

# Unlucky Generation

Impact of COVID-19 Pandemic on the Youth Labor Market

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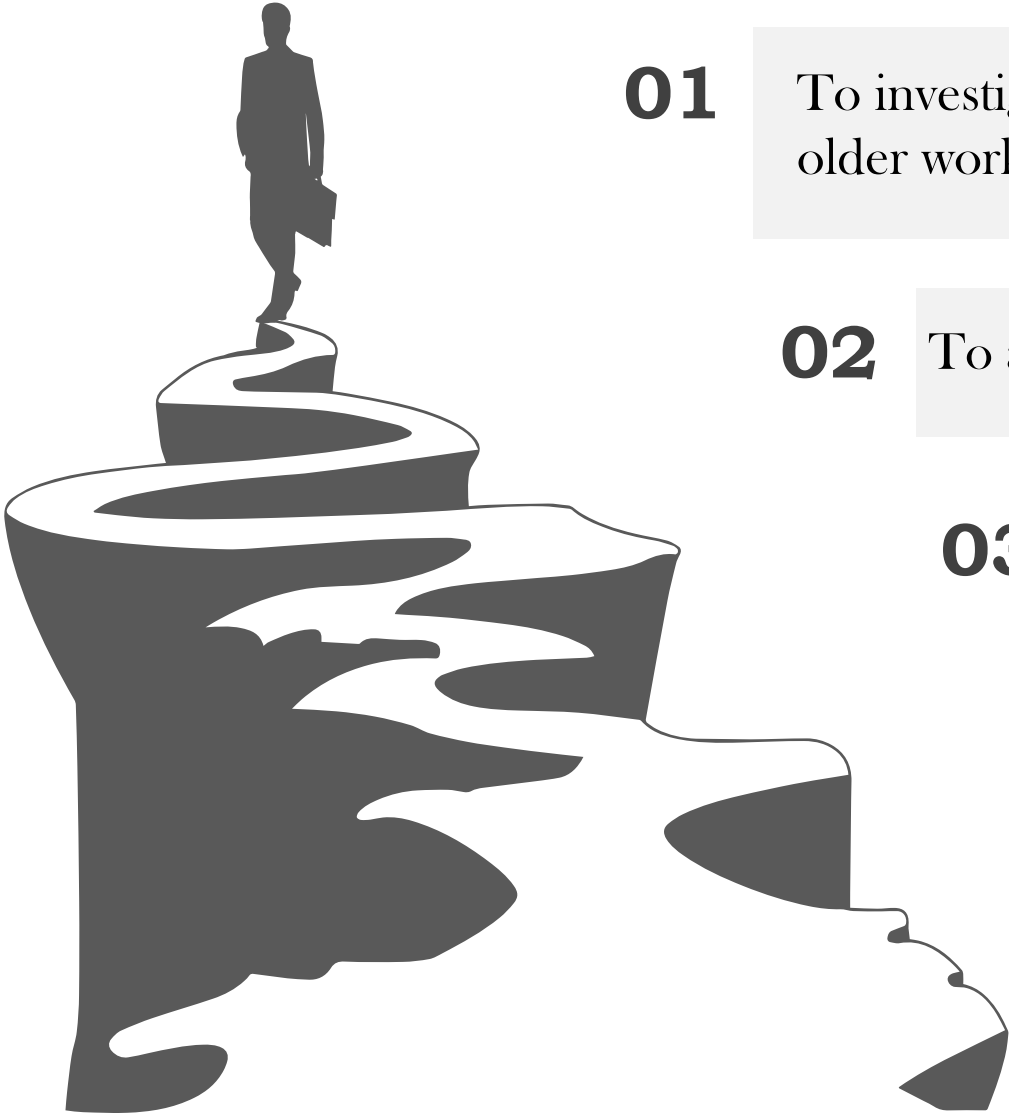
# Background

- The COVID-19 pandemic has severely disrupted labor markets in Thailand
- The impact of COVID-19 shows disproportionately on demographic groups
  - Thai young workers (15-24 years old) have the highest unemployment rate compared to other demographic groups (Paweenawat & Liao, 2021)
- Young workers in Asia and Pacific are disadvantaged and hit harder than older workers by the pandemic (ILO & ADB, 2020)
  - “Lockdown generation” (ILO, 2020) – Long-term damage in their career path

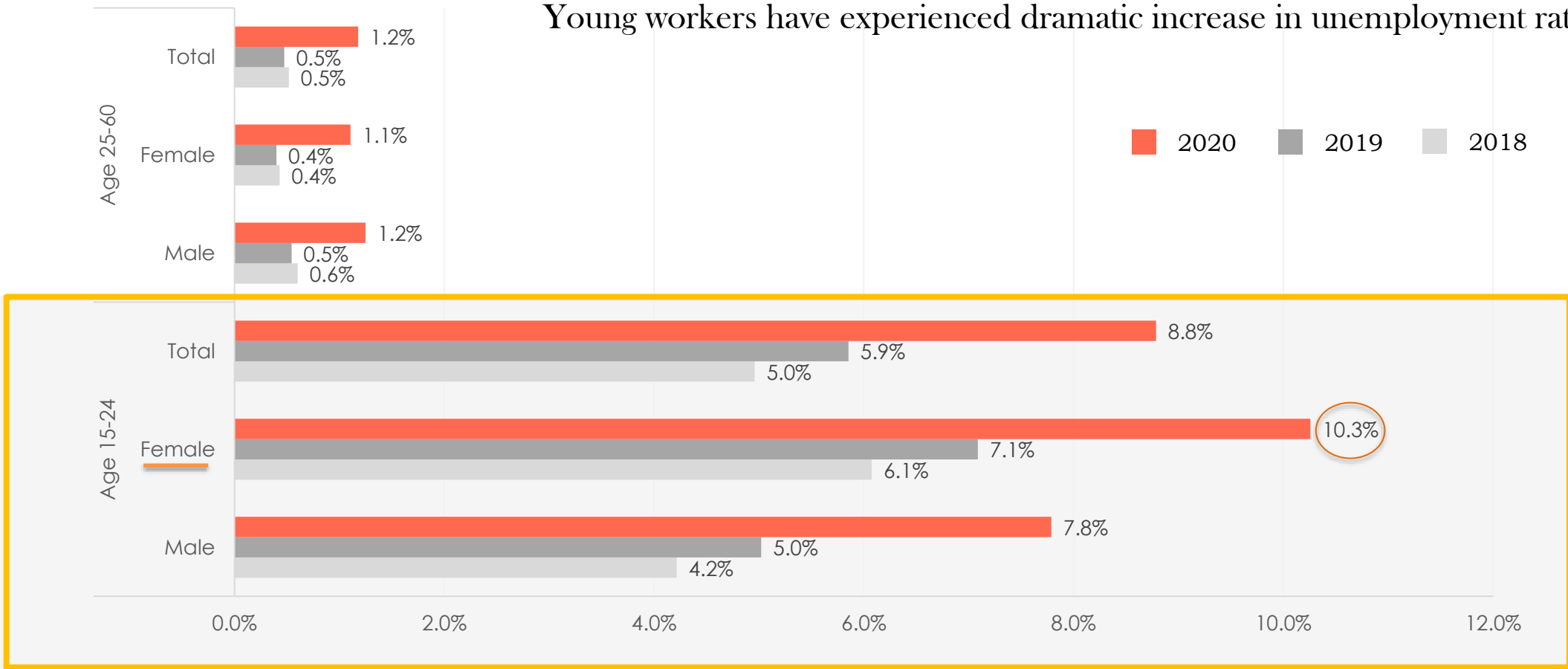
“Unlucky generation”

# Objectives

- 01** To investigate **the labor market disruption** comparing young workers and older workers in pre-pandemic and pandemic period
- 02** To analyze **the causes** behind young workers employment crisis
- 03** To draw attention on **the government's supporting measure** targeting on young workers in Thailand
- 04** To evaluate **the effectiveness of employment policy** relating young people



# Unemployment rate in 2018, 2019, and 2020 by gender and age

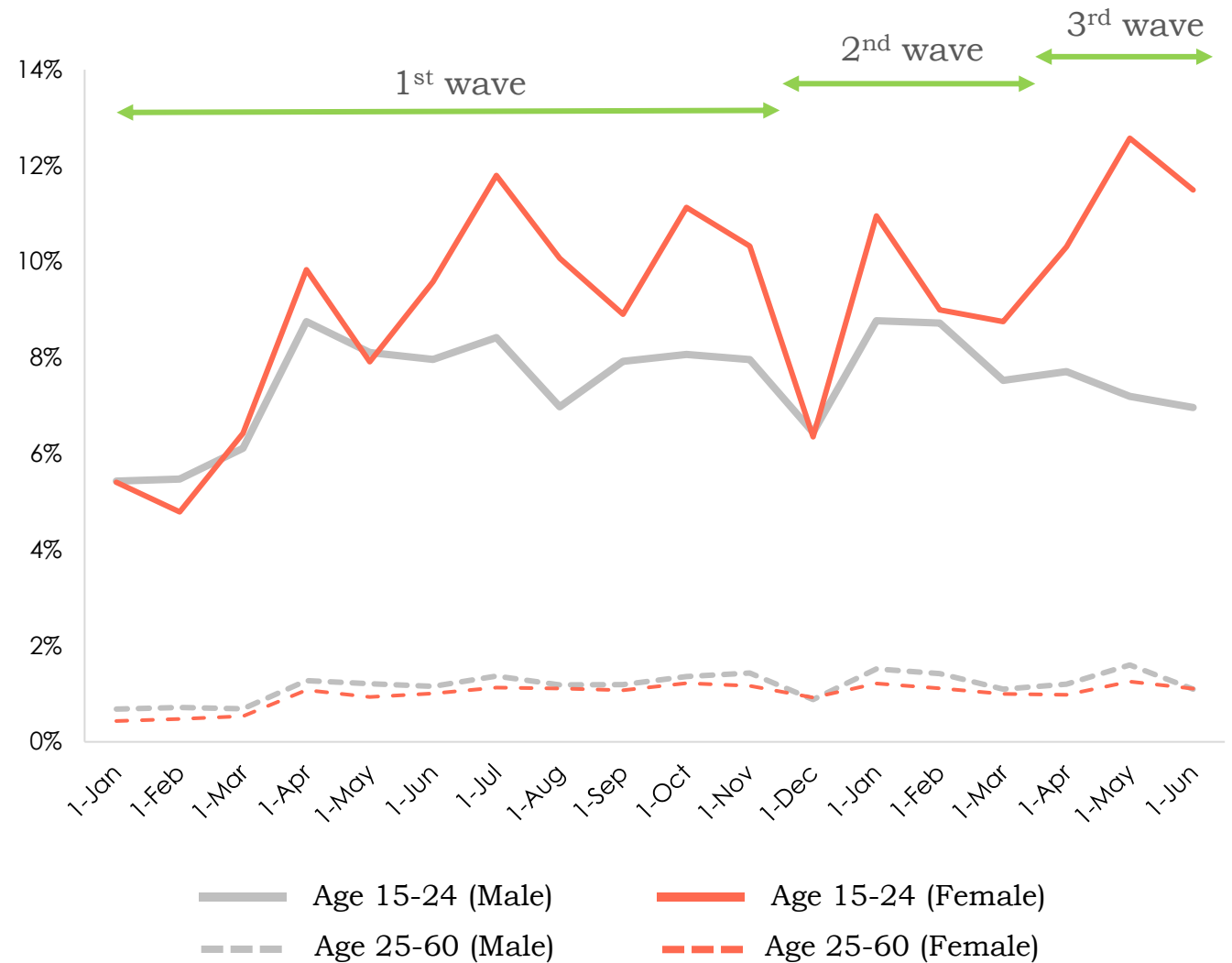


Source: Authors' calculation.

## The unemployment rate by gender, age and months in 2020-2021

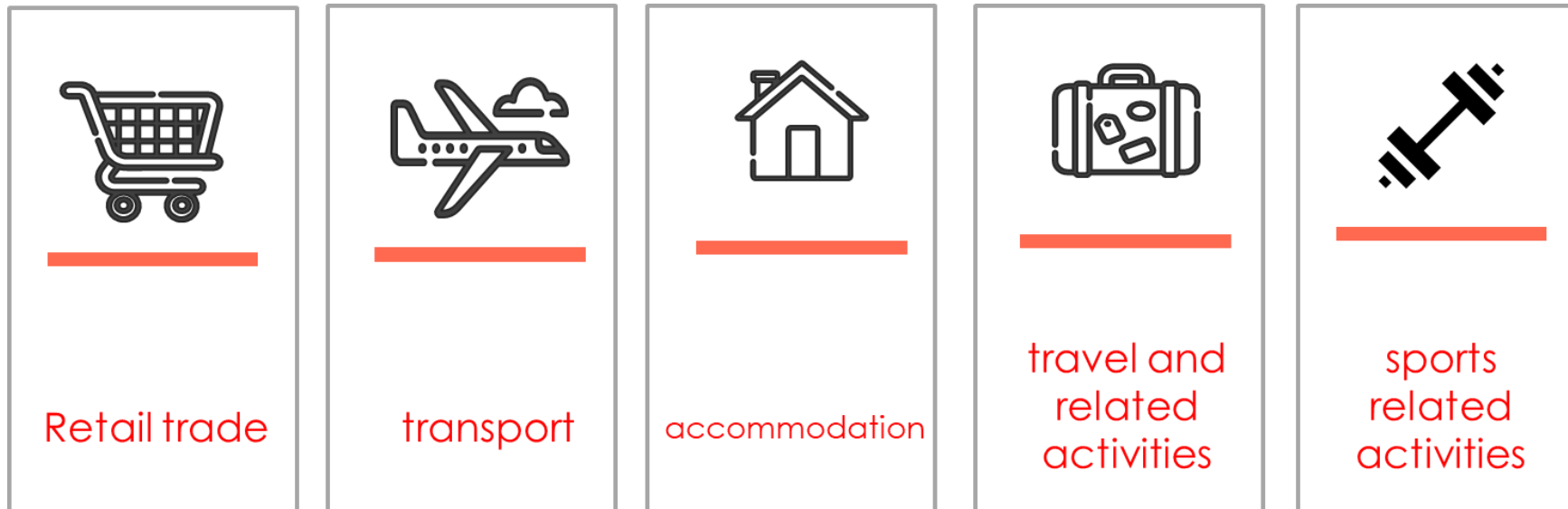
- Old workers' unemployment rate is more stable than young workers
- Young female workers are more vulnerable than male
- Young female's unemployment rate has doubled during the pandemics

Source: Authors' calculation.

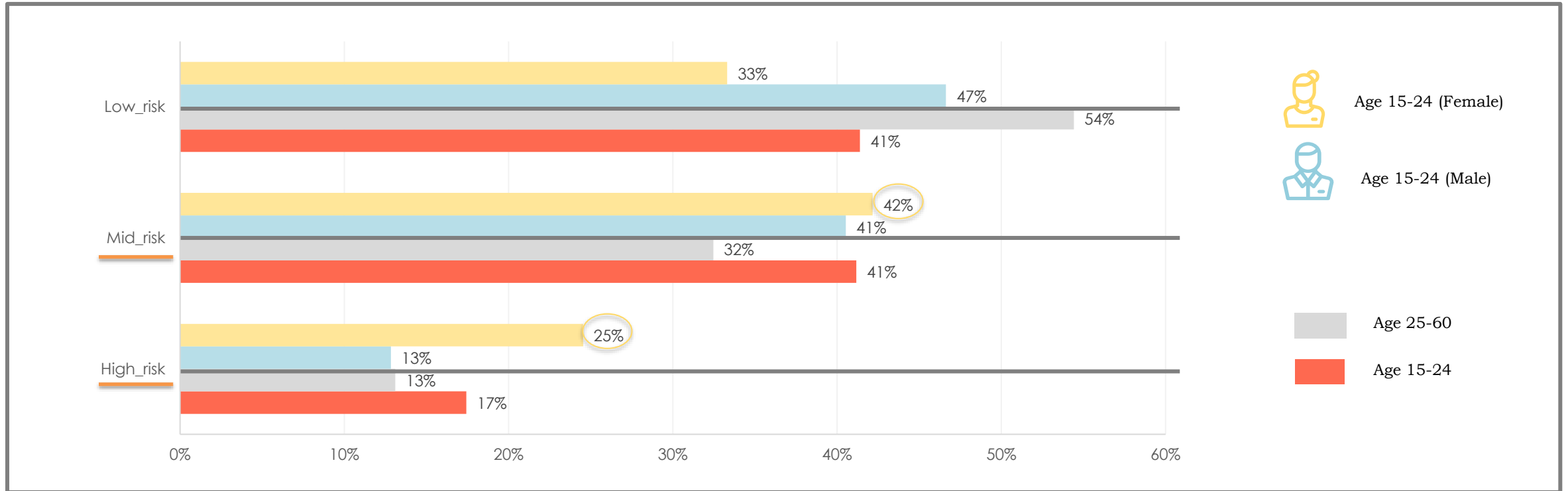


# Why **young workers** are more **vulnerable** during the **COVID-19**?

- To investigate the risk exposure to COVID-19 regarding to industrial sectors and occupations  
*Where young workers locate? & What work status they hold?*
- This paper applies the COVID-19 disruption risk assessment for youth employment in Thailand by ILO (2020)
- The high-risk sectors in Thailand are predicted as follows:



# The proportion of **young** and **old workers** in each level of sectorial risk exposure to **COVID-19**



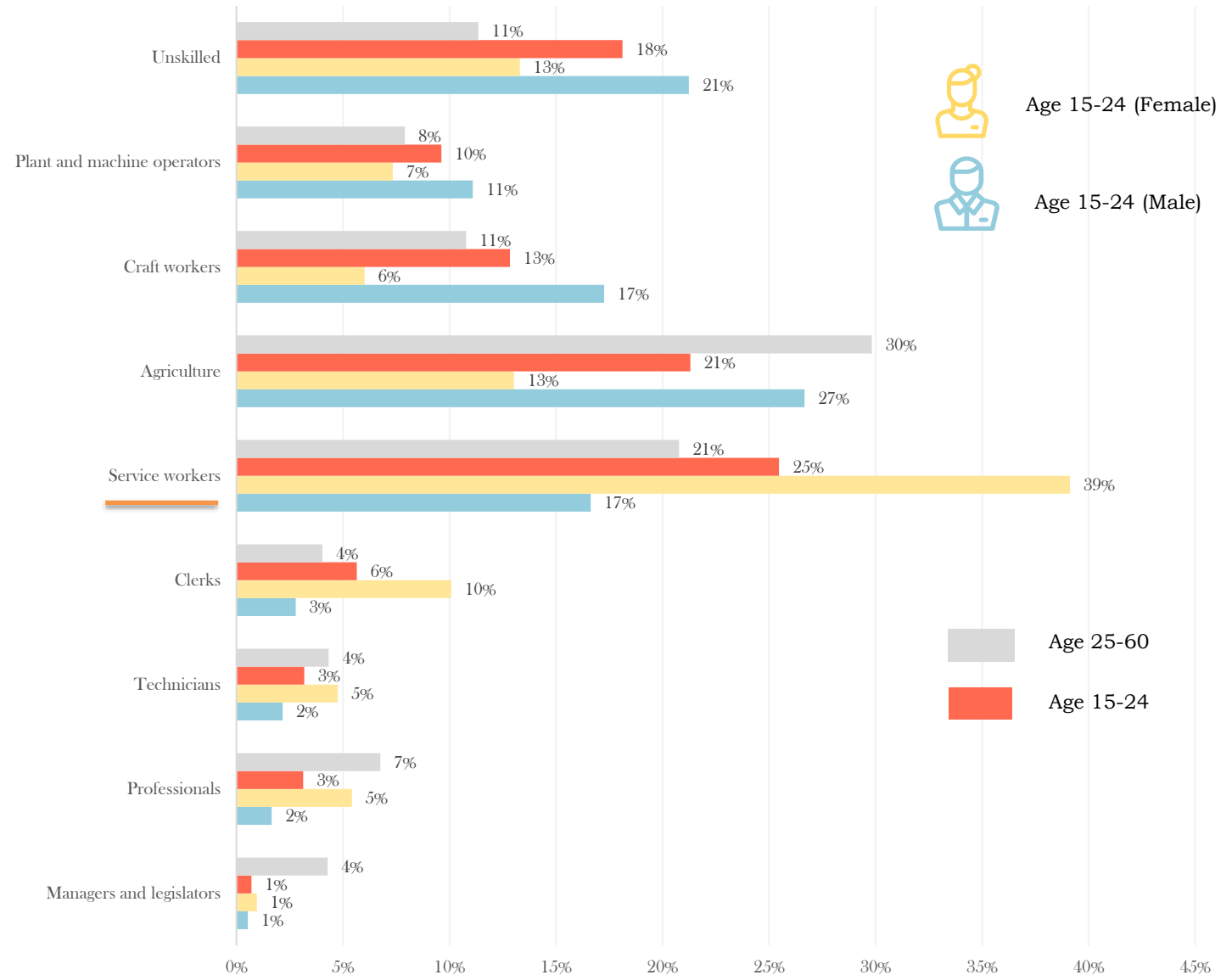
Source: Authors' calculation.

- Young workers are overrepresented in mid- and high-risk sectors (41% & 17%)
- Higher proportion of young female workers locate in mid- and high-risk sectors (42% & 25%)
- The high vulnerability of young workers in employment during the COVID-19
- Working in higher risk sectors that are affected by economic disruption and social distancing measures

## The proportion of **young** and **old workers** in the **occupations**

- The distribution of occupations contributes to disproportionate impact of COVID-19 on young and old workers.
- Young workers are over presented in the unskilled, agriculture, craft workers, service workers
- 39% of young female workers in service occupations

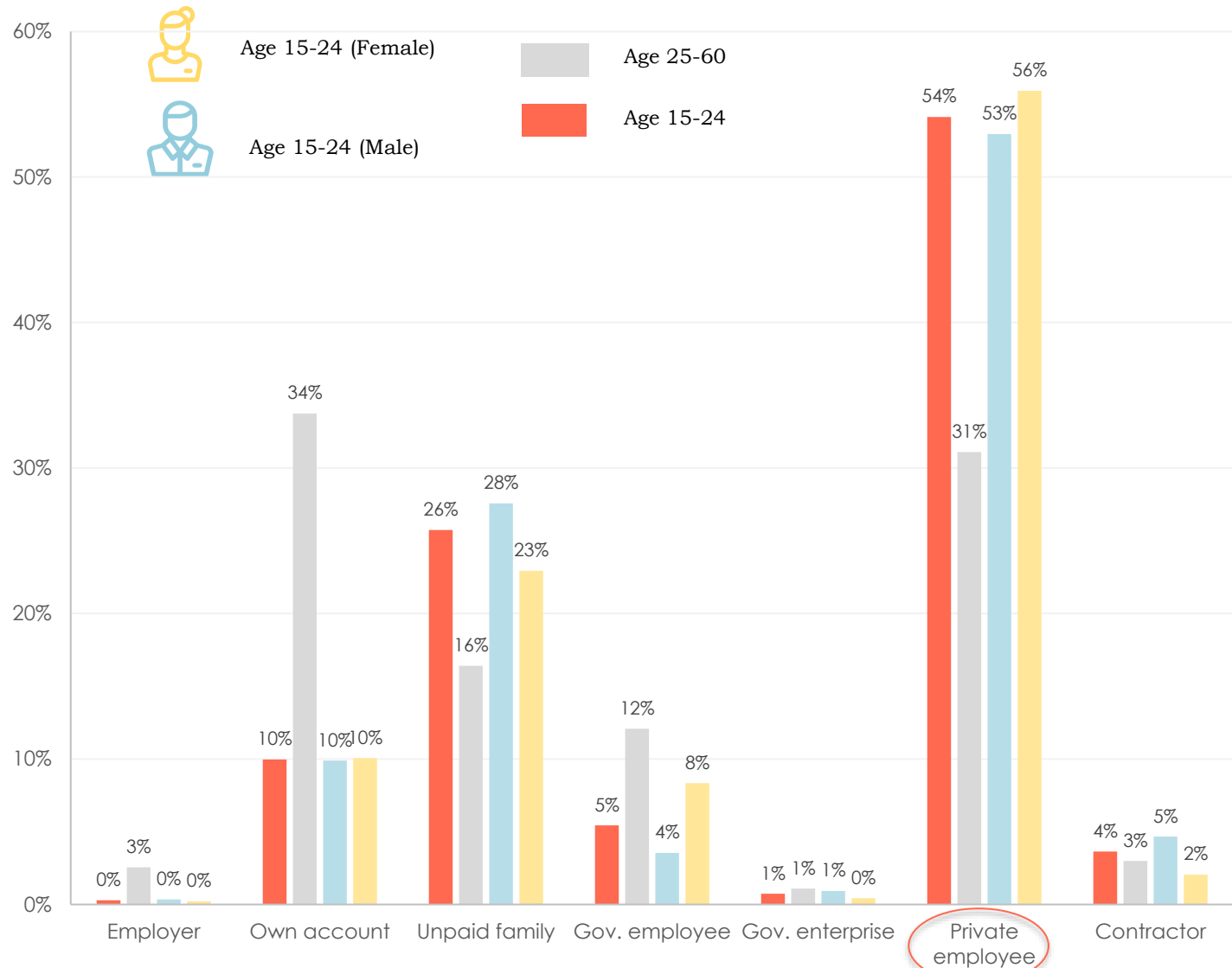
Source: Authors' calculation.



## The proportion of **young** and **old workers** by working status

- High proportion of young workers in private sector - High vulnerability level
- Young workers employed in the private sectors have suffered a larger impact
  - Reduction in working hours link to temporary closure and shutdown of business due to the COVID-19 restriction measures

Source: Authors' calculation.



# Policies tackling the youth employment crisis



- Thai government has significant COVID-19 response package to mitigate the impact of pandemic, which accounts for 13.1% of GDP (Fiscal Policy Office, 2021)
- In October 2020, Thai government has implemented a one-year job creation scheme to promote the employment of newly graduates
  - Less than 25 years old completed vocational or university level education that has been hit hard by the ongoing economic downturn due to the COVID-19 pandemic (World Bank, 2021)
- The project aims to generate 260,000 new jobs in both public and private sector by subsidizing companies hiring graduates with 50 percent of their salary (World Bank, 2021)

# Doubts on the effectiveness of program?

- 01 Targeted group only account for half of the new graduates (with a total number of 500,000) in 2020. Majority of the youth is not covered by the program
- 02 The hard-hit sectors, such as tourism or service-related industries, could not take advantage from this program as the companies prioritize to reduce cost of workforce

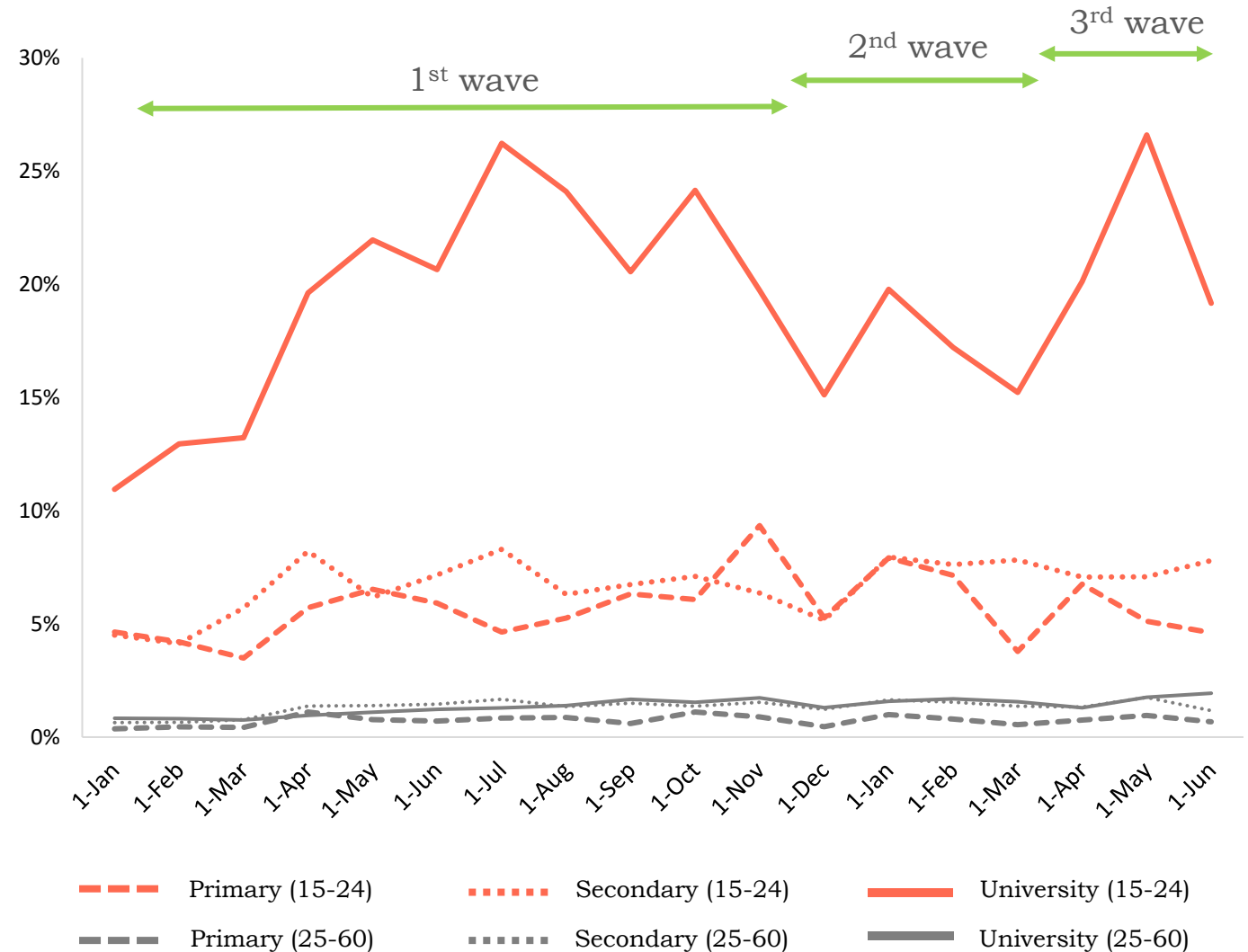
The program is hard to reach unemployed young workers, especially those in high-risk sectors

? **May 2021** - Thai government has reduced the number of targeted group from 260,000 people in the beginning of the program to be **50,000 people** & budget supported from B19.4 billion to **B3.2 billion**

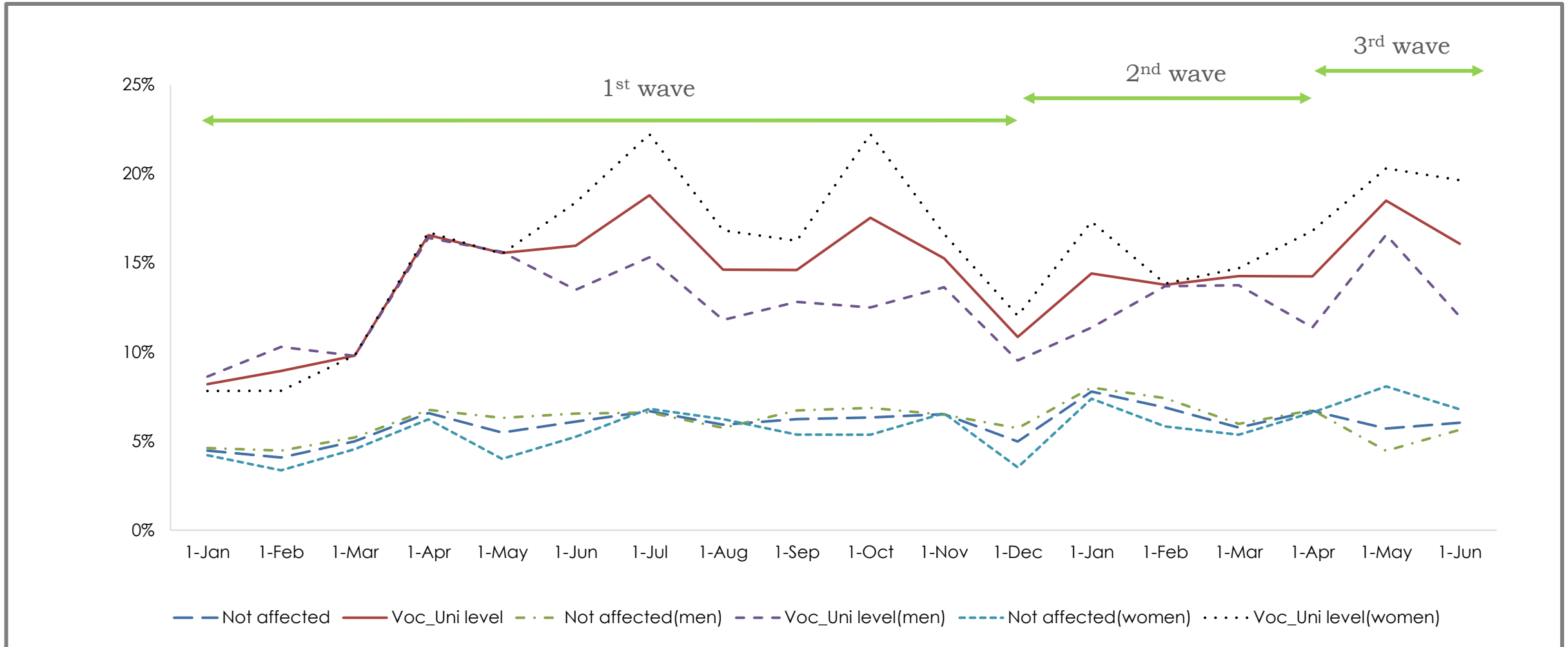
## Change of unemployment rate for young workers by age & education levels

- Young workers with university level education have the highest unemployment rate and are highly volatile to the labor market disruption throughout the pandemic (consistent with UNICEF, 2020)

Source: Authors' calculation.



# Change of unemployment rate for young workers **with** and **without** affected by the **job creation scheme**



# Unemployment rate for young workers **with** and **without** affected by **job creation scheme**

- The targeted group has shown a higher unemployment rate than not affected group, where female workers are more affected by the pandemic than male workers
- The highest unemployment rate appeared in 2<sup>nd</sup> and 3<sup>rd</sup> in 2020, and the rate decreased in 4<sup>th</sup> accompanying with economic recovery and success of government effort to contain COVID-19
  - Targeted young female workers' unemployment rate has dropped by over 10% (from 22 % in Oct.20 to 11 % in Dec.20) (similar to male's unemployment level)
  - Not affected groups have also experienced a decrease of unemployment since November 2020
- However, the unemployment rate has risen again in 2021 and **the job creation scheme shows weak in promoting employment of targeted group.**

# Conclusion & Policy recommendation

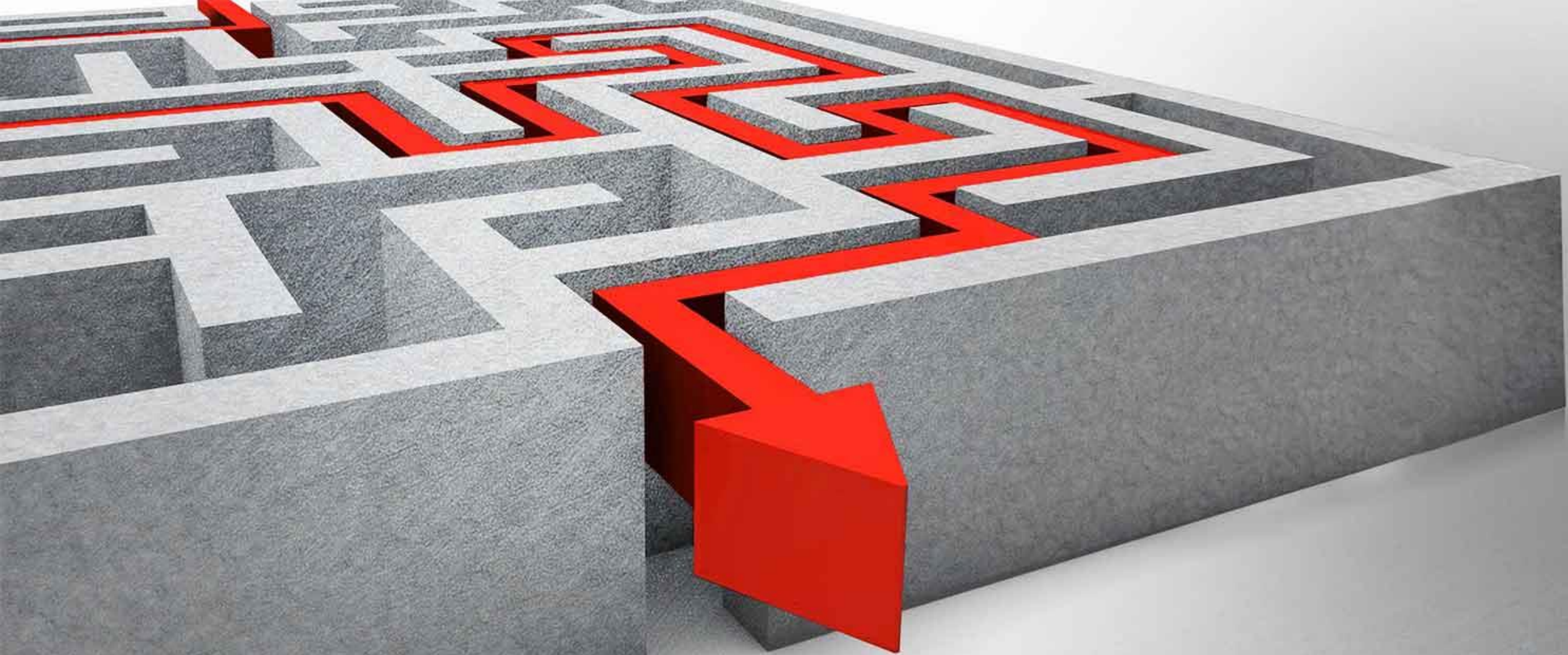


Young workers have experienced larger negative impact on their employment than older workers since the COVID-19 outbreak

- Hit hard on the employment more than any other recent crises
- Young female workers are more vulnerable than young male workers
- Suffered from greater job losses due to the higher risk sectors they worked, less occupational flexibility they engaged, and more unstable jobs they hold

Need active labor market program responses to youth employment crisis

- Tailored to target on different kinds of unemployment and ensure sustainable incorporation of young people and labor market
- The integrated approach, including both short and medium period & consider socioeconomic background of Thai young workers



**Thank you**