

# From school to work

An analysis of youth labour market transitions<sup>1</sup>

Across the world today, there are more than 1.8 billion people between the ages of 15 and 29 – together comprising almost 20 per cent of the global population. Their situation in the labour market is tenuous and has captured the attention of the international community in recent years. Indeed, in 2018, young women and men were still three times more likely to be unemployed than adults and an estimated 21 per cent of the world's youth were not in employment, education or training. Moreover, even when young people find jobs, they are often in precarious employment, characterised by low wages, uncertainty regarding hours and duration of contracts, and an absence of social security.<sup>2</sup>

It has thus become important to adopt effective policies and programmes to enhance young people's access to decent jobs in the labour market. This is a crucial period of life when young women and men have to make important decisions that will lay the foundations for lifelong professional and personal development. Young people's future quality of life is largely determined by their transition from school to work. It has long been established that the failure to find decent employment after leaving school tends to have lasting effects on occupational patterns and on incomes over an individual's life.<sup>3</sup> Conversely, young school leavers who are able to find decent employment are more likely to establish positive pathways throughout their working lives. To better understand the issues faced by the youth in their search for employment, the International Labour Organization's (ILO) Department of Statistics has developed a wide range of youth labour indicators. Among them, the school-to-work transition indicators, a product of a partnership between the ILO and the Mastercard Foundation, have been developed to help identify the key factors behind the (un)successful transition of young women and men into employment (see the following box).

## **YouthSTATS, a partnership between the ILO and the Mastercard Foundation**

The Mastercard Foundation has supported the ILO in creating a new, regularly updated database, called YouthSTATS. The database was first produced by the ILO as part of its partnership with the Mastercard Foundation "Work4Youth" project concluded in 2014. Primarily composed of youth labour indicators derived from the school-to-work transition surveys, the database now benefits from the ILO's stock of harmonized labour force survey microdatasets. It will serve as a central repository of international youth labour statistics.

<sup>1</sup> This brief was prepared by Quentin Mathys from the Data Production and Analysis Unit, ILO Department of Statistics.

<sup>2</sup> All the statistics on youth presented in this brief are available on ILOSTAT (<https://ilostat.ilo.org/>)

<sup>3</sup> See e.g. O'Higgins, N. 1997. The Challenge of Youth Unemployment, *International Social Security Review* 50(4):63-93

This brief presents an analysis of youth labour market outcomes, with a particular focus on two new school-to-work transition indicators published on ILOSTAT. It first introduces the new indicators. It then analyses the distribution of youth by stages of transition across a set of 60 countries for which the ILO has derived indicators from national labour force survey microdatasets. As we will see, young women are at a particular disadvantage in terms of successfully completing their labour market transition. Thereafter, the brief provides further analysis on the different forms of transition and their prevalence. It assesses differences based on countries' level of development in terms of the distribution of youth who transitioned to stable employment or self-employment. Finally, the brief demonstrates that the role of education in the transition to work appears to be more important in higher income countries than in lower income countries where there is less demand for highly skilled workers and where access to advanced studies is rarer.

## Introducing the school-to-work indicators

The school-to-work transition indicators have been designed to give a more detailed classification of young people's transition path in the labour market. The key concepts for this brief are those of youth, stages of transition and forms of transition.

While in other contexts, youth are defined by the United Nations as persons aged between 15 and 24, under the scope of the school-to-work framework, youth refers to all individuals aged between 15 and 29. This recognizes the fact that some young people remain in education for longer, and captures more information on the post-graduation employment experiences of young people.

The two indicators analysed here are the *school-to-work transition stage* and the *school-to-work transition form*. The first indicator classifies youth into three groups according to their stage in the school-to-work transition: (I) transitioned, (II) in transition, and (III) transition not yet started (see the following box). Establishing that a person has not "transitioned" until they are settled in a job that meets very basic criteria of stability or satisfaction, the school-to-work analytical framework introduces a new qualitative element to the standard definition of labour market transition. The definition acknowledges the transitory state of current students and the subjectivity of job satisfaction. The transition is thus considered complete only when a young person has attained a stable job based on a written contract of

### Stages and forms of transition from school to work.

- I. Transitioned** – A young person (aged 15 to 29) who is not in school and currently employed in:
  - a. A stable job, or
  - b. Satisfactory self-employment or a satisfactory temporary job
- II. In transition** – A young person (aged 15 to 29) who is:
  - c. In school and currently employed or unemployed (in the labour force)
  - d. Not in school and unemployed
  - e. Not in school and currently employed in a temporary and unsatisfactory job
  - f. Not in school and not in employment but aiming to be employed later
- III. Transition not yet started** – A young person (aged 15 to 29) who is:
  - g. Still in school and outside the labour force
  - h. Not in school, outside the labour force and with no intention of looking for a job

duration greater than 12 months or has attained temporary job deemed satisfactory based on the young respondent's willingness to stay in it. Young persons classified as "in transition" are the ones who have begun the transition process but who have not yet completed it. Finally, the remaining youth are the ones who have not started their transition yet.

It is important to note that the stages of transition differ from the standard framework for labour force status. While those classified as transited are all employed, those classified as in transition may be employed, unemployed, or outside the labour force, and those for whom the transition has not yet started are necessarily classified as outside the labour force. Our analysis of stages of transition can be further broken down to better understand youth transitions. The transited population is subdivided according to two types of transition: (a) youth transited in a stable job; and (b) youth transited in satisfactory self-employment or a satisfactory temporary job. A similar decomposition is made for youth in transition. They are further classified into four forms: youth in transition that are (c) in school and currently in the labour force (employed or not employed but available and looking for a job); (d) not in school and unemployed (looking and available for a job); (e) not in school and currently employed in a temporary and unsatisfactory job; and (f) not in school but with the intention to be employed in the future. Finally, the youth population that has not yet started the transition is classified into those who (g) are still in school and outside the labour force (not employed and not available and/or looking for a job); and those who are (h) not in school, outside the labour force and with no intention of looking for a job.

It is important to note that the school-to-work transition indicators are not intended to be a normative framework. One cannot say that all young people in the transited category have transited to a decent job. In fact, in some countries, many young people in self-employment, which includes own-account workers and contributing family workers, are among the lowest earners. Yet, they have expressed a degree of satisfaction with their job and are therefore likely to have finished their transition on this basis. In principle, having transited should indicate an efficient labour market, capable of absorbing young school leavers. However, as we will see in this brief, young people who have completed their labour market transition may also be the most disadvantaged, as they have perhaps not pursued advanced education or have moved directly from school into irregular employment that could continue for a lifetime.

## Large variation across countries in the school-to-work transition, with significant and widespread gender gaps

The ILO has gathered data for the school-to-work transition indicators for 60 countries, distributed across four regions (Africa, the Americas, Asia and the Pacific, and Europe and Central Asia), and four income groups (low income, lower-middle income, upper-middle income, and high income).<sup>4</sup>

The following figure shows significant variations across countries when analysing the distribution of youth by stage of transition. In only one country (Switzerland), a majority of young people have completed their labour market transition, reflecting the high employment rate in the country. The shares of transited youth approaches 50 per cent in three other countries (Austria, Malta and Myanmar). In the remaining countries, the shares of transited youth vary considerably, with the lowest proportions of transited youth found in Egypt and Timor-Leste. This suggests difficulties for youth in

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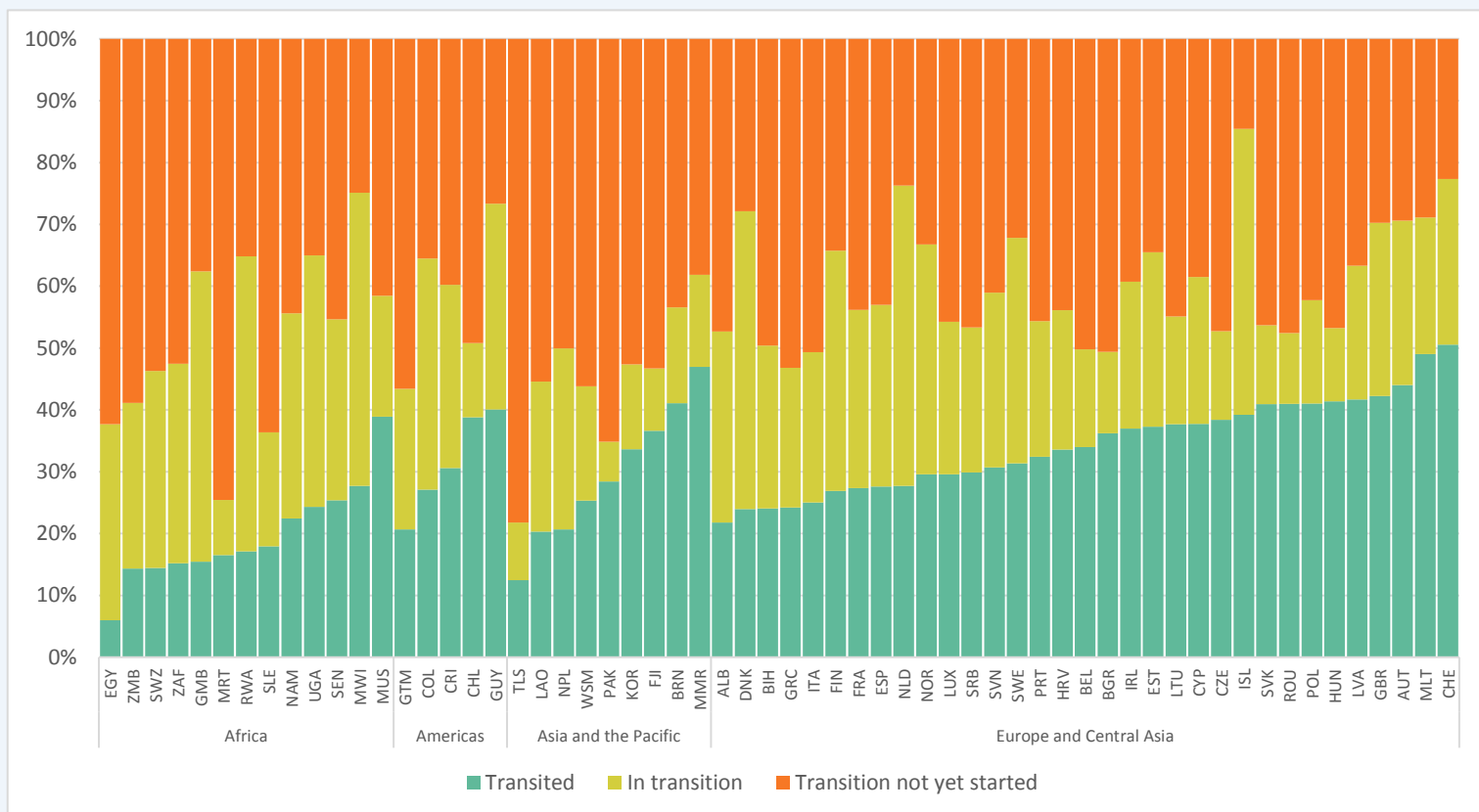
<sup>4</sup> The indicators have been derived from existing national labour force surveys microdatasets. Further information on the methodology is available at: ["Can we measure the school-to-work transition of young persons with labour force surveys? A feasibility study", Farhad Mehran, ILO, 2016.](#)

finding stable and satisfactory jobs after leaving school, but may also indicate that youth tend to prolong their education and delay their transition.

The highest shares of youth who have not yet started their transition are found Mauritania, Pakistan, Sierra Leone and Timor-Leste, countries where the share of youth not in employment, education or training (NEET) tends to be large. However, those results could reflect high educational enrolment rates and a low tendency of youth to combine employment with studies, as we will see later.

Meanwhile, the proportion of youth in transition varies considerably across countries. High shares could indicate that youth tend to combine studies and employment, and/or could also suggest difficulties in accessing stable or satisfactory employment after youth have left school.

**Distribution of youth by stages of transition (latest year available after 2012)**

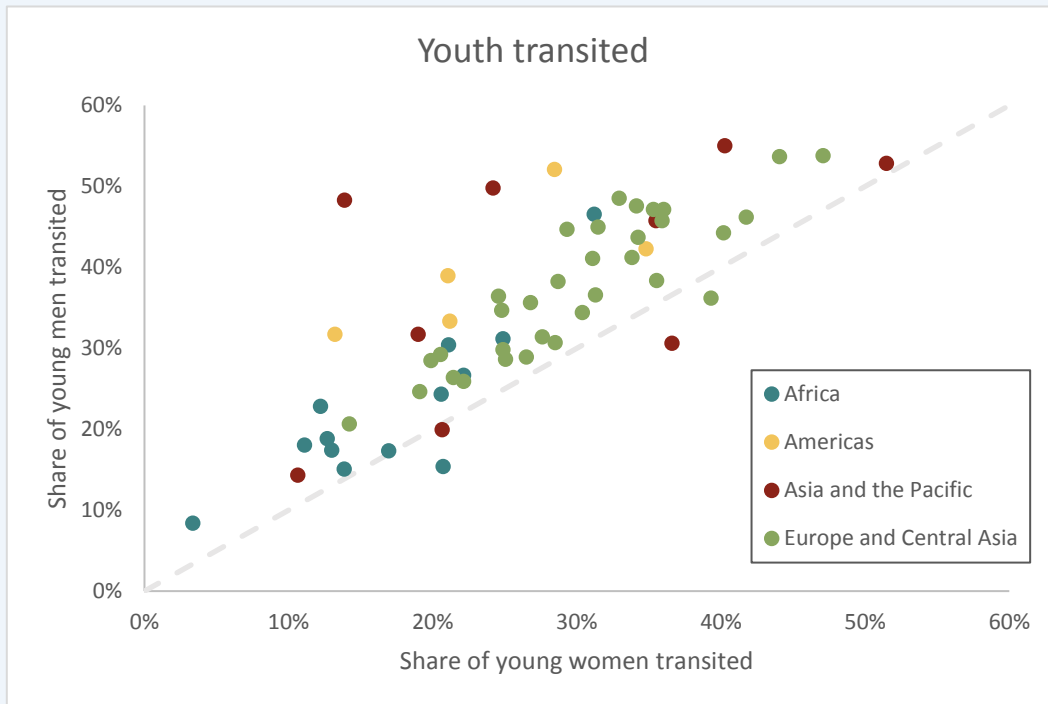


Source: ILOSTAT (country-level data).

Note: Three-digit ISO country codes are used to identify countries.

An analysis by sex highlights the fact that the completion of the transition process is easier for young men than for young women. With the exception of Cyprus, Lao People's Democratic Republic, the Republic of Korea and Sierra Leone, the shares of young transited men exceed in all countries the shares of young transited women, often by a wide margin. This is shown in the following figure, where data points refer to a country, and the ones above the bisector indicate a higher share of young transited men, while data points below the bisector indicate that the share of young transited women is higher.

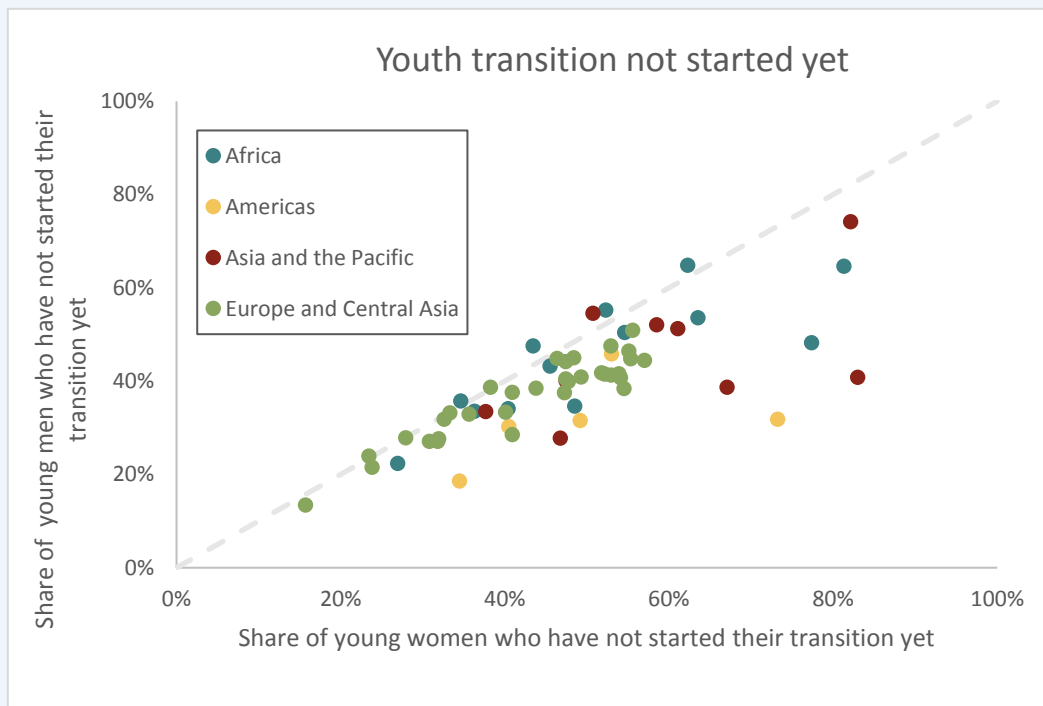
### Shares of young transitioned men and women (latest year available after 2012)



Source: ILOSTAT (country-level data).

Furthermore, the data show that in all countries but seven (Cyprus, Netherlands, the Republic of Korea, Rwanda, Senegal, Sierra Leone and Swaziland), young women are more likely to have not yet started their transition than young men (see the data points below the bisector in the following figure).

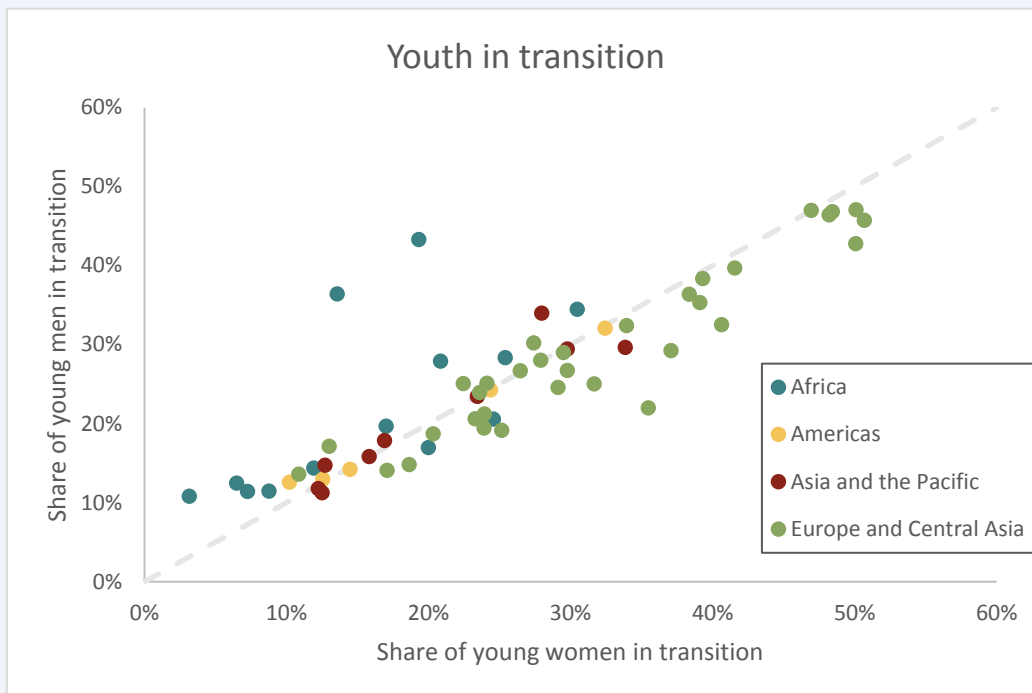
### Shares of young men and women who have not started their transition yet (latest year available after 2012)



Source: ILOSTAT (country-level data).

Finally, we observe that the shares of youth who are in transition are on average closer for young women and men, as the data points tend to lie more around the bisector.

**Shares of young men and women in transition (latest year available after 2012)**



Source: ILOSTAT (country-level data).

These significant differences in the distribution of the stages of transition by sex suggest that women face additional hurdles in their labour market transition, either at the end of their education or during their studies. These differences may be explained – at least partially – by persistent gender gaps in access to decent jobs. In many countries, young women’s access to the labour market continues to be limited, leading to large shares of these women remaining out of the labour force altogether. It is also true that in many countries, young women tend to remain in education longer than young men – possibly also as a consequence of their more limited labour market opportunities – which can delay their entry into the labour market.

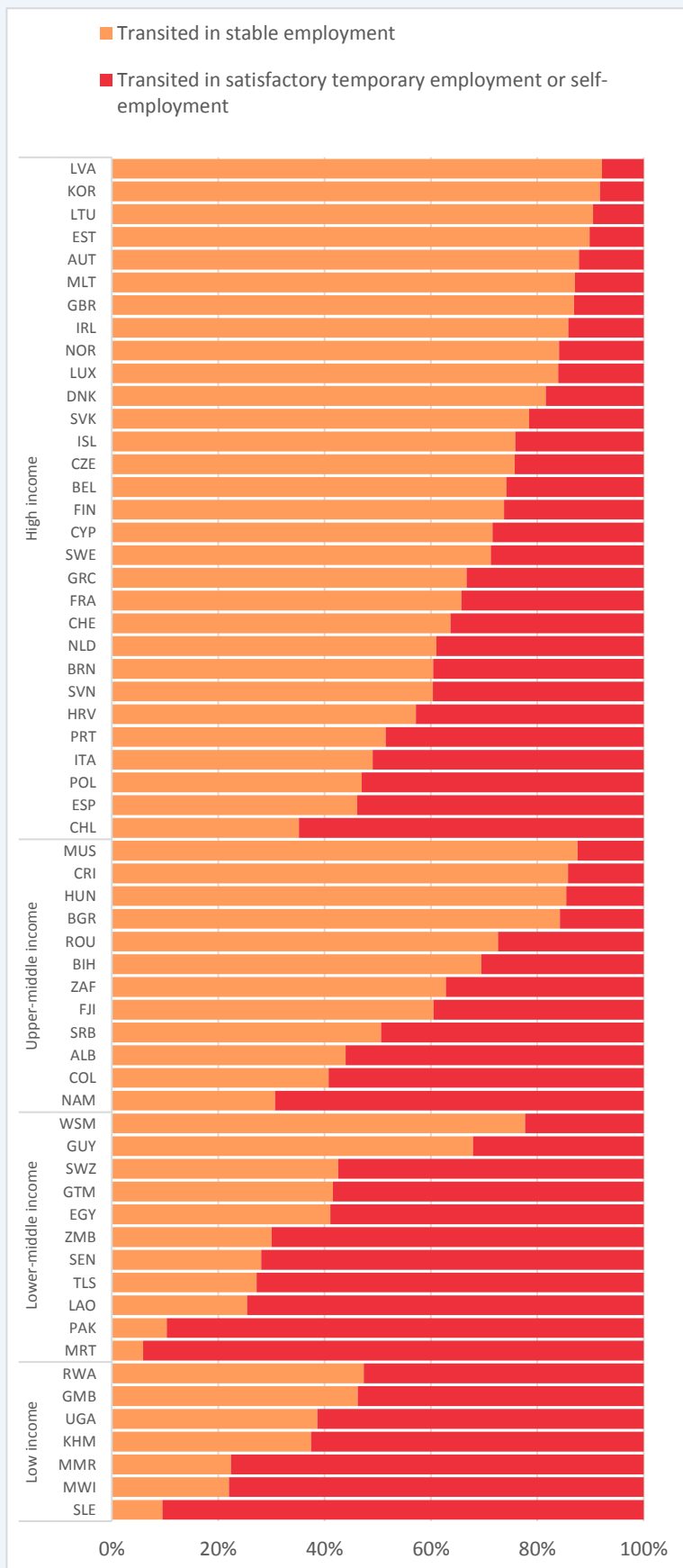
## Large differences across country income groups in the forms of transition

Transited youth are broken down into those in stable employment, and those in satisfactory temporary jobs or self-employment. The first category is usually associated with better working conditions and is considered to be the “ideal” category. Indeed, based on this framework, stable employment is comprised of youth employees who benefit from a permanent contract and hence are more likely to be in a decent job. On the other hand, the second category contains a more diverse set of employed youth. It includes youth in a satisfactory but temporary job, as well as youth in self-employment. Thus, it may include employed youth in vulnerable forms of employment, such as employees in informal employment, or own-account workers who may suffer from poor working conditions.

The figure on the right shows that the composition of transited youth tends to be closely related to a country’s level of income. Indeed, in lower income countries, where stable employment is rarer and where own-account work is common, young persons are more likely to have completed their labour market transition by settling into self-employment or temporary employment. This is reflected by the shares (in red) above fifty per cent in all low- and lower-middle income countries (except for Guyana and Samoa). These results are not surprising and are usually a consequence of the structural barriers to finding paid and stable employment in low- and lower-income countries.

Conversely, in most of the upper-middle and high-income countries, the shares (in orange) of youth transited to stable employment are over fifty per cent. Young people in these countries tend to benefit from better overall labour market conditions and more widespread opportunities to fully transition into stable paid jobs. These results likely reflect the relatively high shares of paid employment in those countries.

**Distribution of youth transited by form (latest year available after 2012)**



Source: ILOSTAT (country-level data).

Note: Three-digit ISO country codes are used to identify countries.

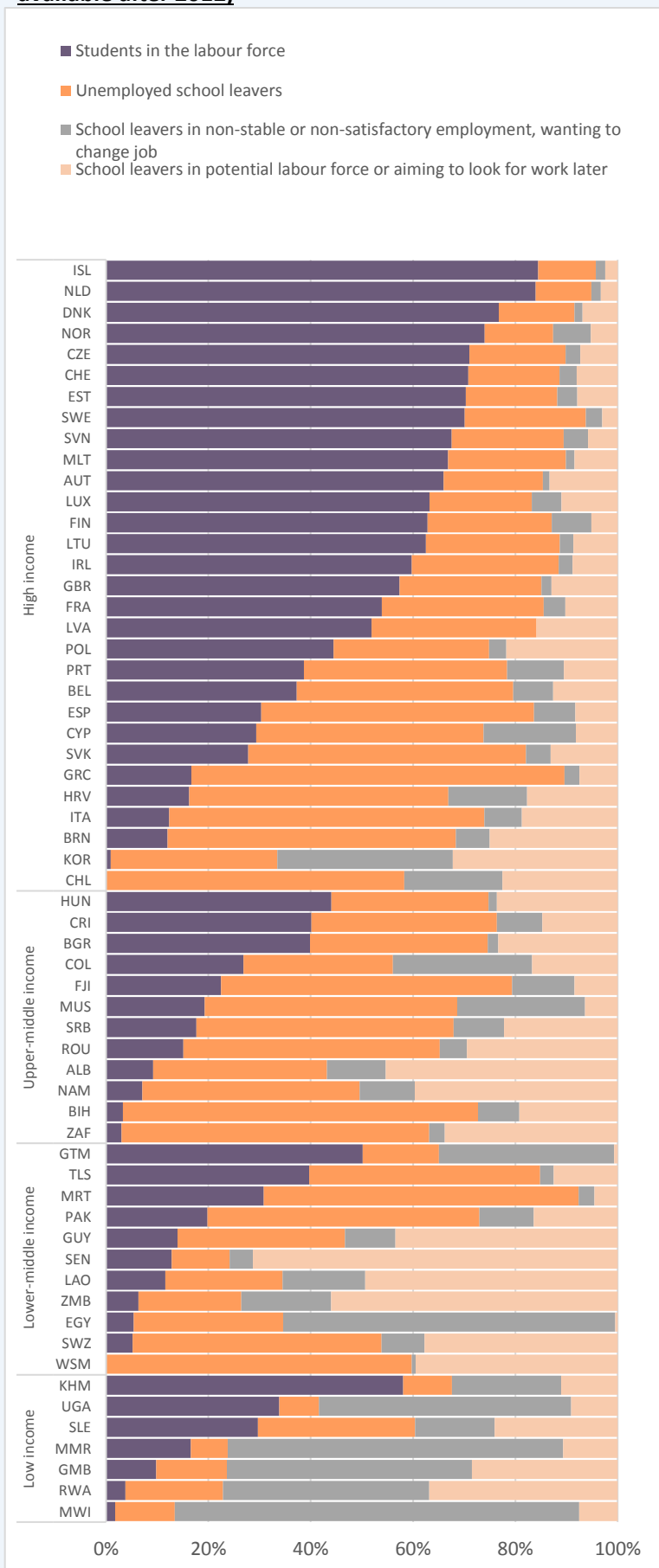


A similar breakdown can be made for young people remaining in transition. This is broken down into those who are studying and in the labour force, those who are unemployed and not studying, those who are unemployed and not studying, those working in a non-satisfactory, temporary job or non-satisfactory self-employment, and those who are outside the labour force non-students with a desire to join the labour market in the future.

The results again show significant differences among countries at different levels of national income (see the figure on the right). In low-income countries, a large share of youth remains in transition because they are working in a job that they consider to be non-satisfactory (in grey). The more developed a country is, the smaller this category becomes on average, reflecting the higher share of paid and stable employment in those countries.

In high-income countries, the main category is comprised of students in the labour force (in purple). Combined with unemployed young individuals (in orange), these two categories account for the majority of youth in transition in high- and upper-middle income countries (with the exception of Albania, Namibia and the Republic of Korea). Interestingly, in low- and lower-middle income countries, the shares of students in the labour force and unemployed school leavers in transition tend to be lower. Those significant differences observed across country income groups are mostly driven by the particularities inherent in local labour markets. For example, in high-income countries, young people are more likely to have the financial resources to be able to wait until a suitable wage or salaried job becomes available, which would explain the relatively high shares of unemployed school leavers. Conversely, in low-income countries where poverty is more widespread, young people are more likely to rapidly settle for an unstable or unsatisfactory job. Moreover, the data also indicate that it is more common to combine work and studies in developed countries, where labour markets tend to be more structured

**Distribution of youth in transition by form (latest year available after 2012)**



Source: ILOSTAT (country-level data).

Note: Three-digit ISO country codes are used to identify countries.

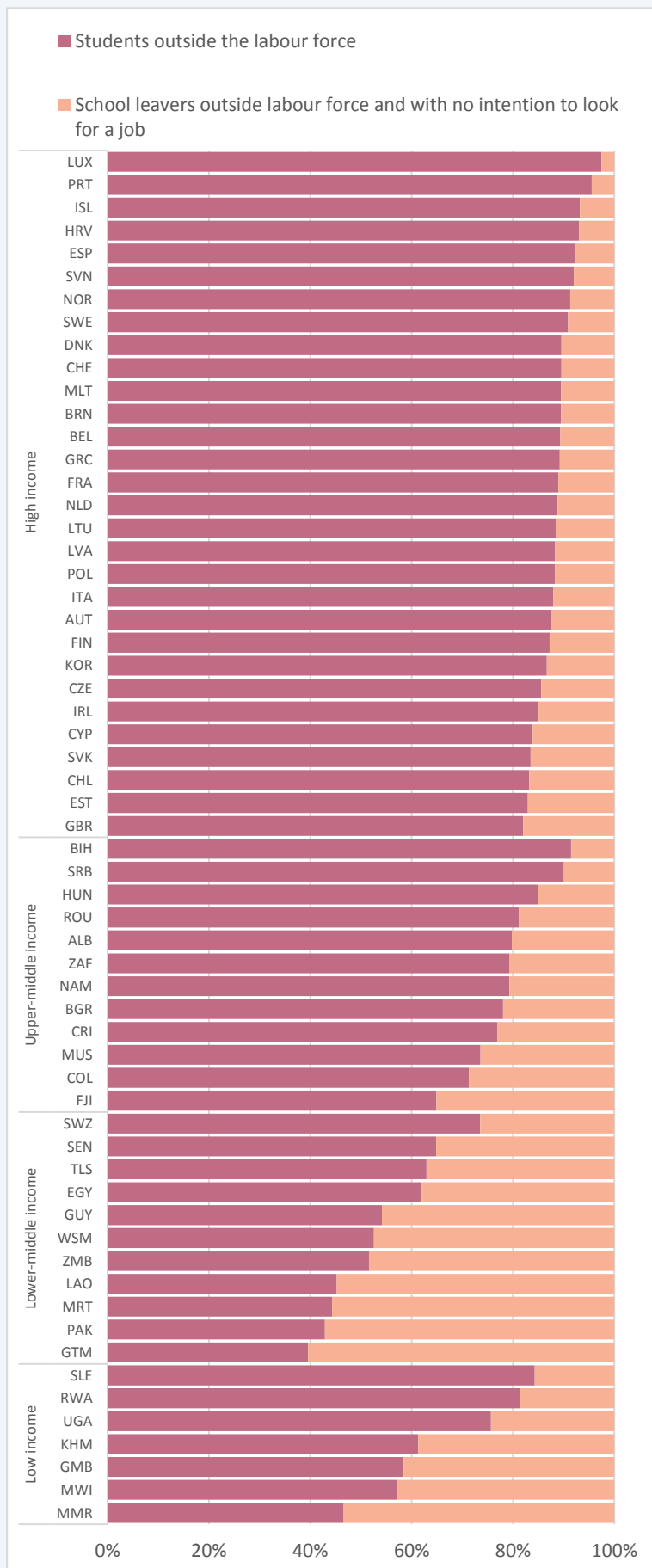


Meanwhile, the data show that upper-middle income and lower-middle income countries tend to have relatively high shares of youth outside the labour force who intend to join the labour market in the future, reflecting possible difficulties to find paid and stable employment in those countries.

Finally, youth for whom the transition has not yet started are broken down into students outside the labour force (students neither working nor looking for a job), and school leavers outside the labour force with no desire to join the labour market.

Differences related to countries' level of national income are once again striking. The data show that in high income and upper-middle income countries, the vast majority of young people who have not started their transition are comprised of students outside the labour force (in purple). On the other hand, in low- and lower-middle income countries, the share of school leavers outside the labour force with no desire to look for a job (in orange) tends to be significantly larger, accounting for more than half of those who have not yet started their transition in Myanmar, Guatemala, Pakistan, Mauritania, and Lao People's Democratic Republic. Interestingly, these are the same countries for which we observe large gender disparities in the shares of young women and men for whom transition has not yet started (with the exception of Lao People's Democratic Republic). Such results seem to indicate that women comprise large portions of school leavers with no intention to search for a job in those countries. Consistent with this finding, these countries also have relatively high proportions of women who are who are not in employment, education or training (NEET).

### Distribution of youth who have not started their transition yet by form (latest year available after 2012)



Source: ILOSTAT (country-level data).

Note: Three-digit ISO country codes are used to identify countries.

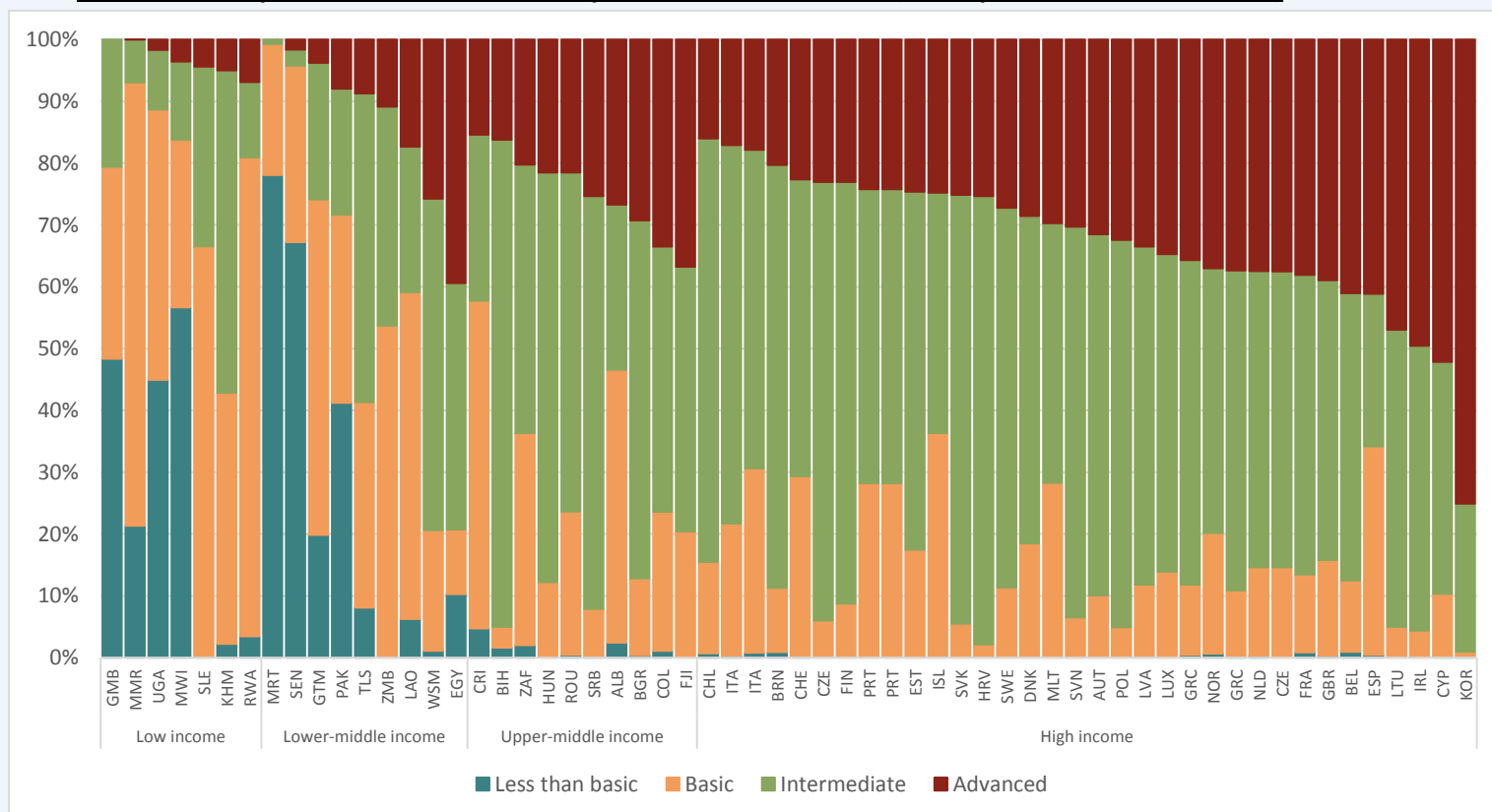
## Education matters for the school-to-work transition, particularly in developed countries

Many factors play a role in the successful school-to-work transition of young persons, and the transition can be direct and smooth, or more extended and difficult. Among the influencing factors, education is often seen as an important outcome that should help young people develop skills in demand in the labour market. Hence, examining the distribution of young persons who have transitioned by their level of education provides important insights.

The following figure shows that in high income and upper-middle income countries, the vast majority of transitioned youth have completed intermediate or advanced education (respectively in green and red). In those countries, educational outcomes appear to be strongly related to the success in the school-to-work transition of young individuals. In Ireland, for example, 92 per cent of the transitioned youth have an advanced or intermediate education, and in the Republic of Korea the share reaches 99 per cent.

In lower-middle and low income countries, the relation between the level of education and transition is less clear. Indeed, the data show that in those countries, the majority of transitioned youth have only basic or less than basic education. In Senegal, Malawi and Mauritania, transitioned youth with less than basic education are more than half of the total transitioned youth population. Possible explanations for these differences are that, first, access to advanced studies is more limited in developing countries than in developed countries due to a number of social and economic circumstances. Second, it may also indicate specificities in the demand for labour in each country. In developed countries, where employment in the services sector is widespread, young school leavers with intermediate or advanced education are more likely to find stable or satisfactory employment because they have the skills required. Conversely, in developing countries, where large shares of workers remain employed in agriculture, young individuals are more likely to settle into lower skilled forms of employment.

**Distribution of youth who have transitioned by their level of education (latest year available after 2012)**



Source: ILOSTAT (country-level data).

Note: Three-digit ISO country codes are used to identify countries.

## Concluding remarks

The situation of youth in the labour market has major effects on our societies, impacting on not only the lives and wellbeing of young individuals but also on countries' macroeconomic prospects. The transition from school to work plays a major role in this regard, as the ease or difficulty with which young people are able to transition has a long-lasting impact on the lives and labour market prospects of young women and men. By attaining stable forms of employment, young people can secure a decent and productive future. On the other hand, the risk of vulnerability and poverty remains significant for those who struggle to find decent jobs.

The newly available school-to-work transition data analysed in this brief show a great deal of variation between countries especially based on their level of development. While in higher income countries the first transition is more likely to be into stable wage employment and higher educated youth are more likely to transition successfully, in lower-income countries young people who have transitioned into employment are often those with little education or who have moved directly from school into irregular employment, often self-employment. Importantly, the results show great disparities between young men and women with young women facing significantly higher barriers to a successful transition to stable employment, and being far more likely to remain stuck in transition or out of any transition process.

Overall, the new ILO school-to-work indicators highlight the difficult situation of youth in their transition to stable employment and show the importance of developing sound, evidence-based policy responses to improve young people's labour market access. Together with the other YouthSTATS indicators published on ILOSTAT, the new school-to-work transition indicators aim at supporting governments and social partners in designing and implementing effective youth employment policies. These include, among others, investment in demand-side policies to increase the number of decent work opportunities available to young people, supported by supply-side interventions to give young people the competencies needed to fully take advantage of new opportunities in the labour market.

