

Youth on the labor market of Curaçao; 'decent work' and 'vulnerable employment'

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Introduction

During the 18th International Conference of Labor Statisticians, which was held in 2008 in Genève, the ILO endorsed the measurement of the concept of 'Decent Work'. Since then, many member states have adopted this concept in labor market policy design. However, with this good intention many countries (including Curaçao) face the challenge of developing adequate national indicators and methods to implement measure and monitor its progress.

*The following quote from the website of the ILO describes the concept of Decent Work in a clear manner:
"Decent work sums up the aspirations of people in their working lives. It involves opportunities for work that is productive and delivers a fair income, security in the workplace and social protection for families, better prospects for personal development and social integration, freedom for people to express their concerns, organize and participate in the decisions that affect their lives and equality of opportunity and treatment for all women and men"¹.*

The concept entails four main aspects:

- 1. Access to full and productive employment*
- 2. Rights at work*
- 3. Social protection*
- 4. Promotion of social dialogue*

Full implementation of the concept in society in general and on the labor market in particular, involves the integration of all 4 aspects, which is why implementing and measuring its progress in society is a "complex" task.

Nevertheless, efforts are being made to develop labor market policy concerning 'Decent Work'. On the 25th and 26th of March of this year, the Department of Labor and Social Issues of Curaçao held a conference on the concept of Decent Work and labor market policy in Curaçao. One of the focus groups on the labor market for which concern was voiced during the conference is the youth between the ages 15 and 24 years.

The topic of youth employment and unemployment has not only gained concern of local policy makers, but is of worldwide concern. According to the ILO, 40 percent of the world's unemployed are between 15 and 24 years. Young people are 3 times more likely to become unemployed than adults.²

Youth employment has become of such concern that the member states of the ILO (International Labor Office) has placed the topic of 'Youth employment' on the agenda of the 101st session of the International Labor Conference, which is to be held in Geneva (Switzerland) from May 30th to June 15th 2012.

¹ <http://www.ilo.org/global/topics/decent-work/lang--en/index.htm>

² <http://www.ilo.org/global/topics/youth-employment/lang--en/index.htm#a2>

The aim of this article is to contribute to the worldwide discussion on Decent Work and the youth. It will give a general statistical overview on the topic for the labor market of Curaçao.

As mentioned the measurement of Decent Work is complicated due to the many aspects it entails. Therefore to present the analyses in the second part of this article, only the first aspect, which is 'full and productive employment' will be looked at, because this aspect is made measurable by means of the ILO of concept 'vulnerable employment' (see 'Definitions').

Vulnerable employment is defined by the ILO as "own-account workers and contributing family workers have a lower likelihood of having formal work arrangements, and are therefore more likely to lack elements associated with decent employment, such as adequate social security and a voice at work".

The two statuses together, therefore, are summed to create a classification of "vulnerable employment", now an indicator of the MDG employment target".³

Therefore the definition in this article is: persons who are employed as 'employer' 'own account worker', 'casual worker' or 'contributing family worker' and not in 'wage employment'. The category 'employer' is added, because employer also entails one or two persons who employ workers for a longer than 14 hours per week, but despite this, may be in a position of 'vulnerable employment' according to the definition.

This article begins first of all by stating some general statistical information on the overall position of youth on the labor market Curaçao. In the second part of the article, the contents will focus on the topic regarding '(in) decent work' and 'vulnerable employment' among the working youth.

Methodology

The measurement of 'vulnerable employment' is done by means of the variable 'status in employment'. The categories (employer, self-employed (also called 'own account worker'), employee in permanent service, employee in temporary service, casual worker, unpaid family worker, contract and other) are reduced to the dichotomy 'wage or salaried workers' and 'own employer'; including 'employer' and 'unpaid family worker' (see also the definition of 'vulnerable employment').

The data for the analyses is taken from the Labor Force Surveys (LFS). The LFS is a sample of approximately 6 percent of all Households on the island. The sample size is based on a 95 percent reliability of the unemployment rate, which has a margin of error of 1.35 percentage points.

There are limitations to the data presented because they are based on a sample. Though the sample of the LFS is a relatively large one, it is prone to sampling errors, particularly because the focus group in this article (the youth labor force) is a comparatively small one (approximately 5500 persons in 2009, which is about 30 percent of the youth population).

In order to obtain reliable statistical insight into the development of the position of the youth on the labor market, the relevant data of this article (youth participation and youth in vulnerable employment) is presented in the form of a trend analysis over a period of 17 years; from 1992 up to 2009.

³ KILM 6th edition

Definitions

Youth Population:

All persons in the age group 15-24 years who are residing outside of institutions.

Youth Labor Force

The number of persons in the age group 15-24 years who are either employed or unemployed.

Youth employed population

The number of persons in the age group 15-24 years who, during the week prior to the interview had a job or their own enterprise, or who performed work or casual labor for at least 4 hours.

Youth unemployed population

All persons in the age group 15-24 years who in the week prior to the interview were out of work, looking for work, the month prior to the interview have actively looked for work, and who are ready to start to work within 2 weeks.

Youth participation rate

The youth labor force as a proportion of the youth population.

Youth unemployment rate:

The number of unemployed youth as a proportion of the youth labor force.

Youth economically not active population:

All persons in the age group 15-24 who are neither employed nor unemployed.

Wage and salaried workers

Persons who work for an employer and in return receive payment in cash or kind. This definition excludes voluntary work.

Youth in the Labor Force; 1992-2009

Between the two points of measurement, which are October 1992 and October 2009, there a few developments have taken place in the Youth Labor Force and in the Youth Population.

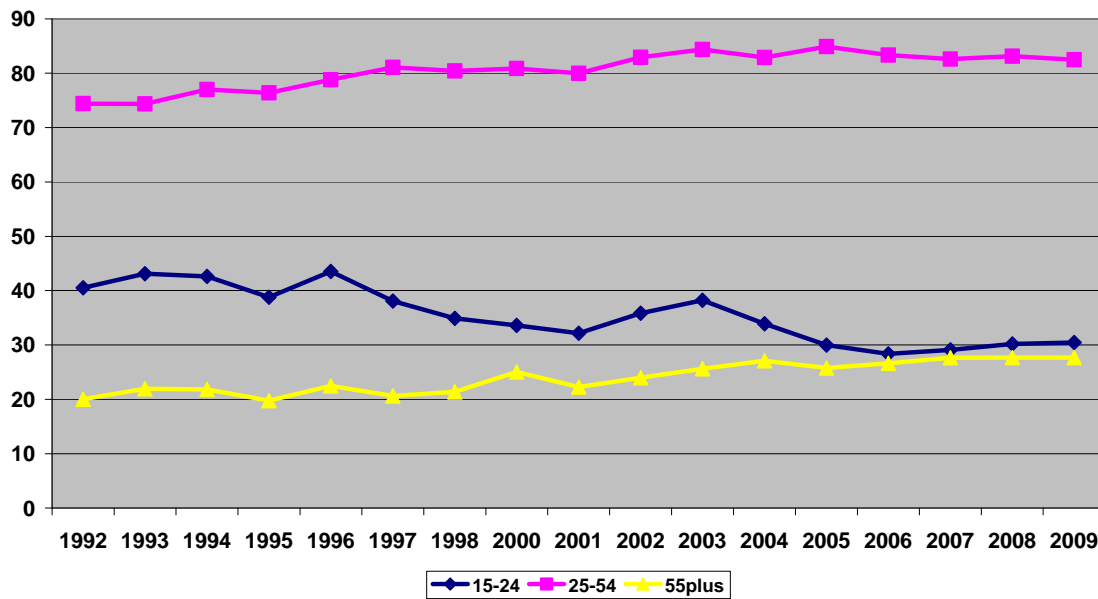
Table 1

Population and labor force by age groups 1992-2009						
	1992			2009		
	15-24	25-54	55plus	15-24	25-54	55plus
1.Population	21355	61908	22427	17945	58288	32796
2.Labor Force	8655	46055	4494	5468	48076	9083
3.Economically not active	12700	15837	17916	12454	10183	23714
4.Employed population	6117	40623	4259	4118	43911	8553
5.Unemployed population	2538	5432	235	1350	4165	530
6.Unemployment rate (5/2)	29	12	5	25	9	6
7.Participation rate (2/1)	41	74	20	30	71	28
8.Employment to population rate (4/8)	29	66	19	23	75	26

The youth participation rate has decreased from 41 percent in 1992 to 30 percent in 2009. Consequently, this implies that the share that is economically not active is growing (economically not active population divided by the age specific population). Figures of the Labor Force Survey show that the school participation rate went up in this period, mainly due to the rise in the obligatory school age from 15 to 18 years in 2005, which is the main reason for the rise in the share of economically not active youth.

Graph 1

Participation rate by age groups



It should be noted that simultaneously with the above mentioned development, the share of youth that remain in school (based on the rise in the school participation rate from 49 to 70 percent in that period) has also increased. This is indicative of a strong correlation between youth continuing school and the drop of the share of youth on the labor force.

With regard to the youth in the labor force, table 1 shows that the unemployment rate has decreased somewhat from 29 to 25 percent. An expression to quantify the 'gravity' of this indicator is the 'youth unemployment rate divided by the total unemployment rate'. For Curaçao, this rate has gone from 2.1 in 1992 to 2.5 in 2009. According to ILO standards, a rate of 2.0 is acceptable, which indicates that the youth unemployment in Curaçao in 2009 is high.

The share of youth that is employed, is relatively small, compared to the other age groups and is also diminishing. Compared to the age group 25-54 years, the 'employment to population rate' of the youth in 1992 (29 percent) is much less than that of the age group mentioned (66 percent). In 2009 the rate of the youth dropped to 23 percent (an increment of 6 percentage points), while that of the age group 25-54 years increased to 75 (an increase of 9 percentage points).

The employment to population rate in the ages 55 years and older was in 2009 7 percentage points higher than in 1992.

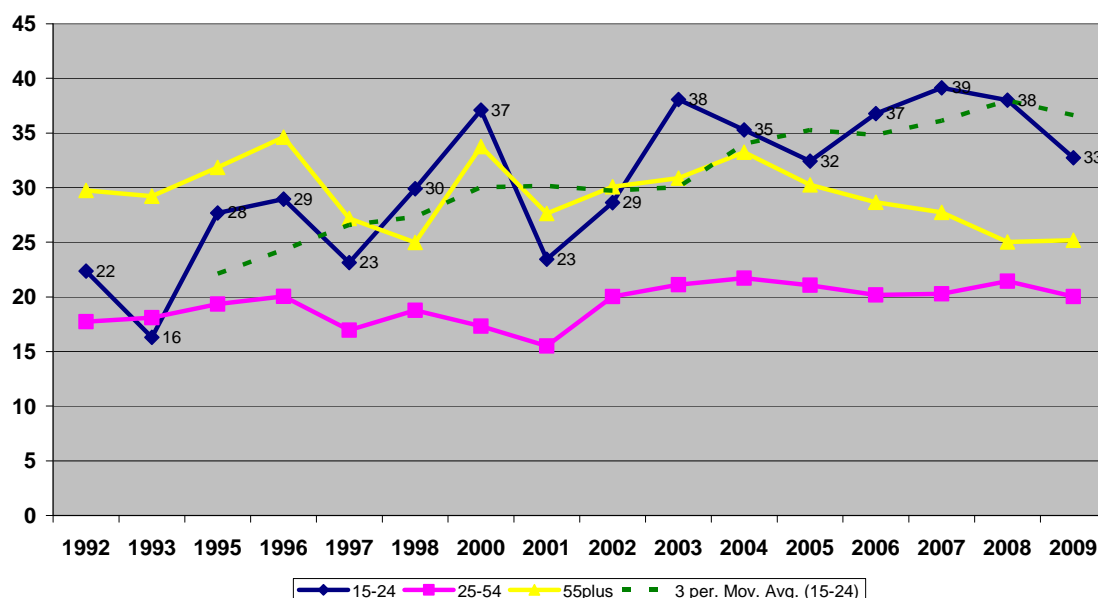
Based on the developments one could deduce that the inflow (by natural aging and probably some migration) of young persons into the employed population is less than the outflow (also by natural aging and migration) of employed youth out of the youth population.

Youth in 'Vulnerable employment'

As mentioned in the introduction, the first component of "Decent Work", which is access to full and productive employment, is made measurable by means of the concept "vulnerable employment". The following paragraph highlights this phenomenon for the youth on the labor market of Curacao.

Graph 2

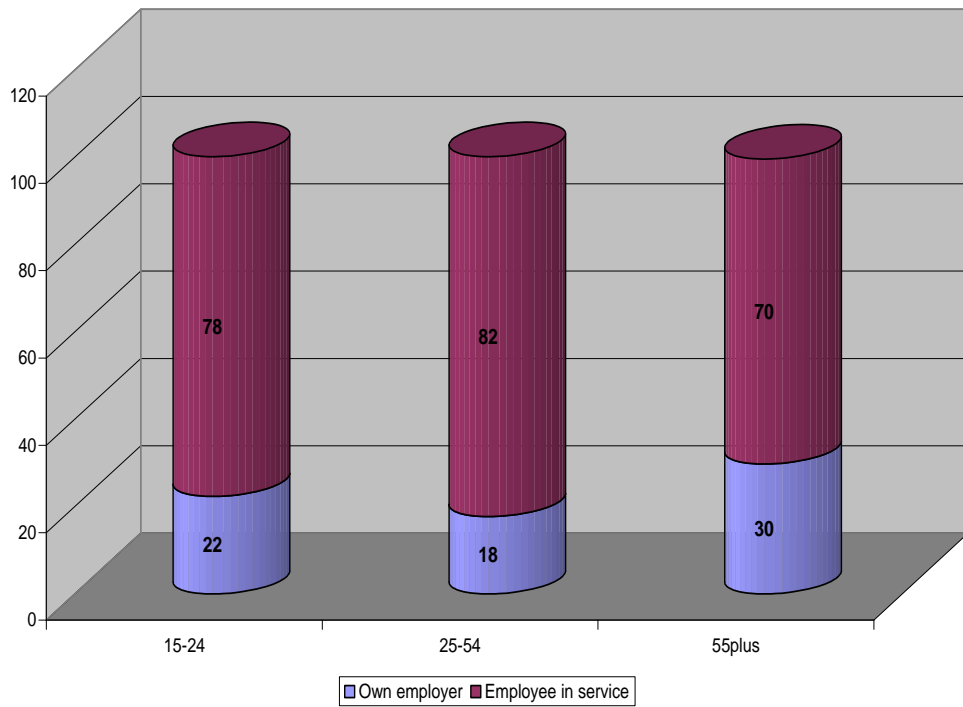
Share of employed youth in vulnerable employment



Graph 2 (follow the dotted trend line) shows that in 1992, 22 percent of all employed youth are employed in 'vulnerable employment'. By 2009, the share increased to 33 percent (an 11 points increase). For the other age groups, the shares increased less (for the age group 55 plus there is even a slight decrease).

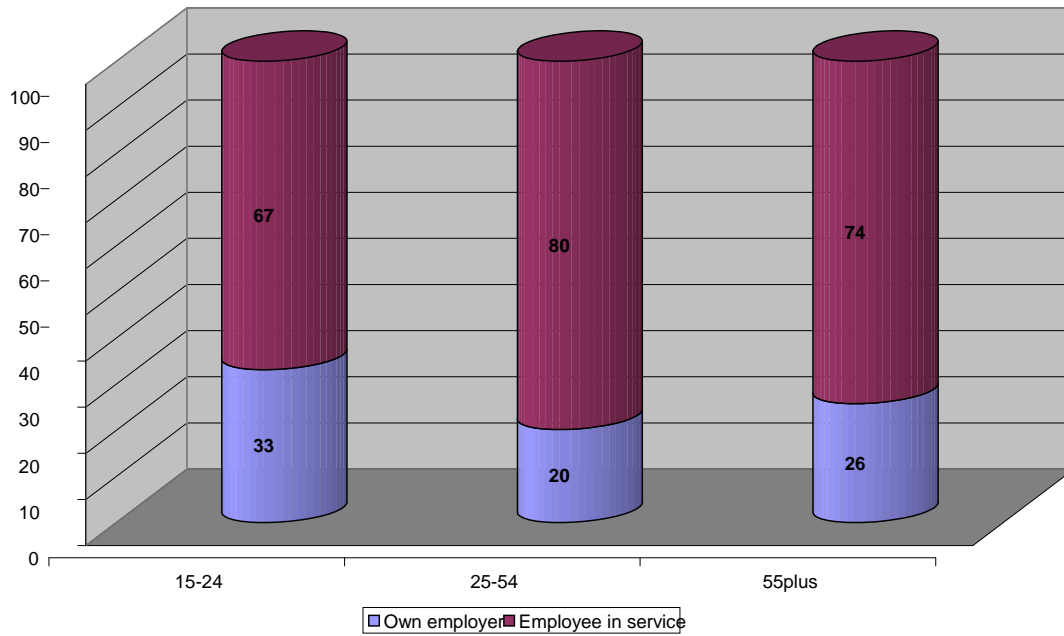
As a comparison: graph 3 gives an oversight of the development of the share of youth in 'vulnerable employment' compared to the share in 'wage employment' between 1992 and 2009. Contrary to the development in the other age groups, the former share has grown much more than the latter. This indicates that the youth on the labor market are more vulnerable to fall into a position of (In) Decent Work than the other age groups.

Employed population by status in economy and age groups 1992



Graph 3

Employed population by status in economy and age groups 2009



Conclusion

Through the eyes of policy makers, it is a positive development that young persons are staying longer in school. The rise in the school participation rate is an indication of this development.

However, the overall situation of youth on the labor market deserves attention from policy makers. The ratio youth unemployment rate divided by the total unemployment rate has gone from 2.1 to 2.5 in the period in this analysis, which according to ILO standards is not a positive development.

Similarly, the analysis in this article shows that of those youth who do enter into the labor market, it appears that a growing share is in 'vulnerable employment'. The youth appears to be taking up 'vulnerable employment' at a faster pace than the other age groups. The reason for this phenomenon is not clear at this point. But figures show that this is more visible among the youth than among the other age groups on the labor market.

Based on the figures in this article, a possible cause for this development could be related to an aging workforce. Older persons in wage and salaried work (age groups 45 and older) remain in these favorable (see definition of Decent Work) work conditions for a longer period, leaving less space for the influx of youth in the same working conditions.

Another possible cause could be a growing level of flexibilisation of work on the local labor market, meaning less 'wage and salaried' work and more 'flexible' work relationships, such as 'free-lancing', 'outsourcing', etc. The incentive for this growth could be coming from both sides of the labor market, either from the demand side, meaning from the employer's side (recruitment of cheaper labor) or from the supply of labor, meaning from persons looking for (flexible forms of) work.