Inclusive Economic Growth (SDG 8) and Youth Employment Trends

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Abstract

This paper examines the inter linkages between inclusive economic growth, as emphasized in Sustainable Development Goal 8 (SDG 8), and global youth employment trends using secondary data. Drawing on reports from the International Labour Organization (ILO), World Economic Forum, and United Nations, the study highlights recent developments in youth unemployment, regional disparities, and gender gaps. It further explores the implications of these trends for policy-making and sustainable development.

Keywords- SDG 8, Youth Employment, Global Labor Market, NEET (Not in Employment, Education, or Training) Skills Mismatch, Gender Inequality.

Introduction

In recent decades, the global community has increasingly acknowledged the critical importance of inclusive and sustainable economic development. The United Nations' adoption of the Sustainable Development Goals (SDGs) in 2015 signified a universal commitment to addressing pressing global challenges such as poverty, inequality, and unemployment. Among these, **Sustainable Development Goal 8 (SDG 8)** stands out for its emphasis on promoting **sustained, inclusive, and sustainable economic growth**, full and productive employment, and **decent**

work for all. Central to achieving SDG 8 is addressing the employment challenges faced by youth, a demographic that constitutes a significant share of the world's labor force and holds the key to future economic productivity and innovation.

However, despite advancements in technology, globalization, and education, **youth unemployment and underemployment remain persistent global concerns**. According to recent International Labour Organization (ILO) reports, while youth unemployment has declined slightly in some regions, millions of young people continue to experience joblessness, poor working conditions, and limited access to opportunities that match their skills. The situation is exacerbated by factors such as **educational mismatches**, **gender disparities**, and **regional economic inequalities**. Moreover, the rising number of **NEET youth**—those not in employment, education, or training—poses a major socio-economic threat, especially in developing countries.

This research paper aims to explore the intersection of **inclusive economic growth and youth employment trends** by synthesizing data and insights from secondary sources such as ILO reports, United Nations publications, and academic literature. Through this approach, the paper highlights global patterns and challenges affecting youth in the labor market and examines how these trends align—or fail to align—with the objectives of SDG 8. The study also discusses the broader implications for policy and economic planning, emphasizing the need for youth-focused strategies that support equitable growth and sustainable development.

By analyzing existing research and data, this paper contributes to the ongoing discourse on how countries can build resilient and inclusive economies where young people are not only participants in economic growth but also beneficiaries of decent work and upward mobility.

Literature Review

The relationship between inclusive economic growth and youth employment has been extensively examined in global development literature, particularly in the context of the United

Nations' Sustainable Development Goals (SDGs). **SDG 8**, which promotes "decent work and economic growth," highlights the necessity of productive employment and decent work opportunities for all, including youth, as a foundation for inclusive and sustainable economic development (United Nations, 2024).

1. Inclusive Economic Growth and the SDG Framework

Inclusive economic growth refers to economic expansion that is broadly shared across society, reducing poverty and inequality while creating jobs and improving living standards. Ali and Son (2007) argue that inclusivity in growth is not automatic; rather, it requires deliberate policy interventions to ensure marginalized groups, especially youth and women, benefit equally. Within the SDG framework, this principle is operationalized through goals that emphasize equity in income, opportunities, and participation.

2. Youth Unemployment and Labor Market Challenges

Youth unemployment is one of the most pressing global labor market issues. According to the **International Labour Organization (ILO, 2024)**, the global youth unemployment rate decreased to 13% in 2023, marking a 15-year low. However, this headline statistic masks deeper structural challenges, such as high underemployment, low job quality, and a persistent gender gap in labor participation. In many low- and middle-income countries, the majority of young people are engaged in informal or precarious work, lacking social protection and job security (World Economic Forum, 2024).

3. NEETs: A Critical Subgroup

A significant segment of the youth population is classified as **NEET (Not in Employment, Education, or Training)**. As per ILO (2024), 1 in 5 youth globally falls into this category, with young women making up nearly two-thirds of this group. NEET status is both a cause and consequence of economic exclusion, and high NEET rates are linked to long-term negative

outcomes including income poverty, social exclusion, and reduced lifetime earnings (OECD, 2021).

4. Gender Disparities in Youth Employment

Gender inequality is a persistent challenge in achieving inclusive youth employment. Evidence from the World Bank (2023) and ILO shows that young women face multiple barriers in accessing the labor market, including cultural norms, lack of childcare, limited mobility, and discrimination. In many regions, even when education levels are comparable to young men, young women have lower labor force participation and higher NEET rates.

5. Skills Mismatch and Education-Employment Gaps

Another major issue identified in the literature is the **mismatch between education and labor market needs**. Many young workers are either overqualified or underqualified for their current roles. McGrath (2022) notes that this mismatch is particularly severe in Sub-Saharan Africa and South Asia, where education systems often fail to equip students with skills demanded by modern economies. Vocational training and technical education are commonly recommended as solutions, yet their implementation remains uneven across countries.

6. Policy Responses and Best Practices

Governments and international organizations have proposed various interventions to tackle youth employment challenges. Active Labor Market Programs (ALMPs), youth entrepreneurship schemes, and public-private partnerships for skills training have shown mixed results depending on the local context (Kluve et al., 2017). The ILO emphasizes the importance of integrating youth employment strategies into broader economic planning and development agendas to ensure sustainability and scale.

Gaps in Understanding Inclusive Growth and Youth Employment

Although a significant body of literature addresses various aspects of youth employment and inclusive economic growth, several critical gaps persist that hinder a comprehensive understanding of the issue within the context of **Sustainable Development Goal 8 (SDG 8)**.

Firstly, **most studies tend to focus on individual dimensions in isolation**—such as gender, education, or regional disparities—rather than exploring the **interconnectedness** of these factors. For example, while there is research on gender inequality in youth employment and separate studies on educational mismatches, few works analyze how these two issues interact within specific economic or regional contexts. This limits the ability to design holistic and targeted interventions that address the root causes of youth labor market exclusion.

Secondly, there is a notable **lack of cross-national comparative studies** that assess youth employment trends across different income levels, cultural settings, and labor market structures. Given that youth employment challenges vary greatly between low-income and high-income countries—and even within regions—more comparative analyses are needed to identify **common barriers and context-specific solutions**. Without this comparative lens, policy recommendations often remain generic and fail to address localized needs.

Furthermore, the existing literature frequently emphasizes **short-term labor market indicators**, such as unemployment rates or job placement figures, which do not capture the **long-term impacts of youth disengagement** from the economy. The broader consequences—such as increased social unrest, loss of human capital, intergenerational poverty, and mental health challenges—are often overlooked. This narrow focus results in an underestimation of the **economic and social costs** associated with prolonged youth unemployment or underemployment.

In addition, **limited attention is given to the quality of employment** for youth. While employment rates may be improving in some regions, many young workers are engaged in informal, precarious, or low-paying jobs that offer little to no social protection. These forms of

employment do not align with the vision of "decent work" as envisioned by SDG 8. Therefore, a more nuanced understanding of **job quality and labor market inclusivity** is necessary.

Finally, the **voice and perspectives of youth themselves are often absent** in the literature. Much of the existing research is top-down and driven by institutional or macroeconomic viewpoints, leaving out the lived experiences of young people navigating complex and often unjust labor markets. Including youth perspectives would provide richer insights into their aspirations, challenges, and the effectiveness of policy interventions from a ground-level view.

In summary, to advance both academic discourse and practical policy-making, future research should adopt an integrated and multidisciplinary approach that considers **gender, education, regional diversity, job quality, and long-term impacts**, while also centering **youth voices and lived experiences**. Addressing these gaps is crucial for developing effective, inclusive, and sustainable strategies that truly reflect the goals of SDG 8.

Methodology

This research paper adopts a **secondary research methodology**, utilizing existing data, reports, and academic literature to explore the interconnection between **inclusive economic growth (as outlined in SDG 8)** and **youth employment trends** globally. The approach is qualitative and descriptive in nature, aiming to synthesize findings from credible sources rather than generating new empirical data.

3.1. Research Design: The study follows a **descriptive and analytical research design**, suitable for examining patterns, trends, and relationships based on previously published information. By analyzing existing data, the research identifies key issues, regional variations, and policy implications concerning youth employment within the broader framework of inclusive economic growth.

3.2. Data Collection: Data for this study was collected from **reputable and authoritative secondary sources**, including:

- International organizations such as the **International Labour Organization (ILO)**, **United Nations (UN)**, and **World Bank**
- Policy briefs and global reports such as the **ILO's Global Employment Trends for Youth (2024)** and the **UN Sustainable Development Goals Report (2024)**
- Peer-reviewed academic journals, books, and scholarly articles
- Economic and labor force statistics from databases like **World Development Indicators**, **OECD**, and **UNSD**

The inclusion criteria for sources were:

- Publications from the year **2018 to 2024** to ensure relevance and currency
- Sources with global or regional scope covering youth labor market dynamics
- Studies that specifically address SDG 8 or its core components such as decent work, employment quality, or labor inclusivity.

Analysis and Discussion

This research relies on a comprehensive review and synthesis of **secondary data sources** including the International Labour Organization (ILO), United Nations (UN), World Bank, Organization for Economic Co-operation and Development (OECD), and various regional labor market surveys from **2018 to 2024**. The analysis is organized under **five key thematic areas**, each reflecting a core dimension of the relationship between **inclusive economic growth** and **youth employment trends**, as outlined under **Sustainable Development Goal 8 (SDG 8)**.

1. Global Youth Unemployment and NEET Rates

Youth unemployment continues to be a **persistent global challenge**. According to the **ILO's Global Employment Trends for Youth 2024**, the global youth unemployment rate stands at approximately **13%**, which is more than **three times higher** than the rate for adults. This rate has shown limited improvement over the past decade, and in some regions, it has worsened due to economic downturns and global crises.

The **NEET rate** (youth Not in Employment, Education, or Training) provides deeper insight into the labor market exclusion of youth:

- Globally, **1 in 5 young people** (aged 15–24) is NEET.
- In **South Asia**, nearly **30% of young women** fall into this category, indicating a significant gender-based exclusion from labor market participation and skills development opportunities.
- High NEET rates have been linked to long-term negative outcomes, including reduced lifetime earnings, increased risk of poverty, and greater social disengagement.

Furthermore, regional disparities are pronounced:

- In **Sub-Saharan Africa**, youth unemployment has remained above **14%** for several years, despite strong population growth and economic expansion.
- **Latin America and the Middle East** also report high youth unemployment, often influenced by political instability and economic stagnation.
- Conversely, **Europe and North America** have lower NEET rates, aided by stronger social protection systems and vocational pathways.

2. Gender Disparities in Youth Employment

Gender inequality is a **critical and under-addressed dimension** of youth employment. According to **World Bank (2023)** data and ILO statistics:

- **Young women are nearly twice as likely** as young men to be NEET, especially in developing countries.
- In many societies, **female labor force participation** trails male participation by over **20 percentage points**, often due to cultural expectations, gender roles, and the disproportionate burden of unpaid care work.
- The absence of accessible childcare facilities, safe transportation, and flexible work arrangements further limits women's ability to engage in formal employment.

Moreover, **gender segregation in occupations** persists. Young women are often concentrated in low-paid, low-skill sectors such as domestic work, retail, and informal services, while being underrepresented in high-growth sectors like **STEM (science, technology, engineering, and mathematics)** and **digital technologies**.

These disparities not only undermine inclusive growth but also limit the potential demographic dividend that can be harnessed through active female participation in the workforce.

3. Informality and Quality of Jobs

While employment statistics may suggest moderate youth participation in labor markets, the **quality of jobs available** to young people remains deeply concerning:

- Over **77% of youth in developing countries** work in the **informal sector** (ILO, 2024), which includes unregistered businesses, street vending, and casual labor.
- Informal jobs are typically characterized by **low wages, no job security, absence of contracts**, and lack of access to social protections like health insurance or pension benefits.
- Informality is especially high among **rural youth and migrants**, who often lack the educational qualifications or networks to access formal employment.

Moreover, **underemployment**—where young people work fewer hours than desired or in roles below their qualifications—is a growing concern. This suggests that even when youth are "employed," they may not be productively or meaningfully engaged in the economy, failing to meet the targets of **decent work** as defined under SDG 8.

4. Skills Mismatch and Education Gaps

The gap between the **supply of skills** from educational institutions and the **demand for skills** in the labor market has become a major barrier to youth employment:

- Many young workers are **overeducated** for the jobs they occupy, while others are **underqualified**, leading to inefficiencies and dissatisfaction in the labor force.
- A significant proportion of university graduates, especially in **South Asia and Sub-Saharan Africa**, remain unemployed due to a **mismatch between academic curricula and market needs**.
- **Vocational education and technical training (TVET)**, though recognized as effective, is underutilized and often undervalued socially.

Employers globally report a **deficiency in soft skills**—such as communication, teamwork, and problem-solving—as well as **digital literacy**, which are now essential across most job sectors. Additionally, the rapid pace of technological change is rendering some skills obsolete, demanding **lifelong learning systems** and **flexible education pathways**.

This misalignment contributes significantly to both unemployment and underemployment among educated youth.

5. Regional Disparities and Inclusive Growth Gaps

While **developed economies** are experiencing gradual transitions toward more inclusive labor markets, often fueled by digital innovation and entrepreneurship, **developing countries continue to struggle** with translating economic growth into sustainable youth employment.

- In countries like **India and Nigeria**, GDP growth rates have been robust, yet **youth employment absorption** remains weak. Structural issues such as bureaucratic hurdles, corruption, and poor labor market governance play a role.
- **Conflict-affected regions**, such as parts of the Middle East and North Africa, face even more profound challenges due to displacement, insecurity, and collapsing institutions.
- **Rural youth**, particularly in Africa and South Asia, are often disconnected from urban job markets due to inadequate infrastructure, limited internet access, and lack of career counseling.

Inclusive growth remains an elusive goal for many developing economies, with youth—especially those from marginalized communities—often left behind in national development strategies.

Findings

Based on the thematic analysis of secondary data, several key findings emerge:

1. Economic Growth Is Not Automatically Inclusive

There is a disconnect between economic growth and youth employment generation. Many countries report strong GDP growth but still suffer from high youth unemployment and underemployment, especially in informal and low-productivity sectors.

2. Youth Are Disproportionately Affected by Labor Market Volatility

Youth employment remains highly sensitive to economic shocks. During global crises (e.g., COVID-19 pandemic), youth were among the first to lose jobs and the last to be rehired. This vulnerability indicates the precarious nature of youth employment, especially in informal economies.

3. NEET Rates and Gender Disparities Remain Alarmingly High

The high number of NEET youth, particularly young women, reflects systemic exclusion from education, training, and employment. This undermines long-term development goals and leads to social marginalization and intergenerational poverty.

4. Quality of Jobs Is a Major Concern

Having a job does not necessarily equate to decent work. The lack of job quality, in terms of wages, benefits, security, and career progression, highlights the failure to meet SDG 8 targets that emphasize *productive* and *decent* employment.

5. Skills Development and Labor Market Relevance Are Misaligned

There is an urgent need to bridge the gap between education and employability. Skill mismatches are contributing to both graduate unemployment and labor shortages in sectors like manufacturing, construction, and digital services. Countries with strong vocational and technical education systems, like Germany, show better youth employment outcomes.

6. Inclusive Policies Remain Uneven and Inadequate

Government policies aimed at improving youth employment are often short-term, urban-focused, or poorly funded. Long-term, inclusive strategies that integrate education reform, digital inclusion, youth entrepreneurship, and gender equity are needed to achieve SDG 8.

7. Regional and Income-Based Inequalities Persist

Low-income and conflict-affected regions face structural barriers to youth employment, including limited infrastructure, political instability, and weak institutions. These regions require targeted international support and inclusive economic planning.

7. Recommendations

1. Strengthen Vocational and Technical Education Systems (TVET)

Governments and educational institutions should prioritize the integration of **industry-relevant vocational and technical training** in both secondary and higher education systems. This includes expanding access to **apprenticeships, internships, and hands-on learning** opportunities in collaboration with private sector employers. Curriculum reforms must align with the skills demanded by the labor market, especially in sectors such as **green economy, digital services, manufacturing, and healthcare**.

2. Promote Inclusive and Gender-Sensitive Employment Policies

Addressing gender disparities in youth employment requires **comprehensive, gender-responsive policies**. Governments should:

- Invest in **childcare support**, **safe public transportation**, and **flexible working arrangements** to support women's participation in the workforce.
- Launch awareness campaigns to combat social norms that discourage female employment.
- Enforce equal pay laws and encourage companies to adopt **gender-equity hiring practices**.

Such measures will create a more level playing field and promote **equal access to economic opportunities** for young men and women.

3. Encourage Youth Entrepreneurship and Access to Finance

To generate jobs and stimulate local economies, there should be a focus on **youth entrepreneurship development** through:

- Simplified business registration processes
- Access to **startup capital and microfinance**, especially for rural and marginalized youth
- Mentorship programs and business incubators

Governments and NGOs can support **entrepreneurship education** in schools and universities to equip youth with the tools to start and manage businesses, helping to reduce dependency on the formal job market.

4. Invest in Digital Literacy and Future-Oriented Skills

With technological disruption reshaping labor markets, youth must be prepared for emerging sectors. Investment in **digital infrastructure**, **ICT training**, and **21st-century skills** (such as critical thinking, communication, and adaptability) is essential. Partnerships between

governments, tech companies, and civil society organizations can create **inclusive digital upskilling platforms** targeting out-of-school youth and NEET populations.

5. Implement Targeted Regional and Rural Employment Programs

Given the high concentration of unemployed youth in **rural and economically lagging regions**, tailored interventions are needed to:

- Improve access to transport, education, and communication technologies
- Develop rural entrepreneurship and promote **agri-tech innovation**
- Create **public works programs** that offer temporary employment while enhancing local infrastructure

These targeted programs can reduce geographic inequalities and support inclusive economic growth across diverse regions.

6. Strengthen Labor Market Institutions and Data Systems

Robust and transparent labor market institutions are vital to implementing effective employment strategies. Governments must:

- Build reliable **labor force data systems** disaggregated by age, gender, and region
- Monitor **youth employment outcomes** to inform evidence-based policymaking
- Promote **dialogue among policymakers, educators, and employers** to ensure labor policies are responsive to real-world demands

Improving labor data collection and usage will ensure policies are better tailored to youth needs and more aligned with SDG 8 objectives.

Conclusion

This study explored the complex and interlinked relationship between **inclusive economic growth** and **youth employment trends** within the framework of **Sustainable Development Goal 8 (SDG 8)**. Drawing from global secondary data between 2018 and 2024, the analysis highlighted that while some regions have made progress, substantial challenges persist in ensuring that economic growth translates into meaningful and equitable employment opportunities for young people.

Key findings indicate that **youth unemployment**, **high NEET rates**, **gender-based disparities**, and **job informality** are pervasive across low- and middle-income countries. Despite rapid economic expansion in several nations, employment creation for youth—especially in the formal and high-productivity sectors—has remained limited. In particular, young women, rural youth, and those without access to quality education and training continue to face structural barriers that prevent their full participation in the labor market.

The study also identified a significant **mismatch between education systems and labor market demands**, underscoring the urgent need for reforms in vocational training, digital skill development, and industry-academia linkages. Furthermore, the absence of inclusive policies and underinvestment in labor market infrastructure further inhibit progress toward SDG 8's goal of promoting **sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all**.

To address these issues, the paper recommends a multi-pronged approach including gender-sensitive employment policies, skills development, entrepreneurship support, rural employment initiatives, and improved labor market governance. Ultimately, ensuring that youth are equipped, included, and empowered in the workforce is not only essential for achieving SDG 8, but also for securing long-term social cohesion, innovation, and economic resilience in an increasingly competitive global landscape.

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