. With the exception of youth in Azerbaijan, job refusals among employed youth were rare, hinting to the fact that in a tight job market – with more demand for jobs than supply – there is little tendency for “shopping around” for better offers unless perhaps the youth involved had some alternative financial support to fall back on. Still, for those youth who had the wherewithal to refuse a job offer, the most likely reasons in Azerbaijan, Egypt, Iran, Mongolia and Nepal related to low wages, the type of work itself, namely, that it was not considered to be interesting, and to inconvenient location. (See table 3.6 and also section 6 where the topic of reservation wages is discussed in detail.)

Table 3.6 Share of employed youth who refused a job and reason for refusal

	AZE	CHI	EGY	IR	KOS	MON	NEP	SYR
Share of employed youth who had refused a job during the course of the job search	45.4	n.a.	8.8	8.9	n.a.	7.9	11.6	n.a.
Reason:								
Wages offered were too low	17.5	n.a.	48.3	38.1	n.a.	21.8	32.1	n.a.
Job was not interesting	3.6	n.a.	22.5	22.7	n.a.	15.3	26.8	n.a.
Location was not convenient	73.1	n.a.	6.7	8.2	n.a.	28.2	10.7	n.a.
Work did not match level of education or experience	2.8	n.a.	7.5	11.3	n.a.	10.6	3.6	n.a.
Work required too many hours	0.3	n.a.	8.3	2.1	n.a.	1.2	12.5	n.a.
Work required too few hours	0.2	n.a.	-	1.0	n.a.	1.2	-	n.a.
Waiting for a better job	0.5	n.a.	6.7	6.2	n.a.	4.1	5.4	n.a.
Contract offered no duration or too short duration	0.3	n.a.	-	1.0	n.a.	5.3	-	n.a.
No possibility for career advancement	0.5	n.a.	-	7.2	n.a.	4.1	-	n.a.
Other	1.2	n.a.	-	2.1	n.a.	8.2	8.9	n.a.

²² There is so much that could be said in relation to SWTS findings on the characteristics of youth employment. Because it is the authors' intention to focus the paper mainly on the topic of transition, however, we touch upon a few quality variables only in this section (hours, entitlements, etc.). We encourage our readers to make full use of the datasets – available for download shortly – to assess employment characteristics in greater detail (as well as information on characteristics of youth in all economic status groups not covered here).

²² Unfortunately, the data in all countries but Kosovo and Mongolia do not allow us to make the distinction between the two categories of the self-employed, employers and own-account workers, the latter of which is the one most vulnerable to economic cycles and most closely linked to poverty and the informal economy. For Kosovo and Mongolia, the share of own-account workers within the self-employed are high at 90 and 96 per cent, respectively, and there is no reason to think this would differ greatly in the other countries surveyed.

3.6.2 *Status in employment*

The distribution of employment by status is an interesting indicator since it provides insights into the types of economic risk faced by workers, an element of which is the strength of the institutional attachment between the person and the job. Wage and salaried work typically implies an implicit or explicit employment contract whereby the worker receives pay in exchange for service to a unit whose revenues are not solely dependent upon his labour. For the self-employed, by contrast, remuneration is directly dependent on the profits from the goods and services produced. There is greater economic risk implied for the self-employed worker and also greater likelihood of operating within the informal economy.²³ Family work is a form of labour – generally unpaid, although compensation might come indirectly in the form of family income – that supports production for the market. It is particularly common among women, especially women in households where other members engage in self-employment, as in running a family business or in farming. Where large shares of workers are unpaid family workers, there is likely to be poor development, little job growth, widespread poverty and often a large rural economy.

The young workers in the eight countries surveyed were mostly wage and salaried workers. (See figure 3.11.) On average, 16 per cent of working youth engaged in self-employment, with the largest share seen in Nepal (33 per cent) and the lowest in Azerbaijan (3 per cent). In all but Azerbaijan, the motivation behind becoming self-employed for the young worker was more voluntary than involuntary in nature, many enjoying the greater independence associated with working for themselves. (See figure 3.12 and also, section 6 for differences in income distribution between wage and salaried workers and the self-employed.) Still, from 14 per cent of self-employed young workers in China to 78 per cent in Azerbaijan admitted to engaging in self-employment only because s/he could not obtain paid employment. For these youth, self-employment is the only available means of bringing home any income.

Almost a third of young workers in Iran (29 per cent) and Mongolia (32 per cent) were working without pay in family establishments. The implications behind the high shares are likely to be quite different between the two countries. In Iran, the incidence of engaging in unpaid family work is largely female-driven. It is a country with high female inactivity. (See figure 3.5.) Economic participation among women is not encouraged although women are oftentimes needed to help out with the family establishment. By contrast, in Mongolia the shares of unpaid family workers are high for both young women and men (39 and 26 per cent, respectively) and the decision to work within the family enterprise is probably more economically- than culturally-driven. Where job growth is as limited as it is in Mongolia, the young person, whether male or female, will have little option but to make his economic contribution through an existing household-based operation. They are unable to contribute to the household in terms of income because few jobs are available but at least they can contribute in terms of their labour.

²³ Unfortunately, the data in all countries but Kosovo and Mongolia do not allow us to make the distinction between the two categories of the self-employed – employers and own-account workers –, the latter of which is the one most vulnerable to economic cycles and most closely linked to poverty and the informal economy. For Kosovo and Mongolia, the share of own-account workers within the self-employed are high at 90 and 96 per cent, respectively, and there is no reason to think this would differ greatly in the other countries surveyed.

Figure 3.11 Distribution of employed youth by status in employment

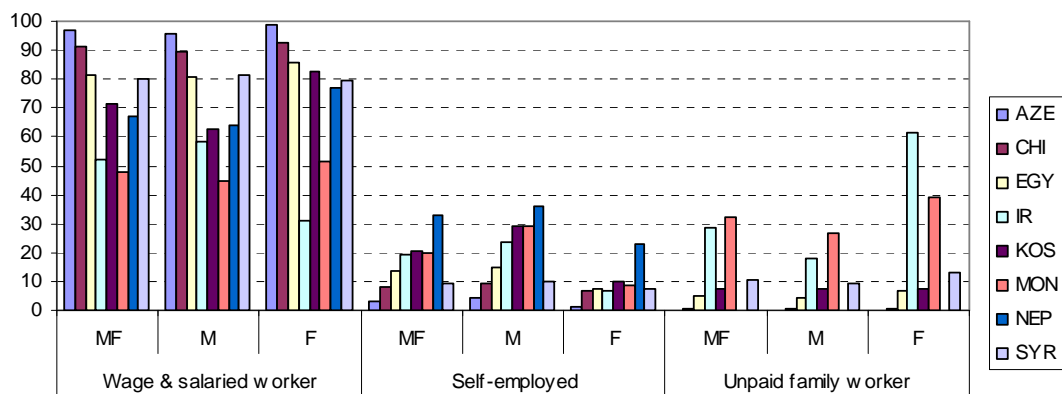
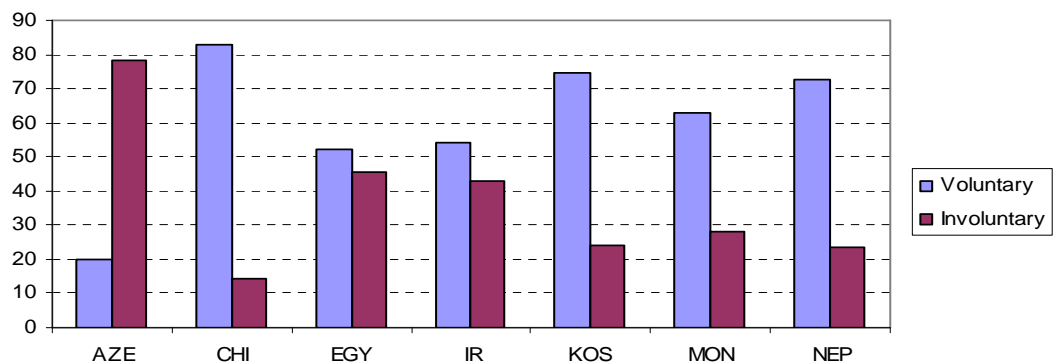


Figure 3.12 Distribution of self-employed youth by motivation (voluntary or involuntary in nature)



Note: "Voluntary" motives for choosing self-employment include the desire for (a) greater independence, (b) more flexible working hours, and (c) higher income. "Involuntary" motives include (a) could not find a wage job and (b) no other family member available to take care of the family business (Egypt only). Syria is not included due to the high occurrence in the selection of the "other" category (65 per cent).

3.6.3 Quality of employment

Qualifying decent work is notoriously challenging due to the difficulty in determining definitive thresholds for "good" and "bad" working conditions and because statistics do not allow us to determine worker perceptions in relations to their conditions (for example, are they bothered by the imposition of long working hours or by the lack of a contract?). At the bare minimum, one might qualify employment as "decent" according to the permanency of the employment contract and the expressed job satisfaction of the person in question. This is the interpretation used in the definition of the stages of transition to decent employment discussed below in section 4. Still, one could certainly go further in search of other elements of decency. The remainder of this section deals briefly with some indicators that relate to working conditions, namely contractual arrangements, hours of work and access to social benefits, in an attempt to get closer to the goal of determining decent work deficits for young people.

Table 3.7 Contract situation and average usual hours worked per week

	AZE	CHI	EGY	IR	KOS	MON	NEP	SYR
Type of contract:								
None	29.7	44.9	73.3	27.3	20.8	58.9	87.8	60.4
Unlimited	36.6	n.a.	17.2	15.0	n.a.	10.8	7.3	25.3
Limited duration (12-36 months)	5.5	n.a.	6.6	29.8	n.a.	30.3	3.7	6.4
Seasonal (<12 months)	9.0	n.a.	2.9	14.3	n.a.	-	1.0	4.8
Other	19.2	n.a.	-	13.6	n.a.	-	0.2	2.9
Avg. hours worked per week on the main job (s.d.)	39.6 (9.5)	48.1 (13.0)	51.1 (17.4)	52.3 (17.1)	45.1 (12.7)	47.3 (17.1)	52.4 (19.6)	37.3 (21.6)

n.a. = Not available

- = Not applicable

s.d. = Standard deviation (shown in parentheses)

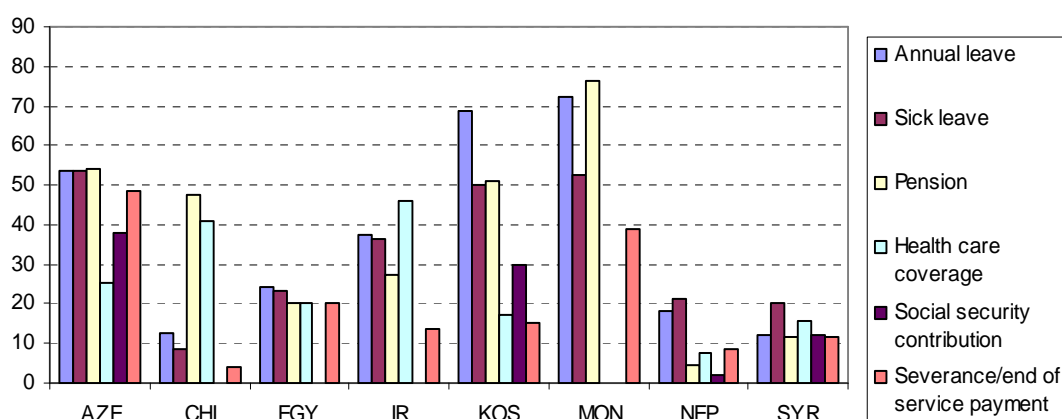
Notes: In Iran, the question relating to contract situation was asked only of youth in wage employment. This means the share of young worker without contract shown here is probably too low, especially given the large numbers of unpaid family workers and self-employed in the country. In Kosovo and Syria, the self-employed youth are excluded from the analysis but the omission is likely to have little effect on the results.

The precariousness of working youth in terms of contract situations is evident in most of the SWTS countries. More than half of youth worked with no employment contract in Egypt (73 per cent), Mongolia (59 per cent), Nepal (88 per cent) and Syria (60 per cent). (Note, China was very close at 45 per cent; see table 3.7.) Still, our readers are cautioned on the interpretation of no contract here; it is important to place it within the context of the country. In Egypt, for example, local sources indicate that informality within the employment contract system is the norm rather than the exception and that a lack of contract is not necessarily associated with precariousness and insecurity. Where employment contracts do exist for working youth, they tend to be at least 12 months in length.

With respects to hours of work, it is clear that youth in the eight countries engaged in work as their primary activity, working at least the equivalent of full time. Long hours, in excess of 45 hours per week, seem to be standard in China, Egypt, Iran, Kosovo, Mongolia and Nepal. (See table 3.7 and also figure 6.7 that shows very low returns to hours of work.) In contrast, access to entitlements is evidently not the standard, with perhaps the exception of Mongolia. (See figure 3.13.) While between half and two-thirds of wage & salaried employed youth do have access to annual and sick leave (the prior more so than the latter) and pension benefits in Azerbaijan, Kosovo and Mongolia, few workers in those countries benefit from health care, social security or severance/end of service coverage and very few workers in the other countries have access to any benefits at all.

Putting the three indicators together, the lack of contracts, long working hours and rarity of entitlements do provide sufficient evidence of a tendency toward what could be termed “non-decent” working conditions for young women and men in at least China, Egypt, Iran, Nepal and Syria (with remaining countries, Azerbaijan, Kosovo and Mongolia on the borderline). Most youth who do work in these eight countries are likely to work long hours with little or no security offered from an employment contract and little or no protection seen in the way of entitlements. Competition for the “good” jobs that offer a decent wage, benefits and secure contract is fierce. Attaining such jobs for the average youth is made even more difficult by the prevalence for informal recruitment tendencies favoured among employers in most of the countries, i.e. hiring of family/friends (confirmed in section 5). Some youth will attempt to hold out for a “good” job as long as possible, continuing their job search (hence the high rates of long-term unemployment in all of the countries); others will fall out of the labour force (particularly young women) or hide out in the education system, but the rest will, from necessity, take up whatever job is made available to them, regardless of terms and conditions.

Figure 3.13 Access to benefits/entitlements (share of wage & salaried working youth)



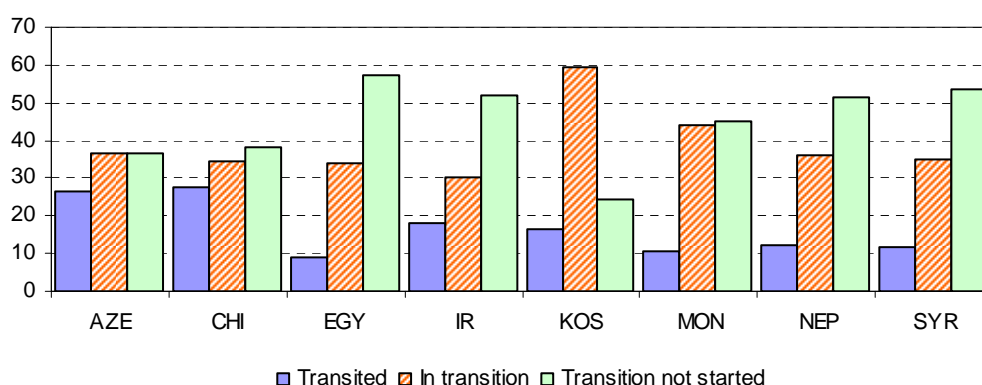
4. Stages of transition

4.1 Shares of transited, in transition and transition not yet started

Only a minority of young people had completed the transition from school-to-work; most had not yet started the transition.

The share of youth who had completed their school-to-work transition proved to be the smallest of transition stages in all countries, ranging from 9 per cent of the total in Egypt to 27 per cent of youth in China. (See figure 4.1.) The majority of youth surveyed were either counted among those still in transition or with their transition not yet started. The latter category, including both the youth still in school and inactive youth who expressed no intention to look for work in the future, claimed the highest share in all the countries with the exceptions of Azerbaijan and Kosovo.

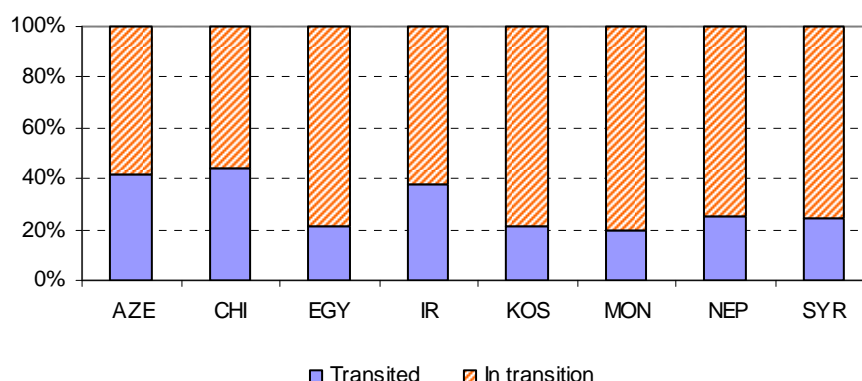
Figure 4.1 Distribution of youth population by stage of transition



Note: The transition stages as measured for Iran are not strictly comparable since the survey did not include a question relating to job satisfaction. Instead, the transition is measured according to contract type and whether or not the youth expressed a desire to change their job.

If looking at only those youth who had started the transition, meaning those who had made some attempt at labour market participation (thus excluding the “transition not started category”), the large difference in number of youth who had transited and those who remained in transition becomes even more evident. (See figure 4.2.) In most of the countries, only an approximate one-fourth of youth were classified as having completed the transition to fixed and/or satisfactory work.

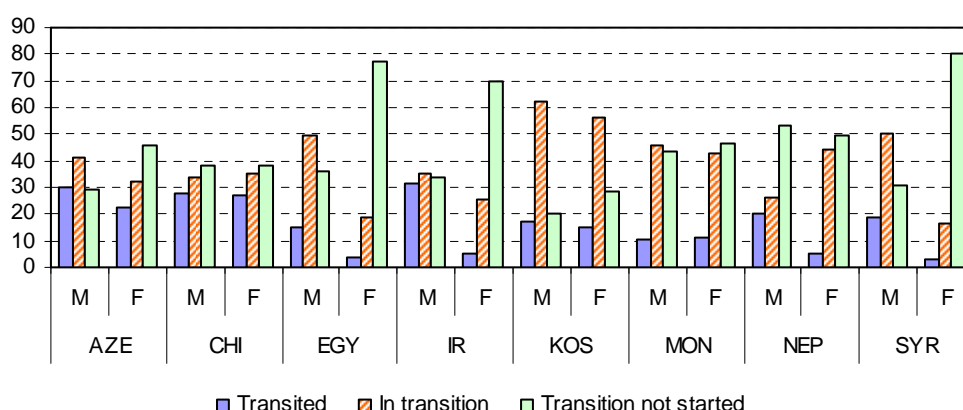
Figure 4.2 Transition stage of youth who had started the transition



Stages of transition are gender sensitive; young males are more likely to have transited and young females are more likely to have not yet started the transition.

In all the surveyed countries, young women were less likely than young men to have completed the transition, and in many of the countries, particularly those in the Middle East and North Africa, the difference was dramatic. In Egypt, Iran and Syria, for example, the chance that a young male had completed the transition to a fixed-term or satisfactory work was more than five times greater than that of a young female. (See figure 4.3.) Still, at most only one third of young males had completed the transition in Azerbaijan, China and Iran, with even smaller shares found in the remaining countries. The dominant category tends to be “in transition” for young men (exceptions were China and Nepal where larger shares are found in “transition not started”).

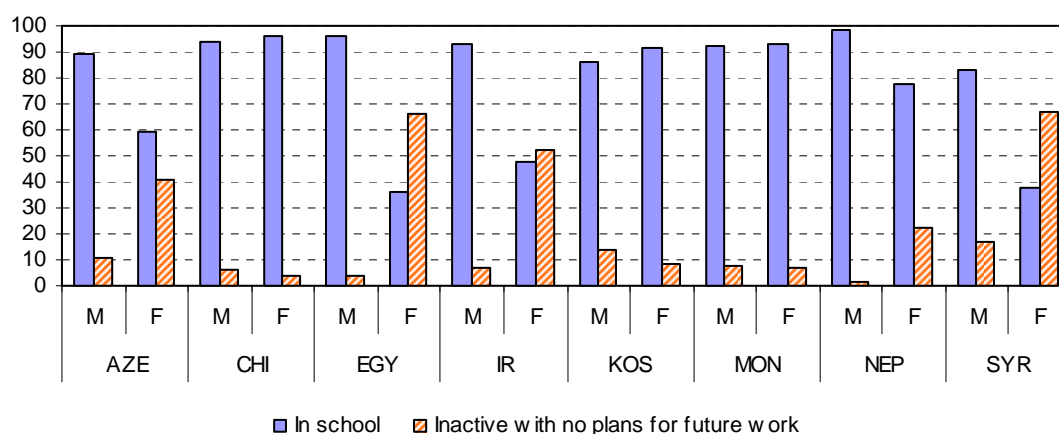
Figure 4.3 Distribution of youth population by stage of transition and sex



For young women, by far the dominant category is “transition not started” (only exception is Kosovo). An examination of the breakdown of sub-categories here – between youth who have not started the transition because they are still in school and those who have not started because they are inactive (neither in school, nor working, nor looking for

work) and have no plans to work or look for work in the future – tells an interesting story concerning the current and future state of female labour market participation in the survey countries. In the countries where social/cultural traditions are such that female labour force participation is discouraged, namely Egypt, Iran and Syria, it is not surprising that by the age of 29 years, a large share of women are already inactive and express no plans for future labour force participation. In contrast, in Azerbaijan, China, Kosovo, Mongolia and Nepal, more young women fall into the “transition not started” category because they are still in school. (See figure 4.4.)

Figure 4.4 Youth who had not yet started the transition by sex and sub-category



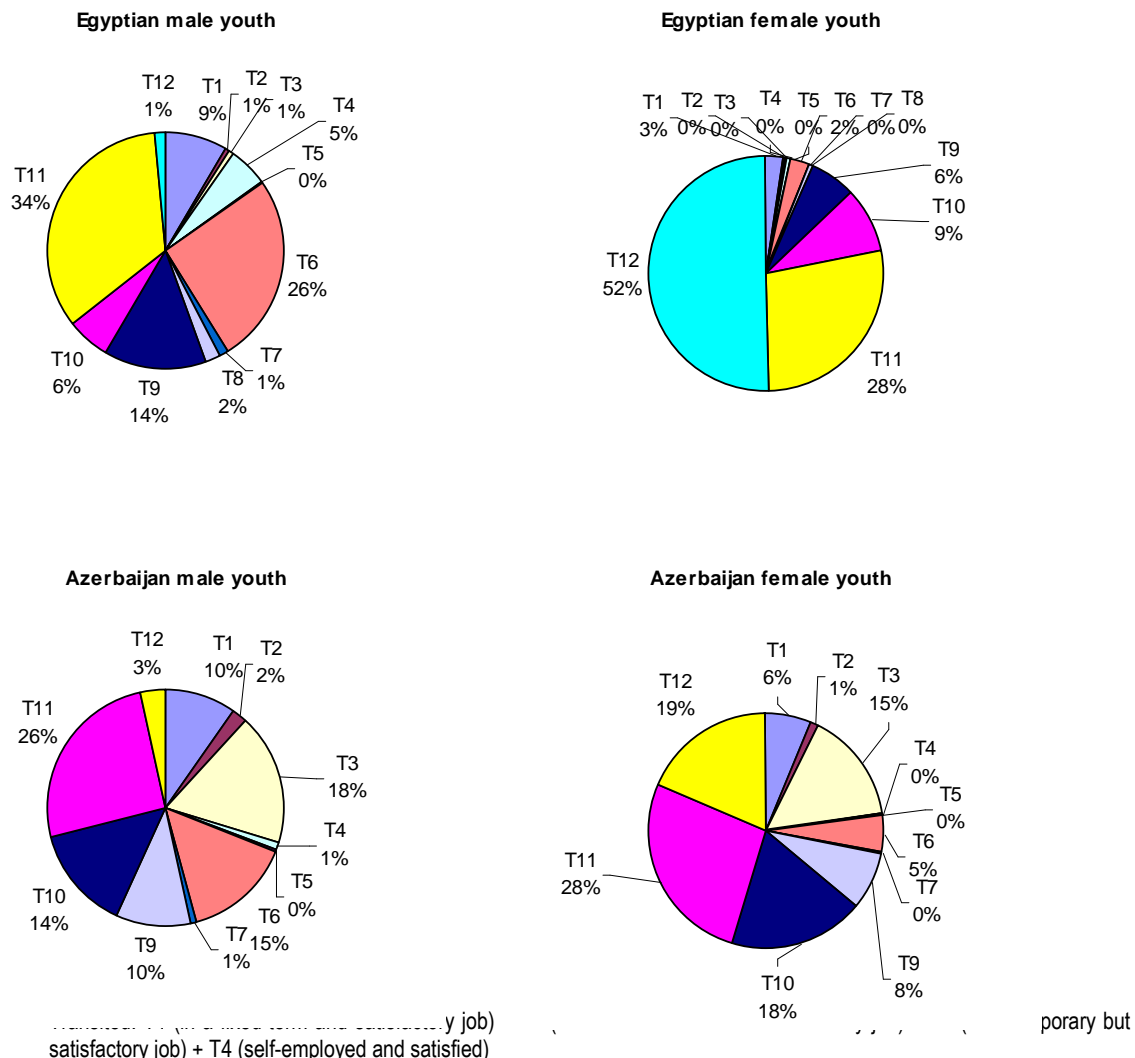
To judge whether or not staying in school will pay off for them in the future, one can find a hint of future outcomes by reviewing the situation at the time of the surveys, assuming there will be no major shocks that would result in significant changes to the youth employment situation over the next few years. The following pie charts in figure 4.5 reflect the shares of male and female youth in all sub-categories of the transition stages, as identified in section 2.1.2 above, in two sample countries, Azerbaijan and Egypt. There are marked differences between the situations of youth in general in the two countries and in the gender differentials in particular within the countries. We take note of the following:

- Temporary employment exists in Azerbaijan but is typically viewed as a satisfactory arrangement; it is virtually non-existent in Egypt.
- In terms of where most male youth are found, for Azeri males, the largest share are youth still in school (26 per cent), followed by young employees who hold no contract (15 per cent) and by those who are currently inactive but plan to work in the future (14 per cent).²⁴ For Egyptian males, the largest share is also youth who are still in school (34 per cent) but this is followed by the significant shares of youth working with no contract (26 per cent) and youth who are unemployed (14 per cent).

²⁴ The latter - youth who are inactive but plan to work in the future - is an interesting category. While not a direct calculation of “discouraged youth” (discussed in detail in section 7), it is fair to say that at least a portion of this third largest group have temporarily dropped out of the labour force due to discouragement regarding their prospects. They are most likely biding their time for “brighter” economic prospects, residing with their families until they feel they have a better chance of finding work that suits their expectations. The share of young males within this group ranges between 10 to 14 per cent of all surveyed youth in Azerbaijan, Kosovo and Mongolia. For female youth, the shares found in this group tend to be even higher; in Azerbaijan, Egypt, Iran and Mongolia, the sub-category claimed between 9 and 18 per cent of the total. There is untapped productive potential to be found among the youth in this category. Youth categorized as such show a willingness to participate in labour markets; if targeted by policies aimed at their labour market (re)integration, these youth can serve as positive drivers of economic growth for the future.

- In contrast, for female youth it is clearly the inactive status that dominates. Thirty-seven per cent of young women in Azerbaijan (the sum of sub-categories T10 and T12) remain economically inactive; in Egypt, the share is as high as 61 per cent. Eighteen per cent of Azeri female youth expressed some desire to take up future work but the same could be said of only 9 per cent of female youth in Egypt.

Figure 4.5 Sub-categories of transition stages in Azerbaijan and Egypt



Transition not started: T11 (still in school) + T12 (inactive and not in school, with no plans for working or looking for work in the future)

In transition: T5 (employed in a temporary and non-satisfactory job) + T6 (in wage & salaried employment with no contract) + T7 (self-employed and unsatisfied) + T8 (in unpaid family employment (both satisfactory and non-satisfactory)) + T9 (unemployed) + T10 (inactive and not in school, with an aim to work later)

Transition not started: T11 (still in school) + T12 (inactive and not in school, with no plans for working or looking for work in the future)

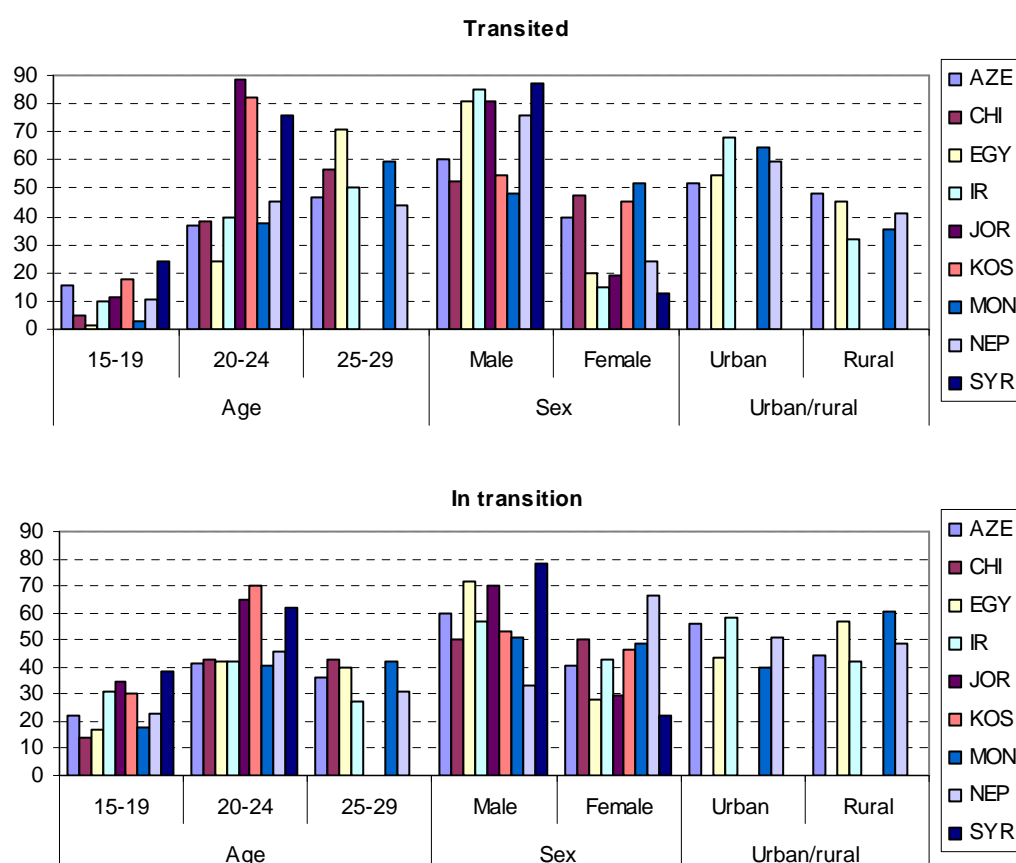
4.2 Transition stages by sex, age and geographic location

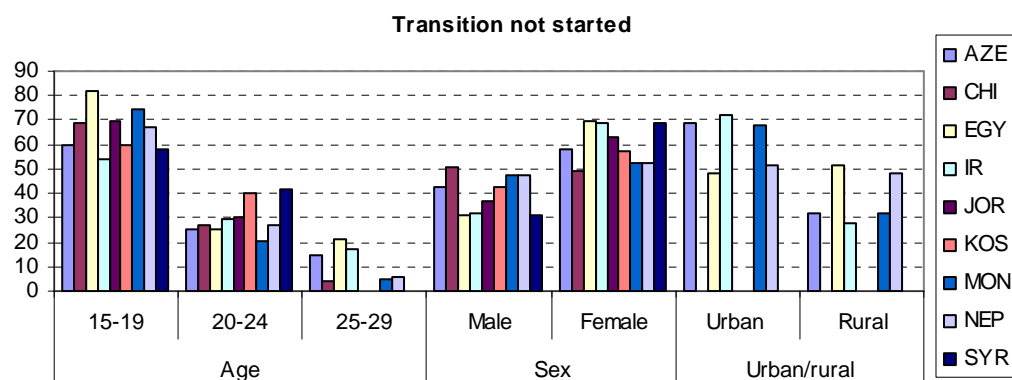
A transited youth is most likely an older male from an urban area while younger urban females have the greatest likelihood of having not yet started the transition.

As seen in figure 4.6, the age of the respondent certainly seems to be a determinant in their resulting transition stage. Not surprisingly, those in the younger age band of 15 to 19 years are more likely to fall in the “transition not yet started” category since many in that age band are still in school. The majority share of those who had not yet begun labour market engagement among the 15- to 19-year-olds ranged from 53 per cent in Iran to as high as 82 per cent in Egypt. The second most prominent share for the youngest age group was of those “in transition”. Very few 15- to 19-year-olds in each country could be said to have completed their transition.

A transited youth was most likely a young adult between the ages of 25 and 29 years. The distribution of transition stages for 20- to 24-year-olds differs in that the spread among the three transition stages was more evenly spread than for the other age groups. All countries but China and Mongolia showed a slightly greater share of 20- to 24-year-olds in the category “in transition”. The upper age band of 25- to 29-year-olds – where it exists – encompassed the majority of transited youth.

Figure 4.6 Stages of transition by age group, sex and urban/rural residence





Sex plays a role as well. The transitioned category was strongly male-dominated in Azerbaijan (60 per cent), Egypt (80 per cent), Iran (85 per cent), Nepal (76 per cent) and Syria (87 per cent). (See figure 4.6.) The “transition not started” category was predominately female in the same countries. Results for the “in transition” category were more mixed; the category was more male than female in Azerbaijan, Egypt, Iran and Syria, but more female than male in Nepal. There was little difference in the distributions by sex in China, Kosovo and Mongolia.

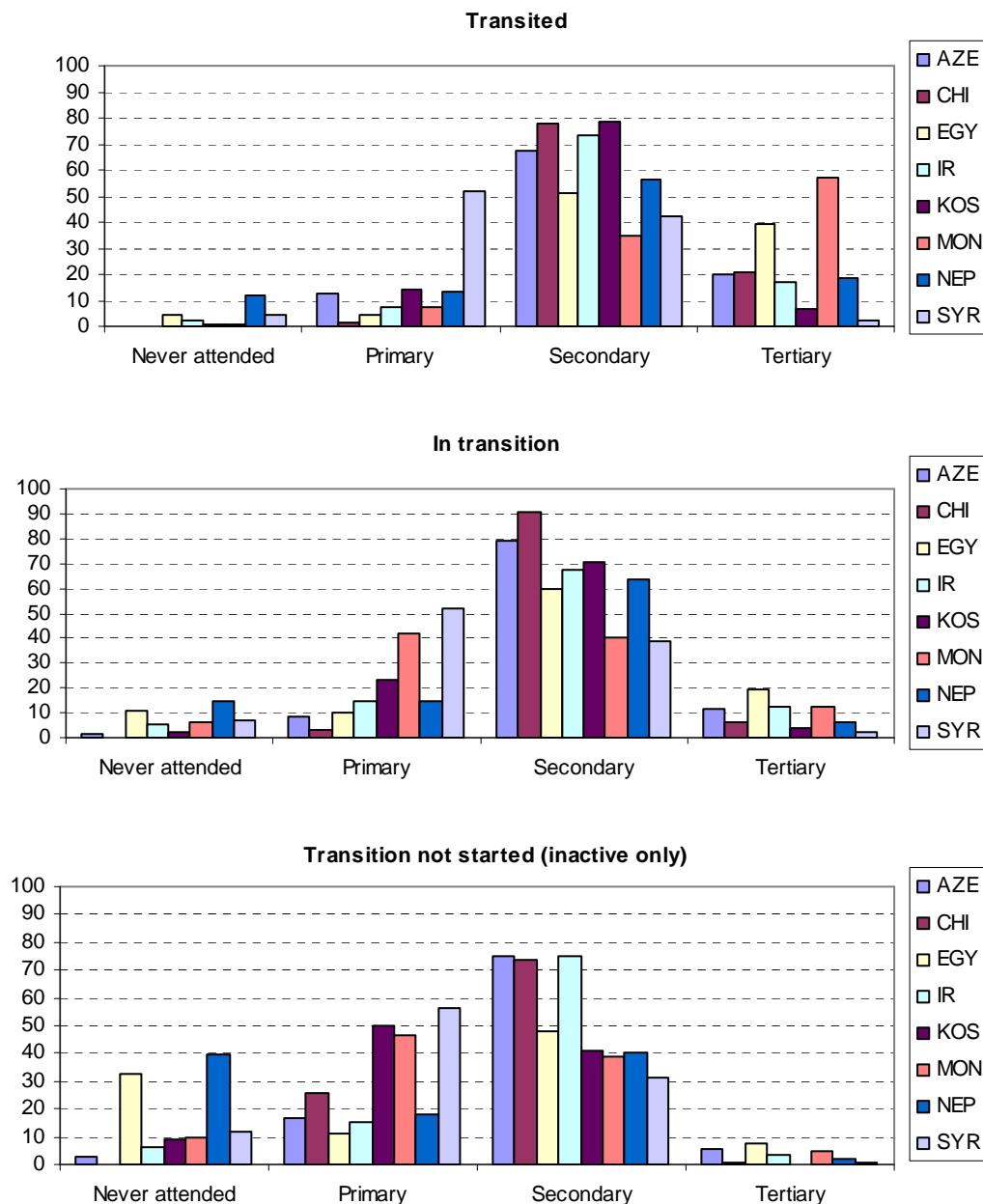
Looking at the urban-rural distribution, where available, there was less difference in the spread of shares by place of residence than for the other variables. There does, however, appear to be a slight bias for urban youth in comparison to rural youth in all three transition stages. The share of transitioned youth from urban areas was particularly high compared to that of rural youth in Iran and Mongolia, at 68 and 65 per cent, respectively. The gap between shares of urban and rural youth who had not yet started the transition was also large in Azerbaijan (68 per cent urban, 32 per cent rural), Iran (72 per cent urban, 28 per cent rural) and Mongolia (68 per cent urban, 32 per cent rural), which could indicate higher enrolment rates in urban areas than in rural areas. (See figure 4.6.)

4.3 Transition stages by level of education

Contrary to popular belief, those with higher education are not guaranteed an easier transition.

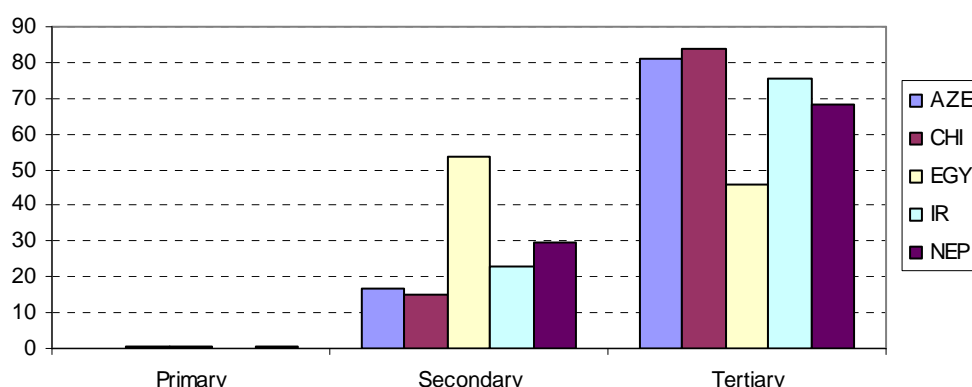
Turning to education level in figure 4.7, the majority of transitioned youth in all countries but Mongolia and Syria had finished school at the secondary level. Mongolia is unusual in that attaining transitioned status seems to require a higher-level degree (57 per cent of transitioned youth had tertiary level education) while in Syria there were more transitioned youth that had completed only primary level education (52 per cent) than the higher levels. The distribution by educational attainment does not differ much for those still in transition; the majority of youth in most countries that continued to seek a career or satisfactory job held a secondary level degree. The shares of youth with no education or primary education only among inactive youth (the “transition not started” category excluding those still in school) were slightly higher than for the other two transition categories. The majority of inactive youth in Kosovo, Mongolia, Nepal and Syria finished school at the primary level or below, while in the other countries, the majority share among inactive youth was those with secondary education.

Figure 4.7 Stage of transition by level of educational attainment



The different distributions say a lot toward the job markets in the countries. If the economy is such that the types of jobs available are not those requiring higher level education it makes sense that a young person would stop at the below-tertiary level to take up the jobs made available to him/her. But are the expectations of youth realistic in their idea of the level of education needed to obtain a decent job? In the five countries with available data on the perceived lowest level of education needed to obtain a decent job, analyzed for those in the “transition not started” category, there is a clear bias toward tertiary level education. (See figure 4.8.) A strong majority of youth in four of the five countries with available information (Egypt is the exception) felt that they would need a university degree in order to obtain a decent job. It appears, therefore, that some youth place what might be an inflated value on higher education given that the majority of their cohorts who have already attained their career or satisfactory job held only a secondary level degree.

Figure 4.8 Perceived level of education needed to obtain a decent job (for youth who had not yet started the transition)



4.4 Length of transition

Ideally, this section would present findings based on the ILO-designed classification of the “ease of transition”, a schema in which the transition period of those who had transited is determined (direct transition or various spells within temporary/non-satisfied employment and/or unemployment) and the length of time within each period is applied to determine classification of “easy”, “middling” or “difficult” transition.²⁵ Unfortunately, there was little consistency in the treatment of the time element needed to classify the transition period among the various surveys, and, as a result, we are not able to present results of the ease of transition at this point from the current results. The survey design has since been improved so that the needed historical portrait, with clearly defined durations, of the various labour market activities of young respondents will be made accessible in all future runs.

In the meantime, however, we can look at the issue of transition length to determine how long the transition period was for those young people who had completed the transition and how long was the on-going transition for those still within the stage. The period of transitions were calculated from Egyptian results for both transited and in-transition youth and for in-transition youth only in Mongolia. For the other countries data were either not reliable or the date of leaving school was missing.

The results for Egypt, seen in figure 4.9, showed that, on average, the time between departure from school to attainment of a fixed term and/or satisfactory job (for the transited youth) was 29 months, i.e. slightly longer than two years. The transition periods were longer for young males than young women (32 versus 20 months, respectively) and were progressively shorter given the increasing education level of the youth (96 months for youth with primary education versus 19 months for those with a university degree). The Egyptian youth who continued to struggle with unemployment and/or less than ideal employment (those still in transition) continued to do so for long periods of time after completing their education. On average, both the young women and men in the in-transition category had entered the labour market 58 months prior. The period of transition decreases substantially as education level increases but perhaps this is to be expected given the later age at which a university graduate would be entering the labour market in comparison to a

²⁵ The classification of ease of transition (for transited youth) is fully defined in S. Elder, op.cit.

youth who left school after the primary level. It is interesting to note, however, that even the Egyptian youth with higher education remained in transition 33 months after graduation. For youth in Mongolia, the period of transition is extremely long: close to seven years, on average. (See figure 4.10.) This means even seven years after completing the final level of schooling, the majority of young women and men in Mongolia had not found employment that they were completely satisfied with. Even university graduates in the country remained in transition more than four years (50 months) after entering the labour market.

Figure 4.9 Average transition period (in months) for transited and in-transition youth, by sex and education level, in Egypt

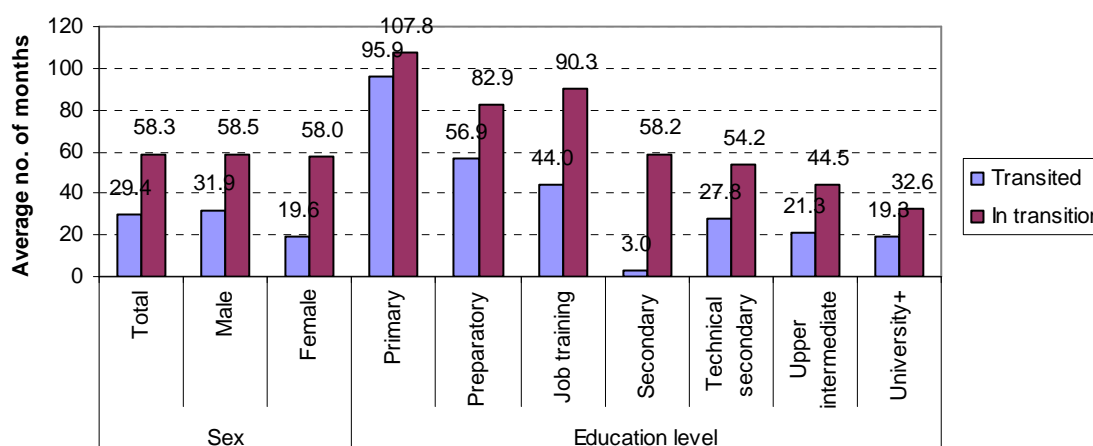
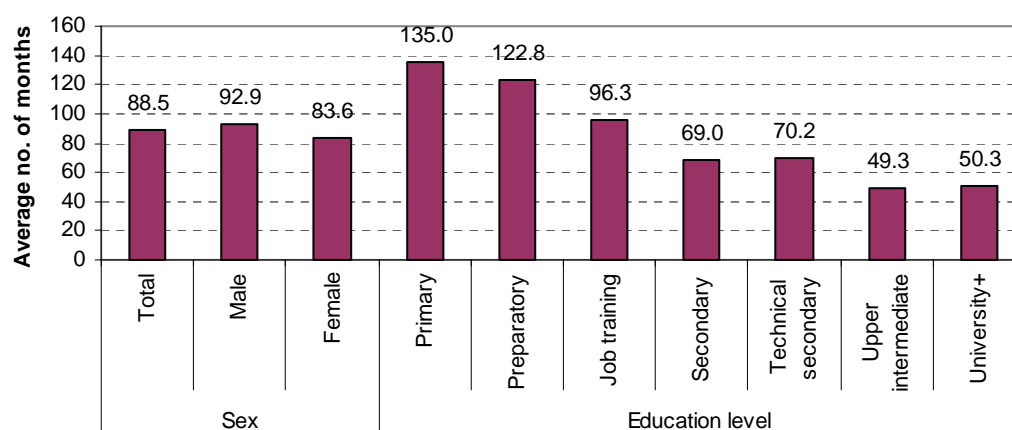


Figure 4.10 Average transition period (in months) for in-transition youth, by sex and education level, in Mongolia



4.5 Summary discussion

This section applied the ILO designation of stages of transition, identified in section 2.1, and concludes that, in the countries studied, very few youth had successfully completed the transition from school to fixed-term and/or satisfactory employment. The majority of youth in all countries had not yet started the transition. Excluding the latter from the analysis, we found that approximate one-fourth of youth were classified as having completed the transition in most countries. Older males (aged 25 to 29 years) with secondary level education from urban areas showed the highest likelihood of completing

the transition while younger urban females had the greatest likelihood of having not yet started the transition. Regarding the length of transition, the SWTS results demonstrated that youth today will evidently remain in the transition stage for extremely long periods of time. On average, both the young women and men in the in-transition category had entered the labour market 58 months prior in Egypt and as much as 88 months prior in Mongolia. That means almost five years in transition in Egypt and over seven years in Mongolia. Even the youth with higher education remained in transition for long periods; they were still without satisfactory work as much as 33 and 50 months after graduation in Egypt and Mongolia, respectively.

5. Job search and recruitment method

5.1 Labour market institutions in the hiring process

The success at the time of entry into the labour market has a longer-term effect in terms of earnings and career prospects through the entire working life of the economically active. The significance and duration of first-job effects on the career paths and prospects of young entrants varies from country to country and from individual to individual. What can be said in general is that the labour market outcome of initial entry is not an automatic process and is significantly affected by the process of the job search and by the availability of jobs at the time of entry. While youth cannot strongly influence the availability of jobs or enterprising opportunities, the method of search and the effort that goes into it are self-determined.

A focus on job search and recruitment methods, examination of which methods dominate, and speculations as to why different methods are used are all informative in shaping labour market policy interventions. The processes by which workers and employers try to meet or by which workers try to identify and exploit business opportunities provide a strategic policy entry point, and with some facilitation and support, better labour market outcomes can be induced. It is also a strategic entry point to observe the key existing constraints in the labour markets in relation to generating and accessing more and better jobs.

In the absence of or insufficient extension of formal labour market institutions in many developing and emerging economies, informal institutions that bring together the jobseekers and the employers determine the labour market outcomes. Such informal institutions usually emerge through repeated trial-and-error transactions and may “govern well” particular labour markets and economic activities. For example, it is usually less costly and time-consuming to find workers through acquaintances at a short notice. Similarly, it is almost costless to verify the specific skills, ability and competence of workers prior to hiring. In the event of hire, social ties can put indirect disciplinary pressures through reputation effects on both workers and employers.

However rationally governed such institutions may be, the labour market outcomes mediated through informal institutions are less than satisfactory from the point of view of increasing decent employment opportunities for all. While there may be a positive economic rationale, such as lower information and verification costs, that make social networks an efficient method of intermediation, heavy reliance on social ties may result in self-sorting of jobseekers and formation of exclusive networks. Individuals with similar locale or family background, educational attainment or ethnic belongings would probably use their own social networks, but such networks are not expected to automatically cross each other and integrate. If a respondent came from a poor household, whose parents were poorly educated and engaged in subsistence activities, it is reasonable to expect that such youth would rarely be included in networks that allow them access to better paying jobs or jobs with better working conditions and social status.

A deeper understanding of how informal institutions operate is critical for labour market policy formulation. Extension of formal publicly-driven labour market institutions, including job intermediation and guidance, is likely to show impact in the short- to medium-term if they build upon existing institutions: mitigating the negative effects of informal institutions such as exclusion and self-sorting into vulnerability traps while maximizing the positive aspects, such as the low costs involved in information transfer and verification. It is based on such understanding that increases in the availability of a broader, more efficient and inclusive set of intermediation channels can improve labour market prospects and outcomes.

Currently, empirical evidence on search strategies adopted, the driving factors behind the choice of strategies, and the recruitment methods adopted by employers are rarely available in the context of developing and emerging economies. The SWTS helps to fill the information gaps by defining the method by which young people find employment or continue to seek work if unemployment.²⁶ Furthermore, the employers' samples contain information on methods used for recruitment. The employers' choice of recruitment methods sheds some light on the extent to which a particular search process leads to a successful outcome in getting a job or getting a fixed-term job. However, the interpretation needs caution since the employer sample and youth sample were unmatched in all countries covered. Moreover, while efforts were made to randomize youth samples within strata for better representation, employer samples were generally restricted to formal sector operators.

5.2 Objective of this section

The descriptive examination of job search and recruitment methods in this section aims to raise issues surrounding the process of job search and labour market outcomes. The presentations are sometimes severely constrained by limited sample sizes and cross-country variations in details of the questionnaires, but it nonetheless paints an interesting general picture.

5.3 The data

The reply categories in the questionnaires for young people's job search methods varied across countries. Also, the replies were sometimes collected in a multiple answer format as against a single answer format. Such differences in reply collection often varied within a country between unemployed and employed respondents. Hence, the data presented is neither comparable across countries nor across employment status. Nevertheless, to facilitate the presentation, the reply categories were roughly grouped into seven. (See table 5.1.) The search method groupings consist of education, public, private, direct media, family and friends, and other methods.

²⁶ The Egyptian case also provides information on how the respondents intend to look for work when they plan to come out of inactivity. Also, most countries asked in-school youth how they were looking for work, if they had started looking for work already; however, since the shares of young people currently in school who had already started looking for work were very low in all countries, this data is presented only at the beginning of the section.

Table 5.1 Categorization of search methods

Search method	Categories included
Education	Through education/training institutions
Public	1. Registration at public employment services/offices 2. Attending job fairs
Private	1. Registration at private employment agencies/offices 2. Through labour contractor 3. Registration at worksites
Direct	1. Direct application for jobs 2. Directly visiting establishments 3. Inquiring at worksites
Media	1. Answering adverts in the newspapers/radio/etc. 2. Placing newspaper adverts
Family/Friends	Seeking assistance of family, friends, relatives
Other	1. Measures taken to start own business (look for land plots, finance, etc.); 2. Others

There is some arbitrariness involved in the groupings, which were made for reasons of convenience in presentation. For instance, attendance in job fairs was interpreted as “public”, with an understanding that the public sector was the leading initiator of such fairs. Another example is the distinction made between “registration at worksites” and “inquiring at worksites”. The former was interpreted to go through “private” agents, while the latter was considered as a “direct” method of search since “registration” presumably required existence of agents who would keep such registries.

With regard to cross-country variations in the questions and categories used, Egypt was the only country where the categories of search were strictly the same across employed, unemployed, inactive and in-school respondents and where the replies were collected in exactly the same format (multiple answers). The Mongolian data contained a singular job finding method – “suggestion of employers” – which was asked only of the employed youth. In the current presentation, this category was interpreted as finding jobs through “family/friends”, even though it could very well have been interpreted as any other categories such as “education” or “direct” applications, depending on the available channels through which the employers could “suggest a job offer” and who they were in relation to the respondents. For multiple answers, unless otherwise stated, the number of observations corresponds to the number of replies given as against the number of respondents. The grouping “other” is not generally shown due to their relatively small shares in the replies and the difficulties involved in interpreting them.

5.4 Job search methods

A large majority of employed youth found their current jobs through family and friends.

In all countries, it is interesting to note that youth who obtained employment did so mainly through networks of family and friends. (See figure 5.1.) These informal social networks were used in more than 50 per cent of the cases. The second most important channel through which employment was obtained was through direct application or contact with the employers.²⁷ If a certain portion of “direct” applications and contacts took place

²⁷ Syria was the only exception, where education and training institutions constituted the second most important channel of obtaining employment. However, a large majority of youth obtained employment through social ties (70 per cent).

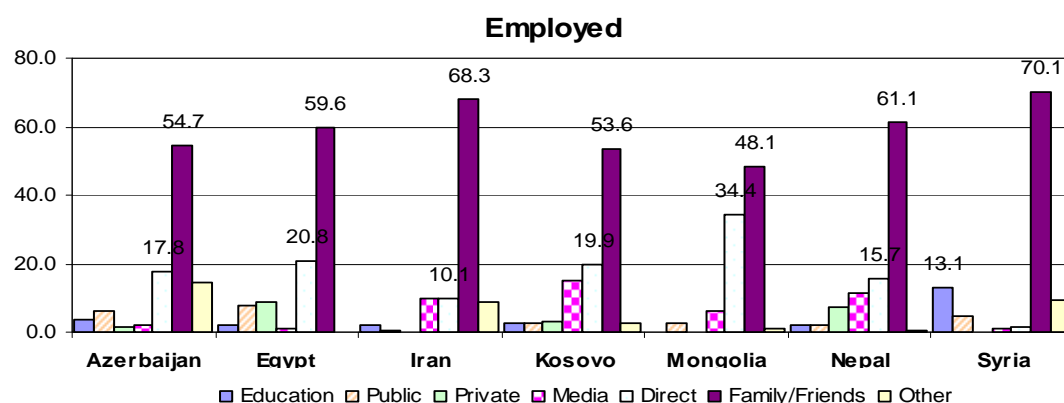
due to the existence of social ties, then social ties clearly determined the employment outcomes for a large majority of youth in the countries covered.

The unemployed youth, on the other hand, tended to use other channels of job search.

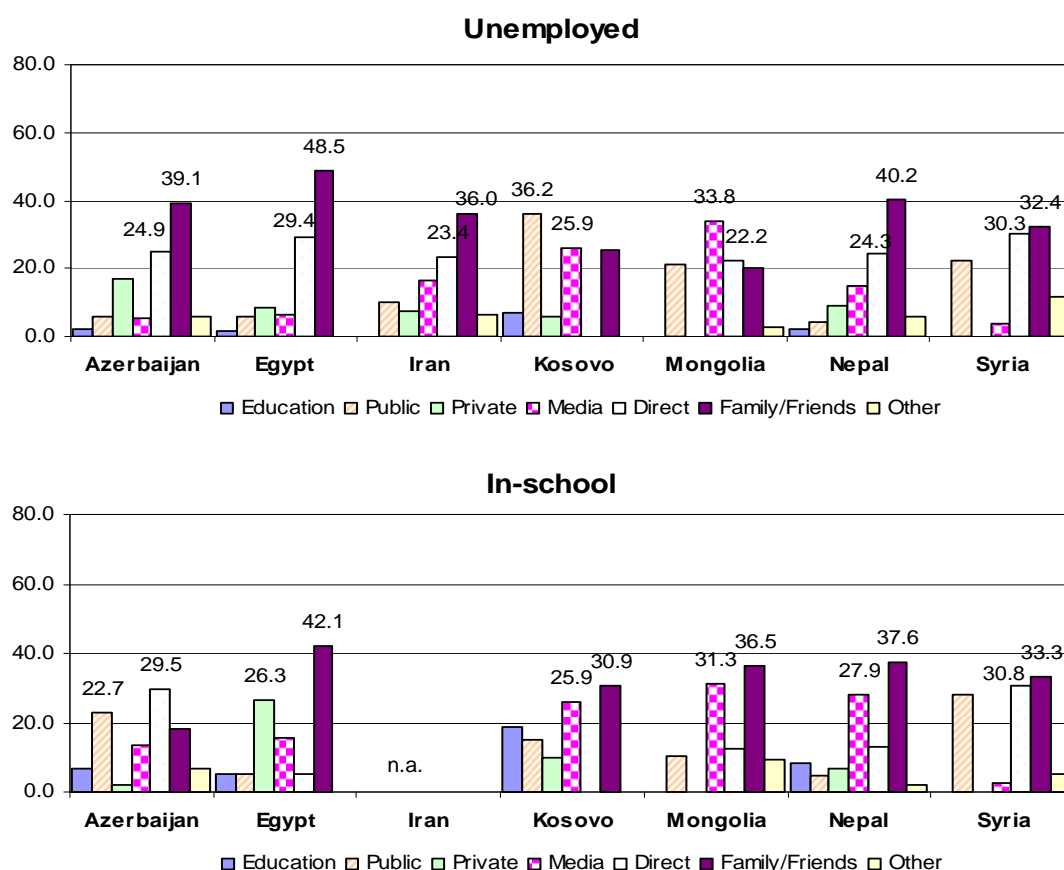
For the unemployed, while searching for jobs through family and friends was also an important channel in most countries, this method did not take more than 50 per cent of the replies in any country. Direct application or contact was a more frequently observed method of search, compared to those who found jobs through such means. In Kosovo, registration at the public employment services constituted an important channel of search for the unemployed (36 per cent), while searching through advertisements in newspapers and other media was important for the unemployed in Mongolia (34 per cent).

For a small sub-sample of in-school respondents who had already started looking for work or intended to do so, their adopted or intended search methods proved to be different from those in the labour market already. For example, in Azerbaijan, while family and friends were the most frequently used channel through which jobs were found (55 per cent) and sought by the unemployed (39 per cent), its share was less than 20 per cent for the in-school respondents. Instead, direct application constituted the most important method of search (30 per cent). In Egypt, private employment agencies or contractors played a bigger role for in-school respondents (26 per cent), while for the employed or the unemployed, usage of such services was less than 10 per cent.²⁸

Figure 5.1 Job search method by employed, unemployed and in-school youth



²⁸ Not too much should be read from the percentage distributions for the in-school respondents, however, because of the limited number of respondents who answered the question on job search method.



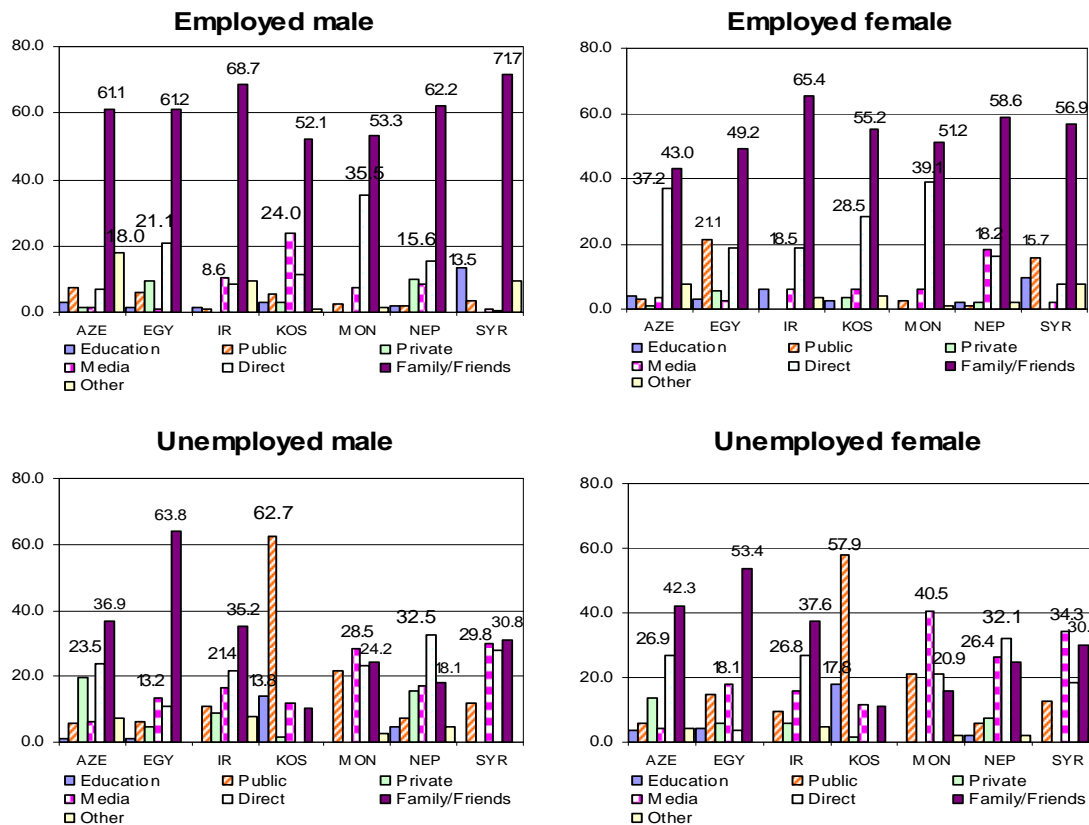
5.4.1 Determinants of job search method

The social ties of family and friends represented one of the most frequently used methods of either seeking work or obtaining work for young people. The interpretation of what these social ties imply is not clear cut, however. This subsection examines the extent to which disparities in search methods can be accounted for by differences in individual and household characteristics.

Choice of job search method by sex is presented in figure 5.2. Both for the employed and the unemployed youth, answers were treated as single answer. This meant that for the unemployed youth, because the respondents were allowed to give more than one answer in many countries (Egypt, Iran, Kosovo, Nepal and Syria), the first answer that was provided was interpreted as being the most important or the most used method of job search.²⁹

²⁹ Treating multiple answers as single answers did not make large differences in terms of what came out as the most frequently observed method of search. However, there were some variations in the second most frequently observed method of search. The only exception was Nepal, where direct means became the most frequently used method of search instead of assistance of family and friends.

Figure 5.2 Job search method by sex: employed and unemployed youth



Young men and women adopted similar search strategies.

In each country, there was a noticeable similarity in the way that male and female youth found jobs, with both most frequently relying on family members and friends. There were some cross-gender diversities in the second most frequently used method of finding jobs, however. In Egypt and Syria, a higher proportion of employed women found jobs through public employment services: 21 per cent for Egypt and 16 per cent for Syria, while the corresponding figures for men were 6 per cent and 3 per cent, respectively. It indicates that for young women to access employment in both Egypt and Syria, an “indirect” channel, detached from family and social obligations and norms, can provide alternative means of accessing jobs. In Azerbaijan, while social networks dominated as the method of finding jobs for both men and women, the second most important channel was “other” for men (18 per cent) and direct application for women (37 per cent). In Kosovo, men found jobs through media (24 percent), while women found jobs through direct means (29 per cent), and the opposite was the case in Nepal.

In terms of method of looking for work among the unemployed, there was also cross-gender similarity in patterns of seeking work. If one method of searching work was most often used by male respondents, it was also the case for female respondents.

There was a variation in the method of search conditional on sex between employed and unemployed youth.³⁰ For both male and female unemployed youth, searching through family and friends was not as predominant a method as it had been for the employed, with the exception of Egypt. For example, while both male and female employed youth had found their jobs through social ties or direct contacts in Mongolia, most jobseekers were searching for jobs through media (29 per cent for men and 41 per cent for women), followed by family or friends for men (24 per cent) and direct application for women (21 per cent). Such differences in the adopted method of finding and seeking work suggest that the employed and the unemployed consist of heterogeneous sub-populations. For example, employed youth found their jobs through social ties because their networks were strongly attached to the labour markets, while those who were seeking work knew the limitations of their social ties in accessing jobs and would have first attempted to search through other means

Since the employed versus unemployed comparisons cannot be made in a strict sense for most of the countries, only a cursory analysis is presented below based on the respondents' basic background characteristics: age, locality where this information was available, education, and duration of past search.

The countries where the youth samples covered the full age range between 15 and 29 are presented below. (See table 5.2.) The table shows the two most frequently observed methods of search and methods of obtaining employment, conditional on being either employed or unemployed and on belonging to one of the age groups. The oldest cohort aged 25-29 years would have already gained some experiences in the labour markets, and a priori, their adopted method of attaching themselves to the labour markets was expected to be slightly different from that of younger cohorts. In general, however, the most frequently used methods of search were similar across all age groups and across labour market status. Family and friends, as well as direct application or contact with the employers, were found to be important channels that linked jobseekers to jobs.

³⁰ It should be noted that other than Egypt, method of looking and finding work was not asked in a consistent manner in the questionnaire since different categories were given for the unemployed seekers and the employed. Egypt was the only country where the question was asked in a consistent manner for both the employed and the unemployed. Hence, cross-status comparison can only be made in Egypt in a strict sense.

Table 5.2 Two most frequently observed search method, by age group

Status	15-19 Method	(%)	20-24 Method	(%)	25-29 Method	(%)
Azerbaijan						
Employed	(1) Family/Friends	56.2	(1) Family/Friends	53.4	(1) Family/Friends	55.2
	(2) Other	18.8	(2) Direct	18.2	(2) Direct	17.6
Unemployed	(1) Family/Friends	39.6	(1) Family/Friends	40.0	(1) Family/Friends	37.5
	(2) Direct	27.5	(2) Direct	25.5	(2) Direct	20.6
Egypt						
Employed	(1) Family/Friends	78.3	(1) Family/Friends	74.8	(1) Family/Friends	68.2
	(2) Direct	13.2	(2) Direct	11.1	(2) Public	12.4
Unemployed	(1) Family/Friends	73.1	(1) Family/Friends	59.4	(1) Family/Friends	53.6
	(2) Direct	11.9	(2) Media	18.7	(2) Public	17.5
Iran						
Employed	..	..	(1) Family/Friends	67.4	(1) Family/Friends	65.6
	..	..	(2) Other	12.9	(2) Media	14.3
Unemployed	..	..	(1) Family/Friends	37.3	(1) Family/Friends	31.8
	..	..	(2) Media	23.7	(2) Media	21.8
Mongolia						
Employed	(1) Family/Friends	68.6	(1) Family/Friends	51.2	(1) Family/Friends	51.4
	(2) Direct	15.7	(2) Direct	37.6	(2) Direct	39.1
Unemployed	(1) Media	43.8	(1) Media	32.7	(1) Media	29.8
	(2) Public	25.0	(2) Direct	27.6	(2) Family/Friends	26.3
Nepal						
Employed	(1) Family/Friends	78.0	(1) Family/Friends	60.1	(1) Family/Friends	55.2
	(2) Direct	12.0	(2) Direct	15.8	(2) Direct	17.2
Unemployed	(1) Direct	37.1	(1) Direct	29.5	(1) Direct	32.5
	(2) Family/Friends	31.4	(2) Family/Friends	23.0	(2) Media	32.5

Note: For Egypt, the replies were treated as single answers for both employed and unemployed. For Iran, because each unemployed youth were asked to reply yes/no to each job search method, the denominator consists of number of replies that were "yes".

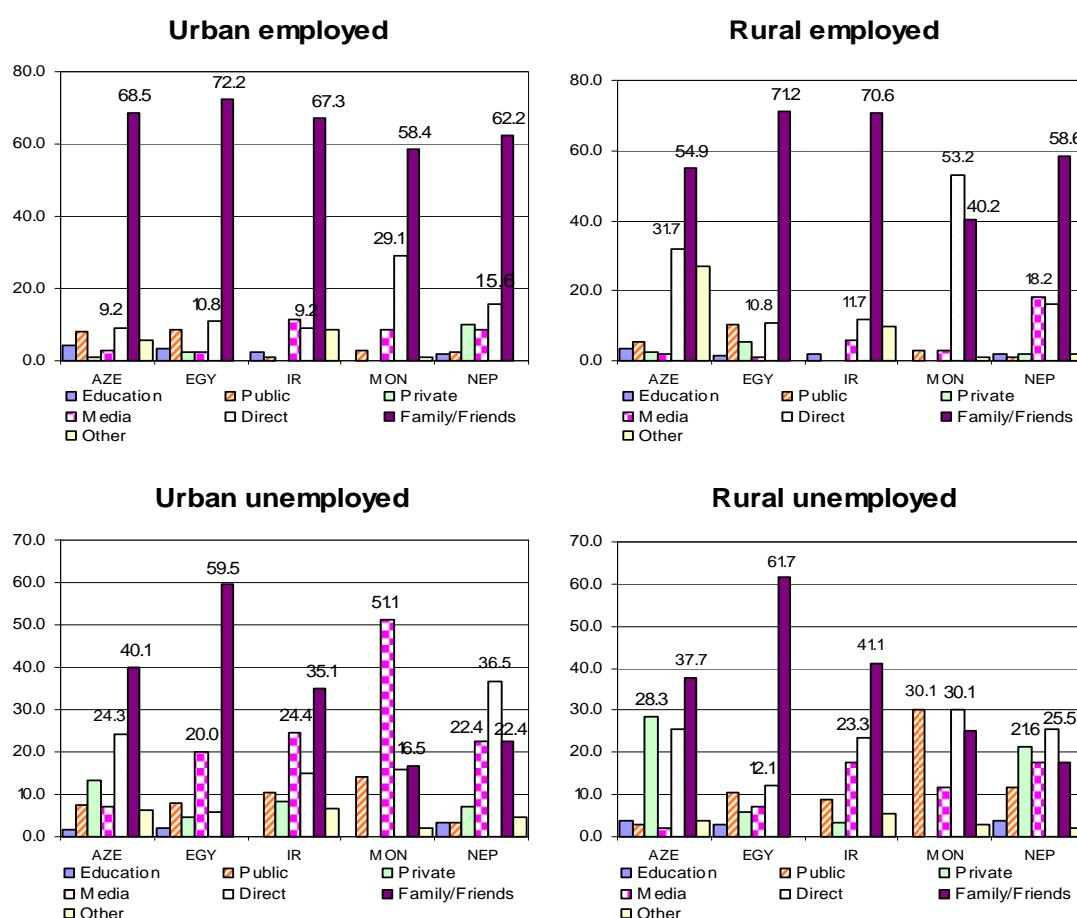
There were some indications of possible mismatch in channels of job search for the unemployed youth in Mongolia and Nepal.

In Egypt, the oldest cohort used public employment services as the second most frequently used method of search, while the younger cohorts used either direct contacts or advertisements. While it can be reflecting a variety of situations, older cohort's longer experience in the labour markets can have induced them to make greater use public services. In Mongolia, the pattern of search channels was noticeably different between the employed and the unemployed. The employed youth found jobs through social ties and direct contacts across all age groups. For the unemployed, search through the media dominated across all age groups, while the second most important channel of search varied across age groups: public services for the youngest group, direct contact for the middle age group, and family and friends for the oldest group. For the youngest unemployed cohort, this pattern of search seems a little at odds with a general expectation that older youth would be more ready to use public services and also with the fact that employed youth aged 15-19 years found jobs through social ties and direct contacts. In Nepal, the two most frequently observed methods of finding jobs did not vary across age groups. There were some variations across age groups for unemployed youth, however. Direct applications constituted the most frequently used method of search for all age groups. Search through family and friends was the second most important method for youth below 25 years of age. For the oldest cohort, replying to advertisements was the second most often used channel of search. Again, interpretations of the results can be varied.

Because location of residence is expected to have some effects on the method of job search available to young people, the distribution by urban-rural localities was also examined. (See figure 5.3.) For instance, direct applications and contacts with the employers may be more widely observed in the rural areas than in the urban areas, since rural residents are more likely to know each other and to know when and where the jobs would become available. In the urban areas, because job markets are likely to be more

diversified, a broader set of recruitment methods is likely to be available. The countries for which urban-rural distinctions could be made were Azerbaijan, Egypt, Iran, Mongolia and Nepal.

Figure 5.3 Job search method by location: employed and unemployed youth



Note: For Mongolia, the urban-rural distinctions were made as follows: urban=1 if location={UB, Aimag centre}, and urban=0 if location={Suom centre, rural}, where Aimag centre corresponds to a provincial capital and Suom centre corresponds to a village. For Iran, the replies were treated as multiple answers, and the base consists of total replies as against total number of respondents.

Surprisingly, social ties still predominated in gaining access to jobs in urban areas.

The main channel through which youth found jobs was similar for employed youth in rural and urban areas. Except in Mongolia, more than 50 per cent of the respondents found jobs through family and friends across localities. Greater shares of people found jobs through social ties in the urban areas than in the rural areas, except in Iran and Mongolia. This was not quite expected, as urban areas would have presumably offered a wider range of means through which job information could be distributed and introductions could be made. In the countries presented, the results showed that urban job markets are dominated by weaves of social ties so that it was still important for youth to be attached to some of the networks in order to have gain to employment. For Mongolia, direct applications and contacts were much more important in the rural areas (75 per cent) than in the urban areas (47 per cent).

Rural youth in Mongolia frequently made use of public employment services.

Unemployed youth used social ties less frequently than employed youth in both rural and urban areas. Social ties still constituted the most often used search method in Azerbaijan, Egypt and Iran in both urban and rural areas. In Mongolia, urban youth looked

for jobs through advertisements (51 per cent), while rural youth did so through public employment services (30 per cent). It is interesting to note that the public employment services were more accessible and often used in the rural areas of Mongolia. In Nepal, unemployed urban and rural youth looked for jobs by directly applying or contacting employers (37 per cent and 26 per cent, respectively).

Educational attainment most probably affects young persons' adopted method of search, and this relationship was also examined. One might assume that more educated youth, who can compete more effectively in indirect intermediation channels (advertisements, direct applications to employers) based on their certifications and past work experience, are better able to find jobs through such indirect means. On the other hand, more educated youth may also have social ties within certain types of jobs and have the possibility to get into the workplace via informal ties. Hence, it is not possible to know a priori what the pattern would be. The presentation of most frequently used search method of youth by educational attainment, shown in appendix 2.A, does not control for the fact that the level of education may also affect the chances of being either employed or unemployed in a particular country.

Both highly educated and less educated employed youth got their jobs through their social ties.

The most dominant form of obtaining employment was through family and friends across all education groups. It is interesting to note that regardless of educational attainment, social ties still constituted the main form of channelling youth into employment. It is most likely the case that such social ties led to very different types of jobs and occupations within each education group, and it indicates a degree of existing segmentation in the labour markets across network ties in the countries covered. Social ties made up the most dominant channel of search for the unemployed youth in Azerbaijan, Egypt and Iran across all educational groups. However, there were some variations in the dominant search channel used by unemployed youth in Kosovo, Mongolia and Nepal. In Kosovo, search through public employment services was the predominant search method across all educational groups. In Mongolia, unemployed youth searched for jobs through public employment services if they had primary education or less, and through advertisements if a young person with more than secondary education. In Nepal, unemployed youth with less than primary education searched for jobs through advertisements, and those with secondary education applied directly for jobs.

5.4.2 Job search methods and duration

The relationship between duration of search and number of methods used to seek work can be positively related. The longer the search period, the greater the number of methods through which job search could have been tried out.

The intensity of the search increased with the duration of unemployment, although there were some ambiguities in this relationship.

The expectation that people adopt a greater variety of search strategies is weakly confirmed by examining the average number of channels used to search for jobs. (See table 5.3.) In all cases presented, the average number of methods used to search for jobs did not increase monotonically with duration of search. In general, but not unambiguously, search intensity seems to increase during the starting period, dips a little after a while and then rises again for a search period of over one year. This may be signalling the beginning of discouragement after a long spell of search, and where youth start to drop out of the active labour force. Iran, and to a lesser extent Egypt, showed a different pattern, where average number of search method used peaking during the 6 to 12 months interval, before falling again for duration interval of more than one year.

Table 5.3 Average number of methods used to look for work

Country	< 1 week	1-4 weeks	1-2 months	3-6 months	6-12 months	1+ year
Egypt	1.9	2.2	2.1	2.1	2.2	2.2
Iran	(1.5)	..	1.8	2.4	2.8	2.5
Kosovo	2.2	1.7	2.1	1.9	2.2	2.3
Nepal	(4.0)	2.1	2.1	2.1	2.1	2.2
Syria	(2.8)	(3.0)	2.3	3.7	3.5	3.7

Note: The numbers in parentheses indicate where the number of observations were less than or equal to 5.

5.4.3 Summary of job search methods

To summarize, the private social network of family and friends constituted one of the most frequently used channel of finding work and looking for work. It dominated over individual's background characteristics. Still, there were some variations depending on the youth's basic characteristics, including gender, age, locality of residence, educational attainment and duration of search. Differences in background characteristics affected the second most frequently used method of search. It was noted that even in the urban areas, where alternative labour market intermediation institutions were likely to be more prevalent, social networks dominated in connecting youth to the job markets. It has also been noted that social ties dominated regardless of the level of education attained by youth. Hence, networks are most likely to be segregated along various socioeconomic lines. Finally, it should be noted that the presentations made in this section presume that the background characteristics themselves have no impact on the likelihood of being either employed or unemployed. Such presumption is clearly not realistic in terms of explaining the labour market outcomes in relation to search method.

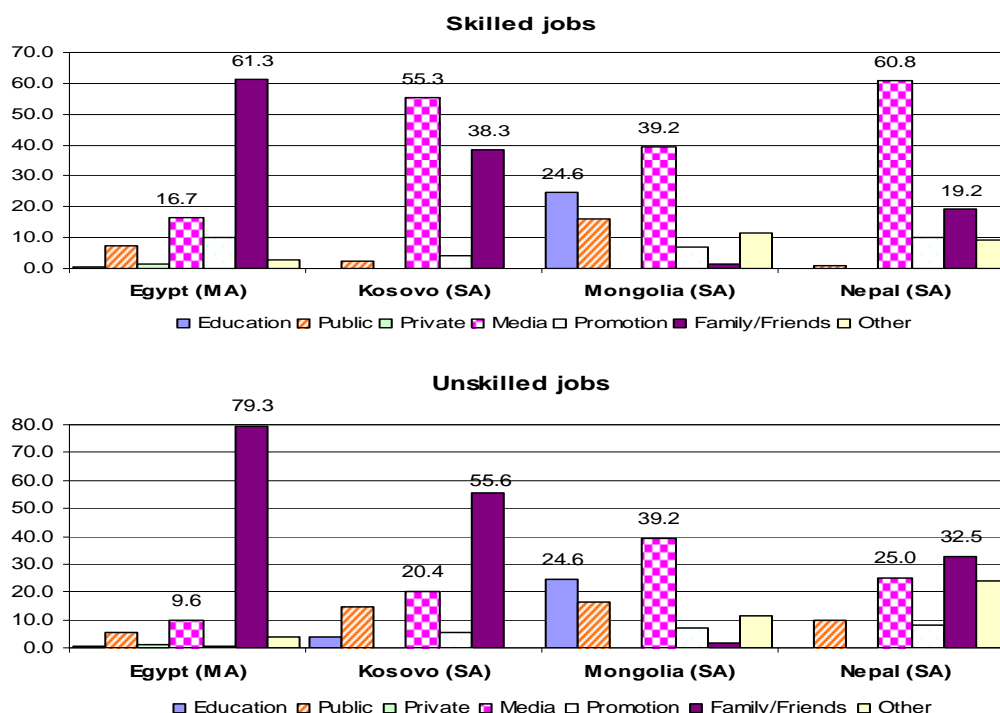
5.5 Recruitment method by employers

While the workers often used their private social networks to search for jobs, the effectiveness of such search method can be questioned if a majority of employers recruited young workers through other means. This section briefly examines the sampled employers' method of recruitment and their determinants. Much of the interpretations drawn from this section are relevant only for formal sector enterprise. The countries covered in this section are Egypt, Kosovo, Mongolia and Nepal.

The employers' data include information on the method of recruitment for filling either administrative/professional jobs or manual/production job.³¹ There were some variations in the adopted method of recruitment between the two categories in Kosovo and Nepal. (See figure 5.4.) In Kosovo, advertisements (55 per cent) followed by social ties (38 per cent) were often used to hire skilled workers, while this pattern was reversed for hiring unskilled workers (20 per cent and 56 per cent, respectively). A similar pattern was observed in Nepal.

³¹ Henceforth, administrative/professional jobs would be referred to as "skilled jobs" and manual/production job as "unskilled jobs".

Figure 5.4 Method of filling vacancies by employers



Note: In Mongolia, no distinctions were made in the method of filling vacancies between skilled and unskilled jobs. It is the average method of recruitment for all workers. "Media" refers to recruitment "by advertisements". The sample sizes were quite uneven and small for Kosovo. In Mongolia, the replies were conditional upon enterprises having at least one vacancy, while for the other countries, the replies were unconditionally collected.

For recruiting skilled workers, enterprises most frequently used advertisements, while informal social ties were more important for recruitment of unskilled workers.

All in all, advertisement was one of the two most frequently used channels of recruitment. The reliance on advertisements was more pronounced for skilled jobs in all countries presented. Another important channel of recruitment was the network of family, relatives and friends. It was noticeably predominant in Egypt for recruiting both types of workers (61 per cent for skilled jobs and 79 per cent for unskilled jobs). This generally matches the profile of young jobseekers' method of getting into jobs. The reliance on social ties was greater for unskilled workers. This can be reflective of the fact that the costs of having manual workers are generally lower, so that it may not make sense for enterprises to undertake more costly methods of hiring.

5.5.1 Mismatches in job search and hiring methods

In Mongolia, there were some matches and mismatches in the channels through which workers found and sought jobs and the channels through which employers tried to fill vacancies. For the sampled Mongolian employers, social ties represented the least used method of recruitment, while it was the predominant channels of finding work. Reportedly, advertisements (39 per cent) and educational and training institutions (25 per cent) were often used for recruitment, and this pattern corresponds better to the unemployed jobseekers' search channels. If the employers' sample was dominated by older formal establishments (average age of enterprise in table 5.4), then presumably the youth who accessed jobs through their social ties were in workplaces that were quite different, within the informal sector, for example.

5.5.2 Average years of operation and hiring methods

Some of the determinants of recruitment methods are briefly examined in this and the following subsections. They include the age of enterprises, the industrial sector in which they operate, and the reported number of vacancies.³²

The age of enterprises affect their choice of recruitment method. For example, an older establishment would already have a tested and established channel of recruitment practices. Examining the hiring method adopted by older establishments is of interest, since they represent some of the most functional channels of getting young people into workplaces. Average years of operation and reported recruitment methods are presented in table 5.4 below.

Table 5.4 Average years of operation and hiring methods

	Total	Education	Public	Adverts	Promotion	Family/ Friends
Egypt: skilled workers	19.8 (16.9)	..	21.0 (21.5)	22.4 (19.2)	23.3 (22.3)	17.6 (14.1)
Egypt: unskilled workers	16.3 (15.0)	..	20.7 (11.8)	21.7 (17.4)	..	15.9 (15.0)
Nepal: skilled workers	13.9 (11.4)	..	..	13.3 (11.3)	18.4 (12.3)	15.4 (12.4)
Nepal: unskilled workers	13.9 (11.4)	..	10.9 (8.8)	16.4 (12.7)	15.1 (14.5)	12.7 (9.2)
Mongolia: all workers	19.7 (19.7)	27.0 (22.9)	20.5 (22.9)	16.5 (15.9)	17.3 (21.3)	..

Note: Standard deviations are shown in parentheses. Recruitment through private agencies is not shown here since its incidence was less than 5 in all cases. Observations with less than 5 counts are not presented. Total number of observations is: Egypt, skilled workers, 199; Egypt, unskilled workers, 314; Nepal, skilled/unskilled workers, 120; Mongolia, all workers, 130.

In Mongolia, the older establishments hired young workers through educational and training institutions. The younger establishments used advertisements. In contrast, in Egypt and Nepal, the older establishments used promotion of workers already in the enterprises to fill their vacancies on skilled jobs. For recruiting unskilled workers, advertisements were used by older establishments. It is interesting to note that while hiring through networks of family and friends was a pervasive practice in Egypt, the average years of operation of those employers were the lowest. It is possible that the younger establishments in Egypt needed to keep the cost of recruitment down to increase the chances of survival, before they could use more “established” or formal channels of recruitment. In Nepal, on the other hand, the youngest group of enterprises used public employment services to hire unskilled workers. In other cases, public employment services were often used by a group of establishments whose average years in operation were slightly above the sample average.

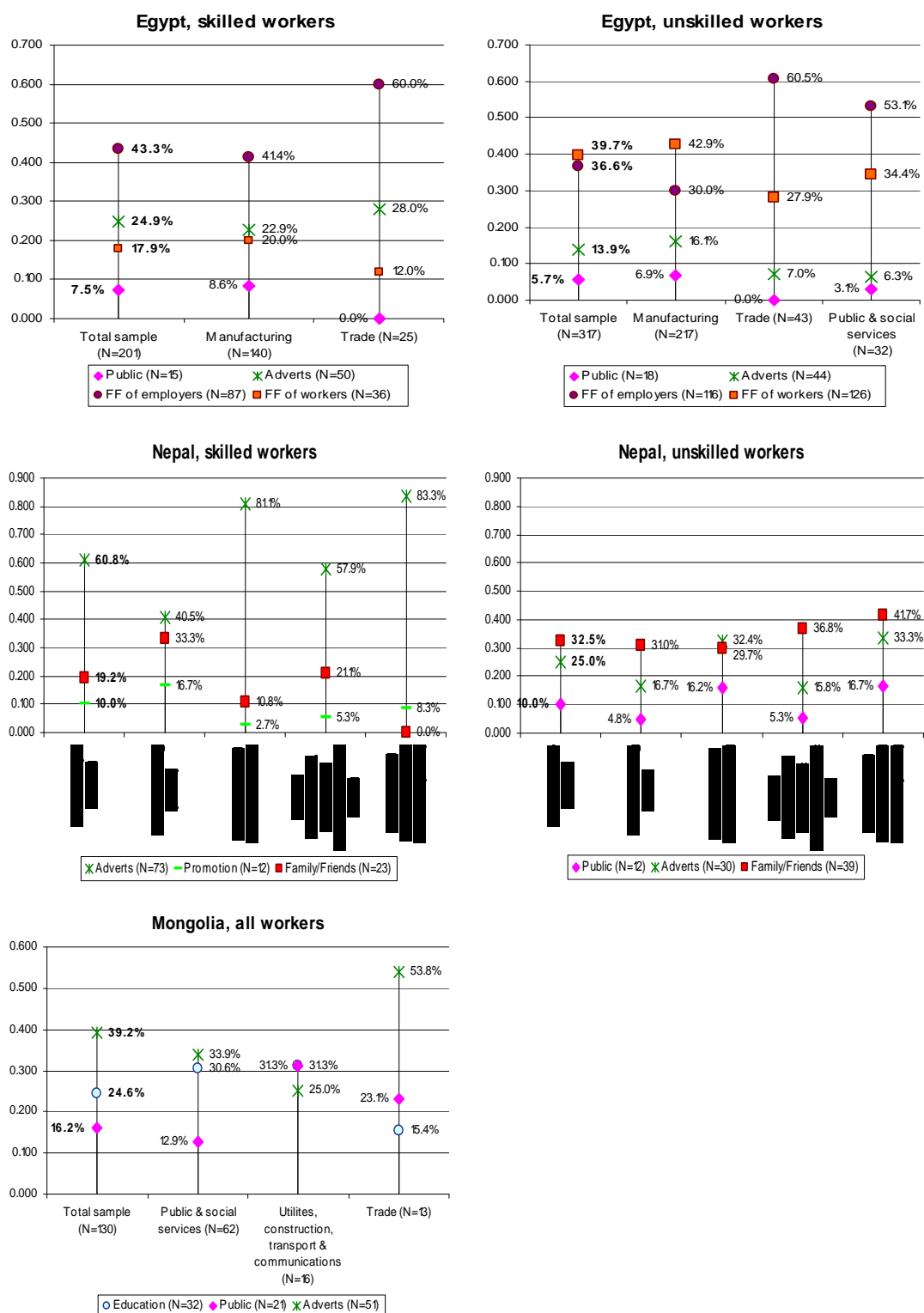
5.5.3 Sectors of operation and hiring methods

The hiring methods adopted by enterprises would also be related to the sectors in which they operate. Different sectors have different preferences and needs for workers, and thus adopt recruitment method that facilitates meeting such needs and preferences. Only the sectors where there were more than ten enterprises in the sample are presented in figure 5.5.

³² The ownership of establishments was also considered as an important characteristic of enterprises. However, the distribution of ownership types was considerably uneven within a country, such that meaningful presentations could not be made here. Establishment size was also examined, but since it did not add further value to the examination by age and number of vacancies, the presentation is omitted as well.

Distribution of recruitment methods in the total sample is presented on the left-hand side of each graph.

Figure 5.5 Hiring methods by sectors



Note: Only the method of recruitments that take up more than 10% in the total sample are included. For Egypt, "FF" stands for "family/friends".

The manufacturing sector in Egypt indicated instances of informal network segregation, where skilled jobs could be accessed more easily if youths belonged to the ‘right’ network.

In Egypt, networks of family and friends were the main channels for recruiting both skilled and unskilled workers. An interesting variation between types of workers can be observed in the manufacturing sector. In this sector, the main channel of recruiting skilled workers was family and friends of employers (41 per cent), while it was family and friends of workers for unskilled workers (43 per cent). This provides some supportive evidence to the notion that informal social ties are exclusive in nature, and that getting skilled jobs requires access to the “right” type of networks. In Nepal, there was also a variation in recruiting channels of both types of workers. Advertisements was one of the main channels of hiring skilled workers across all sectors, while family and friends constituted the most important channel of recruiting unskilled workers across sectors, except in public and social services.

5.5.4 Number of vacancies and hiring methods

The number of current vacancies also influences the recruitment methods adopted by firms. The number of available vacancies reflects partly the size of the establishment and partly the economic environment in which establishments are operating. If an establishment has a large number of vacancies, it would prefer to fulfil these needs by hiring through channels that benefit from economics of scale. On the other hand, if the number of vacancies is small, establishments may prefer to adopt a more contained and less costly method of recruitment.

Table 5.5 Average number of vacancies and recruitment methods³³

	Total	Education	Public	Adverts	Promotion	Family/ Friends
Egypt: skilled workers	2.9 (12.9)	..	12.3 (26.9)	7.4 (22.6)	1.2 (5.5)	2.0 (9.7)
Egypt: unskilled workers	1.9 (10.4)	..	11.2 (26.0)	7.7 (21.9)	..	1.0 (6.0)
Nepal: skilled workers	0.8 (2.6)	..	..	0.8 (2.3)	0.0 (0.0)	1.4 (4.3)
Nepal: unskilled workers	0.8 (2.6)	..	0.4 (0.8)	0.3 (0.7)	0.2 (0.6)	1.1 (3.1)

Note: Standard deviations are in parenthesis. Recruitment through private agencies is not shown here since its incidence was less than 5 in all cases. Observations with less than 5 counts are not presented. Total numbers of observations are as follows: Egypt, skilled workers, 201; Egypt, unskilled workers, 317; Nepal, skilled and unskilled workers, 120.

Establishments with very few vacancies tended to hire through family and friends.

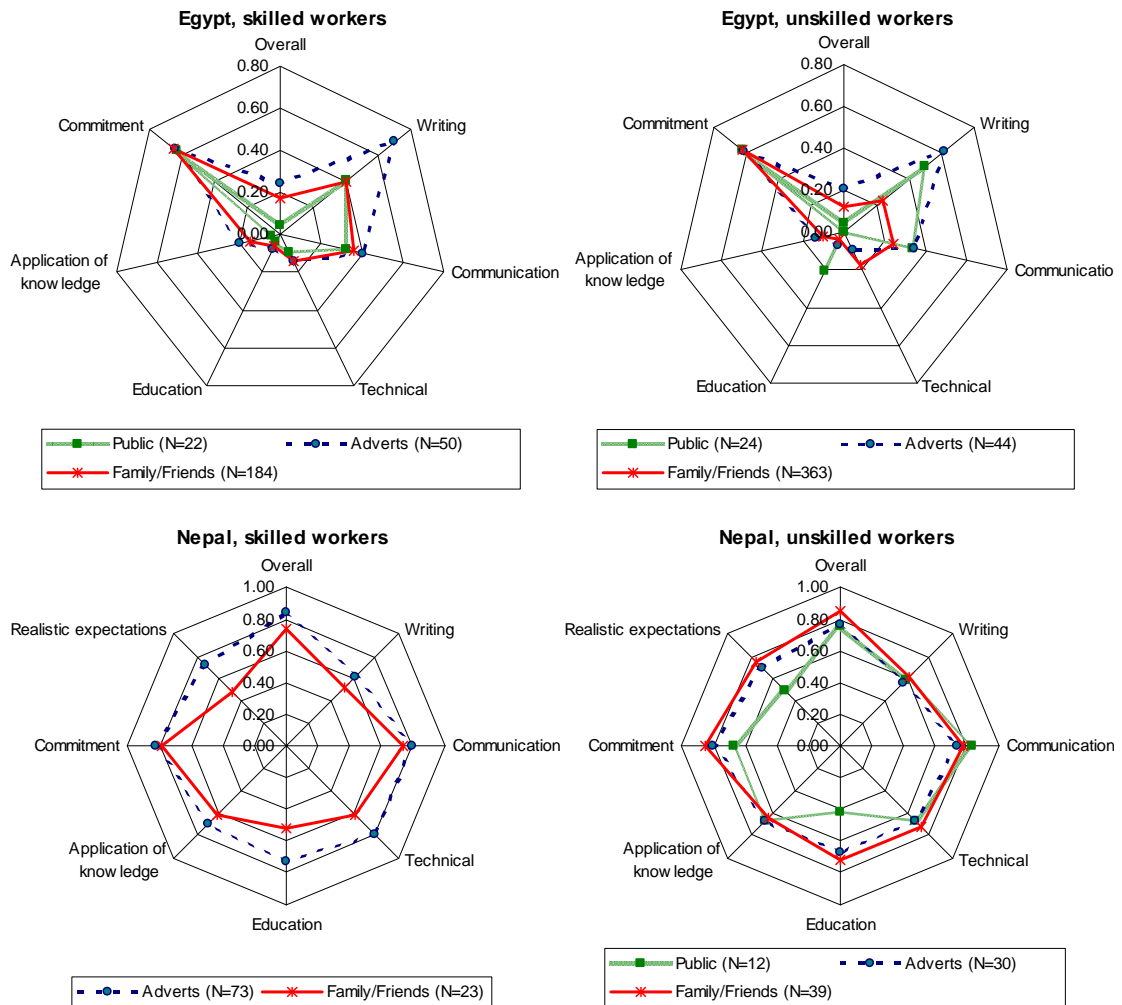
In Egypt, a group of establishments that had the largest average number of vacancies recruited both skilled and unskilled workers through public employment services. Interestingly, establishments that had very few vacancies recruited both skilled and unskilled workers through family and friends of employers and workers. If the number of vacancies was also correlated with the size of the establishments, then smaller establishments tended to use informal channels of recruitment. For Nepal, most of the surveyed establishments had very few vacancies available, and if they had some openings, they were mainly filled through channels of family and friends for both types of workers. It supports the view that small establishments would prefer to hire through less costly informal channels.

³³ Data on number of vacancies available had much larger standard deviations than was the case for establishments’ years in operation.

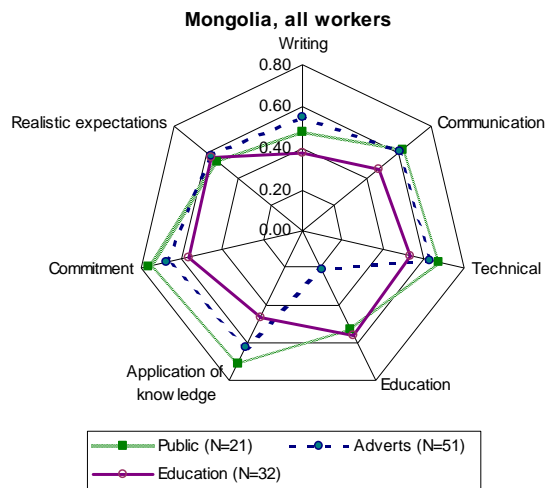
5.6 Hiring method and skills rating

The outcome effects of different recruitment methods can be described by examining the relationships between frequently used methods of recruitment and ratings of young workers in terms of their various skills. (See figure 5.6.) Since the ratings apply to all young workers in the establishment and not specifically to those recruited through a particular channel, interpretations below assume that the establishments had persistently been using the same reported channels of recruitment in the past and that there were no feedback effects. The figure presents the percentage of having a positive rating given the currently used method of recruitment.

Figure 5.6 Hiring method and positive skills rating³⁴



³⁴ A positive skills rating means that the respondents rated more than "adequate" for each skills categories.



Note: The two most frequently observed methods of hiring are presented. Hiring through the public employment services is included for reference, except for Nepal (administrative workers) where there was only one observation. Since the rating intervals differed across countries, comparison between countries is not possible, strictly speaking.

Establishments that recruited through public employment services rated “practical training at school” and “oral communication skills” highly in Egypt and Nepal.

In the three cases presented, recruitment through public employment services brought higher skills ratings than with other methods of recruitment, except in Mongolia. The patterns were similar for Egypt and Nepal. If establishments recruited through public employment services, rating of unskilled workers’ “education” (including “practical training at school”) was likely to be positive at a higher probability. In Nepal, it was unskilled workers’ communication skills (including “oral communication skills”) that was likely to be rated higher. In Mongolia, if the establishments recruited through public employment services, they were likely to positively rate young workers’ “communication skills”, “technical skills”, “education” (including “ability to adapt to new environment”) and “commitment”.

Even though social ties were the predominant channel of recruitment, ratings of young workers’ various skills were less likely to be positive in comparison with other recruitment channels.

In Egypt, in spite of a frequent usage of family and friends as a main channel of hiring, the chances of such establishments giving positive ratings on young workers’ skills was low compared to other recruitment methods. Since the adopted recruitment method seems to correspond to other key establishment characteristics, such as age and number of vacancies, establishments that recruited young workers through informal channels may have done so due to lack of better alternatives, in terms of costs and meeting other social obligations. In general, recruitment through advertisements was the one most associated with positive ratings in Egypt and in Nepal for skilled workers. In Nepal, there were little obvious differences in the likelihood of rating young unskilled workers’ skills positively across different hiring methods.

5.7 Job search and labour market outcomes

The labour market outcomes of interest examined in this subsection is the duration of the job search and the relationship between transition status and the channel of accessing the job in question. Duration of search can be considered as an “outcome”, since it reflects both on reservation wages that youth have and expectations that young people have about what is available in the labour market. Duration of search is also likely to be related to other labour market outcomes, such as earnings. (See section 6 for more.) For employed youth,

duration of job search can be examined in relation to their search strategies. Also for the employed youth, their transition status is examined in relation to their main search strategy.

Since the duration of search was collected as an unevenly ordered categorical variable, the mean and the median duration of search cannot be calculated.³⁵ Instead, to indicate where such expected averages can lie, the categories which included 50 percentile of responses are presented below. (See table 5.6.) Except for Azerbaijan, the duration intervals are at a longer level for the unemployed than for the employed in all countries. There is a gap of at least three months. Such difference between the employed and the unemployed is noticeably large in Iran, Nepal and Syria. While a majority of the employed found jobs in less than three months, the unemployed had been searching for more than one year. Such discrepancy indicates a potential sampling bias between the employed and the unemployed in some of the countries covered. At the same time, it can also be capturing the fact that the employed and the unemployed youth are different groups of people.

Table 5.6 “Median” search duration interval: employed and unemployed

Country	Status	OBS	Duration interval	Cell frequency	Cumulative frequency
Azerbaijan	Employed	1,896	6 months – 1 year	38.7%	78.3%
	Unemployed	453	6 months – 1 year	12.1%	52.1%
Egypt	Employed	884	1-3 months	18.8%	64.4%
	Unemployed	352	6 months – 1 year	13.6%	55.7%
Iran	Employed	1,089	Less than a week	67.3%	67.3%
	Unemployed	252	Over 1 year	53.6%	100.0%
Kosovo	Employed	419	1-3 months	15.0%	51.3%
	Unemployed	476	6 months – 1 year	19.3%	57.6%
Mongolia	Employed	2,152	1-4 weeks	7.9%	54.9%
	Unemployed	356	6 months – 1 year	9.3%	51.7%
Nepal	Employed	481	1-3 months	4.6%	52.9%
	Unemployed	142	Over 1 year	51.4%	100.0%
Syria	Employed	515	1-3 months	12.2%	50.5%
	Unemployed	268	Over 1 year	73.1%	100.0%

Note: The duration intervals are closed on the lower limit and open on the upper limit.

Social ties can quickly channel youth into jobs, but it was not the case in all countries.

Such shorter duration of search for the employed was the case regardless of search method adopted in almost all countries. (See appendix 2.B.) Focusing on just two search methods of interest – public employment services and family and friends – cross-country variations on the prevailing labour market institutions emerge quite clearly. In Egypt, Iran, and Nepal, finding jobs through social ties indeed led to above average likelihood of accessing jobs in less than a week. This supports the notion that both employers and jobseekers may use social ties because they result in quick and less costly hires. There were no noticeable differences in Mongolia, and Syria. In Azerbaijan, getting into jobs through family and friends was associated with higher than average likelihood of looking for a fairly long time, between 6 to 12 months. Finding jobs through public services was

³⁵ In principle, duration of search can be more finely estimated by making better use of the information on the young person’s past engagements and activities, as well as time of quitting education, as evaluated in the survey responses. However, the data problem was non-negligible in capturing the time of quitting education. There were also significant information gaps between reported activities. Furthermore, job search can take place while in-school or while on the job. Hence, the subsection only uses information on reported job search intervals for ease of analysis.

generally associated with longer search period in Egypt and Kosovo, while in Azerbaijan and Syria, searching through public sector was associated with higher chances of landing on a job in shorter time period of less than 1 month.

Job finding method has an impact on the likelihood of transiting into a satisfactory main job and/or main job with fixed-term contracts. The relationships between search method and share of youth who had transited given the search channel were mapped out. (See results in appendix 2.D.) First of all, finding jobs through “public” institutions such as public employment services and education/training institutions was associated with above average probability of having transited in almost all countries presented. The only exception was Kosovo, where youth who found jobs through public employment services had below average chances of transiting into satisfactory or regular jobs (22 per cent). Except in Azerbaijan, finding current job through family and friends resulted in below average probability of completing the transition. It supports the view that the chances of obtaining “good” jobs through social networks have some limitations. Interestingly in Azerbaijan, finding jobs through social ties resulted in above average chances of completing the transition (81 per cent), while from the analysis above, it takes longer to find jobs through social ties. In the Azeri case, social ties might form a selective (hence longer) but surer way into jobs that are either satisfying or regular. Finally, the recruitment method that the employers with more vacancies tended to favour (media) was also matched by above average likelihood of completing the transition, except in Azerbaijan.³⁶

5.8 Summary discussion

The examination that was undertaken in this section focused exclusively on method of search and method of recruitment since a descriptive empirical evidence on such strategies is still scattered and relatively rare. However, there has been a growing literature on the influential role of social networks on the labour market outcomes and a strand of empirical literature on the identification of “peer effects” on the labour market outcomes.³⁷ The section aimed to explore some of the complex and case-specific background ideas relating to the roles social networks play in the labour market. It has done so by first systematically examining whether there were variations in the search strategy adopted across basic background characteristics and whether the adopted search strategy was associated with labour market outcomes, such as duration of search and the chances of “completing the transition”.

It has been found that entry into the labour markets most frequently took place through social ties of family and friends, regardless of youth characteristics. However, the chances of obtaining a satisfactory job or a job with fixed-term contracts through such ties were found to be below the sample average in many countries covered. Social ties may present a convenient and sometimes rationale mechanism of intermediation, but they do not necessarily guarantee long-term access to decent jobs on a widespread scale. Also, the very fact that youth characteristics did not alter the importance of social ties in mediating the labour markets show that the networks are likely to be segregated. Ensuring equitable access to better jobs by disadvantaged groups of youths requires further policy actions. Moreover, employers with some vacancies tended to fill them through other channels, such

³⁶ Employer sample for Azerbaijan was missing, and hence, we do not know if Azeri employers with more vacancies indeed favoured the use of advertisements for recruiting youth.

³⁷ C. Manski: “Identification of endogenous social effects: The reflection problem”, *Review of Economic Studies*, 60:3, 1993, pp.531-542. Manski sets out the identification conditions. To our knowledge, the term “peer effects” have been used almost interchangeably in the literature with “neighbourhood effects” or “endogenous effects”, the latter being Manski’s terminology.

as advertisements, public employment services and promotion of workers already in the establishments.

Young jobseekers very seldom used “public” channels, including educational and training institutions and public employment services. Yet, the chances of obtaining a satisfactory job or a job with fixed-term contract were above average if youth found jobs through such means. It may be the case that employment services did not exist in the sampled locality, thus making informal networks the only available option, or it could be that employment services and agencies were present but not frequently used. In the latter case, employment services can be improved once an understanding is gained as to who does and does not make use of them and why.³⁸ And because such “public” institutions are also the deliverer of labour market policies, including training, more active supporting interventions in the labour markets could further enhance decent employment opportunities for young workers.

Admittedly, the section raised more issues than it had solved, given the potential complexity and case-specificity of the social ties that mediate the labour markets. For example, it could not be unambiguously concluded whether social ties mediate the labour market simply by default due to lack of other formal mechanisms or whether social ties meant cheaper and faster recruitment. In some countries, there were some supporting indications, but not in all. We invite the readers to explore the subject further in a country-specific context, using other external or institutional data sources. A more concise analysis of other labour market outcomes of interest – returns to work – is the topic of the next section.

6. Expectations and earnings

6.1 Objective of the section

The previous sections focused on who the youth were and where they came from in relation to their labour market and transition statuses. They also examined how youth entered the labour markets. The current section focuses on the earnings of young workers. It attempts to draw out some concrete indications on what happens to young workers once they enter the labour markets and whether the existing earnings distributions hamper transitions of some youth into employment. A set of factors that determine earnings typically includes individuals’ demographic characteristics, education/training background and other labour market information on the individuals. In many countries, a young man is expected to earn more than his female counterpart. Older youth would earn more if age proxied their past work experience and accumulation of general knowledge about the world of work. There are further various individual characteristics that affect earnings of young workers. For instance, youth who had received training for their current job are expected to earn more than their untrained counterpart because they would be more productive. Similarly, youth who belong to trade unions might earn more than non-members.

What young men and women can earn in the market directly affects their well-being in terms of what they can consume, what they can save and invest later on in life for personal development, and what they can contribute to other household members’ consumption and

³⁸ The data itself does not directly provide information on whether employment services and agencies were present in the sampled localities. Such information could, in principle, be supplemented by external information sources, but this information gathering exercise was not undertaken for the current work.

well-being. Hence, the level of earnings is an important and intrinsic part of decent work. Also, earnings in relation to hours of work partially reflect the productivity of youth. Understanding who earns more can suggest the type of policies that help raise the productivity of young workers and that improve the welfare of youth and their families.

The section first examines some evidence on expectations that youth have with respect to earnings. The gap between “reservation” income and actual income distributions can contribute further to understanding young people’s behaviour vis-à-vis the labour markets they face. It is followed by a presentation of descriptive evidence on the relationship between earnings and individual characteristics. Finally, some discussions around the estimates of simple earning functions are presented.

6.2 The data

Information on usual monthly income was collected through the SWTS in most countries as a continuous variable. In China, this information was collected as a categorical variable, and hence Chinese data is not presented in this section. The summary statistics are presented in table 6.1. In general, the standard deviations are quite large, and some data may suffer from reporting errors. On average, young men earned more than young women in almost all countries, regardless of whether the mean or the median was examined. Syria was an exception where young women’s median monthly income was greater than the mean and greater than men’s mean or median income. The source of this skew can be found in the small sample size of young working women. In Azerbaijan, the mean monthly income of women was below that of men, but the median was the same across gender.

Table 6.1 Summary statistics of reported average monthly earnings

Country	OBS	Mean	S.D.	Median	Min	Max
Azerbaijan (000 manat)	1,896	427.08	267.43	500	10	7,000
Azerbaijan: Male	1,238	439.58	298.00	500	50	7,000
Azerbaijan: Female	658	403.56	195.56	500	10	2,500
Egypt (E. pound)	884	314.82	240.93	300	0	2,500
Egypt: Male	764	332.19	247.99	300	0	2,500
Egypt: Female	120	204.20	148.76	192	0	1,000
Kosovo (Euro)	401	227.17	211.14	180	0	3,500
Kosovo: Male	221	234.52	152.56	200	50	1,000
Kosovo: Female	180	218.16	266.21	170	0	3,500
Mongolia (tughrik)	2,152	598.06	8,442.02	60	0	185,000
Mongolia: Male	1,149	700.68	9805.04	64	0	185,000
Mongolia: Female	1,003	480.50	6,543.53	60	0	150,000
Nepal (rupee)	482	3,450.74	2,597.44	3,000	100	25,000
Nepal: Male	353	3,611.36	2,765.51	3,000	100	25,000
Nepal: Female	129	3,011.21	2,013.67	2,500	300	15,000
Syria (S. lira)	515	5,768.40	5,477.09	5,360	0	60,000
Syria: Male	460	5,827.66	5,707.22	5,175	0	60,000
Syria: Female	55	5,272.73	2,897.60	6,000	0	15,000

6.3 Expectations and monthly income distribution

6.3.1 Actual and reservation incomes of employed and unemployed youth

If young people had a fair knowledge of what their peers earned in the labour markets, it could affect the type of job offers they would accept and the duration of active search

period. The SWTS collected an interesting set of information on the reported level of monthly income below which respondents would refuse a job offer. This was asked of both employed and unemployed youth, conditional upon reporting that they had a minimum threshold income.³⁹ Such reservation incomes reflect what young people are expecting as a feasible range of earning levels in the labour market. In this regard, examination of subjective minimum income distributions vis-à-vis the actual monthly income provides some background indication as to whether youth were unemployed because their expectations were too high or whether youth were being paid below what they would have expected. (See appendix 3.A.) Some remarks made below are incomplete and should not be taken at face value, because the distributions of self-reported minimum were conditionally selected upon having had a reservation income and being either employed or unemployed, while the actual income distributions were only conditional upon being employed. Nonetheless, some intriguing pictures emerge that invite further in-depth exploration outside this report.

If unemployed youth had too high an expectation, it begs the question as to why their reservation incomes were “too high” in relation to available income earning opportunities in the market. Such reservation incomes are affected by duration of job search, household incomes and assets, and other individual characteristics, including education attained, sex, age, and past work experience. From section 5, it was noted that unemployed youth reportedly had been unemployed for a fairly long time. In such cases, holding all else equal, the reported minimum reservation incomes are expected to resemble or fall below the distributions of actual earnings.

In general, the actual monthly income was more widely spread than the reported minimum. The distributions were more concentrated for the reservation incomes for both employed and unemployed youth. Recalling table 5.7, the “median” search duration interval was the same between the employed and the unemployed in Azerbaijan. Also, there was proportionally more unemployed youth who had been searching for more than one year. Hence, we would expect the median reservation income to lie below that of the actual income distribution. This is confirmed in the graph for both young men and women. (See appendix 3.A.) However, the difference was very slight for men, indicating that there are other factors that maintain their reservation incomes at a high level. Interestingly, the distribution of minimum income below which currently employed youth would have refused work lay below that of unemployed youth for both men and women. On the surface, it suggests that the unemployed youth in Azerbaijan remained unemployed because their expectations about earnings were still “too high”.⁴⁰

In Egypt, where the “median” search duration interval for the unemployed was higher than for the employed, the reservation incomes of the unemployed is expected to resemble or fall below the employed young person’s income distributions. Surprisingly, this was not the case for young women who were sampled in the survey. (See appendix 3.A.) For young men, reservation income distribution for the unemployed closely resembles income distribution of employed youth, and the median lie at roughly the same place. However, for young women, reservation income distribution of the unemployed lies above the income

³⁹ It has been repeatedly noted that self-reported reservation incomes/wages are not reliable and lack objectivity. Nevertheless, collection of subjective information on reservation incomes/wages may still be worthwhile to better understand the labour market outcomes. See, for example, K.I. Wolpin, *Empirical methods for the study of labor force dynamics*, Fundamentals of Pure and Applied Economics, Vol. 60 (Harwood Academic Publishers, Luxembourg, 1995).

⁴⁰ Such indication, however, is not conclusive because of selection bias and because other factors that affect reservation and actual incomes were not taken into account.

distribution of working women, and the median lies at a higher level than the median earnings of employed women. Another notable feature for Egypt is that the distribution of actual and reservation income for employed men and women had similar medians, but the reservation income distribution was at a slightly higher level. Youth faced a tendency to earn below what they would have wanted to earn. Nepal had a similar distribution pattern. In the Nepalese case, the differences between the distributions of actual and reservation incomes for both men and women were more accentuated than in Egypt.

The Mongolian income distribution shows what we would have expected for both men and women, given that on average, the duration of unemployment was long (6 months to 1 year), while the duration of search for employed youth was extremely short (1 to 4 weeks).

6.3.2 Actual and reservation income by employment status

Reservation incomes can affect employment status of young people. Similar examination of the distributions of actual and reservation incomes across different employment status was undertaken. (See appendix 3.B.) In Azerbaijan and Mongolia, on average, youth in wage employment tended to earn better than the self-employed. The gap between the median reservation and actual income was positive for both the wage employed and the self-employed. This gap was bigger for youth in wage employment, indicating that wage employment offered better earnings prospects. In Egypt, self-employment was associated with higher monthly income, on average. Those who entered self-employment also had a higher median reservation income than youth who took up wage employment. Youth in Egypt were likely to have chosen self-employed because of better earning prospects and, as such, showed higher reservation incomes. In Azerbaijan and Mongolia, engagement in self-employment could have been due to limitations in alternative employment opportunities. Knowledge of earning prospects in the market and reservation incomes can strongly influence young people's choice of status in employment.

6.3.3 Actual and reservation income by transition status

Looking at transition status, youth who had completed the transition and were thus in a fixed-term or satisfactory job tended to earn more. (See appendix 3.C.) Job satisfaction and security are likely to be highly correlated with earnings. However, in relation to reservation incomes, there were some country-specific variations. In Azerbaijan and Mongolia, the reservation income distribution of both transited and in-transition youth lay below that of actual income distribution. The opposite was the case in Egypt and Nepal. The gap in the median actual and reservation income was larger for transited youth in Egypt, while the same gap was larger for youth in transition in Nepal. One interpretation is that in Egypt, those who managed to transit had traded off their entry point income expectations for satisfaction or security, as well as subsequent future expected incomes such jobs are likely to generate. In Nepal, youth had remained in transition because their entry point income expectations were still considerably higher than what the labour market could actually offer.

The above cursory examinations raised numerous issues and invite further analysis on the relationships between earnings, incomes, duration of search, reporting errors, selection bias, and other factors that affect actual and reservation incomes. More needs to be examined to understand why some youth would choose to stay out of jobs and keep searching. Further analysis would also clarify some of the underlying dynamics between expectations and types of employment engagement in relation to jobs available in the market. Such in-depth analysis is unfortunately beyond the scope of this report. Further descriptive examinations of the determinants of earnings, however, are provided below.

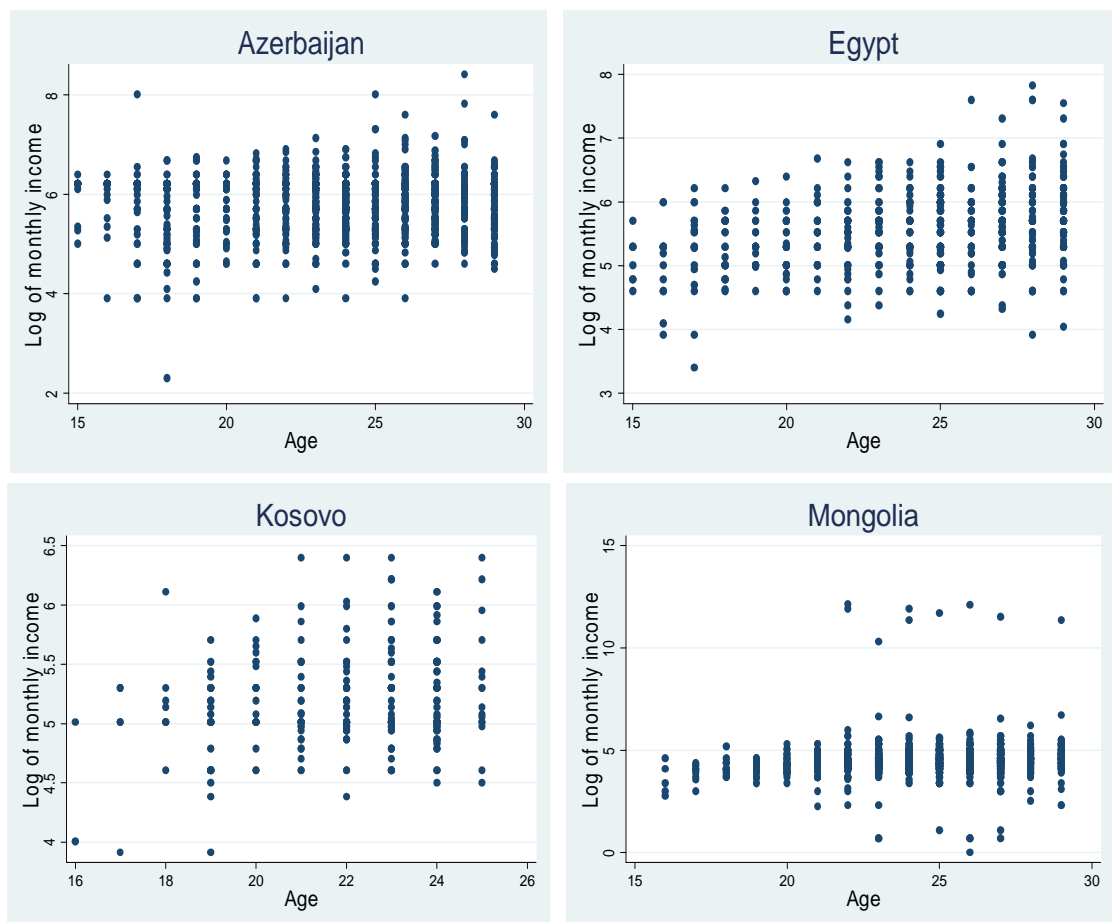
6.4 Descriptive analysis of monthly income

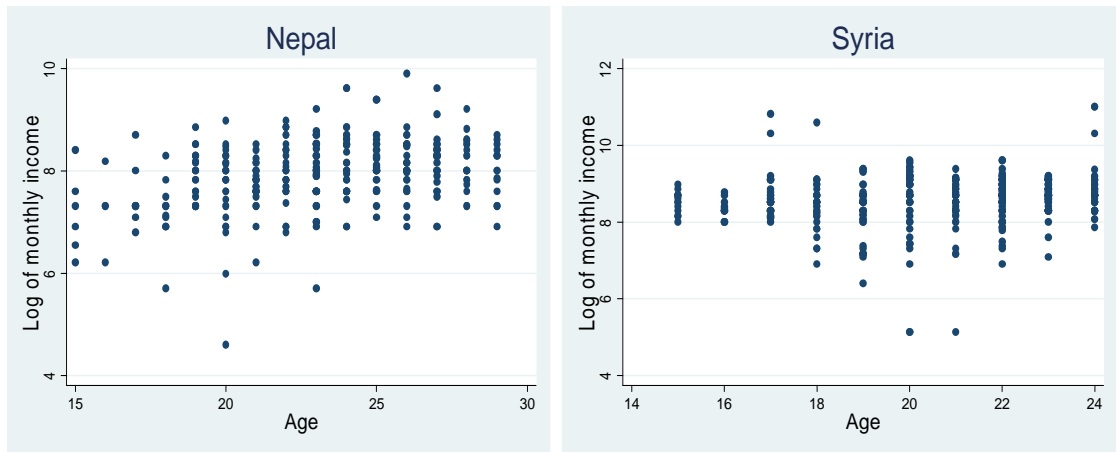
This subsection presents the relationships between earnings and other background variables such as age, training, union membership, duration of holding current job, and usual hours of work per week. From this subsection onwards, only a sub-sample of wage employees are examined, because monthly incomes of the self-employed are difficult to interpret or compare against the wage employed.

6.4.1 Monthly income and age

Age reflects the accumulated knowledge and practical ability of the individuals in the world of work, and to a lesser extent, age acts as a proxy of education attained. Older youth are likely to be more productive and as a consequence, should earn more. As noted previously, the SWTS collected information only on youth aged 15 to 29 years (except Kosovo and Syria, 15 to 24 years). Even though the age range is narrow, the expected relationship between monthly incomes and age is positive. However, this was not obviously the case in some of the countries covered. (See figure 6.1.)

Figure 6.1 Monthly incomes and age





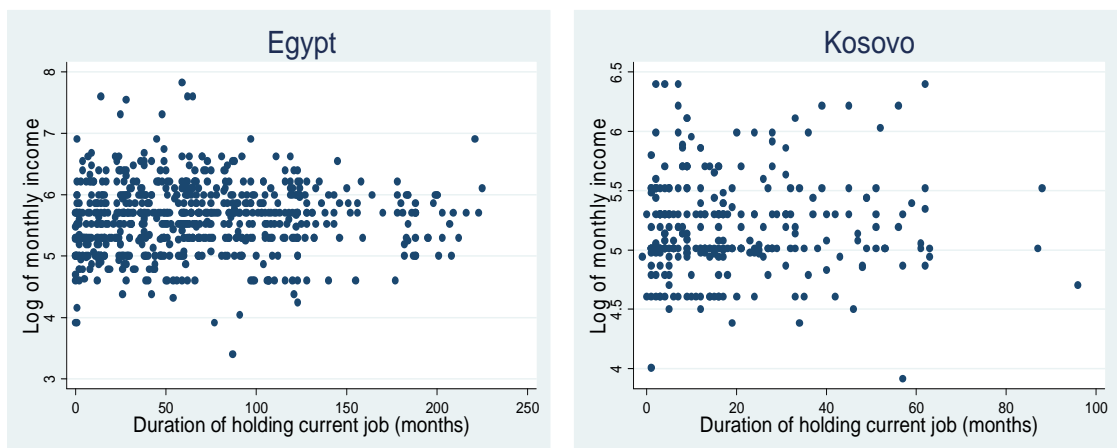
The positive relationship between earnings and age is not clearly established.

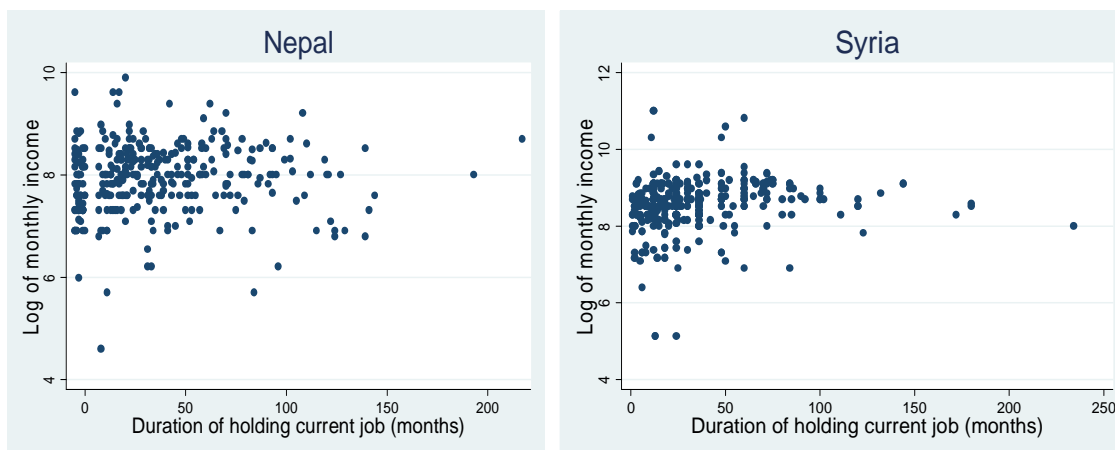
The upward positive relationships can be observed for Egypt, Kosovo and Nepal. In the case of Azerbaijan and Mongolia, the upward relationship tended to be more moderate, and in Syria, there seemed to be no obvious positive relationship. In the Egyptian and Mongolian case, and to a lesser extent in Azerbaijan and Kosovo, the variance of monthly income earned seemed to increase with age. While some older youth earned more as they gained experience in the labour market, some remained earning what their younger counterparts were earning. Hence, during the relatively short time span between 15 and 30 years of age, earnings prospects do not dramatically improve as youth gain more experience.

6.4.2 Monthly income and tenure

The survey data allowed for an approximation of duration of tenure in the current job for Egypt, Kosovo, Nepal and Syria. Its relationship to monthly income was also examined. The expected relationship was once again positive, since the longer a young person has been on the same job or at the same workplace, the more productive s/he is expected to become, which in turn would exert upward pressure on earnings from work. However, there were some ambiguities in this relationship in the SWTS results. (See figure 6.2.)

Figure 6.2 Monthly income and duration of holding current job





Some positive relationships can be observed at a lower range of tenure. As information on a longer range of tenure is included, the relationship seems to flatten out. While there may be some prospects for improved returns by engaging in the same activity over a period time, it was not necessarily the case. There were also youth who were engaged in the same activity for a long period of time without necessarily earning more.⁴¹

6.4.3 Monthly income and training

Youth who were trained for current job tended to earn more but trade union membership was not positively correlated with higher earnings in most cases.

Another relationship of interest is whether young people who had been trained for the current job earned more than those who had not received such training. (See appendix 3.D.) In almost all countries covered, youth who received training for their current jobs tended to earn more. The media monthly income of trained youth lay slightly above the median of untrained youth. Provision of job-specific training is highly important to improve the productivity and earnings of young workers, and more needs to be encouraged.

Membership in trade unions is also expected to have some effect on incomes of young workers. In general, it is expected to be positive. If young workers belong to a union, they can, in theory, exert greater collective pressures for higher earnings. (See appendix 3.E.) In general, the variability in incomes was smaller for a member of a trade union than for non-members. Nepal was the only country where an obvious positive relationship between income distribution and trade union membership could be observed. In Egypt, Kosovo, and Mongolia, the effect seemed to be negligible. In Azerbaijan and Syria, the median incomes of trade union members were slightly below those of non-members. This may be due to a considerably smaller number of observations for trade union members than for non-members.

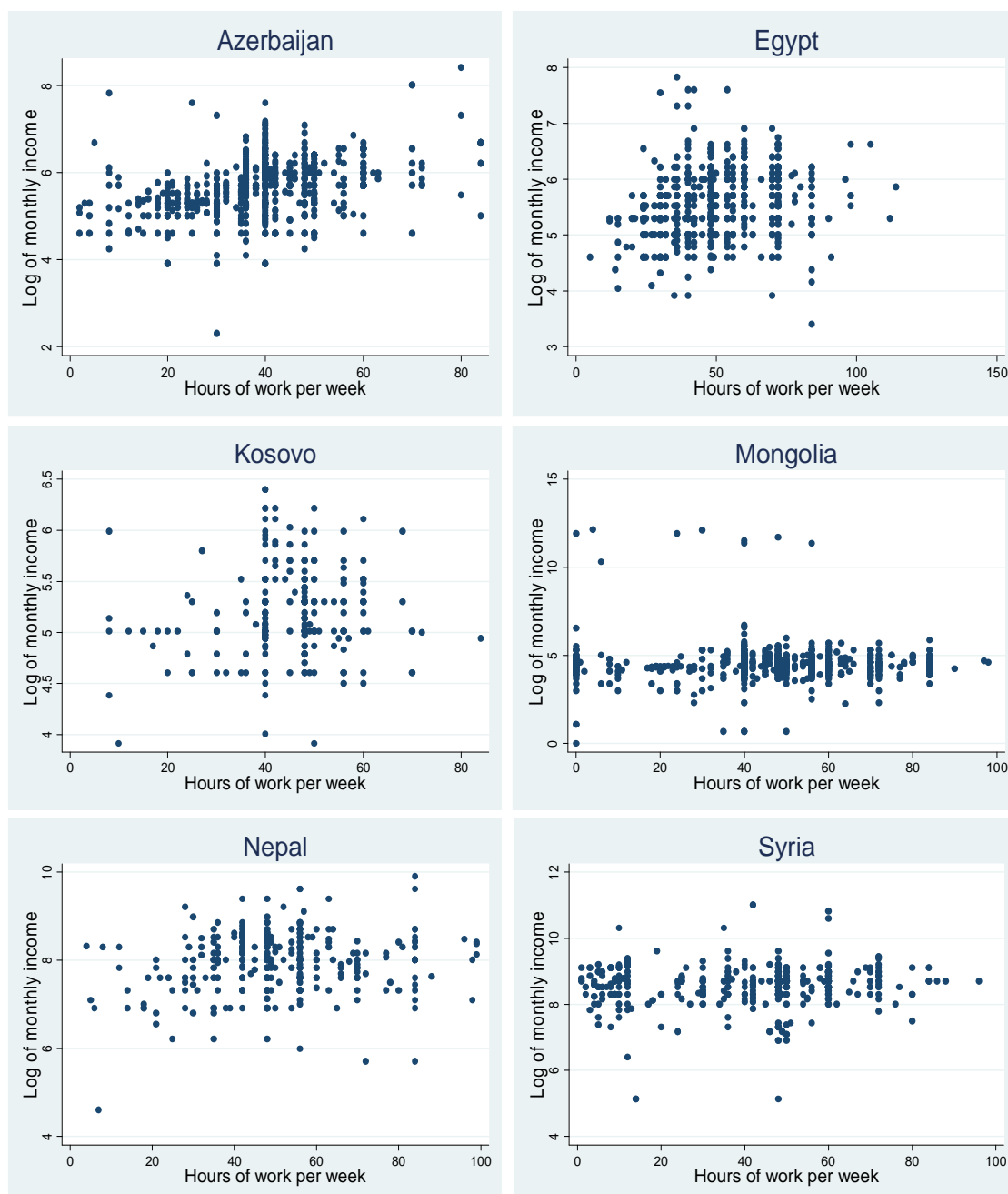
6.4.4 Monthly income and usual hours of work

Some youth were working very long hours in unproductive jobs that did not accumulate to larger returns at the end of the month.

⁴¹ However, the data is cross sectional, and there are possibilities that an individual's longer engagement in the same activity had indeed resulted in higher earnings than in the previous periods.

The relationship between monthly income and the usual hours of work per week provides a first snap shot at estimating the productivity of young workers. The expected relationship is an upward sloping curve. However, no such obvious relationships were observed in the data. (See figure 6.3.) In Azerbaijan and Egypt, the relationship was positive, while in other countries, there were no obvious relationships. This may be due to considerable reporting errors in either the usual hours of work per week or monthly incomes, or it may be the case that hours of work vary significantly from one week to another. One indication is that no matter how long youth worked, their total earnings at the end of the month did not change considerably. It is likely that a significant proportion of young people were engaged in unproductive work, taken up as an only option to earning some income.

Figure 6.3 Monthly income and usual hours of work per week



6.5 Descriptive analysis of wages

The factors that influence wages considered here include: demographic characteristics of individuals, whether or not respondents received training for doing current job, establishment characteristics, job finding method and reported duration of search before finding current job.⁴²

In understanding factors that influence wages in relation to labour market policy actions, the usual coefficient of interest in the literature would have been that of job training.⁴³ The existing literature that analyzes the impact of job training on earnings is rife with the issues of endogeneity of this coefficient. The basic argument against a simple linear estimation procedure is that training is provided in a non-random manner. In other words, people who can either arrange to train themselves or to whom the employers would willingly provide trainings are also likely to be high in their observed and unobserved ability. Hence, they are likely to earn more than others in the absence of training. Because individual ability can never be perfectly observed, the coefficient on training would be biased upwards, and the impact of training on earnings would seem to be much higher than is truly the case. The relevance of such argument from the point of view of ensuring decent employment opportunities is that there is a need to provide more training opportunities for people with more constrained capabilities. A much more explicit effort is necessary to provide training to workers other than those who have higher prospects of generating better outcomes and performances.

One of the standard practices of dealing with inconsistent coefficient estimates is to instrument for the likelihood of being trained, and conduct a two-stage estimation.⁴⁴ Such estimations require involved techniques and an inspired knowledge of the potential instruments, and they were not attempted for this report. Instead, as a first step, a simple linear regression results are presented in table 6.2. The table merely describes the sign and the significance of the coefficients estimated. The derived “wage” data may suffer from some measurement or reporting errors, but as long as it is used as a dependent variable, the implications for the estimated coefficients and the standard errors would not be serious.⁴⁵ The focus was shifted to examining the associations between the estimates of currently earned wages and the way in which young workers got their current jobs or the duration of job search period before getting their current jobs. The sub-samples analyzed consist of youth in wage employment.⁴⁶

⁴² The “wage rate” was roughly derived from the information on monthly income, by dividing the reported monthly income by four, and then dividing this figure by the reported usual hours of work per week. Such procedure is indeed very unrefined since it presumes that the reported usual hours of work would be repeated over the weeks in one month. Nonetheless, it still provides some indications of who were likely to be earning more. The discussion in this subsection refers to the derived hourly earnings as “wages”.

⁴³ Coefficient on trade union membership has also been a focus of many empirical analyses. However, from the previous examination of income data, not much can be expected from examining this relationship, and it was not considered as one of the determining factors here.

⁴⁴ In a related literature on returns to education, see for example J. Angrist and A. Krueger: “Estimating the Payoff to Schooling Using the Vietnam-Era Draft Lottery”, NBER Working Paper No. 4067, May 1992, where the applied instrument was random lottery drafting procedure used to enlist people for the Vietnam War.

⁴⁵ This is true, as long as the measurement errors are uncorrelated with the covariates. In realistic terms, such assumption is probably untenable in many instances. For example, younger youth may have a higher likelihood of misreporting their monthly income or their usual hours of work than the older ones.

⁴⁶ The estimated equations are: $\log(\text{wage}_c) = \mathbf{x}_c \boldsymbol{\beta}_c + u_c$, where \mathbf{x}_c includes $N_c \times M_c$ descriptive determinants. N refers to total number of observations, and M refers to the number of explanatory variables used. In addition to the reason for cross-country incomparability of groupings of job finding channels that were pointed out in section 5, the estimated results here are also incomparable across countries because the explanatory variables included are different. Mainly for reasons of consistent presentations, a similar set of explanatory variables are included. The full estimation results are presented in Appendix 6.F.

The motivation for including job search variables as factors that influence earnings is as follows. There can be a relationship between how well a young worker earns and how they got into their current employment. Taking the default intermediation channel of social ties as example, obtaining jobs through such ties might lead to higher chances of inter-linked contracts.⁴⁷ If a young worker finds jobs among his relatives or close friends, s/he could be paid less than what others would have earned for the same job in the market. This may occur if the employer was willing to engage in riskier financial ties such as advance payments or loans at low interest with the young worker because s/he is less likely to default. Alternatively, from the literature on work effort and monitoring, closely knit social ties between employers/managers and young workers would imply less need for close monitoring of work effort. This would occur when the employers/managers can indirectly exert disciplinary pressures through young workers' social circle. In such cases, youth who got jobs through social ties can earn more than others for undertaking equivalent jobs since they generate savings on monitoring costs. One of the above stories would be empirically reflected with SWTS data if the starting wages are strongly correlated with what the workers would subsequently earn, and this presumption is not so far fetched. Hence, there is some plausibility that a relationship exists between channels into jobs and what a young worker would be earning, but its strength and nature are unknown and is expected to vary considerably across localities.

Another possible relationship has to do with the duration of job search before finding current work. In a traditional interpretation of search theoretic models with finite search period and non-stationary reservation wages, the longer a person had to look for a job, the lower his/her reservation wages would be. Hence, if an individual had searched for a long period of time, s/he would accept lower starting wage and face a higher likelihood of earning less than those who searched only for a short period of time.

As with training, the estimated coefficients are likely to suffer from inconsistencies due to endogeneity in a simple linear estimation. The adopted job search method is a choice variable by itself, to the extent that options for search strategies are indeed available. The duration of search is also a choice variable to some extent, if there were at least some job offers in the market. Nonetheless, the primary interest in this report is to explore if any associations between earnings and search variables can be observed and if so, the likely directions of the relationships. There were considerable variations across countries in the relationships to earnings examined. Such heterogeneity partially reflects different sampling schemes used, and, partially, the differences in labour market institutions across the countries. (See appendix 3.F for the country by country results. Discussions in subsections 6.5.1 to 6.5.6 are based on appendix 3.F.)

6.5.1 *Wages by sex*

In Azerbaijan, Egypt and Mongolia, being male was positively associated with wages. In Kosovo and Nepal, however, the wages differentials between young men and women were not statistically significant. In Syria, there was a negative association, but as noted at the beginning of the section, this is probably due to the highly selective cases of women working at all and in wage employment.

6.5.2 *Wages by education*

In terms of educational attainment, having more than a university education was significantly positively associated with earnings in almost all the countries, except in Syria.

⁴⁷ P. Bardhan: *The economic theory of agrarian institutions* (Oxford University Press, Oxford, 1989).

Being a university graduate seems to be a guarantee for getting into high paying wage employment, especially in Azerbaijan and Egypt where returns to secondary education was not clearly observable. Having technical or specialized education was associated with more wages only in Mongolia and Nepal.

6.5.3 *Wages and job finding method*

Job finding methods had some impact on wages in Azerbaijan, Egypt, Mongolia, Nepal, and Syria. The directions of effects in relation to direct job applications and contacts differed across countries. In Azerbaijan and Syria, the effect of getting jobs through social ties on wages was negative. It indicates that social ties constituted a job search strategy of last resort in these countries. There were no cases where the relationship between wages and finding jobs through family and friends were positive. Hence, while social ties can channel youths into jobs effectively, the kind of jobs obtained through such ties were likely to have been jobs with low returns.

If youth found jobs through public employment services, the effect on wages was positive in Azerbaijan and negative in Egypt and Mongolia. On average, types of jobs mediated by the public employment services had higher earnings prospects in Azerbaijan, while opposite may have been the case in Egypt and Mongolia. Hence it might make sense to further extend public services in Azerbaijan to young workers. In Egypt and Mongolia, the reason for the negative relationships can be varied and requires further investigations. In general, it indicates some need for reviewing the operation and the scope of activities undertaken by existing public employment services. In the case of Mongolia, public employment services seem to be one of the institutions unemployed youths visit in the rural areas. (See figure 5.3.) It is possible that the kind of jobs mediated by public services in the rural areas is low in pay.

6.5.4 *Wages and duration of search*

Duration of search significantly affected current wages in Azerbaijan and to a lesser extent in Kosovo. In Azerbaijan, a very short search period of less than a week or longer search periods of more than one month had a significantly positive impact on earnings. In Azerbaijan, a very high proportion of youths found jobs through public employment services in less than a week (41 percent). (See appendix 2.C.) And based on the above discussion in subsection 6.5.3, finding jobs through public employment services had a positive impact on wages in Azerbaijan. Public employment services indeed seem to function well for youths who have access to such services. The fact that longer search duration also paid off in terms of wages in Azerbaijan requires further investigation. In general, the relationship was expected to be negative, at least for youths who had been looking for jobs for a long time (e.g. over one year). Longer search period might have paid off for Azeri youths who are seeking and waiting for jobs with better pay. In Kosovo, the longer search period of more than six months had a negative impact on wages, as expected. In all other countries, duration of search and current pay was not significantly related.

6.5.5 *Wages and job training*

Youth who were trained for doing current jobs earned more in Azerbaijan, Egypt, and Kosovo. It was also weakly the case in Nepal. Job-related trainings, whether provided on-the-job or otherwise, do pay off for the individuals concerned. Devoting much more effort to provide training will contribute further to raise young workers' productivity and earning prospects. Who should foot the cost of such training is debatable and needs to be subjected to constructive dialogue between the parties involved in each instance. Youths who are able to pay for themselves or who can rely on family for funding are automatically in advantageous position in the labour market. Youths who can gain access to establishments

who can partially or fully provide training are also in advantageous position. Unless if earnings and productivity of young workers are systematically unrelated, supporting disadvantaged youths who do not have the means of providing for their own trainings would pay off by increasing their productivity and by improving their welfare in terms of their earnings. Finding ways of organizing training for disadvantaged youths, whether through greater public interventions, through involvement of socially responsible training institutions or through alternative cost-sharing and incentive mechanisms, forms a critical part of promoting decent work for youth.

6.5.6 Wages and establishment characteristics

In terms of establishment characteristics, youth working in registered establishments earned more only in Azerbaijan. In other countries where this information was collected, there was no statistically significant relationship. Other than Azerbaijan, the lack of relationship is somewhat surprising because unregistered establishments form a subset of informal operators, and youths working in informal establishments could be expected to earn less.

Generally, establishment size had a positive impact on wages, although the relationships were not as strong as expected in Mongolia and Syria. In Azerbaijan, youths working in establishments with more than 20 workers were not paid significantly more than youths working in small establishment with less than 5 workers. The positive relationship between establishment size and wages was strong in Egypt and Kosovo. The apparently weak relationship between wages and establishment sizes in Mongolia and Syria can be reflecting the hard situation that the bigger establishments are facing in the two countries. In Mongolia, what young people earn were strongly driven positively by educational attainment, while in Syria, channels of getting into jobs were some of the few variables that influenced differences in wages.

6.6 Summary discussion

This section examined the relationship between current actual incomes and reservation incomes by employment status and transition status. It was followed by an examination of returns to work and its relationship with some of the demographic, labour market and establishment characteristics of the respondents.

In terms of expectations and actual earnings, a diverse set of situations prevailed in the countries covered. As noted in the subsection, not too much should be interpreted from the presentation due to reporting errors and different conditioning sets. Nonetheless, the gaps in earnings for young men and women in relation to their minimum threshold earnings in employment and unemployment raised some issues on whether some young people were possibly trading off or adjusting their reservations incomes to get into employment, taking lower wages than they felt to be their due return. Examining the same data by transition status further supported the premise that some young people traded off their expected earnings for more secure jobs and the hope of better future earning prospects. Those who completed their transitions, and were thus in fixed-term or satisfactory work, earned more, on average, as expected. In some countries, being self-employed seemed to result in higher earnings, on average, than being in wage employment.

In almost all countries examined, young men earned more than young women. But with respect to other possible determinants of monthly income, such as age and tenure, relationships to the earnings of young workers were less clear-cut. Increased returns to productivity that presumably would have occurred given age and tenure of the worker did not take place all the time. Neither was there an obvious relationship found between monthly income and the usual hours worked per week. It indicates that some youth were

working very long hours in unproductive jobs which did not accumulate to larger returns at the end of the month.

In terms of job search variables and returns to work, there were considerable variations across countries, as expected. No strong relationships could be observed between the reported duration of search and current earnings in almost all countries, except Azerbaijan. In terms of search method, the baseline search method was finding jobs directly through direct applications and contacts. Where there was a relationship at all, finding jobs through family and friends was associated with lower current earnings. It supports the view held in section 5 that more policy actions are needed to improve the welfare and earning prospects of young workers. Leaving the markets to default intermediation mechanisms of social networks would constrain the prospective job opportunities for disadvantaged youths within the confines of their existing social boundary. On the other hand, public employment services had a positive impact on earnings only in Azerbaijan. A revision or extension of public services, where provision of training forms a critical component, is in order in many of the countries covered, to ensure equitable employment opportunities for youth.

7. A further note on discouragement and inactivity

Not every young person decides to stay active in the labour market all the time. A large majority engage in household chores to keep the household running. This is especially true for young women, whether by economic decisions or by social norms. If the job opportunities available were limited, it may make economic sense to remain inactive and contribute to running the household rather than actively search for jobs or make arrangements to start one's own business. If work is only available on a seasonal basis – harvest time in an agricultural area, for instance – and travelling to nearby urban areas during off-seasons to look for work entailed risks and costs, again, it might make sense for some household members to stay inactive at least on a seasonal basis. Hence, in the absence of unemployment benefits or any other form of social entitlements that protect and encourage youth to stay active during hard times, inactivity may be the only choice left for some young people.

Inactivity can also reflect a general lack of economic development in the specific localities of their residence. It has been noted that unemployment may not be the most telling labour market outcomes in many developing and emerging economies. From such view points, inactive youth arguably represent one of the vulnerable segments in the working age population.

The SWTS collected some information on why young people may decide to be inactive. A subset of discouraged inactivity, as against inactivity due to other personal/household reasons, can be distinguished. Because the inactive population tend to fall out of the standard labour market analysis, precisely due to their inactivity, not much is known about whom they are and the reasons that induced them to be inactive. For this reason, this section explores a limited set of basic factors that can drive youth into

inactivity.⁴⁸ (See also section 3.5.3 for a basic introduction to the concept of discouragement.)

The determinants of inactivity considered are individual and household characteristics. The individual characteristics include sex, age, urban-rural distinction and educational attainment. Preferred type of work was also included to capture individual preferences that would otherwise not be known. The household characteristics include the average monthly household per capita incomes excluding that of the respondent, the occupations of father and mother and whether or not the respondent has a child. The motivation behind including the information on household characteristics is to examine whether or not a sufficiently high per capita income at the household level, excluding the income of the individual in question, would induce a young person to stay out of the external labour market and contribute instead to running the household. Alternatively, if the household as a unit was not earning sufficiently well, youth may be pushed to start working. The countries covered below are those where the information on household monthly income was collected as a continuous variable: Azerbaijan, Mongolia, and Nepal. (See appendix 4.A for country-by-country marginal probit estimation results.) Only the signs of the coefficients of a selected set of variables that were found significant are presented in table 7.1.⁴⁹

Table 7.1 Determinants of inactivity, out-of-school youth

Dependent variable (probability of being inactive)	AZE	MON	NEP
Individual characteristics:			
Male	- at 1%	- at 1%	- at 1%
Age	- at 1%	- at 1%	- at 1%
Urban	+ at 1%	+ at 1%	- at 1%
Education: more than primary	- at 1%	- at 1%	- ^a at 1%
Household characteristics			
Log of household “per capita” income, excl respondent	+ at 1%	+ at 1%	+ at 1%
Whether or not has a child		+ at 1%	+ at 1%

a. It was negative at 1% for college and university graduates and negative at 5% for vocational school graduates.

In all cases, being male or older was associated with a lower likelihood of becoming inactive. Living in urban areas also affected the probability of becoming inactive. From one perspective, urban areas represent a concentration of job opportunities available with more limited seasonal effects than in the rural areas. In such circumstances, it may make sense for youth without a job to actively look for one. From another perspective, living in urban areas can also mean that not every person in the urban household has to work to survive because incomes earned per person would be greater and more stable. The former situation might have prevailed in Azerbaijan and Mongolia, while in Nepal, the latter situation may have prevailed.

In line with expectations, higher per capita household income had a positive impact on probability of becoming inactive. And having a child had a positive impact on becoming inactive in Mongolia and Nepal, most probably driven by the need to take care of children. (See also section 3.4.2 on activity status of youth by parental situation.)

⁴⁸The determinants of inactivity were estimated using simple probit models for the sample of out-of-school respondents, of the form: $P(y_{ic} = 1 | \mathbf{x}_{ic}) = \Phi(\mathbf{x}_{ic}\boldsymbol{\theta})$, where $y_{ic} = 1$ if the youth were inactive and 0 otherwise and Φ follows a standard normal distribution. As with linear regressions, estimation of these simple models provides an indication of association between the explanatory variables \mathbf{x} included and the probability of becoming inactive, and would neither give a “true” magnitude of the relationship nor a causal relationship.

⁴⁹ Kosovo and Syria did not have any household income data, either as continuous or categorical variables and are excluded from the analysis.

Further efforts were made to estimate the probability of being inactive due to discouragement. The selected sub-sample consisted of active and discouraged youth, and the same set of explanatory variables were used. Motivation for the selection of the sub-sample was that discouraged inactive youth were driven into inactivity due to existing labour market conditions as against personal or household needs. The signs of the coefficients of a selected set of variables that were found significant are presented in table 7.2. (See appendix 4.B for country-by-country marginal probit estimation results.)

Table 7.2 Determinants of discouragement, active and discouraged youth

Dependent variable (probability of being discouraged)	AZE	MON	NEP
Individual characteristics:			
Male	- at 1%	- at 5%	- at 1%
Age		- at 1%	- at 10%
Urban	+ at 1%		- at 5%
Education: Less than primary (base)			
Education: Secondary	- at 10%		
Education: Intermediate		- at 10%	- at 1%
Education: University+	- at 1%	- at 1%	- at 1%
Education: Vocational		- at 10%	..
Household characteristics			
Log of household "per capita" income, excl respondent	+ at 1%	+ at 1%	+ at 1%
Whether or not has a child	- at 1%		

The estimation results capture some of the diversities across countries covered. Being male was associated with lower probability of becoming discouraged in the three countries. In Mongolia and Nepal, older youth also faced a lower probability of becoming discouraged. This indicates that older youth, possibly due to their past experience and knowledge of the world of work, were more likely to be part of the active work force. Being in an urban area had different effects on the probability of becoming discouraged in Azerbaijan and Nepal. In Azerbaijan, urban youth faced higher chances of becoming discouraged, while the opposite was the case in Nepal. In the Azeri case, discouragement for urban youth may have been driven by the acquired knowledge of limited employment opportunities in the urban areas, while it may have been the limitations in rural employment opportunities that led to discouragement in Nepal.

Educational attainment generally had a negative effect on the probability of becoming discouraged. Having vocational education lowered the chances of becoming discouraged in Mongolia. Hence, having higher education tended to provide more incentives for youth to stay active in the labour force.

Household "per capita" income had a positive impact on the probability of becoming discouraged in all cases covered. One possible interpretation of this observation is that discouragement is a sign that the youth still wanted to be part of the active population but could afford to remain outside of the labour market without investing into the job search process if financially supported through the household unit. Having a child lowered the probability of being discouraged in Azerbaijan, possibly because it generated greater needs to earn income in the labour market.

The above discussion reflects some generality and diversity of economic and social situations that prevailed in the countries examined. Within each country, a richer analysis to clearly disentangle the surrounding economic climate and the household and individual effects is in order. This ideally requires information gathering from sources external to the surveys in order to better account for external economic factors that affect the availability of jobs in the locality.

8. Conclusions

In the following subsection, some basic labour market indicators are presented along with concise summaries of the youth employment situation in each of the SWTS countries.⁵⁰ Attention is then turned (in subsection 8.2) to some general conclusions and policy implications and finally to a discussion of the future of the SWTS tool itself (in 8.3).

8.1 Summary of youth labour markets at the country-level

8.1.1 Azerbaijan

Youth policies in Azerbaijan are well-defined, far-reaching – touching aspects of education reform, economic conditions and physical development and health – and have been fully integrated into the overall government programme for at least the last ten years. This begs the question of whether government interventions and relatively strong labour market institutions are reflected in the youth labour market as measured with the SWTS. Looking at the results in the table below, we see that it is true that the youth unemployment rate at 19 per cent was not especially high and the long-term unemployment rate of 9 per cent was the second lowest among the eight countries examined here (above Mongolia). At 27 per cent, the share of youth who had completed the transition was also relatively high compared to the other countries, behind only that of China.

Table 8.1 Basic labour market indicators for youth in Azerbaijan (2005)

	Total	Male	Female
Unemployment rate (%)	19.3	18.0	21.7
Long-term unemployment rate (%)	9.2	9.6	8.6
Labour force participation rate (%)	47.2	56.9	36.2
Inactivity rate (%)	52.8	43.1	63.8
Share of sample population in:			
Employment (employment ratio)	38.1	46.7	28.3
Unemployment (unemployment ratio)	9.1	10.2	7.8
Inactivity and not in school	26.5	17.2	37.0
Education	26.3	25.8	26.8
Stage of transition (as % of population):			
Transited	26.5	29.8	22.7
In transition	36.8	41.1	31.9
Transition not started	36.7	29.0	45.4

Source: SWTS

But still there are signs of weaknesses in the youth labour market in Azerbaijan; educational enrolment is possibly lower than it could be, with those who dropped out early

⁵⁰ Readers are reminded that the SWTS samples were only national in scope in Azerbaijan and Mongolia and that caution should therefore be used in the interpretation of the resulting indicators presented in the subsequent subsections. As a minimal validity check, the statistics were compared against existing official statistics available in the ILO *Key Indicators of the Labour Market* (KILM) dataset (downloadable from www.ilo.org/kilm). Data presented in summary tables here proved to be remarkably similar to the indicators presented in the KILM with the exception of the employment-to-population ratio of youth in Nepal that is much lower in the SWTS sample, probably as a result of overrepresentation of students in the sampling frame.

doing so for economic reasons (subsection 3.9). Job reservations among youth in the country have proved to be higher than in other countries (subsections 3.5.4 and 6.3). Youth who refused to take up available work are therefore likely to make up a portion of the comparatively high share of youth who were neither economically active nor in school (at 27 per cent). Making use of social networks for searching and gaining employment remains the most used method; however, the results in this paper show that the method is not necessarily the most efficient in terms of both the length of the job search and potential earnings. The youth who made use of public employment services found jobs quicker and ended in higher paying jobs than youth who found work through social networks.

8.1.2 China

In the short run young people are faced with notable employment problems. According to the ILO *Global Employment Trends for Youth*,⁵¹ every year the country copes with an astounding number of labour market entrants. One report reminds us that within the government's 10th Five-year Plan (2001-2005), the country has had to account for 11.9 million labour market entrants annually, compared to the previous five-year plan (1996-2000) when the number was 9.1 million. Add to this the existing urban unemployed and rural-to-urban migrants and the number comes to more like 23 million. What this means is that even with an impressive GDP growth of 8-10 per cent per year, there is certain to be a resulting gap between the number of jobs that can be created (estimated at 7 to 8 million per year) and the number of persons looking for a job.

Table 8.2 Basic labour market indicators for youth in China (2005)

	Total	Male	Female
Unemployment rate (%)	22.3	25.3	19.2
Long-term unemployment rate (%)	15.6	n.a.	n.a.
Labour force participation rate (%)	58.4	59.7	57.2
Inactivity rate (%)	41.6	40.3	42.8
Share of sample population in:			
Employment (employment ratio)	45.4	44.6	46.2
Unemployment (unemployment ratio)	13.0	15.1	11.0
Inactivity and not in school	5.4	3.7	7.1
Education	36.2	36.6	35.7
Stage of transition (as % of population):			
Transited	27.4	28.0	26.7
In transition	34.7	34.0	35.3
Transition not started	38.0	38.0	38.0

Source: SWTS

SWTS results confirm that unemployment in both numbers and duration has become a problem in recent years as guaranteed employment placement services are replaced by a more market-oriented employment system. The situation is exacerbated by the fact that neither the expectations of young labour market entrants (still favouring public employment) nor their level of skills have yet adjusted to the changing market needs. The recent market-based employment system gives greater freedom to prospective employees in their choice of employment and more autonomy to employers in determining the salary levels and type of service contracts of their employees. One trade-off in the movement

⁵¹ . See box 6.1 in ILO: *Global Employment Trends for Youth*, October 2008, op cit.

toward deregulation of the labour market has been the loss of security on the part of workers, which is partly reflected in the high share of surveyed young women and men who remain in transition (35 per cent). Lifetime stable employment becomes a rare option for many Chinese youth who instead accept short-term service contracts with State-owned enterprises, employment in private enterprises or engage in self-employment. The quality of employment for those who do work has also been found lacking based on the survey results; many youth are working long hours with little or no entitlements to benefits (subsection 3.6.3).

8.1.3 Egypt

The youth population in Egypt is increasingly well educated, but those leaving school face a situation of a shrinking public sector and increasingly tight private sector. The result is high unemployment (at 29 per cent), including of long duration, and a situation in which an increasing number of new entrants are absorbed into the informal economy, all of which is reflected in the 34 per cent share of surveyed youth classified as in transition with the transition periods at the time of measurement averaging 58 months (nearly five years) and counting (subsection 4.4). Young females in Egypt face a particularly difficult time; they are often limited in their ability to pursue education and participate in the labour market in part as a result of a relatively early marriage age. The 61 per cent share of young women that were both outside of the labour force and not in education is the highest of the eight SWTS countries.

Table 8.3 Basic labour market indicators for youth in Egypt (2005)

	Total	Male	Female
Unemployment rate (%)	28.7	23.8	49.4
Long-term unemployment rate (%)	12.6	10.6	21.1
Labour force participation rate (%)	35.4	58.2	13.3
Inactivity rate (%)	64.6	41.8	86.7
Share of sample population in:			
Employment (employment ratio)	25.2	44.4	6.7
Unemployment (unemployment ratio)	10.2	13.9	6.6
Inactivity and not in school	34.5	7.4	60.6
Education	30.1	34.3	26.1
Stage of transition (as % of population):			
Transited	9.2	15.1	3.5
In transition	33.8	49.2	18.8
Transition not started	57.0	35.7	77.6

Source: SWTS

8.1.4 Iran

The gradual disappearance of traditional society and rapid social and economic change in Iran has resulted in uncertainty and unpredictability in the transition from youth to adulthood. Rigidity in the labour market is driven by a slow-to-dismantle system whereby the government engaged in a “social contract” to provide jobs for the population and has resulted in long spells of unemployment among youth in Iran, measured in years rather than months. According to a recent report, the resulting situation is one in which labour market rigidities and limited employment opportunities for young men and women have created conditions for exclusion of youth despite a low overall incidence of poverty and relatively

high education.⁵² Compared to the other countries examined here, Iran does not look too badly off, having performed better than most other countries in all of the indicators examined in the country tables. But still, as many as 30 per cent of those surveyed remained within the transition stage, and, like in Egypt, young females face a particularly difficult time; while nearly one-third of young males in the country have completed the transition, only 5 per cent of young women could say the same. 44 per cent of young women were neither in the labour force nor in education.

Table 8.4 Basic labour market indicators for youth in Iran (2005)

	Total	Male	Female
Unemployment rate (%)	18.8	15.2	28.5
Long-term unemployment rate (%)	10.1	8.3	14.9
Labour force participation rate (%)	41.3	61.6	21.8
Inactivity rate (%)	58.7	38.4	78.2
Share of sample population in:			
Employment (employment ratio)	33.6	52.3	15.6
Unemployment (unemployment ratio)	7.8	9.4	6.2
Inactivity and not in school	26.5	7.3	44.8
Education	32.2	31.0	33.3
Stage of transition (as % of population):			
Transited	18.1	31.6	5.2
In transition	30.0	34.9	25.2
Transition not started	51.9	33.4	69.6

Source: SWTS

8.1.5 Kosovo

The employment situation in Kosovo is not an easy one. Structural unemployment, a depleted stock of human capital and poor public utilities and infrastructure are still present despite some economic gains in the post-1999 recovery period.⁵³ Unemployment among youth remains at extremely high levels and lasts over long periods (the unemployment ratio at 36 per cent is by far the highest of countries analyzed here). Weak labour demand is the main culprit of high unemployment, inactivity and informal work, and it is women, members of certain ethnic groups and youth who suffer the most. The majority of youth in Kosovo, 59 per cent, remain in transition (the highest share among countries examined here). With limited formal job creation, external migration offers the only solution for many.

⁵² D. Salehi-Isfahani and D. Egel: "Youth exclusion in Iran: The state of education, employment and family formation", Middle East Youth Initiative Working Paper No. 3, September 2007; www.shababinclusion.org/content/document/detail/538/.

⁵³ Information summarized from V. Corbanese and G. Rosas: "Young people's transition to decent work: Evidence from Kosovo", Employment Policy Paper 2007/4 (ILO, Geneva); www.ilo.org/public/english/employment/policy/cepol/download/policy07-4.pdf.

Table 8.5 Basic labour market indicators for youth in Kosovo (2004)

	Total	Male	Female
Unemployment rate (%)	53.2	52.8	53.6
Long-term unemployment rate (%)	22.6	24.8	19.8
Labour force participation rate (%)	67.0	73.0	60.7
Inactivity rate (%)	33.0	27.0	39.3
Share of sample population in:			
Employment (employment ratio)	31.4	34.5	28.2
Unemployment (unemployment ratio)	35.6	38.6	32.6
Inactivity and not in school	11.5	8.4	14.6
Education	21.6	18.6	24.7
Stage of transition (as % of population):			
Transited	16.2	17.4	15.1
In transition	59.2	62.2	56.2
Transition not started	24.6	20.5	28.8

Source: SWTS

8.1.6 Mongolia

The economic and employment situation in Mongolia since the end of the planned economy under Russian authority (1990) has been one of instability and stagnation.⁵⁴ Consequent dismantling of the State sector and the push for privatization private initiative created a period of uncertainty for workers facing reallocation. The manufacturing sector in particular experienced a dramatic process of downsizing in the mid-1990s and has only recently started expanding again. Unemployment has increased because private sector growth has not sufficiently absorbed persons released from the former State sector. Many households find themselves limited to agricultural activities in rural areas as the only means of supporting themselves and their families. Livestock herding has increased in importance as the only means of subsistence and even this has proved risky given recent experiences of harsh winters and summer droughts (which pushed many families back into urban areas where unemployment levels are already high).

⁵⁴ Information summarized from F. Pastore: "School-to-work transitions in Mongolia", Employment Working Paper 2008/14 (ILO, Geneva); www.ilo.org/public/english/employment/download/wpaper/wp14.pdf.

Table 8.6 Basic labour market indicators for youth in Mongolia (2006)

	Total	Male	Female
Unemployment rate (%)	14.5	15.0	13.3
Long-term unemployment rate (%)	7.0	6.9	6.8
Labour force participation rate (%)	38.9	43.6	36.1
Inactivity rate (%)	60.2	56.4	63.9
Share of sample population in:			
Employment (employment ratio)	33.2	37.1	31.3
Unemployment (unemployment ratio)	5.6	6.5	4.8
Inactivity and not in school	18.4	16.1	20.7
Education	41.8	40.3	43.1
Stage of transition (as % of population):			
Transited	10.7	10.5	11.0
In transition	44.1	45.8	42.6
Transition not started	45.1	43.7	46.5

Source: SWTS

The youth unemployment and long-term unemployment rates in Mongolia were lower than all other countries examined for both young men and women. But at the same time, the share of transited youth was one of the lowest at 11 per cent and the share of youth still in transition was among the highest at 44 per cent. What this is likely to mean is that the majority of the youth population in Mongolia cannot afford to be unemployed or discouraged, especially given the early marriage and family-forming customs in the country (subsection 3.4.2). They must take up whatever work is available, regardless of the terms and conditions, in order to support themselves and their families. In fact, the data showed that as much as one-third of youth were engaged in unpaid work within the family establishment (subsection 3.6.2). Where job growth is as limited as it is in Mongolia, the young person, whether male or female, will have little option but to make his economic contribution through an existing household-based operation. This was further confirmed in the examination of transition length in Mongolia: On average, both the young women and men in the in-transition category had entered the labour market as much as seven years (88 months) prior in Mongolia. Even those with university degrees were still classified as in-transition as much as four years after graduation (subsection 4.4).

8.1.7 *Nepal*

Nepal is a poor country although poverty has declined in recent years mostly as a result of remittances sent by a growing number of youth working abroad, mainly in the Gulf and East Asian countries. Every year an estimated 150,000 youth, or about one-half of youth entering the labour market, go abroad for employment. The increased tendency for migration is only one of many negative effects of the on-going conflict situation of recent years. Economically, the non-agricultural sectors suffer from the low business confidence that accompanies political instability. Foreign direct investment, which was never very high in Nepal, is now negligible.

Table 8.7 Basic labour market indicators for youth in Nepal (2005)

	Total	Male	Female
Unemployment rate (%)	22.8	19.2	31.0
Long-term unemployment rate (%)	11.7	9.8	16.0
Labour force participation rate (%)	26.2	39.9	14.5
Inactivity rate (%)	73.8	60.1	85.5
Share of sample population in:			
Employment (employment ratio)	20.2	32.3	10.0
Unemployment (unemployment ratio)	6.0	7.7	4.5
Inactivity and not in school	28.8	7.7	46.7
Education	45.0	52.4	38.7
Stage of transition (as % of population):			
Transited	12.3	20.2	5.5
In transition	36.3	26.4	44.6
Transition not started	51.5	53.4	49.8

Source: SWTS

Young people entering the labour market today do so at a time of very low demand for labour. This could help to explain the low labour force participation and high inactivity rates in Nepal, assuming youth prefer to “hide out” in the education system or can afford to bide their time for improved entry conditions relying on the support of their families. Both the shares of the youth population that were in education (45 per cent) or were inactive and not in school (29 per cent) were higher than for most other countries. Only 12 per cent of youth had completed the transition to fixed-term or satisfactory work in Nepal. This share was much lower for young women (6 per cent) than for young men (20 per cent), as was the case for some other countries examined, namely, Egypt, Iran and Syria. But, unlike these same countries, in Nepal, the female share that remained in transition exceeded that of males (45 versus 26 per cent), so not only are young women less likely to complete the transition, they are more likely to remain in transition.

8.1.8 Syria

Following a decade of economic growth in the 1990s, economic performance in Syria has weakened significantly in recent years. Traditionally, the agriculture and public sectors employ about half of workers in Syria, but in recent years the agriculture sector has started to decline in importance while the share of employment in the public sector continues to increase. As a result, unemployment among youth is extremely high in Syria (57 per cent for young women and 30 per cent for young men) and the long-term unemployment rate was as high as 25 per cent (the highest among countries studied). A recent report points to strong family connections as a main cause for high youth unemployment in the country; strong family support structures are said to allow youth more time to find suitable employment.⁵⁵ Family support could also be behind the comparatively high (30 per cent) share of youth who are neither economically active nor in school. That this group is dominantly female begs the question of whether or not exclusion from the labour force is voluntary or involuntary). The distribution of youth by stages of transition in Syria was not unusual, but what was unique was that it was only in this country that persons with primary (or below) education level only fared better in terms of transition results. It would seem

⁵⁵ N. Kabbani and N. Kamel: “Youth exclusion in Iran: Social, economic and institutional dimensions”, Middle East Youth Initiative Working Paper No. 4, September 2007; www.shababinclusion.org/content/document/detail/537/.

then that in Syria, opportunities for low skilled work remain steady while completion for higher skilled jobs becomes fierce.

Table 8.8 Basic labour market indicators for youth in Syria (2005)

	Total	Male	Female
Unemployment rate (%)	34.3	30.2	57.3
Long-term unemployment rate (%)	25.0	21.5	43.5
Labour force participation rate (%)	43.6	67.9	15.0
Inactivity rate (%)	56.4	32.1	84.9
Share of sample population in:			
Employment (employment ratio)	28.6	47.4	6.4
Unemployment (unemployment ratio)	15.0	20.5	8.6
Inactivity and not in school	30.2	6.3	58.3
Education	26.2	25.8	26.6
Stage of transition (as % of population):			
Transited	11.5	18.6	3.1
In transition	34.8	50.4	16.6
Transition not started	53.7	31.0	80.3

Source: SWTS

8.2 Conclusions and policy implications

In this subsection, the authors attempt to categorize some collective findings of the eight SWTS and to discuss the implications for youth employment programmes and policies.

8.2.1 Main findings

1. Long and never-ending transitions become a common occurrence.

The term “transition” brings with it an implied end point. In the case of the ILO SWTS framework the path for young people is intended to lead from education to a suitable job, with “suitable” measured in terms of contract type and worker satisfaction. The fact of the matter is, however, that in the eight countries analyzed, the transition proved to be not such a temporary stage for the young women and men surveyed. The review of the survey results point to some harsh realities facing youth in developing countries, namely that *a substantial number of youth in developing countries may never complete the transition, at least not until adulthood*. The large shares of youth in transition will become adults in transition and yet another generation of productive potential will remain underutilized as the cycle of poverty and decent work deficits continues.

2. Successful transitions are often correlated with gender.

There are serious gaps in participation rates and transition outcomes between young women and men. In most countries, young women remain much more likely to be neither economically active nor in school. Many young women are not free to pursue the possibility of working outside of the home, and for others, the lack of outside demand for productive work by women, due to social or cultural reasons, is enough to discourage them from engaging in the job search. Most young women who do enter the labour market face a lengthy job search before finally settling into an unsatisfactory job where they will be paid less than men.

3. Better education does not mean easier/faster transition.

Contrary to popular belief, attainment of higher education levels among youth is evidently not enough to improve their chances for an easier and more successful transition.

In most of the surveyed countries, the largest share of successfully transitioned youth had finished their education at the secondary level only. Assuming the scope of formal job creation in these countries continues to be limited in forthcoming years (or possibly becomes even more limited given the current global financial crisis), young people who want (or need) to work will continue to take up whatever work is made available to them, work characterized by informality, low productivity and low wages.

4. Social networks are the dominant labour market institutions used to match the supply and demand for labour, but they do not generate better labour market outcomes.

The survey results clearly showed that informal social ties constituted the predominant labour market intermediation mechanism in all the countries covered. A large majority of youth, regardless of their sex, age, or education attained, enter the labour markets through such means. What this finding implies for labour market outcomes requires further research. It is by understanding existing institutions and their underlying rationale that labour market policy interventions can improve outcomes in the short- to medium-term. It is also a strategic intervention point to moderate the growth in informal employment. In spite of being predominant labour market channels, informal social ties did not perform well in terms of getting youth satisfactory jobs or jobs with some contractual security. The only positive pay off seems to be that youth get jobs faster through social networks. Other intermediary institutions, such as education and training institutions and public employment services performed better. Also, returns to work were poorer if the young person got the job through social ties. This provides good justifications for either directing much more public resources into expanding formal labour market institutions and/or revising the existing public institutions.

5. Determinants of higher earnings varied from country to country.

In the end, was there any conclusive evidence about what characteristics or actions brought about higher earnings? Yes. Being male, having a university degree and having engaged in on-the-job training were all associated with higher earnings. The size of the establishment at which the young person worked was also positively related to earnings.

6. There is some evidence of youth “holding out” for suitable jobs.

Section 6 highlights the need to look deeper into reservations that young men and women bring with them when entering the labour markets and taking up a job offer. Without being conclusive, there were some indications that unemployed youth did indeed have higher “reservation incomes” than currently employed youth.

7. The grey zone of inactivity and discouragement

In relation to inactivity and discouragement, young men were less likely to be inactive and less likely to be discouraged than young women in all three countries presented (Azerbaijan, Mongolia and Nepal). Also, having more than primary education was related to lower probability of becoming inactive or discouraged. This means that the youth who finish education early are exactly those who need to work the most. They most likely cannot afford to be discouraged. Having a university degree unambiguously and significantly lowered the probability of becoming discouraged. At the same time, higher estimated income per household member was positively associated with inactivity and discouragement, which supports the premise that only youth who can rely on the financial support of the household can afford to be inactive. What this implies for the welfare of youth and the household members remains to be explored, in relation to poverty status of the households and external economic opportunities.

8.2.2 *Policy implications*

The fairly gloomy picture portrayed throughout the sections in this paper begs the question, as a policymaker, how does one attempt to change the situation? How does one bring about improvements in the school-to-work transition of young people, increasing the

shares of transitioned youth and shortening the period of transition? The authors attempt only the following vague prescriptions here:

- Basically, the potential for improving employment prospects for young people hinges on the ability of the country to boost the level of aggregate demand through private sector growth and poverty alleviation. **Finding the policy environment that brings about positive results in improving the employment content of growth** is perhaps the most common and most difficult challenge facing governments in developing countries.
- **Timely and relevant labour market information is one element that can ease the policymaking process.** It is the authors hope that the ILO SWTS and this paper as demonstration of an analytical framework can contribute to the process by feeding the national dialogues associated with the design and implementation of national employment programmes that encompass the specific employment challenges of young women and men. The SWTS can help to identify vulnerable groups so that policymakers can take informed decisions that target the right population. For example, knowing who makes up the discouraged youth is crucial for targeting focuses policies accordingly.
- **Putting in place better designed labour market institutions** will facilitate youth's transition to more satisfactory and secure jobs. These can be **public employment services** or facilities and programmes within the education system – **career planning and placements centres** at the secondary or tertiary education level, for example.
- There are short- and long-term measures that can be implemented to **address gender discrimination in labour markets.** Governments can focus on increasing education and training opportunities for women; provide gender-sensitive career guidance information in schools; raise general awareness of the impacts of inequality; set gender targets for participation in public and private employment services; establish support to ease women's household responsibilities such as child-care; etc.⁵⁶
- As training appears to be positively linked to earnings of young workers, governments might focus on **establishing incentives for enterprises to provide training** for employees, targeting especially those who would not normally receive it.

8.3 School-to-work transition surveys: Where do we go from here?

This report shows the usefulness and novelty of information gathered through this survey instrument. It raised many issues that need to be considered in the process of designing, implementing and revising policies directed towards youth employment and young people's relations to the labour markets. Not all analytical angles could be explored due to limitations of space.

There are some lessons learnt from the implementation of the surveys, which could benefit the design of any future surveys. For instance, the definition of transition status and the way the data captured it varied considerably across countries. Also, while a lot of effort was made to collect detailed information on retrospective career paths from the time of first exit from educational or training institutions, much of this segment of the data were not presented in this report due to data errors that were difficult to treat and missing information. Clearly, the questionnaire design needs to be improved in the area of capturing all labour market episodes of the young respondent from the departure of education through the present.

⁵⁶ For more information on promotion gender equality for people of all ages, see the ILO Action Plan for Gender Equality, 2008-09 at www.ilo.org/gender/Informationresources/lang--en/docName--WCMS_092004/index.htm.

The data presented can be further explored through application of different definitions to better capture the concept of transition. For instance, classifications can be sub-classified by applying additional criteria, such as desire to change main job. Applying more criteria complicates the analysis, but at the same, improves the understanding and precision of the analysis.

Additionally, while the data is sufficiently detailed to provide solid justifications to allocate more resources to development and expansion of “public” services in training or job introductions, operational policy messages are difficult to draw out from the survey data alone without gaining a wider picture about the resource endowments, economic climate or institutional information in the sampled localities. Some location-specific information, such as number of schools by types or existence of employment offices, to name a few, could form part of the data collection process. On the other hand, it is likely that the SWTS results would automatically be supplemented with other such administrative information when the process of analysis and policymaking begins.

Finally, because the topic of transitions into the labour market is of interest to a number of international organizations, it would make sense to undertake a coordinated approach in conducting SWTS surveys. Collaboration should not just remain in the international arena, however. Collaboration with national statistical and research institutions would facilitate translation of the analysis into actual policy actions. For sustainability and continued monitoring of the situation, some of the key elements of the stand alone surveys synthesized here can eventually be incorporated to national data collection efforts. (See Box 1 below for the case of Pakistan.)

Box 1 Capturing the school-to-work transition in a national labour force survey: The case of Pakistan

While the eight SWTS discussed in this report were all issued as stand alone surveys, the goal remains to work towards the eventual incorporation of SWTS questions either within national labour force surveys or as modules for occasional attachment to the same. Doing so would allow for collection of data on a more frequent and more efficient basis and would lead to the accumulation of time series of relevant youth transition information, thus strengthening the national capacity to monitor youth employment outcomes.

A successful example now exists: Beginning in 2007, the ILO, through a Labour Market Information and Analysis Project, worked with the government of Pakistan to merge the SWTS into the labour force survey framework. The result: a pilot labour force survey with a SWTS module covering 2,544 households in the district of Faisalabad and a successful analytical report that focuses attention on the lengthy school to work transition process of Pakistani youth. (Ministry of Labour and Manpower: *Pakistan employment trends brief 2009: Labour market situation and school-to-work transition in the district of Faisalabad* (Islamabad, forthcoming.)) It is our hope that the youth-targeted module will become a regular feature of the national labour force survey in Pakistan and that other countries will follow their example.

Some key findings of the school-to-work transition analysis in Pakistan (taken from the *Trends* report) are:

- Faisalabad's youth seem to move quickly into employment rather than to continue their studies. In 2007/2008, 48 per cent of 15 to 29 years old were already working whereas 20 per cent were at school.
- Although more than half of the young population surveyed were working, only about 8 per cent of them could be said to have completed their transition to decent work.⁽¹⁾
- The very low proportions of young women who were able to successfully finish their transition from school to a permanent job are alarming (1 per cent in rural and 2 per cent in urban areas).
- The majority of youth in transition (86 per cent) were in temporary jobs. Just 14 per cent of them were unemployed.

(1) The transition stage "transited" is defined as a young person in a permanent job. The self-defined "satisfaction" element used in the classification applied in this report was not applied.

Appendix 1 Summary methodologies of SWTS in eight countries

1. Azerbaijan

The SWTS in Azerbaijan was jointly conducted by the State Statistical Committee and the Ministry of Labour and Social Security of the Population of Azerbaijan Republic. The sampling frame of the population aged 15-29 years in Azerbaijan was based on the labour force survey conducted in March 2005 and was undertaken in three stages. The first stage involved the actualization of urban or rural settlements by the number of households. The second stage involved enumeration of household units meeting defined sex and age groups, and the final stage applied random sampling to obtain a final list of households to be surveyed.

Final report: State Statistical Committee of Azerbaijan Republic: *The Sample statistical survey “On transition of youth of age 15-29 years from education to working activity” in Azerbaijan* (Baku, State Statistical Committee of Azerbaijan, 2006).

2. China

The SWTS covering 15-29 year olds was conducted by the Research Institute of Labour Sciences of the Ministry of Labour and Social Security. They adopted a stratified sampling method in order to make samples more representative. Four cities were selected for the survey and districts, counties and subordinated neighbourhoods or villages in each city to be covered by the survey were then determined. Sampling was done in two of the cities in accordance with the sample composition requirements and based on full knowledge of the youth population in the surveyed communities and villages, while random sampling was used in selected neighbourhoods of the other two cities in accordance with the required sample size.

Final report: unpublished.⁵⁷

3. Egypt

The implementation of the SWTS was handled by an experienced research group, El Zanaty & Associates. The sample data was collected for youth aged 15-29 years. The sample was designed to provide estimates for the main regions (Urban Governorates, Lower Egypt and Upper Egypt) and different types of areas (urban/rural). Overall, the sample selected for this survey was national in scope covering 10 governorates selected randomly; eight of them represented the rural governorates, four from Lower Egypt and four from Upper Egypt, while two of them represented the urban governorates. The number of households to be selected from each governorate was determined in proportion to the population size of the governorate (self-weighted sample). Around 30 households were selected from each primary sampling unit (PSU). In order to have wider coverage of the sample and to guarantee male/female representation, two segments – one male and one female – were selected and interviewed from each PSU. The Interim Egypt Demographic and Health Survey 2003 sample units was used as a frame for the sample selection. Employers were interviewed according to two samples, one for formal sector enterprises (with licenses and regular accounts and based on the Commercial Ahram Guidebook as

⁵⁷ Draft report is available on request.

frame) and the other for informal sector enterprises (based on a list made by the data collection team).

Final report: El Zanaty and Associates: “School-to-work transition: Evidence from Egypt”, Employment Policy Papers No. 2007/12 (ILO, Geneva); www.ilo.org/emppolicy/what/pubs/lang--en/docName--WCMS_113893/index.htm.

4. Iran

The survey was run by the Statistical Research Centre in Iran with oversight from the Ministry of Labour. They applied a two stage cluster probability sampling for 15-29 year old youth. The cluster in rural areas was an abadi or a group of small abadis and in urban areas was a neighbourhood or a group of small neighbourhoods. In the first stage, sample clusters were selected by probability proportionate to size (PPS). In the second stage, in each selected cluster, equal numbers of households were selected at random. Due to financial constraints, the survey was run in three (of 28) districts that cover approximately 27 per cent of the country’s population, with selection including the districts with the highest and the lowest youth unemployment rates. Unlike in most other countries, the employers’ survey was also implemented on a household basis.

Final report: unpublished.

5. Kosovo

The survey was jointly implemented by the ILO, the Ministry of Labour and Social Welfare, and the Ministry of Culture, Youth and Sport. The sampling frame was drawn from the 2003 labour force survey by the Kosovo Statistical Office, and the sample covered 15-24 year olds. Relative inexperience on the part of data collectors meant that there are slight reliability issues with some of the data – for instance, it is reasonable to assume some urban bias. Based on population distribution and ethnic origin, the approximate sample size of the survey was 1,450 individuals – young men and women living in urban and rural communities (870 in rural and 580 in urban areas) – and 600 employers in the five administrative regions. In the end, only 261 (of a planned 600) employers were interviewed.

Final report: V. Corbanese and G. Rosas: “Young people’s transition to decent work: Evidence from Kosovo”, Employment Policy Paper 2007/4 (ILO, Geneva); www.ilo.org/emppolicy/what/pubs/lang--en/docName--WCMS_113895/index.htm.

6. Mongolia

The ILO partnered with the National Statistical Office for the SWTS in Mongolia to collect information on youth aged 15-29 years. They undertook a two strata (stage) proportional sampling method. In the first stage, the organizers selected administrative units by a proportional probability method, and in the second stage, households were selected by random sampling, requiring a list of current total households, after which 30 households were selected by random sampling. The sample was modified to ensure equal coverage of men and women. Employers surveyed were randomly selected from a database of registered businesses of the National Statistical Office.

Final report: F. Pastore: “School-to-work transitions in Mongolia”, Employment Working Paper 2008/14 (ILO, Geneva); www.ilo.org/employment/Whatwedo/Publications/lang--en/docName--WCMS_105100/index.htm.

7. Nepal

A research institute, New Era, implemented the SWTS in Nepal with guidance from the ILO and a Steering Committee, chaired by members of the National Planning Commission of Nepal. Three geographical areas, covering five districts (rural and urban areas) were selected. From each of the three selected areas, 400 dwellings were chosen from separate lists of municipality (urban) wards and village (rural) wards generated from the population census of 2001. The list of rural wards excluded those rural wards which were considered by the district officials as too insecure at the time of the survey due to continuing civil clashes. From these two separate lists, 10 clusters each were selected by method of probability proportionate to size (PPS). Second, in each selected rural and urban cluster, the survey team first listed all dwellings in the cluster and selected 20 dwellings following systematic random sampling method. The interviewers listed all youth in 15-29 year age group who were staying in the dwelling selected in the cluster and tried to interview all of them. Employers were selected from a list of private sector enterprise generated with the help of local chapters of the Federation of Nepalese Chambers of Commerce and Industries (FNCCI) and the Federation of Nepalese Cottage and Small Industries (FNCSI).

Final report: New Era: "School-to-work transition: Evidence from Nepal",
Employment Sector Paper 2008/10 (ILO, Geneva);
www.ilo.org/employment/Whatwedo/Publications/lang--en/docName--WCMS_105078/index.htm.

8. Syria

The survey covered 15-24 year old youth and five provinces – Aleppo, Hamah, Damascus, rural Damascus and Tartus – with representation of all four geographic regions of the country. It was conducted by the Central Bureau of Statistics using the Population and Housing Census of 2004 as a sample frame. The sample distribution was split with 60 per cent urban coverage and 40 per cent rural. A three-phase cluster sampling was used to select the desired number of youth in each province according to the relative composition of the targeted categories and depending on the results of the population census of 2004. The counted units used in the 2004 census were adopted to select counting units according to the method of probability – proportional-to-size sampling in the first phase. In the second phase, 15 families were selected from every unit designated in the first phase according to systematic random sampling. Regarding the sample of employers, 200 establishments were randomly selected from the 2004 official listing of registered businesses.

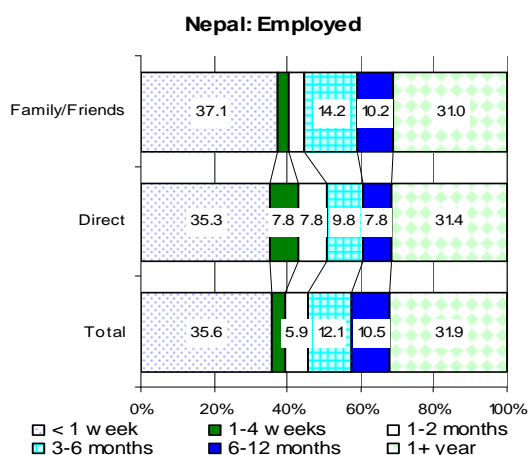
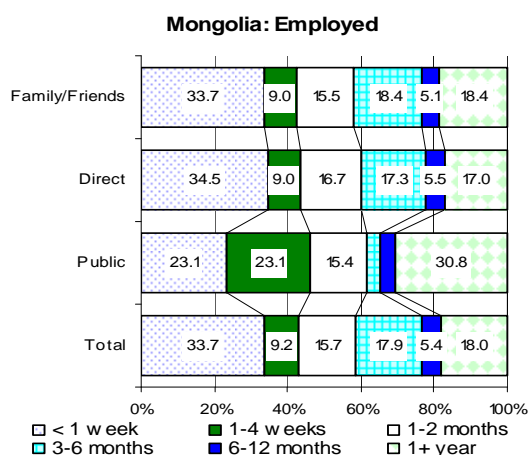
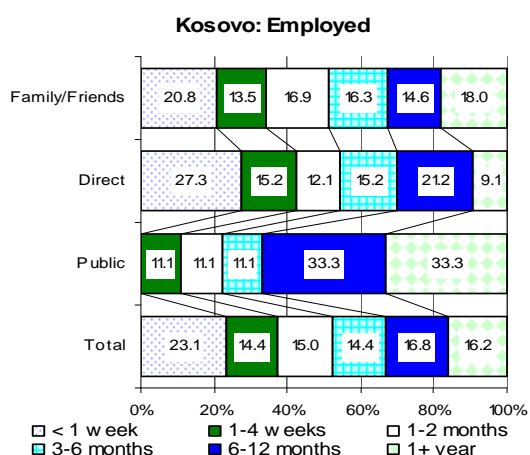
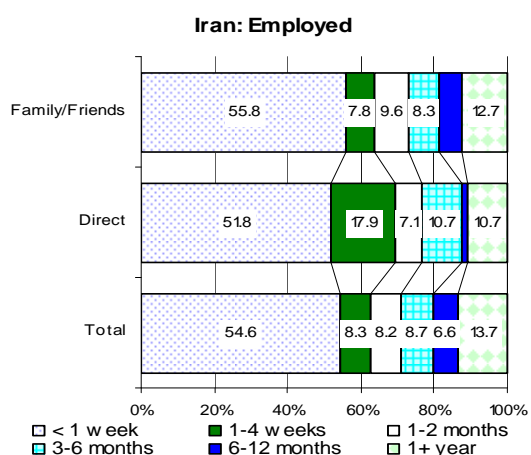
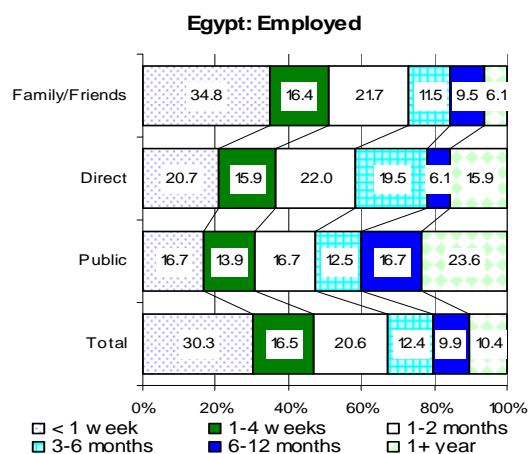
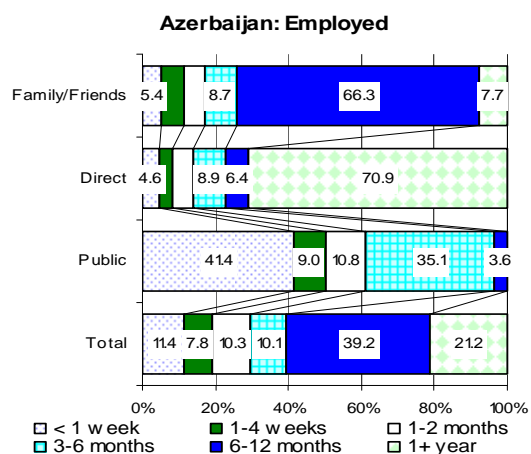
Final report: S. Alissa: "The school-to-work transition of young people in Syria",
Employment Policy Paper 2007/3 (ILO, Geneva); www.ilo.org/emppolicy/what/pubs/lang--en/docName--WCMS_113894/index.htm.

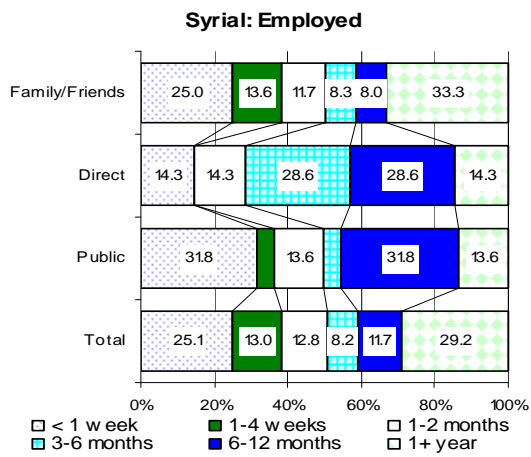
Appendix 2.A Two most frequently observed search methods, by education

Country	Status	Less than primary Method	(%)	Secondary Method	(%)	University+ Method	(%)	Vocational Method	(%)
Azerbaijan	Employed	Family/Friends	60.0	Family/Friends	56.0	Family/Friends	46.7	Family/Friends	55.4
		Other	27.3	Direct	17.8	Direct	17.2	Other	21.4
	Unemployed	..	..	Family/Friends	40.1	Family/Friends	32.5	..	..
		..	..	Direct	23.8	Direct	25.3	..	..
Egypt	Employed	Family/Friends	79.8	Family/Friends	69.5	Family/Friends	55.4	Family/Friends	77.6
		Direct	12.9	Direct	10.9	Public	20.9	Direct	8.3
	Unemployed	Family/Friends	85.3	Family/Friends	56.5	Family/Friends	47.5	Family/Friends	61.4
		Direct	8.8	All other methods	8.7	Media	30.8	Public	13.1
Iran	Employed	Family/Friends	80.4	Family/Friends	62.1	..	..	..	..
		Direct	13.2	Media	14.7	..	..	..	..
	Unemployed	Family/Friends	35.4	Family/Friends	36.1	..	..	..	..
		Media	20.4	Media	24.2	..	..	..	..
Kosovo	Employed	Family/Friends	65.0	Family/Friends	55.0	Family/Friends	45.0	Family/Friends	56.1
		Other	15.0	Direct	21.3	Media	45.0	Media	21.1
	Unemployed	Public	27.8	Public	64.4	Public	31.3	Public	71.9
		Family/Friends	21.4	Media	13.4	Education/Media	25.0	Education	18.8
Mongolia	Employed	Family/Friends	69.4	Family/Friends	56.3	Family/Friends	46.6	Family/Friends	60.3
		Direct	25.0	Direct	33.1	Direct	43.3	Direct	25.0
	Unemployed	Public	27.8	Media	31.9	Media	44.9	Media	36.4
		Family/Direct	25.0	Family/Friends	23.2	Public	23.2	Direct	27.3
Nepal	Employed	Family/Friends	62.0	Family/Friends	70.5	Family/Friends	37.3	..	..
		Private	20.3	Direct	14.5	Media	32.8	..	..
	Unemployed	Media	38.1	Direct	33.7	..	..	..	..
		Family/Friends	23.8	Family/Friends	23.5	..	..	..	..

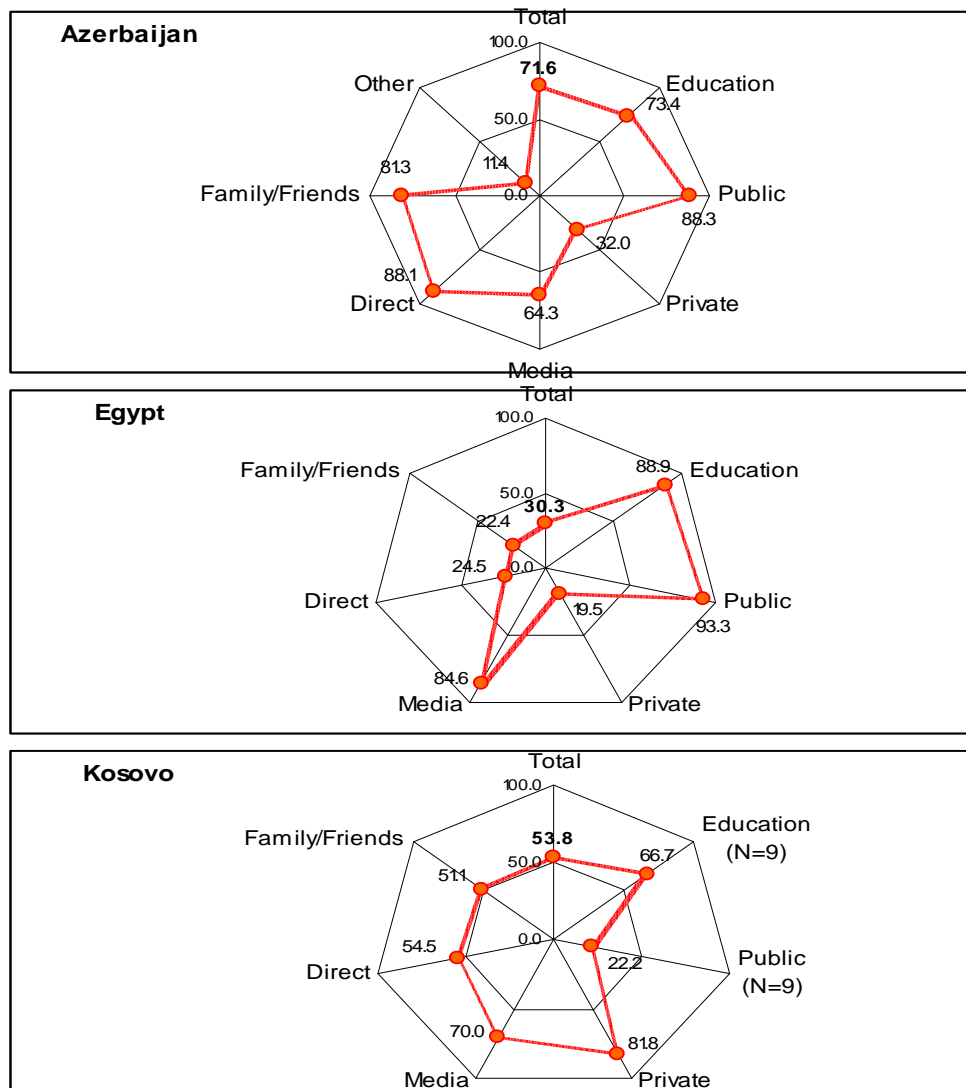
Note: The groupings of educational attainments are arbitrary, and there are variations across countries. "Less than primary" includes "no education/illiterate" and "Primary/Elementary education". "Secondary education" includes "lower and upper secondary", "high school", and "intermediate studies". "University+" includes "bachelor's degree" and "postgraduate studies". "Vocational" includes "vocational and technical education" and "specialized technical secondary". Unemployed in Iran could only be treated as multiple answers, and the denominator consists of total number of replies. Cells with observations less than 10 are not presented. Syria is not included in the presentation due to some difficulties associated with educational attainment data.

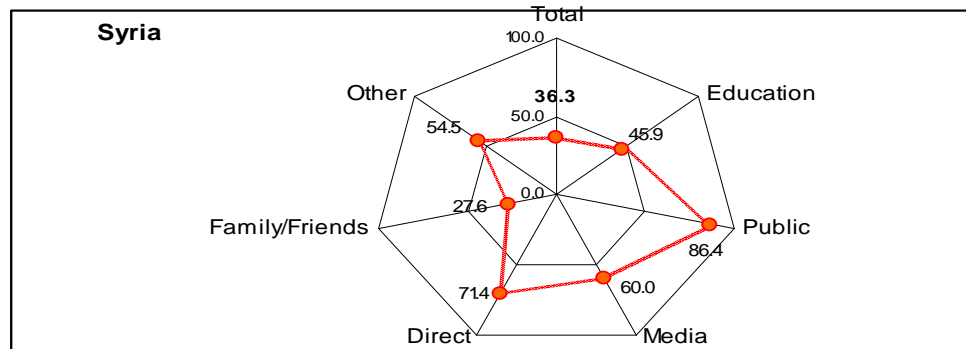
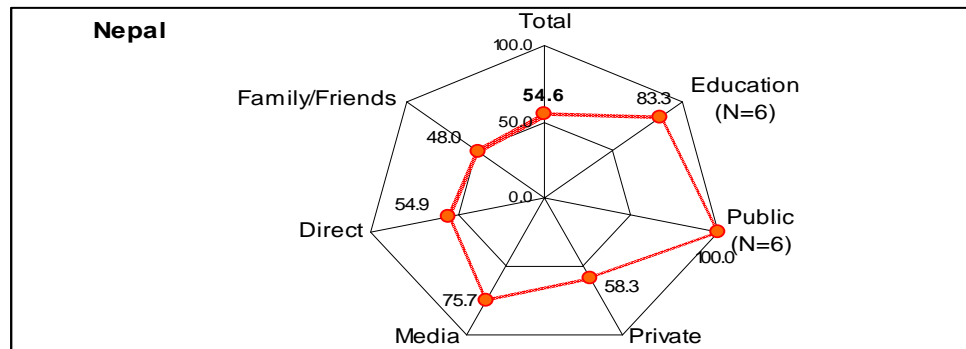
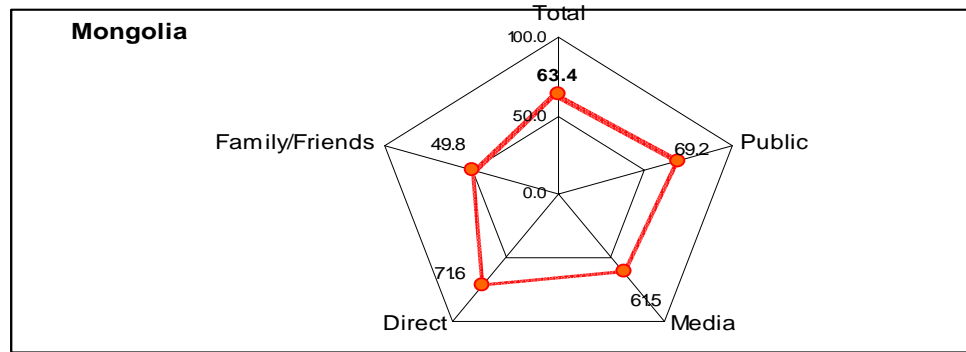
Appendix 2.B Job search duration by method of search: employed





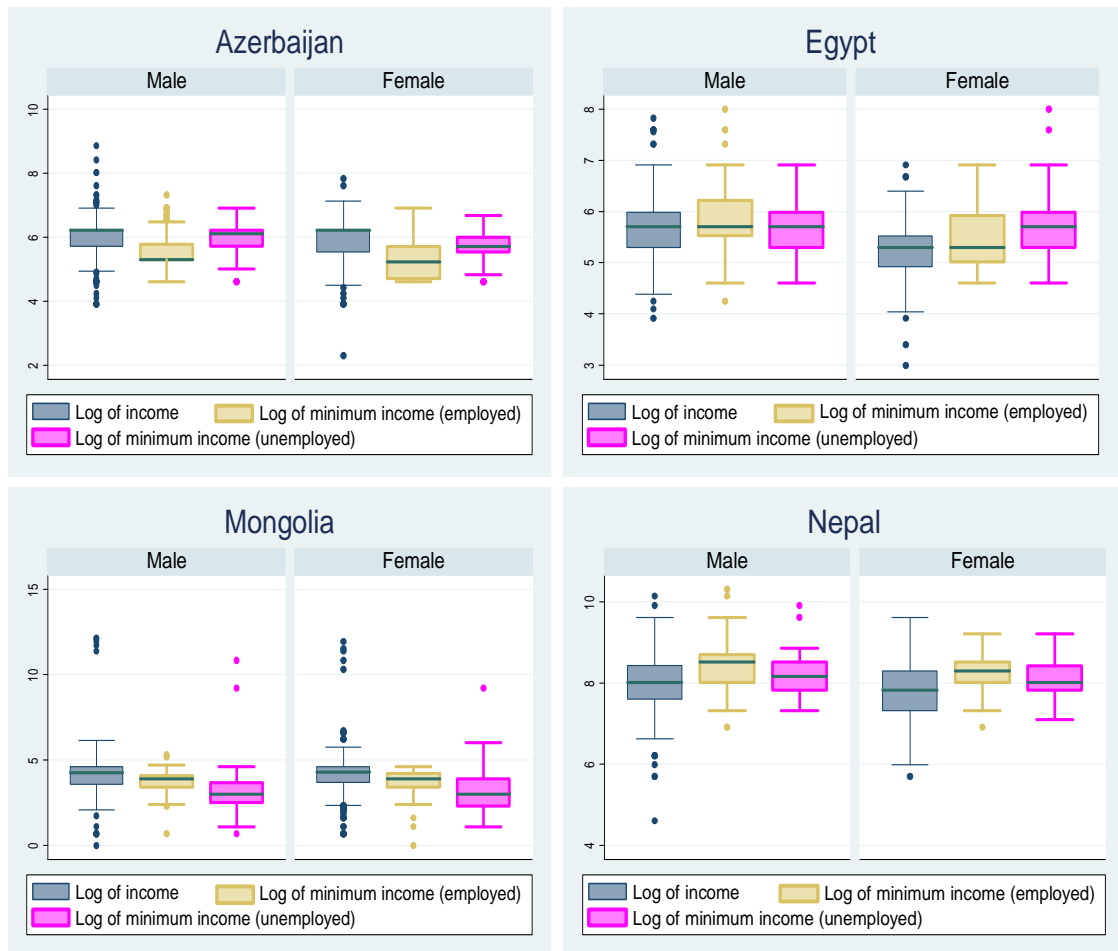
Appendix 2.D Chances of having transited by search method: employed youth





Note: Observations less than 10 are marked in the label. Such observations were not used for interpretations.

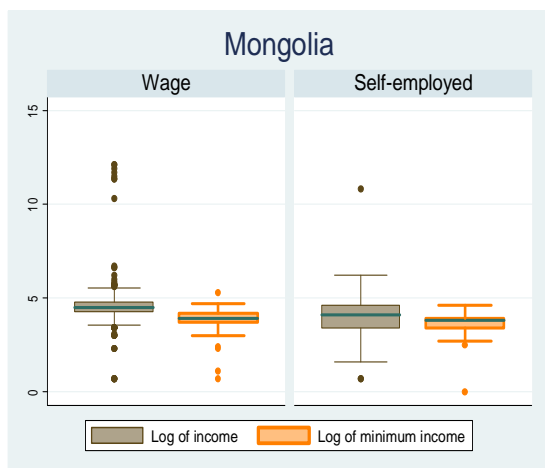
Appendix 3.A Distribution of actual and reservation monthly income, by sex



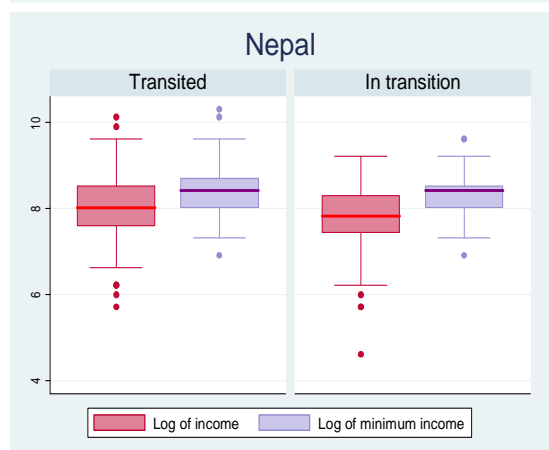
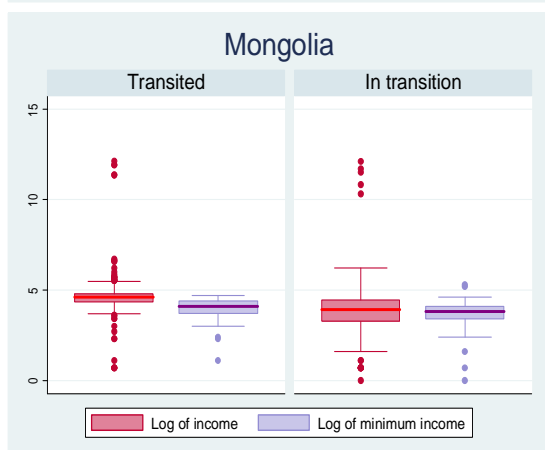
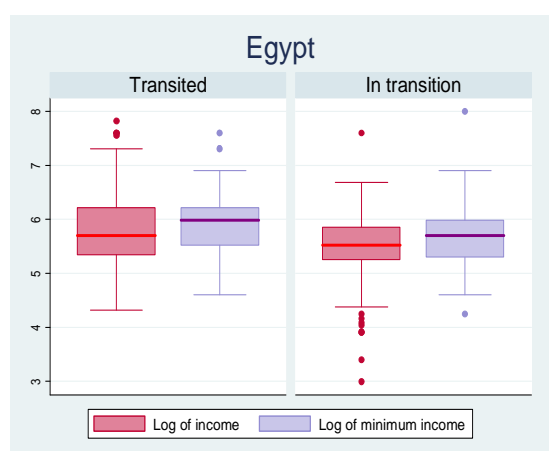
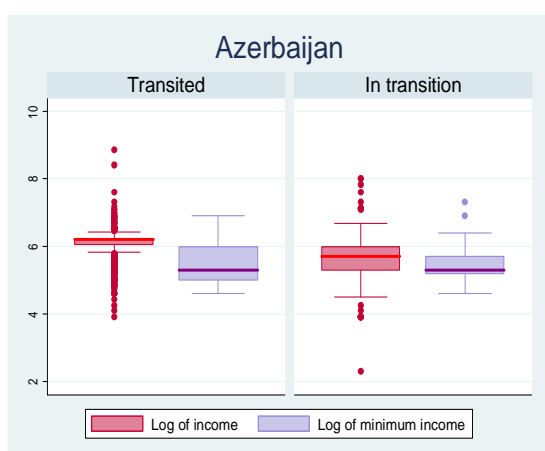
Note: Information on the minimum monthly income below which respondents would have refused a job offer was not collected for Kosovo and Syria. If the information conveyed by the graphs differs slightly from the summary statistics in table 5.1, it is because the observations with zero values were excluded from the distribution. The above box graphs provide a simplified image of the distributions of monthly income, monthly income below which the employed youth would have refused a job offer, and monthly income below which the unemployed youth would refuse a job offer. The thick line inside the box shows the median income level, the lower limit of the box shows the 25% percentile earnings, and the upper limit of the box shows the 75% percentile earnings. The line that extends out of the box shows the lower and upper adjacent values. The longer whiskers imply that the distribution is widely spread. The dots represent outliers.

Appendix 3.B Distribution of actual and reservation monthly income, by employment status

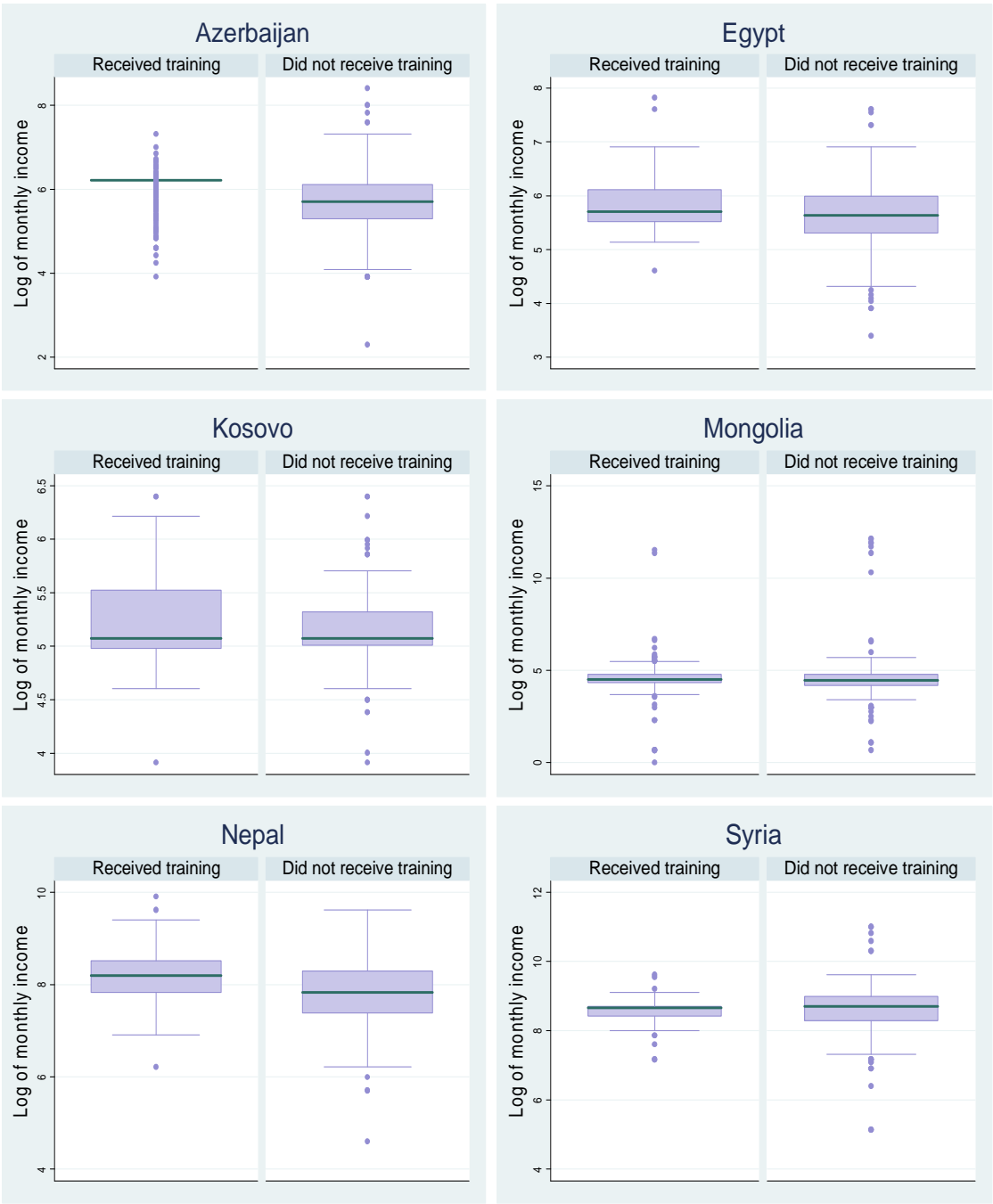




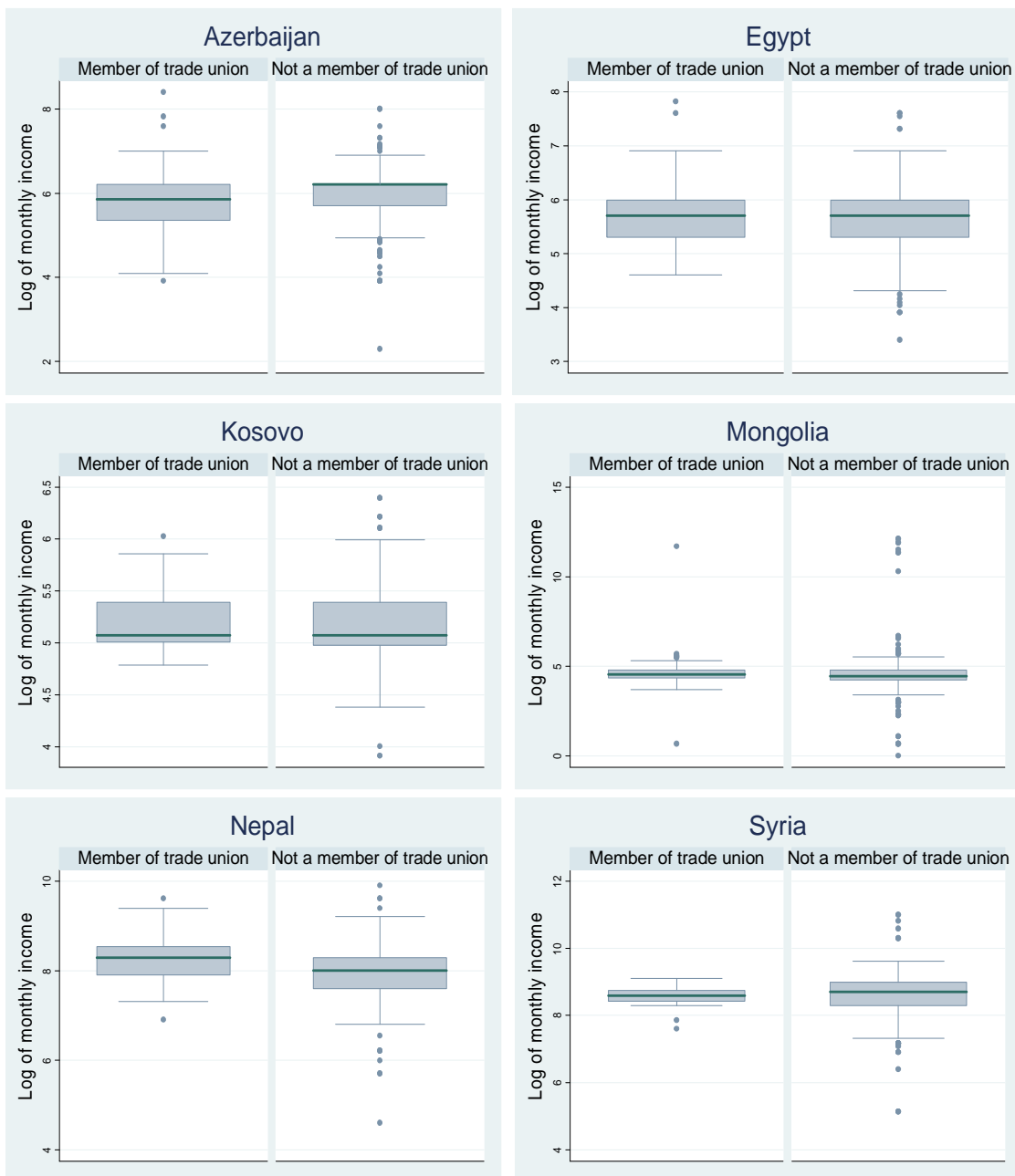
Appendix 3.C Distribution of actual and reservation monthly income, by transition status



Appendix 3.D Monthly income distribution and training



Appendix 3.E Monthly income distribution and trade union membership



Appendix 3.F Regression results on associations between earnings and job finding method or duration of search

Azerbaijan (OBS=1,836)

Dependent variable = log(wage)	(1) Coeff.	(S.E.)		(2) Coeff.	(S.E.)	
Demographics:						
Male	0.115	(0.028)	***	0.101	(0.027)	***
Age	-0.018	(0.030)		-0.019	(0.031)	
Age squared	0.001	(0.001)		0.001	(0.001)	
Urban	0.053	(0.025)	**	0.037	(0.025)	
Search characteristics:						
Education: Primary or less (base)						
Education: Secondary	0.007	(0.037)		0.002	(0.037)	
Education: Intermediate	-0.039	(0.055)		-0.040	(0.054)	
Education: University+	0.099	(0.050)	**	0.117	(0.049)	**
Education: Technical/Specialized	-0.060	(0.066)		-0.050	(0.066)	
Job search: Education	-0.473	(0.083)	***	..	..
Job search: Public	0.130	(0.054)	**	..	..
Job search: Private	-0.036	(0.162)		..	..
Job search: Media	0.061	(0.061)		..	..
Job search: Direct (base)				..	..
Job search: Family/Friends	-0.190	(0.050)	***	..	..
Job search: Other	-0.140	(0.065)	**	..	..
Duration of search: 0-1 week	..	..		0.321	(0.071)	***
Duration of search: 1-4 weeks (base)	..	..		
Duration of search: 1-3 months	..	..		0.360	(0.067)	***
Duration of search: 3-6 months	..	..		0.267	(0.072)	***
Duration of search: 6 months-1 year	..	..		0.304	(0.070)	***
Duration of search: 1 year+	..	..		0.249	(0.065)	***
Received training for current job	0.145	(0.040)	***	0.148	(0.043)	***
Establishment characteristics:						
Establishment is registered	0.203	(0.040)	***	0.166	(0.039)	***
Establishment size: 0-5 workers (base)						
Establishment size: 5-9 workers	0.168	(0.065)	**	0.260	(0.059)	***
Establishment size: 10-19 workers	0.212	(0.059)	***	0.335	(0.052)	***
Establishment size: 20+ workers	0.077	(0.063)		0.076	(0.058)	
Establishment size: Don't know	0.326	(0.058)	***	0.257	(0.058)	***
R-squared	0.276			0.262		
F(20, 1815), F(20, 1817)	30.65	***		31.44	***	

Note: Constant was included, but not reported. ***, **, * stand for significant at 1%, 5%, 10% respectively. Robust standard errors are in parenthesis.

(3.F cont.) Egypt (OBS=716)

Dependent variable = log(wage)	(1) Coeff.	(S.E.)		(2) Coeff.	(S.E.)	
Demographics:						
Male	0.382	(0.063)	***	0.396	(0.063)	***
Age	0.103	(0.063)		0.105	(0.063)	*
Age squared	-0.002	(0.001)		-0.002	(0.001)	
Urban	0.143	(0.046)	***	0.151	(0.046)	***
Search characteristics:						
Education: Primary or less (base)						
Education: Secondary	-0.067	(0.065)		-0.076	(0.067)	
Education: Intermediate	0.074	(0.083)		0.008	(0.078)	
Education: University+	0.284	(0.065)	***	0.233	(0.065)	***
Education: Technical/Specialized	0.077	(0.049)		0.065	(0.050)	
Job search: Education	0.072	(0.199)		..	..
Job search: Public	-0.162	(0.089)	*	..	..
Job search: Private	0.084	(0.063)		..	..
Job search: Media	0.084	(0.141)		..	..

Job search: Direct (base)			..	..
Job search: Family/Friends	0.058	(0.052)	..	..
Job search: Other	N.A.	N.A.	..	..
Duration of search: 0-1 week	..	..	-0.047	(0.061)	
Duration of search: 1-4 weeks (base)	..	..	
Duration of search: 1-3 months	..	..	-0.023	(0.061)	
Duration of search: 3-6 months	..	..	-0.027	(0.067)	
Duration of search: 6 months-1 year	..	..	-0.010	(0.078)	
Duration of search: 1 year+	..	..	-0.005	(0.069)	
Received training for current job	0.167	(0.073)	**	0.145	(0.073) **
Establishment characteristics:					
Establishment is registered	-0.020	(0.046)		0.016	(0.044)
Establishment size: (0, 5 workers) (base)					
Establishment size: 5-9 workers	0.141	(0.055)	**	0.125	(0.056) **
Establishment size: 10-19 workers	0.174	(0.086)	**	0.144	(0.086) *
Establishment size: 20+ workers	0.248	(0.053)	***	0.214	(0.053) ***
Establishment size: Don't know	0.136	(0.059)	**	0.148	(0.060) **
District dummies (Cairo=base)					
R-squared	0.314			0.303	
F(27, 688)	9.33	***		8.74	***

Note: Constant was included, but not reported. ***, **, * stand for significant at 1%, 5%, 10% respectively. Robust standard errors are in parenthesis.

(3.F cont.) Kosovo (OBS=401)

	(1)		(2)		
Dependent variable = log(wage)	Coeff.	(S.E.)	Coeff.	(S.E.)	
Demographics:					
Male	0.007	(0.058)	0.031	(0.053)	
Age	-0.063	(0.266)	-0.050	(0.264)	
Age squared	0.002	(0.006)	0.001	(0.006)	
Urban	N.A.	N.A.	N.A.	N.A.	
Search characteristics:					
Education: Primary or less (base)					
Education: Secondary	0.234	(0.079)	***	0.208	(0.078) ***
Education: Intermediate	N.A.	N.A.		N.A.	N.A.
Education: University+	0.533	(0.135)	***	0.500	(0.134) ***
Education: Technical/Specialized	0.019	(0.087)		0.018	(0.088)
Job search: Education	0.068	(0.163)	..	..
Job search: Public	-0.134	(0.135)	..	..
Job search: Private	0.151	(0.259)	..	..
Job search: Media	-0.050	(0.100)	..	..
Job search: Direct (base)			..	..
Job search: Family/Friends	-0.007	(0.075)	..	..
Job search: Other	N.A.	N.A.	..	..
Duration of search: 0-1 week	..	..	-0.026	(0.106)	
Duration of search: 1-4 weeks (base)	..	..	
Duration of search: 1-3 months	..	..	-0.124	(0.095)	
Duration of search: 3-6 months	..	..	-0.032	(0.089)	
Duration of search: 6 months-1 year	..	..	-0.160	(0.093)	*
Duration of search: 1 year+	..	..	-0.159	(0.084)	*
Received training for current job	0.114	(0.063)	*	0.113	(0.060) *
Establishment characteristics:					
Establishment is registered	N.A.	N.A.	N.A.	N.A.	
Establishment size: 0-5 workers) (base)					
Establishment size: 5-9 workers	0.251	(0.069)	***	0.254	(0.070) ***
Establishment size: 10-19 workers	0.263	(0.085)	***	0.285	(0.089) ***
Establishment size: 20+ workers	0.347	(0.081)	***	0.326	(0.079) ***
Establishment size: Don't know	0.378	(0.136)	***	0.359	(0.121) ***
R-squared	0.199		0.209		
F(18, 382) and F(17, 383)	3.79	***	4.26	***	

Note: Constant was included, but not reported. ***, **, * stand for significant at 1%, 5%, 10% respectively. Robust standard errors are in parenthesis.

(3.F cont.) Mongolia (OBS=1,051)

Dependent variable = log(wage)	(1) Coeff.	(S.E.)		(2) Coeff.	(S.E.)	
Demographics:						
Male	0.113	(0.065)	*	0.119	(0.066)	*
Age	0.172	(0.130)		0.178	(0.129)	
Age squared	-0.003	(0.003)		-0.003	(0.003)	
Urban	0.085	(0.068)		0.091	(0.066)	
Search characteristics:						
Education: Primary or less (base)						
Education: Secondary	0.237	(0.107)	**	0.236	(0.111)	**
Education: Intermediate	0.791	(0.208)	***	0.824	(0.214)	***
Education: University+	0.914	(0.132)	***	0.943	(0.138)	***
Education: Technical/Specialized	0.535	(0.143)	***	0.532	(0.147)	***
Job search: Education	N.A.	N.A.		..	..
Job search: Public	-0.277	(0.112)	**	..	..
Job search: Private	N.A.	N.A.		..	..
Job search: Media	-0.133	(0.100)		..	..
Job search: Direct (base)				..	..
Job search: Family/Friends	-0.098	(0.070)		..	..
Job search: Other	0.010	(0.166)		..	..
Duration of search: 0-1 week	..	..		0.090	(0.091)	
Duration of search: 1-4 weeks (base)	..	..		
Duration of search: 1-3 months	..	..		-0.021	(0.112)	
Duration of search: 3-6 months	..	..		0.058	(0.107)	
Duration of search: 6 months-1 year	..	..		0.051	(0.130)	
Duration of search: 1 year+	..	..		0.122	(0.118)	
Received training for current job	-0.085	(0.078)		-0.071	(0.076)	
Establishment characteristics:						
Establishment is registered	0.039	(0.129)		0.039	(0.127)	
Establishment size: 0-5 workers (base)						
Establishment size: 5-9 workers	0.104	(0.106)		0.082	(0.107)	
Establishment size: 10-19 workers	0.211	(0.112)	*	0.200	(0.113)	*
Establishment size: 20+ workers	0.093	(0.110)		0.088	(0.110)	
Establishment size: Don't know	0.231	(0.208)		0.221	(0.211)	
District dummies (Ulanbaatar=base)						
R-squared	0.164			0.163		
F(17, 1,033) and F(18, 1,032)	8.88	***		8.78	***	

Note: Constant was included, but not reported. ***, **, * stand for significant at 1%, 5%, 10% respectively. Robust standard errors are in parenthesis.

(3.F cont.) Nepal (OBS=324)

Dependent variable = log(wage)	(1) Coeff.	(S.E.)		(2) Coeff.	(S.E.)	
Demographics:						
Male	0.002	(0.080)		-0.005	(0.077)	
Age	0.050	(0.120)		0.081	(0.124)	
Age squared	.00001	(0.003)		-0.001	(0.003)	
Urban	0.057	(0.074)		0.019	(0.068)	
Search characteristics:						
Education: Primary or less (base)						
Education: Secondary	0.234	(0.095)	**	0.192	(0.093)	**
Education: Intermediate	0.256	(0.117)	**	0.231	(0.111)	**
Education: University+	0.568	(0.102)	***	0.591	(0.098)	***
Education: Technical/Specialized	0.639	(0.281)	**	0.693	(0.294)	**
Job search: Education	0.342	(0.290)		..	..
Job search: Public	0.314	(0.301)		..	..
Job search: Private	0.357	(0.163)	**	..	..
Job search: Media	0.227	(0.134)	*	..	..
Job search: Direct (base)				..	..
Job search: Family/Friends	0.116	(0.084)		..	..
Job search: Other	0.582	(0.384)		..	..

Duration of search: 0-1 week	..	..	-0.188	(0.210)	
Duration of search: 1-4 weeks (base)	..	..	
Duration of search: 1-3 months	..	..	-0.147	(0.226)	
Duration of search: 3-6 months	..	..	-0.159	(0.223)	
Duration of search: 6 months-1 year	..	..	0.029	(0.252)	
Duration of search: 1 year+	..	..	-0.274	(0.218)	
Received training for current job	0.109	(0.077)	0.148	(0.075)	**
Establishment characteristics:					
Establishment is registered	0.083	(0.088)	0.019	(0.086)	
Establishment size: 0-5 workers) (base)					
Establishment size: 5-9 workers	-0.007	(0.108)	-0.019	(0.110)	
Establishment size: 10-19 workers	0.372	(0.106)	***	0.373	(0.104) ***
Establishment size: 20+ workers	0.242	(0.097)	**	0.246	(0.094) ***
Establishment size: Don't know	-0.006	(0.178)		0.065	(0.167)
District dummies (Kathmandu=base)					
R-squared	0.361		0.359		
F(24, 299)	7.45	***	7.08	***	

Note: Constant was included, but not reported. ***, **, * stand for significant at 1%, 5%, 10% respectively. Robust standard errors are in parenthesis.

(3.F cont.) Syria (OBS=405)

Dependent variable = log(wage)	(1) Coeff.	(S.E.)		(2) Coeff.	(S.E.)	
Demographics:						
Male	-0.317	(0.164)	*	-0.446	(0.154)	
Age	-0.112	(0.309)		-0.324	(0.327)	
Age squared	0.004	(0.008)		0.009	(0.008)	
Urban	N.A.	N.A.		N.A.	N.A.	
Search characteristics:						
Education: Primary or less (base)						
Education: Secondary	0.196	(0.146)		0.214	(0.148)	
Education: Intermediate	0.332	(0.265)		0.436	(0.273)	
Education: University+	-0.220	(0.240)		-0.003	(0.227)	
Education: Technical/Specialized	N.A.	N.A.		N.A.	N.A.	
Job search: Education	-0.647	(0.425)		..	..
Job search: Public	-0.558	(0.422)		..	..
Job search: Private	N.A.	N.A.		..	..
Job search: Media	-0.681	(0.536)		..	..
Job search: Direct (base)				..	..
Job search: Family/Friends	-0.896	(0.415)	**	..	..
Job search: Other	-1.553	(0.452)	***	..	..
Duration of search: 0-1 week	..	..		0.008	(0.199)	
Duration of search: 1-4 weeks (base)	..	..		
Duration of search: 1-3 months	..	..		-0.168	(0.196)	
Duration of search: 3-6 months	..	..		-0.079	(0.237)	
Duration of search: 6 months-1 year	..	..		-0.238	(0.214)	
Duration of search: 1 year+	..	..		0.118	(0.189)	
Received training for current job	0.164	(0.157)		0.121	(0.178)	
Establishment characteristics:						
Establishment is registered	N.A.	N.A.		N.A.	N.A.	
Establishment size: 0-5 workers) (base)						
Establishment size: 5-9 workers	0.382	(0.198)	*	0.474	(0.203)	**
Establishment size: 10-19 workers	0.071	(0.199)		0.124	(0.180)	
Establishment size: 20+ workers	-0.069	(0.197)		0.020	(0.216)	
Establishment size: Don't know	-0.255	(0.120)	**	-0.239	(0.125)	*
District dummies (Damascus=base)						
R-squared	0.202			0.163		
F(20, 384)	4.85	***		4.17	***	

Note: Constant was included, but not reported. ***, **, * stand for significant at 1%, 5%, 10% respectively. Robust standard errors are in parenthesis.

Appendix 4.A Marginal associations between the probability of becoming inactive and individual/household characteristics

Azerbaijan (OBS=3,666)

Dependent variable (probability of being inactive)	Coefficient	S.E.	
Individual characteristics:			
Male	-0.2066	(0.0174)	***
Age	-0.0072	(0.0026)	***
Urban	0.1095	(0.0187)	***
Education: Less than primary (base)			
Education: Secondary	-0.2443	(0.0485)	***
Education: Intermediate	-0.2325	(0.0332)	***
Education: University+	-0.2802	(0.0302)	***
Education: Technical/Specialized	-0.1744	(0.0475)	***
Dummies for preferred work			
Household characteristics:			
Log household "per capita" income, excl the respondent	0.1126	(0.0124)	***
Whether or not has a child	0.0170	(0.0227)	
Dummies for father's occupation			
Father deceased	-0.0851	(0.0249)	***
Dummies for mother's occupation			
Mother deceased	-0.0624	(0.0446)	
Observed probability	0.3592		
Predicted probability evaluated at the mean of x	0.3277		
Log pseudolikelihood	-1972.75		
Pseudo-R ²	0.1759		

Note: The log of household per capita income is interpreted as what each household member would receive if the household income was equally distributed. It is calculated as reported monthly household income divided by reported total household size minus the individual if the respondent was inactive or unemployed. If they were engaged in some economic activities, it is calculated as reported monthly household income minus the reported monthly income of the respondent, divided by household size minus the individual. It presumes that youth pool their whole earnings into the household income, and may result in underestimation of the total household income by excluding the youth in question. For a single-person household, ln(1) was used, indicating either zero income or that the sole household member had to earn that income. Robust standard errors are in parenthesis.

(4.A cont.) Mongolia (OBS=3,663)

Dependent variable (probability of being inactive)	Coefficient	S.E.	
Individual characteristics:			
Male	-0.0938	(0.0159)	***
Age	-0.0138	(0.0027)	***
Urban	0.0603	(0.0240)	***
Education: Less than primary (base)			
Education: Secondary	-0.0651	(0.0225)	***
Education: College	-0.1128	(0.0308)	***
Education: University+	-0.2448	(0.0174)	***
Education: Vocational	-0.1407	(0.0233)	***
Dummies for preferred work			
Household characteristics:			
Log household "per capita" income, excl the respondent	0.0987	(0.0064)	***
Whether or not has a child	0.0642	(0.0191)	***
Dummies for father's occupation			
Father deceased	-0.0041	(0.0241)	
Dummies for mother's occupation			
Mother deceased	-0.0294	(0.0399)	
District dummies (Ulaanbaatar = base)			
Observed probability	0.3170		
Predicted probability evaluated at the mean of x	0.2247		
Log pseudolikelihood	-1614.87		
Pseudo-R ²	0.2941		

Note: The same as for Azerbaijan.

(4.A cont.) Nepal (OBS=1,187)

Dependent variable (probability of being inactive)	Coefficient	S.E.	
Individual characteristics:			
Male	-0.5454	(0.0344)	***
Age	-0.0217	(0.0061)	***
Urban	-0.1146	(0.0409)	***
Education: Less than primary (base)			
Education: Secondary	-0.0108	(0.0456)	
Education: College	-0.2704	(0.0657)	***
Education: University+	-0.4077	(0.0754)	***
Education: Vocational	-0.5147	(0.1109)	**
Dummies for preferred work			
Household characteristics:			
Log household "per capita" income, excl the respondent	0.1369	(0.0232)	***
Whether or not has a child	0.2432	(0.0438)	***
Dummies for father's occupation			
Father deceased	-0.1321	(0.0671)	**
Dummies for mother's occupation			
Mother deceased	-0.0934	(0.0806)	
District dummies (Kathmandu = base)			
Observed probability	0.5661		
Predicted probability evaluated at the mean of x	0.6081		
Log pseudolikelihood	-446.33		
Pseudo-R ²	0.4506		

Note: The same as for Azerbaijan.

Appendix 4.B Marginal associations between the probability of being discouraged and individual/household characteristics

Azerbaijan (OBS=2,673)

Dependent variable (probability of being discouraged)	Coefficient	S.E.	
Individual characteristics:			
Male	-0.0460	(0.0140)	***
Age	-0.0026	(0.0019)	
Urban	0.0367	(0.0138)	***
Education: Less than primary (base)			
Education: Secondary	-0.0668	(0.0398)	*
Education: Intermediate	-0.0550	(0.0291)	
Education: University+	-0.0924	(0.0236)	***
Education: Technical/Specialized	-0.0392	(0.0394)	
Dummies for preferred work			
Household characteristics:			
Household "per capita" income, excl the respondent	0.0596	(0.0093)	***
Whether or not has a child	-0.0520	(0.0153)	***
Dummies for father's occupation			
Father deceased	-0.0402	(0.0167)	**
Dummies for mother's occupation			
Mother deceased	0.0184	(0.0345)	
Observed probability	0.1559		
Predicted probability evaluated at the mean of x	0.1224		
Log pseudolikelihood	-1072.47		
Pseudo-R ²	0.1098		

Note: The log of household per capita income is calculated as in Appendix 3.A. Robust standard errors are in parenthesis.

(4.B cont.) Mongolia (OBS=2,990)

Dependent variable (probability of being discouraged)	Coefficient	S.E.	
Individual characteristics:			
Male	-0.0231	(0.0119)	**
Age	-0.0066	(0.0020)	***
Urban	0.0241	(0.0185)	
Education: Less than primary (base)			
Education: Secondary	-0.0012	(0.0165)	
Education: College	-0.0544	(0.0223)	*
Education: University+	-0.1290	(0.0129)	***
Education: Vocational	-0.0424	(0.0203)	*
Dummies for preferred work			
Household characteristics:			
Household "per capita" income, excl the respondent	0.0535	(0.0045)	***
Whether or not has a child	-0.0211	(0.0138)	
Dummies for father's occupation			
Father deceased	-0.0061	(0.0169)	
Dummies for mother's occupation			
Mother deceased	-0.0151	(0.0216)	
District dummies			
Observed probability	0.1692		
Predicted probability evaluated at the mean of x	0.1079		
Log pseudolikelihood	-1069.62		
Pseudo-R ²	0.2132		

Note: The log of household per capita income is calculated as in Appendix 3.A. Robust standard errors are in parenthesis.

(4.B cont.) Nepal (OBS=676)

Dependent variable (probability of being discouraged)	Coefficient	S.E.	
Individual characteristics:			
Male	-0.3671	(0.0374)	***
Age	-0.0109	(0.0059)	*
Urban	-0.0848	(0.0405)	**
Education: Less than primary (base)			
Education: Secondary	-0.0355	(0.0402)	
Education: College	-0.1653	(0.0380)	***
Education: University+	-0.1931	(0.0341)	***
Education: Vocational	..	..
Dummies for caste/ethnicity			
Dummies for preferred work			
Household characteristics:			
Household "per capita" income, excl the respondent	0.0888	(0.0249)	***
Whether or not has a child	0.0573	(0.0512)	
Dummies for father's occupation			
Father deceased	-0.0848	(0.0509)	
Dummies for mother's occupation			
Mother deceased	-0.1395	(0.0431)	
District dummies (Kathmandu = base)			
Observed probability	0.2885		
Predicted probability evaluated at the mean of x	0.1925		
Log pseudolikelihood	-253.80		
Pseudo-R ²	0.3751		

Note: The log of household per capita income is calculated as in Appendix 3.A. Robust standard errors are in parenthesis. 196 observations dropped out in the course of the analysis, and it may be affecting the above results.

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