



A partnership between United Nations Jamaica and the Department of Economics at The University of the West Indies (UWI) Mona

Enhancing Employment Opportunities for Jamaica's Youth



Like many Small Island Developing States across the Caribbean, providing sufficient labour market opportunities, particularly for youth (15 to 24 years), continues to be a challenge for Jamaica. In 2023 Jamaica boasted significant reductions in overall and youth unemployment

Over the past decade, Official statistics show that the average overall unemployment rate has been in double digits (11% from April 2013 to April 2021), and for youth, this was much higher at 27%. Positively, the average has been decreasing, but unemployment remains higher for youth and also higher for women when compared to men. During COVID-19, unemployment was borne most heavily by youth. Between January 2020 and July 2020, while unemployment jumped by 5.3 percentage points for Jamaica overall, it increased by 11.3 percentage points for Jamaica's youth. Young women were most impacted, where their unemployment increased by 12.1 percentage points (from 20.8% in January 2020 to 32.9% in July 2020).

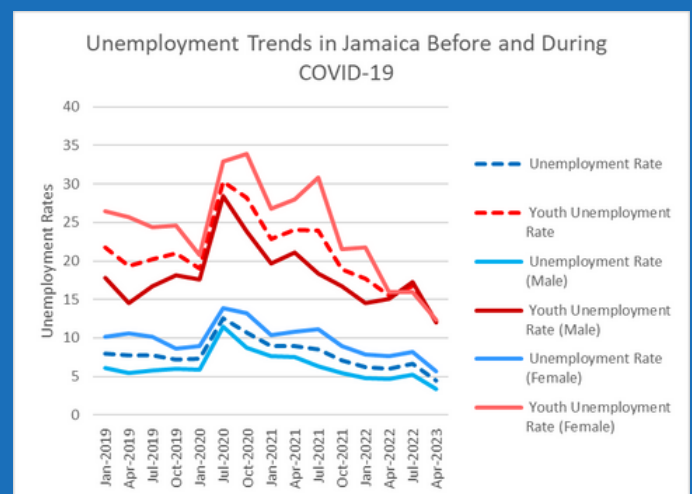
A distinguishing feature of Jamaica's labour market dynamics has been the convergence in unemployment rates between males and females youths, to the extent that in July 2022, the unemployment rate of young females fell below the unemployment rate for young males (16% for women versus 17.3% for men) (see Chart 1). This feature had not been the case for at least the last decade.

Despite the damaging effects of COVID-19 on Jamaica's labour market, prospects have improved substantially in the recovery years. If these trends continue, there will be greater convergence between youth unemployment and overall unemployment, as well as convergence between genders.

In this issue of the JEP, the Panel discussed youth employment and presented views on how COVID-19 impacted and changed Jamaica's labour market, what are the challenges faced and opportunities for

further improving the employment prospects of Jamaica's Youth, and what options might be available for policymakers and development practitioners to support in the coming years to promote prosperity and accelerate Jamaica's sustainable development.

CHART 1: Comparative Unemployment Trends in Jamaica Before and During COVID-19



Recovering from COVID-19

National and global COVID-19 safeguarding actions drastically affected the labour market. Economic activity declined, and unemployment increased as social distancing and supply chain disruption led to market dislocations. Unemployment rose from 7.3% in January 2020 to 12.6% in July, with the impact falling most heavily on Jamaica's youth.

By October 2020, unemployment overall was still at double-digit levels. However, for youth, around 1 in every 4 youths was unemployed. Over the two years that followed, with market activity increasing and recovery efforts taking hold, falling unemployment started to gather pace. By April 2023, Jamaica's overall unemployment was an unprecedented 4.5% of the labour force, with youth unemployment significantly reduced to 12.2%.

Our panellists considered the specific impacts on Jamaica's labour market that may have led to changes in how labour markets operate today. Three clear points came from our panellists that could have contributed to the decline in unemployment since the mass reduction in COVID-19 cases.

- Greater availability of digital skills training programs in Jamaica has enhanced the employability of youth. This, combined with the rapid development of Jamaica's digital economy and new employment prospects in e-commerce, software development, and digital marketing, Jamaica's youth have in recent years had greater access to and awareness of – through the development and enhancement of digital platforms – job openings in new and developing sectors.
- The revival of tourism in Jamaica and other more traditional sectors has enhanced employment prospects for Jamaicans in recent years. This rebound has also been supported by government initiatives on enhancing Jamaica's infrastructure – roads, bridges, and airports – that have led to new opportunities for employment that all groups have taken up.
- The JEP panel also highlighted the enriched cultural heritage of Jamaica's youth, catalysing the development of new creative sectors. Jamaica's cultural depth and diversity have fostered several internationally recognised artists that have inspired the new generation and injected creativity that has enhanced Jamaica's vibrant creative industry.

Next, the JEP explored the current prospects of Jamaica's youth. As shown by the most recent data, while unemployment is falling, further work is needed to bring youth unemployment down below double digits. The Panel was asked what they viewed as the main factors contributing to the convergence in employment prospects for Jamaica's young men and women.

The panellists highlighted that changing social norms and education over recent years led to reduced gender discrimination and enhanced opportunities, particularly for women workers to gain employment. In the workplace, too, new societal expectations have led to greater opportunities for women workers in previously male-occupied jobs, which, combined with a strengthened focus on the career aspirations of young women, has led to more equality in employment than was seemingly the case in past years. Of course, economic conditions, too, have been challenging with the cost-of-living crisis. In recent years, food security and livelihoods surveys conducted by the World Food Programme have shown that many more Jamaican households are resorting to secondary or additional employment to increase household incomes. This observation has meant that the opportunity cost of unemployment has increased, encouraging many more into employment. This observation has meant that the opportunity cost of unemployment has increased, encouraging many more into employment.

Challenges and Opportunities in Jamaica's Labour Market

Despite these positive developments, challenges remain that, if addressed, would enable new opportunities and retain workers who may otherwise choose to live and work abroad. Among the challenges highlighted by the Panel was the feeling that youth unemployment in Jamaica was partly due to a skills and job mismatch. Keenan Falconer, Economist, explained that "the changing nature of work demands the acquisition of new skills and competencies to be effective in the labour market." Panellists also highlighted that school leavers are not sufficiently equipped with the skills required by some employers, thus adding to employers' upfront training costs to address this.

Another challenge relates to the characteristics of Jamaica's growth in past years, notably the complexity level of new jobs created. While labour in some sectors may lack the skills employers require, affecting their readiness to take up employment, in others, jobs may not be sufficiently complex in what they ask of workers' skills, causing workers to look beyond Jamaica's borders for the right match. One panellist highlighted that Jamaica's economic growth had not led to enough higher value-added jobs, an obstacle to workers fulfilling their full potential.



In considering available opportunities, there was consensus among panellists on the importance vocational and technical training (TVET) had on bridging the skills gap for prospective entrants to the labour market. The Panel highlighted the valuable work that HEART/NSTA Trust administers across a range of TVET programs, particularly for women entrants to the labour force. Similarly highlighted was the work of the Jamaica Vocational Training Development Institute (JVPTDI), which offers TVET programs tailored to the needs of youth across a wide range of occupations.

Focusing on opportunities across Jamaica's digital economy, the Jamaica Information Technology and Services Alliance (JITSA) has been essential in offering programs and services geared toward digital economy development, including initiatives tailored for women. Notably, JITSA administers the 'Women in Tech' program, designed to equip women with the skills in the ICT sector. The JEP viewed these initiatives and the future development of others as crucial to narrowing the gender gap in youth unemployment.

Developing a Whole Jamaica Approach

Addressing the barriers to youth employment in Jamaica also needs to take account of both urban and rural settings. The perception of our panellists was that youth unemployment was much higher in rural areas. Limited access to market networks and more arduous enabling environments for business were critical factors that discouraged businesses from rural areas and limited the availability of and access to decent jobs. Priyanka Mais, Junior Professional Officer, UNRCO Jamaica, noted that 'across rural Jamaica, limited employment opportunities was a strong driver of worker migration to urban centres.' Rapid and substantial migration from rural to urban areas, especially for SIDS, can strain urban infrastructure and public services, and balanced approaches are needed to avoid this.

Prospects for Youth Employment

Labour market prospects have certainly improved over the past 2 years, but there is still much to do to capture the full potential of Jamaicans, particularly its youth. Labour markets are dynamic, and as the tastes and preferences of consumers change and innovations and technologies take hold, the labour market must adapt and evolve. Current discussions on the future of work have also highlighted that as technologies progress, some jobs may become non-existent, and automation may replace manual tasks within jobs.

Conversely, technology as an enabler can also enhance labour productivity, which gives rise to new job creation and prosperity. The current discourse on the labour market includes the role of artificial intelligence and how this will affect jobs. Policymakers and planners are, therefore, surrounded by much uncertainty on how best to prepare and equip tomorrow's labour force.

Following this, JEP panellists were also asked about the long-term consequences if Jamaica's double-digit youth unemployment rate was left unaddressed. While noting that recent trends had been positive, many panellists saw potential social consequences arising from continued high youth unemployment.

They also felt that the current levels of youth unemployment risk, poverty rates and income inequalities could potentially give rise to episodes of social disorder. Dr. Kevin Williams, Senior Research Fellow at the University of the West Indies, summed this up, highlighting the continued risk in Jamaica for further episodes of social disorder at these levels. However, as a way to mitigate these potential consequences, Dr. Patrice Whitely, Head of the Department of Economics, UWI Mona, noted, 'Jamaican young people are extremely creative and talented individuals, and they pride themselves on being on the cutting edge when it comes to technology.'

Among the strategic options for reducing youth unemployment in the future, the Panellists highlighted the use of tax incentives and other business-friendly measures to subsidise training of new employees or for apprenticeships for youth. Also, in the digital economy, both the public and private sector can support greater access and adoption of new digital technologies through, in part, provide training to develop their workforce skills. For bolstering job placement assistance and support services, the panellist noted the [recent launch] of the LIFT program, which will facilitate the placement of 2,500 young Jamaicans into roles within their preferred fields over the next five years. In short, continuing investments in education and training will be crucial, especially for youth, to ensure Jamaicans have the requisite skills and knowledge now and in the future.



Dr. Nadine McCloud states:

High and persistent youth unemployment undoubtedly cast significant costs on individuals and society. To complicate matters, young people face a double-edged sword. On the one hand, many young people face several natural, non-mutually exclusive age-related disadvantages, including work inexperience, uncertainty about their niche, smaller networks, rendering them less efficient job seekers, and, if employed, lower replacement costs due to lower traditional skill level than their adult counterparts in comparable industries. These frictions become of exponential order of magnitude for those youths who are more economically vulnerable with little or no family support system or work in less recession-resistant firms.

On the other hand, young people are the most technologically agile demographic group and thus can acquire digital skills that render them indispensable in the workforce. Therefore, in this digital era, Jamaica's young people can be a demographic net dividend in our efforts to curtail youth unemployment, achieve sustainable growth and development and reduce inequality. The afoot national plans to reduce youth unemployment and its gender gap through digital education, training, and other active labour market initiatives are encouraging. Wide-scale youth internship programmes spanning Jamaica communities, particularly the most vulnerable and rural, will complement the existing national policies. Rigorous and objective evidence-based program monitoring and evaluation mechanisms are mandatory to ensure these policies meet specialised performance metrics and redound to Jamaica's benefit.



DR. NADINE McCLOUD
Senior Lecturer, Department of Economics, UWI Mona

Dr. Stuart Davies further explains:

Root and branch approaches to youth unemployment will be needed in the years ahead. As traditional jobs and tasks evolve, Jamaica will need to evolve its skills-base to bridge employers' current needs and equip tomorrow's labour force. Enhanced partnerships with enterprise and educational institutions and between school/University leavers and employers through TVET approaches will be critical elements to strengthen Jamaica's Youth valuable contribution to its future.



DR. STUART DAVIES
Senior Economist, UN Jamaica

Conclusion

Youth unemployment in Jamaica remains a complex and multifaceted challenge with far-reaching consequences. Despite national and global crises and limited fiscal space, multidimensional including government interventions have significantly and commendably reduced youth and overall unemployment in recent years. The persistent disparity between the youth and national unemployment rates underscores the need for continued and targeted interventions and comprehensive policy measures. By addressing the skills gap and fostering entrepreneurship that creates job opportunities, Jamaica can advance its prosperity for a sustainable future, accelerate progress on SDG-8 Decent Work, and unlock the potential to meet the aspirations of its young working population.

