

The challenge of youth unemployment from the social entrepreneurship perspective

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A new division of labour is emerging in the global employment landscape. While on the one hand new technology is creating new and exciting jobs that are attracting entrepreneurial and innovative young talent, on the other hand we are also seeing the same technology eliminating typical blue-collar jobs – jobs that can be replaced by intelligent computers. The loss of these jobs creates a growing division between the workers who thrive in a computerised society and the ones who lose out.

This is important because for young people entering the job market unemployment is like a prolonged scar and a permanent crippling on their resume putting them further behind in the employment queue. Research shows that many people in long-term unemployment do have the right skills, they have great ideas and are, if you give them the opportunity and the right support, able to create new companies. This is why policy efforts targeted at combating long-term unemployment are so critical. We need to ensure that an ecosystem of support exists for our young people, whether this might be mentorship, training, funding or labour market policies. With the right support structure, we could help our young people create their own jobs.

The situation for youth unemployment in Asia

The research by Credit Suisse in 2012 reveals that the unemployment rate trends in Asia vary widely across the region – less than 1% in Thailand, 4.9% in Southeast Asia and 9.2% in China. This is due to rapid economic development in the region, strategic location and relative young population.

While countries with advanced technology, such as Japan and Korea, have education systems and vocational development programs that allow the youth to become creative entrepreneurs in the technology labor market, Thailand is not yet ready to provide our youth with

the competitive skills in this field. Even worse, Thai social values encourage Thai youth to strive for white collar jobs, competing for famous educational institutions and dismissing vocational programs as an undesirable path toward low-paid and undignified blue-collar jobs. Youth from low-income backgrounds and distant rural areas lack the opportunity to compete. They either lack employment or obtain low-paying jobs.

Moreover, Thailand relies heavily on low-paid labor in the agricultural, industrial and service sectors. The Thai economy is fueled by migrant workers

from Myanmar, Laos and Cambodia, further limiting the opportunity of migrant children from entering a fair labor market. For example, child laborers in the seafood industry are abused and receive low wages. The civil society, led by social entrepreneurs, are pushing the government to improve educational access, quality and skills development programs and to protect the basic needs of migrant children. In addition, the Thai government must develop agricultural technology and promote opportunities for rural youth, as an incentive for youth to return to work in their hometowns.



Singapore Management University students visit ASEF, 24 October, 2011, Singapore

The situation for youth unemployment in Europe

In the last years, the economic crisis severely hit the young. Europe has been facing a challenge of improving the potential of youth or raising its socio-economic systems through activities focused on innovation and creativity. We all know this is not a problem only due to high rates of unemployment, but it is mainly about low-quality employment opportunities (low salaries and informal jobs) and a matter of having the right skills and professional profile for the right place.

The last data up to May 2015 published by European Commission on Unemployment Statistics showed that youth unemployment rates are generally much higher than unemployment rates for all ages. However, this does not necessarily mean that the group of unemployed persons aged between 15 and 24 is large, as many young people are studying full-time and are therefore neither working nor looking for a job (so they are not part of the labour force which is used as the denominator for calculating the unemployment rate). For this reason, youth unemployment ratios are also calculated, according to a somewhat different concept: the unemployment ratio calculates the share of unemployed for the whole population.

Even considering this, and according to Eurostat¹, in December 2014, 4.960 million young persons (under 25) were unemployed in the EU28, of whom 3.289 million were in the euro area. The youth unemployment rate was 21.4% in the EU28 and 23.0% in the euro area. High youth unemployment rates do reflect the difficulties faced by young people in finding jobs. In December 2014, the lowest rates were observed in Germany (7.2%), Austria (9.0%) and the Netherlands (9.6%), and the highest in Spain (51.4%), Greece (50.6% in October 2014), Croatia (44.8% in the fourth quarter 2014) and Italy (42.0%). The share of young people neither employed nor in education or training – the so-called NEETS – is still higher than in 2007 in more than three quarters of OECD countries among 20- to 24-year-olds, and in nearly two thirds of countries among 25- to 29-year-olds. At the same time, there is an increase of 77% in long-term unemployment since the end of 2007. More than half of the people in that category had been out of work for two years or more².

The risk of having a permanent increase in the number of workers stuck in chronic joblessness or moving between unemployment and low-paid, precarious jobs is very high, which necessitates a commitment from governments to direct greater resources to high-grade training to enhance young people's skills. OECD's report points to evidence that shows a person's long-term career prospects are largely determined in the first ten years of working life.

That's also why, given Europe's continuing high youth unemployment rate, unlocking young people's entrepreneurial potential and making Europe more entrepreneur friendly has become a recent priority on the EU policy agenda. Despite of the importance of finding new ways to be professionally active, where the entrepreneurship – more than creating a self-business but an attitude towards life and the future – is a crucial subject and one of the European measures to face the youth unemployment, there will always be the traditional labour market. And to make this a place for young people, we need to continue to improve the knowledge, skills, dedication and productivity.

¹ Eurostat, January 2015.

² The secretary general of Organization for Economic Cooperation and Development – (OECD). In Paris at the launch of the organisation's 2015 employment outlook.

Key insights from the ASEF meeting

During the three days we spent together in Stockholm we had some interesting discussions around young people, education, the job market and social entrepreneurship. Below are some of the main takeaways from the meeting looking at youth unemployment through the lens of social entrepreneurship.

The emergence of a dual labour market

While one segment of the labour market is benefitting from internationalisation, there are parts of the labour force who struggle with the increased competition mobility across borders brings. The most talented and resourced entrepreneurs have got a world of opportunities, but there is a large section of the young labour force who are left behind, largely due to unequal access to high quality training and lack of skills. When addressing this problem during the Stockholm meeting Professor Karl Wennerberg argued for the need for dual policies to address this reality. He argued that instead of one set of policies to cover both these segments, we need dual policies tailor made to better support both the ones thriving in a globalised economy as well as the ones needing extra support.

The same mechanism is in effect for the employers. Online business, global logistics chains and the opportunity to sell your products anywhere in the world has meant that on the one side some companies are benefitting immensely from increased global mobility, while some local firms are experiencing increased competition. While many companies have never been doing better, the other side of the coin is that many companies have never been doing worse. Which again emphasises the need for dual policies to deal with both these sides of the economy. One suggestion from Wennerberg is to create new tax policies

where taxes from the growing globalised business could go towards supporting the companies working under increased competition. In this way we can simultaneously encourage and tap into the potential of the growing business sector, while at the same time better protect the more vulnerable parts of the labour market.

Who is creating jobs for the next generation?

Innovation is a crucial economic driving force. However, one of the main points that came out of our discussions is that the much heralded innovative start-ups currently emerging in the market are in fact not likely to be the companies that will create the jobs that will help young people out of unemployment. So far (although this might change in the future) the new tech start-ups have contributed little to domestic growth, and have got the tendency to employ the privileged and already skilled segment of the workforce, leaving a large group of young unemployed behind.

In his presentation Karl pointed out that in terms of job creation, we should not underestimate the skills, dedication and the productivity we can find in the traditional labour market. The largest job and profit creators are often the more traditional businesses, the retail chains such as IKEA and H&M, which employ unskilled young people, train them and help them progress in their career over time.

Previously, businesses often put their pride in creating large numbers of workplaces for the society. A point that came up several times during our discussions is that this culture seems to be slowly disappearing. The new and trendy start-ups generally create less new workplaces and seem to have a different culture regarding workplace creation.

Self branding

The new millennium is characterized, no doubt, by its own set of events “and specific styles. It is a time of great and constant change, where information abounds and trends become global at the speed of light.

The young man of the new millennium is well informed, intelligent, and determined to make the right choice. He is always trying to be at the forefront at all levels. Companies, in turn, seek professionals aligned with this vision that are able to answer to all the changes and challenges that globalization and the macroeconomic context of today bring to light.

This change in the level of awareness and professional requirement represents an exciting challenge for the professionals of the new era. These professionals find themselves in a new reality consisting of uncertainty, insecurity, and unemployment (a social problem that affects many skilled workers, in particular young people). In an increasingly competitive market, companies seek skilled, innovative employees, who have entrepreneurial skills, and are distinguished from the rest.

Nowadays, to be good is no longer enough. It is average. A person must be the best.

In 1997, Tom Peters wrote an article entitled “The Brand Called You”, where, for the first time, “Personal Branding” was addressed. In his perspective, the author argues that we should not ‘trust’ our personal and professional development to the companies, but rely on ourselves to manage our own brand – a personal marketing logic.

It is in this line of reasoning that Personal Branding, a methodology that allows anyone to build his personal branding and become a differentiated

professional, comes to fill the gap in the market. Personal Branding responds to the needs imposed by the new social and economic realities of recent years.

If we think of ourselves, individuals, as a brand, it is possible to develop the management of our own brand, as if it were a product. The value is the difference. It is necessary to build a story. Personal image is only a part of the whole process. The packaging of a product is essential for capturing attention, and allows a person to create the first visual contact with the brand. However, it is not enough to maximize purchase behaviour. Associated with an image always comes a “story”, content that allows an employer to distinguish it from other products from the same market. The same happens with the product “I”. If the individual wants to succeed professionally and be a valued brand, he has to think like a company, as a product with its own brand.

It is essential, according to the concept of personal development, to understand that Personal Branding is a way of clarifying and communicating what makes us different and special. In order to achieve new levels of personal excellence, it is essential to understand our unique attributes and clearly communicate our Unique Value Promise in order to achieve new levels of personal excellence.

The potential of social entrepreneurs in an ageing society

The research reveals that population growth rates of many countries in Asia have slowed down, especially in Thailand. The dependency ratios — youth and old age for Indonesia, Malaysia, the Philippines, Singapore,

Thailand, and Vietnam — are high, which imply that those countries are becoming aging nations.

Japan is an aging society whose government has developed welfare programmes for the elderly and relies on technology instead of human labour in the industrial, agricultural and service sectors. In contrast, Thailand and many countries in Asia are not yet equipped to cope with this trend. On the one hand, the government must set policies to ensure welfare for the elderly and alternatives to human labour in various sectors. On the other hand, civil society with leadership from social entrepreneurs are creating broader awareness and understanding about the aging society. Not only are social entrepreneurs teaching youth about the needs of the elderly, but they are also highlighting social capital of the elderly — the older generation’s values, knowledge, skills and experiences — as opportunities for vocational skills development for youth and care for the elderly integrated as part of overall family and community development.

Conclusion and Recommendations

During the three days in Stockholm several key elements of supporting young social entrepreneurs was discussed. One of these is the importance of mentorship, and the opportunity to learn from someone who can guide the young person through the process of setting up an enterprise. Another one is the value of regional exchange of knowledge between Europe and Asia. We also spoke about the mismatch between what young people learn in schools, and the skills

employers are actually looking for in school leavers. This relates in particular to soft- and life- skills such as resilience, problem solving, communicating effectively, thinking creatively, relating to others and adapting to changing circumstances. These are skills that are not so easily learnt at the school bench, but rather through real work experience.

One initiative that could cover all the key elements mentioned above to increase capacity in the young people of Europe and Asia is to create a cross-regional exchange programme for young entrepreneurs. By placing a young European entrepreneur in a successful Asian social enterprise and vice versa, the young person would get a unique opportunity to increase his or her professional and cultural competencies, get global exposure, access to mentorship, real work experience and learn valuable life skills. In an increasingly interconnected world this opportunity could also offer valuable language training and a greater understanding of the opportunities and challenges of working in an international environment. This is why we believe that cross regional work experiences could be one of the key ways we can better equip and prepare our young people to enter the job market. As Lucas WALSH reminded us in Stockholm, and which highlights the role of giving young people access to experiences that prepares them for the future:

“The world economy doesn’t pay you for what you know, but what you can do with what you know”

SCHLEICHER 2013

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Her experience includes activity in Thailand's civic movements since the 1970s; work with international agencies such as CARE, Save the Children, and the Pearl S. Buck Foundation; leadership within grassroots organisations to connect with refugee communities, hill tribe minorities, slum residents, women and children; as well as maintaining strong ties with the Thai community of entrepreneurs and public sector leaders. Her expertise in social enterprise was developed over her building of cross-sector networks, serving on the board of directors for the Thai Social Enterprise Office, Thmmasat University's School of Global Studies, and the Khon Thai Foundation.

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His previous professional experiences highlight the positions of sub-coordinator and Liaison Officer in Mission Portuguese EU Presidency in 2007, the department of the Ministry of Foreign Affairs, Director of Marketing and Commercial EspaçoInfor – Powerline Communications and Marketing Consultant in QualiQuanto Intelligence – Research and Brand Consultancy.

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Her experience in partnership management has allowed her to work with the European Commission (EC), leading SIX's role in EC funded consortiums. She assists in strategy and future planning for SIX, scoping new opportunities for business and developing proposals.

The Asia-Europe Foundation (ASEF) promotes understanding, strengthens relationships and facilitates cooperation among the people, institutions and organisations of Asia and Europe.

Since 1997, ASEF has contributed as part of its rich thematic portfolio to education policy dialogue and capacity building, and facilitated youth networks. Run by ASEF's Education Department (ASEFEdu), our projects strengthen collaborations between education institutions and exchanges among young people, academics and educators through interdisciplinary and pragmatic approaches. In doing so, we directly link these key players in education to the ASEM Education Process and ASEM Leaders' Meetings.

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