DEVELOPING ECONOMIES WITH YOUTH, FOR YOUTH

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Youth unemployment is not significantly decreasing in many ASEAN economies.

10 years from 2008, most ASEAN economies are still facing a relatively similar rate of youth unemployment. The rate of youth employment has either sustained or increased over this period. However, according to UN, the populations of Southeast Asian countries will be considerably younger than the other countries in the region - this means that the absolute number of unemployed youths will be projected to increase in the coming years.

- Southeast Asia Globe, July 2016
Within the unemployed youth population, there is also a good portion of them that are also not in training nor education.

At least 20% of the unemployed youth population are neither in training nor education, which means that these youth are not purposefully making use of their time. This could be attributed to the lack of relevant positions in the workforce or the lack of access to educational training and other opportunities. In addition, a lack of education and training will lead to more youths becoming unable to compete in the workforce among younger peers in the future. This number further reflects the continuous waste of youth talent among ASEAN countries.
SOLUTION 1: Address the mismatch between youths’ skill sets and job availability in the economy.

**Case study: Vietnam**

Mismatch between youths’ skills and job profiles continue to exacerbate youth unemployment rates

- In Vietnam, the proportion of youths enrolled in tertiary education is high (54%). However, the economy still largely comprises of primary and secondary industry.

- Governments continue to upskill the youth through training and education, yet neglect the upgrading of existing job opportunities. In turn, there is a job-skill mismatch because the youth have become over-qualified for the positions that currently exist in the job market.
HOW TO ACHIEVE THIS?
Solution 1.a

Case Study: Singapore
Keeping industries in the economy moving ahead to provide higher end jobs as educational attainment of youths rises

- In Singapore, the attainment rate of higher levels of education is high, but her economy is structured such that industries which require people of such levels of education are the majority.
- As such, she is able to keep her youth unemployment rate relatively low amongst the ASEAN countries, and decreasing.
**Case Study: Indonesia**

In Indonesia, youth unemployment is strongly negatively correlated with proportion of youth enrolled in vocational education ($R^2 = 0.8$)

Vocational training provides youth with the skills required for the future workplace, allowing them to be more prepared for the demands of the industry after graduation. After going through trade-related training, youths may also become more aware of certain fields that they prefer to go into and become more motivated to work towards them.
SOLUTION 2: Creating a more fertile ecosystem for youth to carve out their own futures through entrepreneurship.

According to ASEAN’s First Youth Development Index report, youth entrepreneurs face a “lack of access to credit for entrepreneurial endeavours”.

Given that most of entrepreneurs in ASEAN are within the ages of 18-35, hence within the definition of ‘youth’, this portion of entrepreneurs are lacking in financial and operational support. This will curtail the growth of youth entrepreneurship.
Improving access to funding for budding enterprises

Experts cite funding for small start-ups as a barrier to entrepreneurial growth. According to the Asian Development Bank in 2013, “SME loans made up 25% of total bank lending in Asia and the Pacific on average in 2012, down from 27% in 2011. SME loans grew at 10% year-on-year in 2012, down from 19% in 2011. This indicates banks are raising risk consciousness to SME credit from the perspective of banking stability”. While public credit guarantee schemes implemented in a number of Asian countries have helped to ease the burden, SMEs still observe large unmet demand for finances.

### Comparison of Start-up Investment in ASEAN, 2018

<table>
<thead>
<tr>
<th>Country</th>
<th>Amount in USD, millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indonesia</td>
<td>4700</td>
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<tr>
<td>Malaysia</td>
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<tr>
<td>Philippines</td>
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<td>Singapore</td>
<td>12800</td>
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<tr>
<td>Thailand</td>
<td>92.9</td>
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<tr>
<td>Vietnam</td>
<td>193.8</td>
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</tbody>
</table>

Source: Southeast Asia Startup Ecosystem Report 2018, e27
Empowering aspiring business owners through entrepreneurship education

Good Case Practice: Singapore

- 74% of millennials surveyed in Singapore indicated plans to either create their own business or to be self-employed within a decade (TODAY, 20 October 2016)
- The Action Community for Entrepreneurship movement, a collaboration between government agency SPRING Singapore and the Ministry of Education, aims to, develop a systematic framework towards the entrepreneurship learning in schools.
- The NUS Overseas Colleges (NOC), in the National University of Singapore (NUS), offers selected undergraduate students a full-year holistic program - comprising entrepreneurship education at overseas locations via modules in renowned universities, alongside work experience through internships in selected technology-based start-up.
- Both NUS and NTU, the two largest universities in Singapore, offer bachelor degrees for students with a minor in entrepreneurship/technopreneurship.
References


TODAY. (2016, October 20). 3 in 4 Singaporean millennials aim to become their own boss. https://www.todayonline.com/business/3-4-singaporean-millennials-aim-become-their-own-boss


