



Report

Youth Unemployment Issues in Lao PDR



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About this report

This report provides an overview of the situation surrounding youth unemployment in Lao PDR. It presents factors that influence youth unemployment, provides recommendations, and envisions potential paths forward. Research was conducted from November 2020 to January 2021 and entailed both in-person interviews and online surveys. It is important to note that youth without access to the internet, cell phones, and computers may not be represented in the results, and the report thus may not reflect the perceptions and realities of this segment of the population.

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EXECUTIVE SUMMARY

As a country with one of the youngest populations in Asia-Pacific, the issue of youth unemployment has been a critical and continual concern for the government of Lao PDR. Despite implementing policies and undertaking projects to bolster job opportunities, disproportionately high youth unemployment remains a challenge.

With roughly 60% of the populace under the age of 25, the percentage of youth who are potentially employable, but out of work, hovers at 37%¹. Add to that the recent Covid-19 pandemic, which has led to massive instability in what were relatively stable employment situations for young people in service industries. Ideally, the given circumstances should compel Lao youth to adapt and search for work in other vocations, but limited skill sets and work experience, compounded with opaque hiring processes and scant access to higher status sectors, continues to leave the state of youth unemployment reeling.

In addition to (i) a system mapping exercise and (ii) desk review, this study consisted of (iii) in-person interviews and (iv) an online survey. 367 respondents were involved, as well as respondents from the public, private and nonprofit job sectors, of which 22 different businesses and organizations were represented.

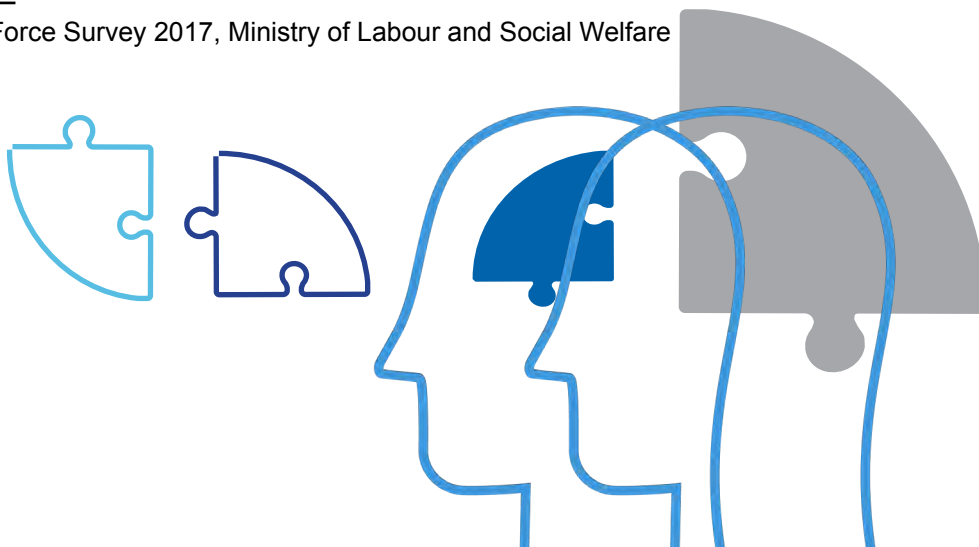
The findings aim to inform the United Nations Development Programme (UNDP) in Lao PDR as it attempts to devise interventions to remedy youth unemployment. The findings are short-term in nature and aim to solve pressing issues on the ground.

Based on the study results, proposed interventions include:

- conducting a swift study on current start-ups in the Lao business industry to gain insight into working within a digital economy
- establishing a center that provides job search training and resume writing, while linking employees to employers
- fostering environments and opportunities that support start-ups and incubation centers promoting capacity building and innovation

With unemployment rising, and economic growth declining, a great deal rests on the shoulders of youth in Lao PDR. A distressing 100% of the unemployed respondents stated that colleges and universities do not effectively prepare graduates for the job market. Therefore, yielding more resources to ready them for entry to employment is not only necessary, it is of great consequence.

¹ Lao Labour Force Survey 2017, Ministry of Labour and Social Welfare



INTRODUCTION

According to the International Labour Organization, “youth” means anyone 15-24 years of age, whereas Lao PDR defines it as anyone 15-35 years of age². Even so, with the median age being 23³, Lao PDR is unmistakably one of the youngest countries in Asia, and with its economic growth on the decline due to Covid-19, such a young country is also one of the most economically vulnerable.

While the national unemployment rate was 9.4%, the youth unemployment rate was much higher at 18.2%⁴. This figure before COVID-19 had already raised concerns, but the pandemic has worsened the situation due to service and manufacturing industries taking a hit.

Although the application process and selection criteria for certain jobs can be stringent, this study found that 70% of youth job seekers do not have a CV or resume. What’s more, fundamental skills like resume writing, performing job searches and navigating job search engines, along with using basic English, were severely inadequate, particularly in provinces outside Vientiane.

Even though some of the youth respondents expressed interest in upskilling, access to information and avenues for them to learn are sparse. All the while, the fact remains that a significant number of youth are up against strict hiring quotas and a scarcity of entry-level positions, as well as nepotism and prejudice.

The study was carried out as a way to understand the recently-altered yet stubbornly stagnant landscape of youth unemployment in Lao PDR.



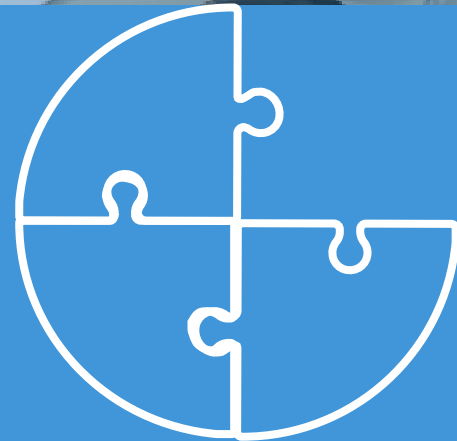
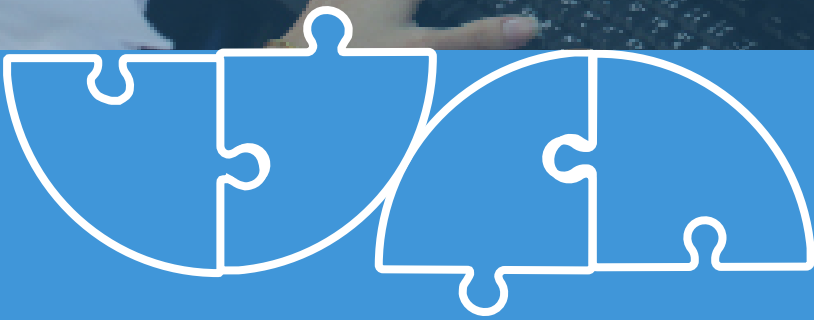
2 ILO. (2020). Global employment trends for youth 2020: Technology and the future of jobs. Retrieved from Geneva.

3 <https://worldpopulationreview.com/countries/laos-population>

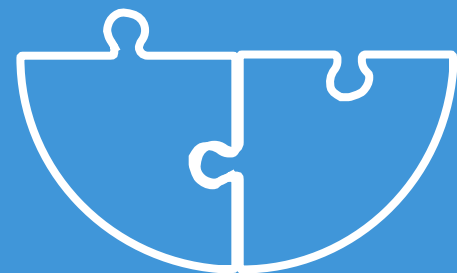
4 Lao Labour Force Survey 2017, Ministry of Labour and Social Welfare



Photo: UNDP



FINDINGS FROM THE STUDY



FACTORS INFLUENCING YOUTH UNEMPLOYMENT IN LAO PDR

Findings from the online survey and in-person interviews shed light on factors that influence youth unemployment. Those factors are as follows:

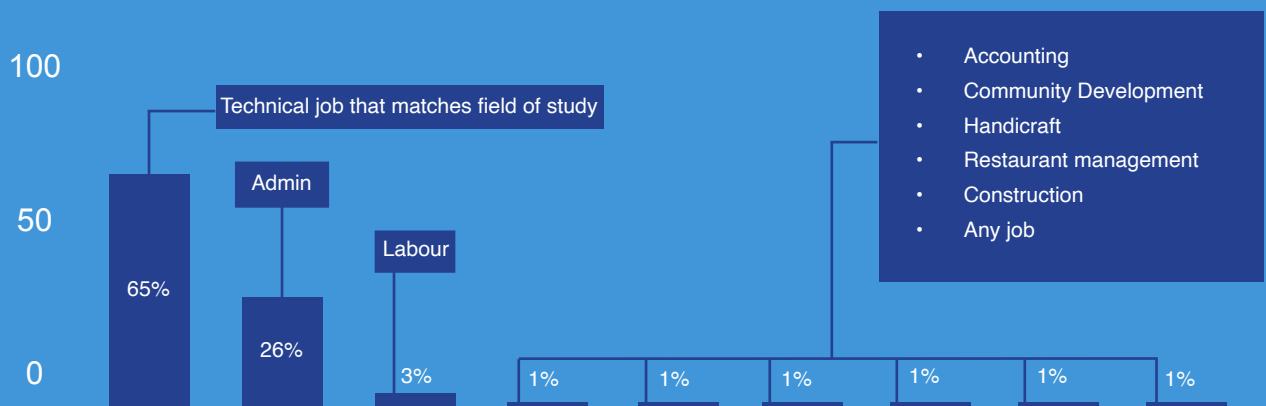
Unrealistic salary expectations: Youth expect entry-level salaries higher than what the market can offer. Unlike the NGO sector, which makes pay ranges public, or the public sector, which has standardized entry-level salaries, the private sector sees a more pronounced occurrence of unfeasible salary expectations from youth applicants.


Unwillingness to reskill and upskill: 83% of the unemployed youth do not engage or have the intention to engage in any forms of online learning to reskill or upgrade their skills in preparation for future jobs. This reluctance to step up their training leaves them at a huge disadvantage in a volatile economy.

Lack of job searching skills: The majority of online respondents do not know how to conduct a proper job search, and 67% mainly act on word of mouth. Plus, 70% do not have a resume or CV.

Limited job opportunities for seekers, limited job candidates for employers: While jobs in the public sector are limited and turnover is low, within the private and nonprofit sectors job availability is perhaps slightly higher, but employers shared that they often struggle to find suitable candidates.

Table 1: Jobs most desired by youth respondents





Private sector hiring: Arbitrary preference given to specific, advanced degrees rather than to the actual abilities and work experience of the job applicant puts otherwise qualified applicants at a disadvantage.

Physical appearance: As a whole, the respondents feel pressure to appear conventionally attractive, with female respondents feeling more affected by this, especially so in sectors like Hospitality and Air Travel. Respondents not confident with their physical appearance felt their looks could hurt their job prospects.

Lack of connections: 20% of the respondents refer to their lack of connections within certain sectors and organizations as a hindrance when it comes to getting recruited or hired, and in some cases, not having connections keep youth job seekers from applying at all.

Unwillingness to relocate and higher cost of living: 85% of unemployed respondents are unwilling to relocate to look for or start new jobs, citing higher cost of living and self-doubt. Youth unemployment is worse in rural areas and it's generally males more than females who are willing and encouraged to relocate.

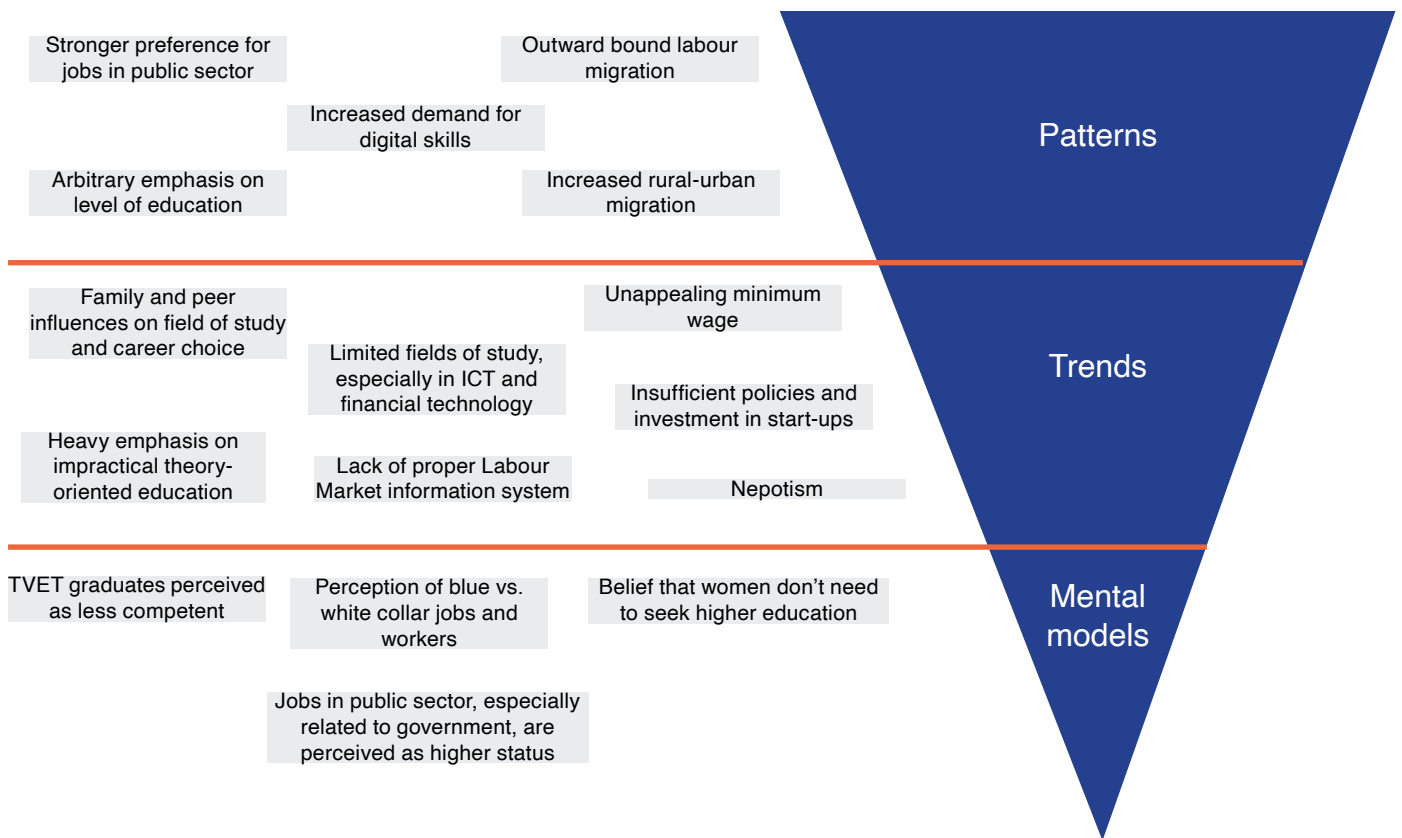
Prejudice against LGBTIQ and disabled applicants: Prejudice against job applicants who identify as LGBTIQ or Disabled can be harsh in the hiring and laying-off process. One respondent reported that he was told he was “not masculine or manly enough” when applying for work.

Insufficient technology infrastructure: High-speed internet coverage is still limited. Online learning platforms within the country have also proved inadequate, which has been further magnified by the Covid-19 pandemic. More still, many students do not consider themselves tech savvy, and roughly 70% percent do not own a computer or laptop. And those who rely on computers for training, like IT students, face shortages in the classroom.

Learning and skill acquisition: Both youth respondents and teachers who participated in the study brought attention to insufficient soft skills training in schools, as well as outdated learning materials and classroom equipment. The curriculum is also considered incompatible with the job market and does not teach skills necessary to stay competitive in the recruiting stage.

Policy: Inadequate communication between policy makers, schools, and the private sector hinders employment opportunities and creates more of an imbalance in supply and demand.

PROBLEMS IN THE YOUTH UNEMPLOYMENT SYSTEM



SNAPSHOT OF YOUTH RESPONDENTS, THEIR EMPLOYMENT STATUS AND DURATION OF UNEMPLOYMENT

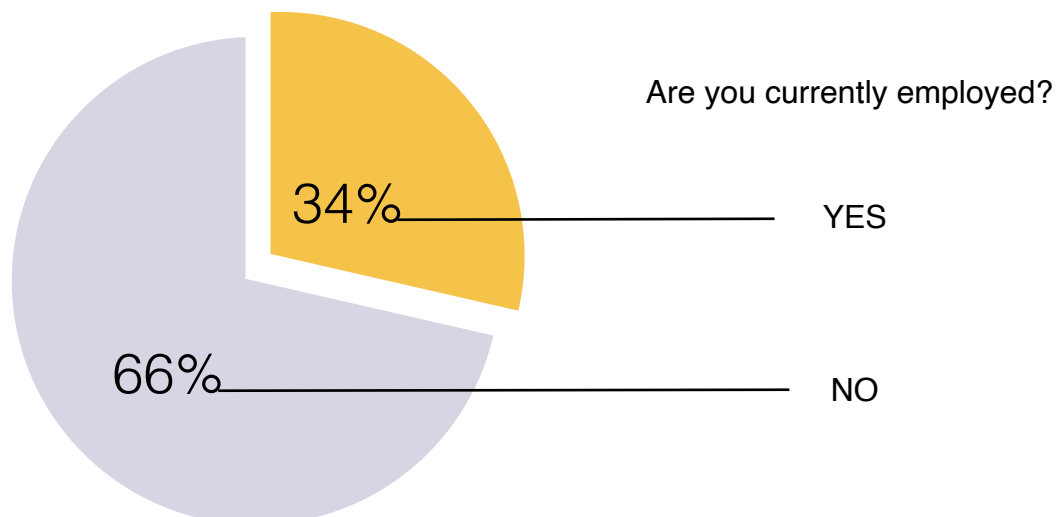
Part of the study’s aim was to represent the perspectives of both job seekers and employers. 69% of the in-person interview respondents represented those from management and technical positions, while the remaining 31% represented students looking for jobs. As for the online survey, it consisted only of responses and perspectives from youth, employed and unemployed.

367 respondents took part, with 307 participating in the online survey, and 60 participating in the in-person interviews. Roughly 70% of the respondents were between ages 18-25, and nearly half were female. More than 75% of the overall respondents held a Bachelor’s degree.

Table 2: Demographic profiles of the youth respondents

	Online survey	In-person interview	Total	Percentage
Gender	# of respondents	# of respondents		
Male	148	38	186	50.7%
Female	157	22	199	48.8%
LGBTIQ	2	0	2	0.5%
Total	307	60	367	100.0%

Table 3: Results of online survey regarding employment status



Among those unemployed, more than 65% indicated that they could not find jobs within the past year, and a staggering 17% of those who graduated as far back as 2017 still cannot find work.

Table 4: Duration of respondents' unemployment

Duration of unemployment	Percentage	Note
3-6 months	52%	Graduated 2020
7-12 months	14%	Graduated 2019
13-18 months	9%	Graduated 2019
18-24 months	5%	Graduated 2019
25-36 months	3%	
More than 36 months	17%	Graduated 2017

APPEAL OF CERTAIN JOB SECTORS AND OBSTACLES YOUTH FACE IN GAINING ENTRY

Job sectors mentioned in this report are broadly categorized into three sectors: government, private and non-profit organizations.

- The government sector includes public agencies and state-owned enterprises.
- The private sector includes domestic and international firms, or joint ventures.
- The nonprofit sector includes local not-for-profit agencies, international non-governmental organizations and intergovernmental organizations.

Nearly half of the job-seeking respondents preferred to work in the government sector, citing reasons relating to job security and a sense that government employees garner more respect. Furthermore, virtually all of the respondents who expressed interest in government jobs acknowledged that they had been convinced by parents and relatives to believe that no government job meant no chance at a promising future.

The number of civil servants currently stands at 187,000. Per the Prime Minister's Directive, the annual intake of government hires for 2019 and 2020 was 1500 and 2000, respectively⁵. By contrast, from 2011 - 2014, the annual intake of civil servants was more than 10,000⁶, meaning that hiring has drastically decreased over the years, narrowing the possibilities for anyone, especially a young person with few credentials, to get their foot in the door.

As for the private sector, 40% of the respondents conveyed an interest in this area, highlighting higher earning potential, competitive benefits packages and the chance to apply the skill sets they acquired in school. Employers, namely larger corporations, are keenly aware of this, and see themselves as widely recognized brands, and, thereby, more attractive to young job applicants. So while there is no shortage of entry-level job applicants, filling middle management and specialist positions remains an issue.

⁵ https://www.vientianetimes.org.la/freeContent/FreeConten_Govt_280.php

⁶ <https://laotiantimes.com/2016/07/31/government-to-accept-only-5000-new-employees-in-2017/>

And in regards to the nonprofit sector, 10% of respondents indicated a desire to work in nonprofit organizations. Higher earning potential and prestige were mentioned, along with the urge to make a positive impact in the community. Some respondents added that working in this sector could help them transition more successfully into the private sector later in their careers. Additionally, they believed that working with foreigners, who are usually managers or project heads, could improve their work ethics and enhance their English skills, both of which are highly valued in the private sector.

The remaining 5% of youth respondents declared that they would like to pursue self-employment because of the “cool” and “trendy” reputation that goes with the autonomy of being a CEO.



Photo: UNDP

Table 5: Youth respondents’ reasons for their job sector preferences

Sector	Reasons
Government	Stable and secure jobs Strong reputation Parental influences
Private	High salaries and good medical insurance Strong reputation Chance to apply skills learned in their studies
Self-Employed	More autonomy Higher earning potential in e-commerce Trendy and cool
Nonprofit organization	High salaries and generous benefits packages Ethical image Opportunities for professional development

Table 6: Levels of job positions that attract the most youth applicants

Job level	% of youth applicants
Entry-level	58%
Mid-level	34%
Senior- or executive-level	7%
Others	1%

As appealing as these sectors and job titles seem, youth will likely face multiple rejections without receiving formal notifications or feedback for improvement, causing them to give up prematurely.

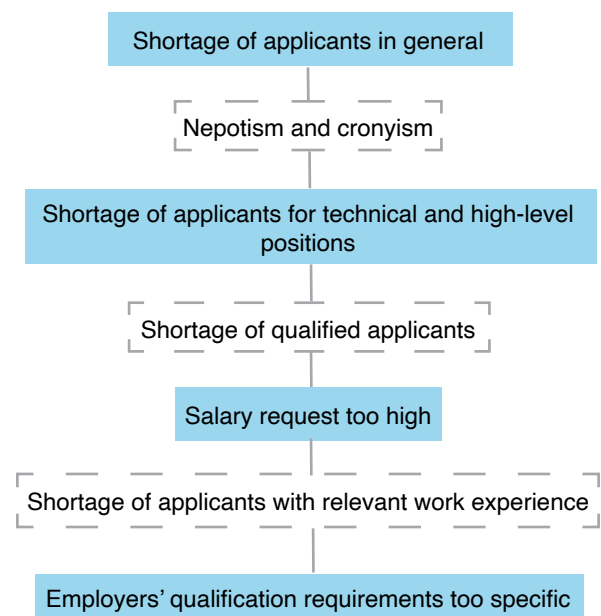
Table 7: Obstacles youth encounter in the process of searching for and applying to jobs

Sector	Obstacle
Government	Lack of transparency in the job recruitment processes Lack of connections Low quotas and high competition
Private	Lack of prior work experience Lack of English and computer literacy Lack of soft skills
Nonprofit organization	Lack of English and computer literacy Lack of prior work experience Lack of development knowledge Rigid recruitment tests and online applications

Table 8: Recruitment issues faced by employers

Consequently, employers in Lao PDR, especially international organizations and small- and medium-sized enterprises (SMEs), face difficulty in recruitment due to the shortage of qualified job applicants.

Within the public sector, nepotism and cronyism can interfere, which inevitably leads to quality of work and performance being compromised. Moreover, those who could have a say in the hiring process might not get to have any say, yet still must maintain the overall integrity of the team.



With supply not meeting demand across all sectors, it is worth calling attention to the fact that 70% of the youth respondents revealed they do not have a resume or CV. On top of that, some pointed out that certain jobs did not require them to submit one, or only required them to fill out a simple form, but as is the case with the jobs the youth desire most, resumes and CVs are a prerequisite for recruitment and screening.

Merely reaching the recruitment stage can prove mystifying for the 90% of unemployed youth who rely on Facebook to find job postings, seemingly unaware that employers are prone to advertise openings elsewhere, too, such as on their website and 108JOBS.com, a job search platform favored and readily used by the private and NGO sectors.

Table 9: Job search channels used by unemployed youth

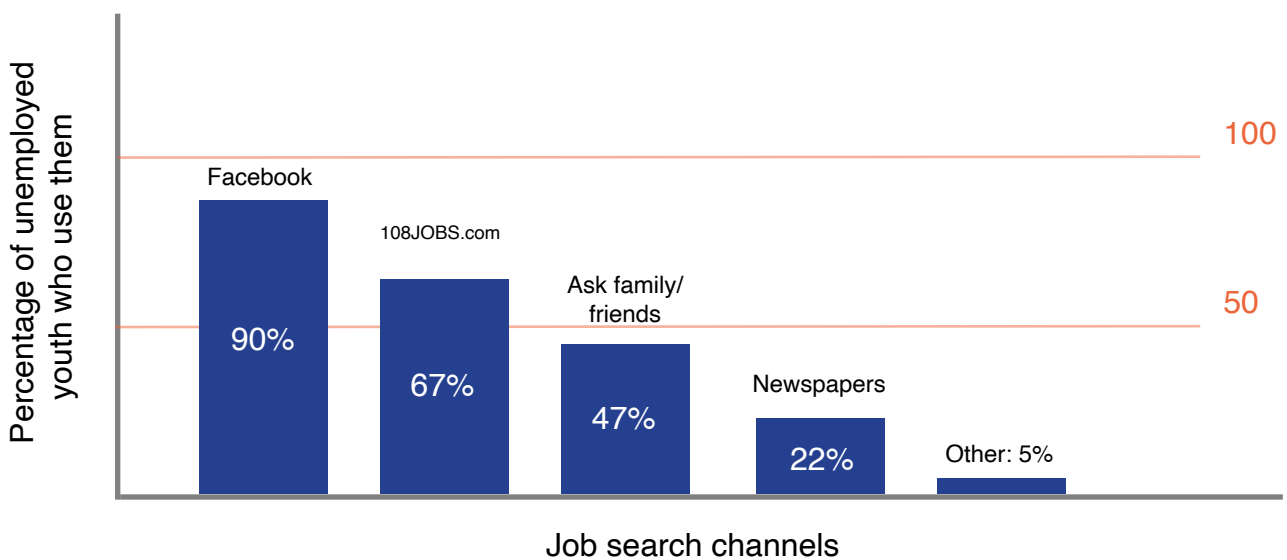
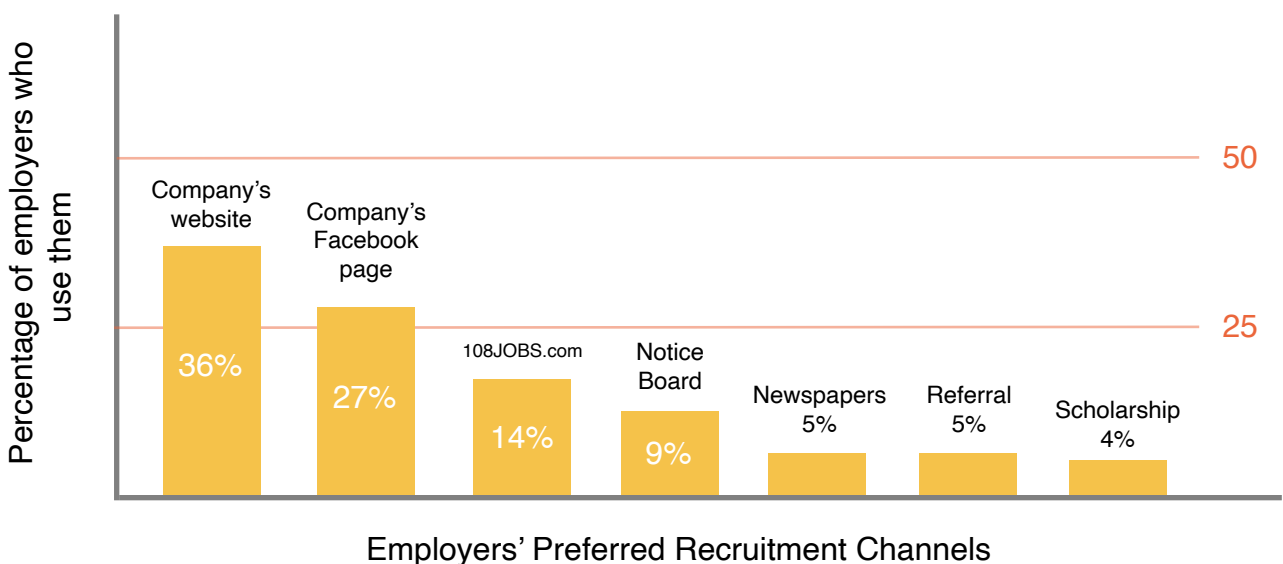


Table 10: Employers' preferred recruitment channels



SKILLS DEFICITS AND EDUCATION GAPS

When interviewed, respondents from educational institutions admitted that the skills most instrumental in securing employment are not taught systematically at schools. While English is embedded in the national curriculum, it is neither well-taught, nor up-to-date.

Also, educational institutions and international organizations both pointed out that rural schools might be missing some subjects altogether due to shortages of qualified teachers. As a result, many youth must advance their education by other means, which can be challenging and financially unfeasible for some.

Overall, the top three skills that youth respondents felt they lacked were: English, computer literacy, and communications skills. Employers surveyed also identified the same three skills when asked which were the most sought after and valued. Employers further stressed that top recruits need analytical skills, administration and management skills, prior work experience and the ability to adapt to a professional environment, yet, when prompted, they could not articulate how to detect these skills in interviews.

Table 11: Skills that youth job seekers believe they lack

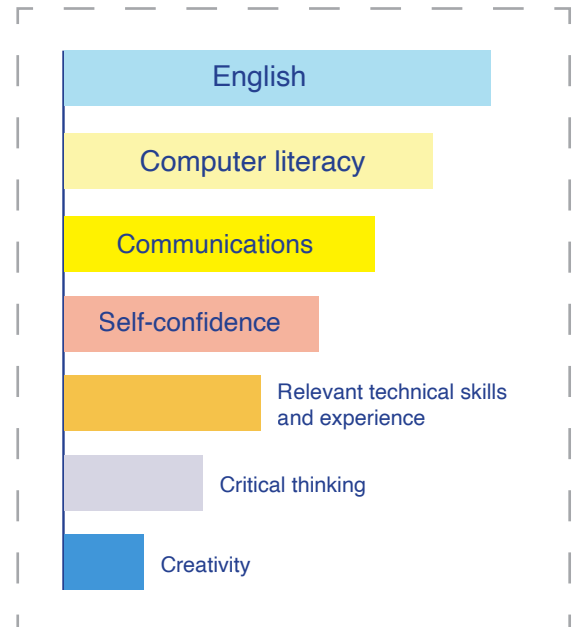


Table 12: Skills that employers require from job applicants

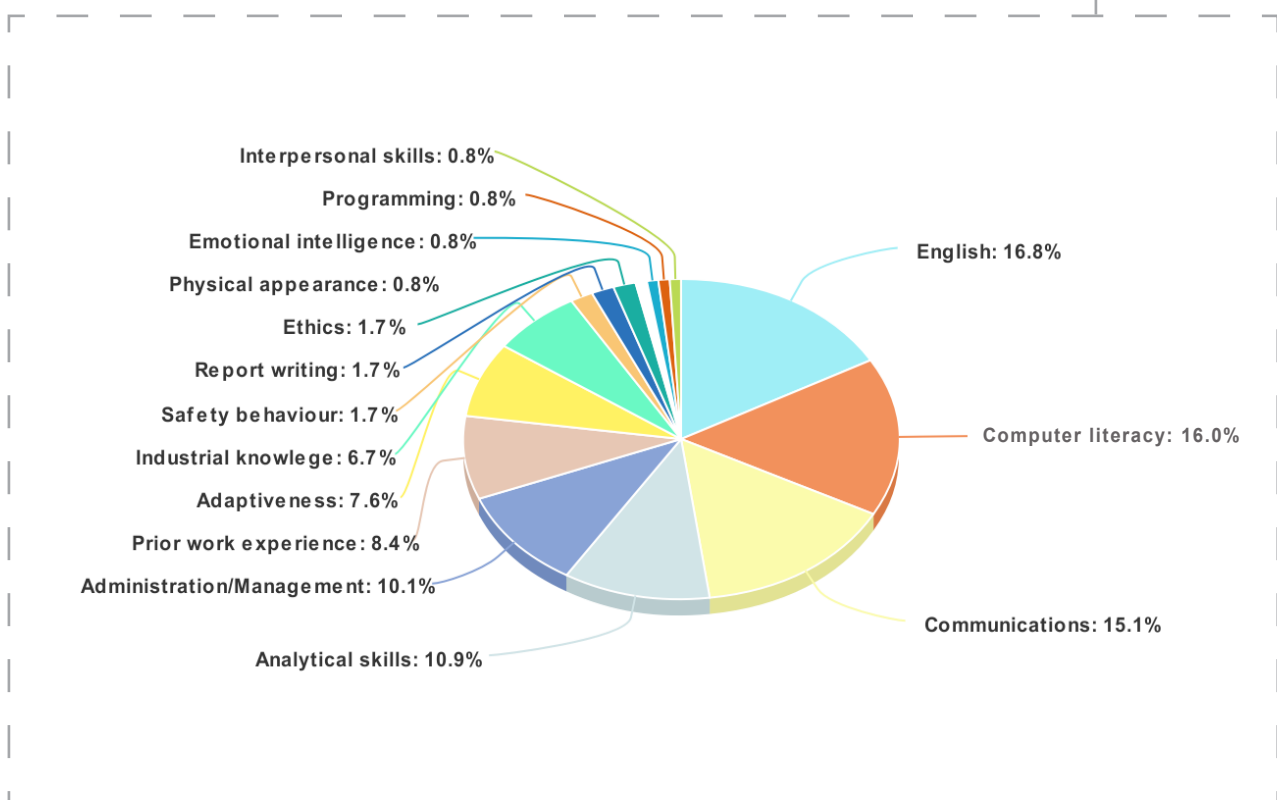
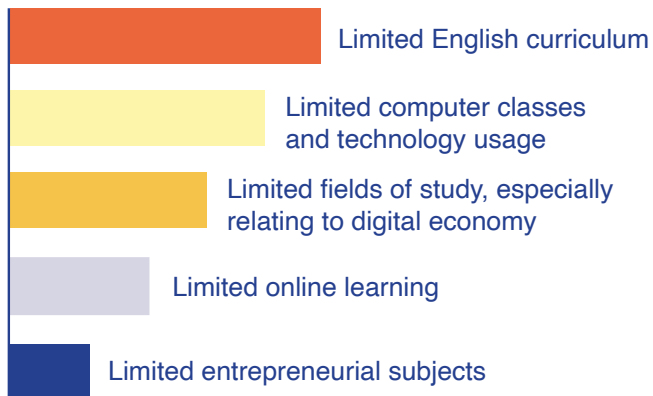


Table 13: Curriculum gaps most identified by students



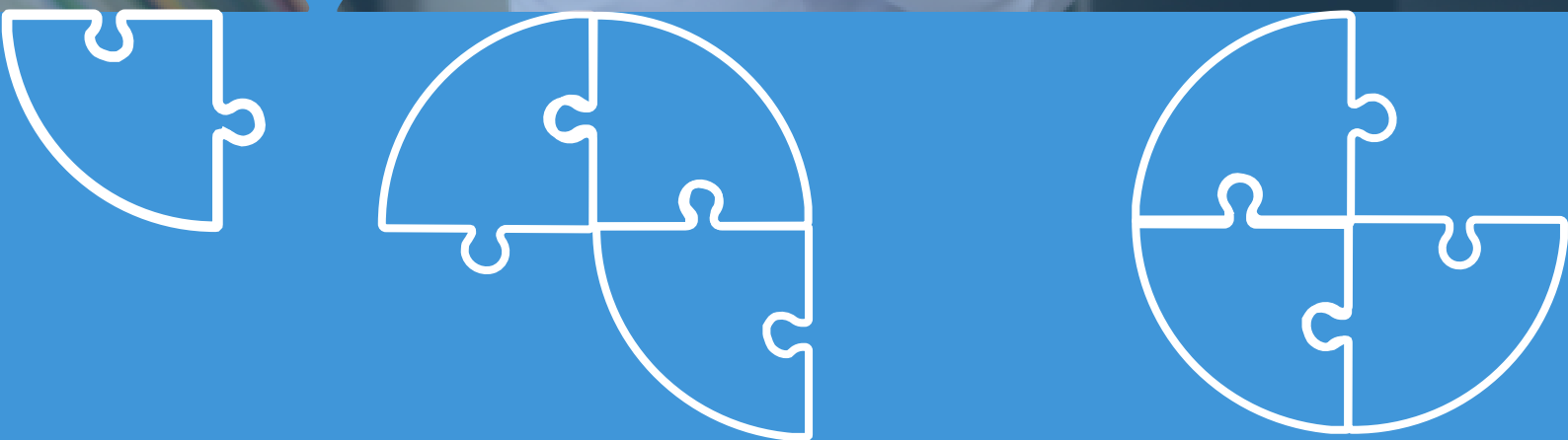
An alternative means to getting their foot in the door is through internships, and 85% of youth who pursued this path maintained that their internships were applicable and prepared them well for their job search. However, the study also found that only 10% of the interns received job offers from the firms where they interned.

Finally, a distressing 100% of respondents stated that colleges and universities do not effectively prepare graduates for the job market, and those who do get hired routinely rely on the companies to train them. As a result, some companies mentioned having had to take on the task of re-skilling entry-level new hires, which, in turn, has led to these companies feeling reluctant to bring on recent graduates at all.





Photo: UNICEF



RECOMMENDATIONS

BASED ON THE FINDINGS, THIS STUDY OFFERS THE FOLLOWING RECOMMENDATIONS.

EXAMINE AND ENHANCE ONLINE EMPLOYMENT-RELATED PLATFORMS AND THE LABOUR MARKET INFORMATION SYSTEM

- Conduct a study on constraints regarding both existing online employment-related platforms and training programs on CV writing and job interviewing
- Collaborate with the Ministry of Labour and Social Welfare to improve and sustain job centers and link them to the Labour Market Information System (LMIS)
- Develop a comprehensive mobile app for the LMIS, which could provide youth with one-stop service for labour marketing information, job postings, job notifications and applying for a job online
- Develop a comprehensive mobile app for tips on CV writing and job interviewing

ENCOURAGE AND RESEARCH START-UPS

- Ensure that the policy currently being drafted by the Division of Entrepreneurship Development under the Department of Small and Medium Enterprises Promotion, Ministry of Industry and Commerce includes case studies and best practices of start-ups to provide more understanding of how they work and succeed

DE-STIGMATIZE TVET (Technical and Vocational Education and Training)

- Partner with the Ministry of Education and Sports, and the Ministry of Labour and Social Welfare, to revamp the public perception of TVET and shine a light on successful aspects and graduates of the program rather than allow it to be negatively viewed as a sub-standard education system

INVOLVE YOUTH IN STAKEHOLDERS CONSULTATIONS

- Team up with the Lao People's Revolutionary Youth Union to engage youth, and enhance labour policies aimed at catering to youth and supporting those policies that nurture their voices



SET UP CAREER COUNSELLING SERVICES

- Research career counseling units, as well as improve and implement them within educational institutions to support students and alumni in job searching, interviewing and CV writing
- Refer to new digital economy key players, namely Lao National Chamber of Commerce, Lao ICT Commerce Association, and the Youth Development Centre for guidance, and potentially partner with the private sector to generate more ideas and opportunities
- Join forces with telecommunication service providers, such as Lao telecom, to set aside a public space in the company building for recruiting and training youth to code and learn soft skills

ORGANIZE NATIONWIDE CAREER WORKSHOPS

- Partner with skill development centers under the leadership of the Ministry of Labour and Social Welfare and TVET schools under the leadership of Ministry of Educations and Sports to conduct sessional job fairs and intensive English and communication training
- Explore UNICEF's now-defunct "survival" program that taught leadership, self-reliance, problem-solving and teamwork, and add soft skills and social etiquette to build confidence
- Team up with educational institutions and the private sector to organize a pool of engaging speakers on various topics relating to jobs, job roles, and technical knowledge, as well as build closer ties and open up employment opportunities

PROMOTE YOUTH ENTREPRENEURSHIP

- Introduce entrepreneurship courses, consulting services and workshops to instill entrepreneurial spirit
- Create opportunities and platforms for youth to compete in nurturing business-related contests
- Explore the Youth Co:Lab Springboard Programme for turning innovative solutions into sustainable businesses

CONCLUSION

While carrying out the study, findings came to light which underscore the fact that the youth of Lao PDR bear a brand of burden unlike other age groups. Although the recent Covid-19 pandemic continues to play an undeniable role in the country's economic downturn, the issue of youth unemployment has long been a central concern for policy makers, potential employers, educators and young people alike.

Nearly 20% of the unemployed youth who took part in this study haven't been able to secure steady work since 2017, and all of them made mention of the ineptitude they felt in entering a seemingly insurmountable job market. Moreover, representatives from all sectors confirmed that an alarming majority of youth job seekers failed to produce CVs or demonstrate proficiency in skills considered most essential for landing a job, adding to an already-entrenched disparity between supply and demand.

As long as the issue of youth unemployment remains pervasive in Lao PDR, so, too, does the possibility to mitigate it in new ways. Based on findings in this report, a focused effort to expand capacity building programs and curriculums, along with building up communication and partnerships between job sectors and incubation centers, could better prepare the country's largest age group in navigating the current backdrop of socio-economic unease, and point them towards a future that offers financial stability, personal growth and peace of mind.

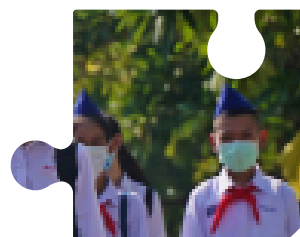


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