

# Not in Education, Employment or Training (NEET): Human Resource Planning and Rising Problem of Youth NEET in India

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**Abstract:** The aim of this paper is to draw attention to the rising labour market problem – ‘complete exit from the labour force’, where substantial numbers of young men and women of working age are neither in work nor looking for job and are also not engaged in any educational activity or skill enhancement training. Such group of young people is popularly known as NEET (not in education, employment or training). In a scenario where considerable numbers of young people of working age are not part of the labour force, the main question is how to do effective human resource planning? The objective of this paper is to emphasize the importance of understanding the NEET group and its role in human resource planning.

**Keywords:** Human Resource Planning, NEET, Youth Unemployment.

## 1. Introduction

National Human Resource Planning by the Government covers population projections, program of economic development, educational and health facilities, occupational distribution and growth, mobility of personnel across industries and geographical regions. Although governments all over the world are putting in lots of planning and resources in developing the human resource in their country, labour-market related problems are still on the rise. Even developed economies have not been able to escape this fiasco. Developing economies have been incessantly crippled by the ever present labour-market challenges. Short and long-term unemployment has been identified as one of the major issues related to labour market.

While high unemployment is being tackled as best as possible by every government across the world, a new labour market problem has arisen – ‘complete exit from the labour force’, where substantial numbers of young men and women of working age are neither in work nor looking for job. Long durations of struggles to find a job and failing to do so has discouraged such individuals to a level where they have completely quit the labour force and are also not engaged in any educational activity or skill enhancement training. International Labour Organization (ILO) has popularly termed such group of young people as NEET<sup>1</sup> (not in education, employment or

training).

In a scenario where considerable numbers of young people of working age are not part of the labour force, the main question is how to do effective human resource planning? The objective of this paper is to emphasize the importance of understanding the NEET group and its role in human resource planning.

The youth in any nation is extremely important for its continued economic development and demographic evolution. This is an irreprehensible truth, accepted by one and all, across national boundaries. The youth population, which typically constitutes the entering cohort in the country’s labour force, is expected to bring in freshly learned and updated skills that will help renew and improve the country’s stock of human capital (Parasuraman et al, 2009).

Nowadays, young individuals are better educated than older cohorts; however, governments still face the serious problem of rising youth unemployment. On an average the young people today have more difficulties in successfully integrating in the labour market, earn less, have higher unemployment rates, and are more at risk of social exclusion and poverty than their previous generations. This can have negative consequences not only at the individual level, but also for the society they live in.

For the last several decades youth unemployment has become a major issue of the labour market situations in both developed as well as developing countries, and therefore a key challenge for all successive governments. Youth unemployment and underemployment is prevalent around the world because young people lack skills, work experience, job search abilities and the financial resources to find employment (United Nations, 2003; ILO, 2006; Matsumoto et al., 2012). In developing countries, this situation is exacerbated by poverty and the competitive pressures that result from a rapidly growing labour force. Moreover, the inadequacy of social protection schemes and active labour market policies means that young people in such economies have little or no safety-net outside their family and friends. Globally, young people are, therefore, more likely to be unemployed or employed on more precarious contracts or in the informal sector (Mitra, Arup & Verick, Sher, 2013).

While youth unemployment has received wide attention by both researchers and policy makers, it is also important to be aware of the fact that there is a considerable population of young men and women, who struggle to find a job and get discouraged from failing to do so, are probably more at risk of becoming inactive<sup>ii</sup> instead of unemployed. These inactive individuals are potentially quite a disadvantaged group in terms of labour market integration and social commitment. For this reason, it is worth paying particular attention to an indicator of “joblessness” which accounts for all those who are neither in employment, nor in education or training (NEET), as a more accurate proxy of the size of the group of individuals most at risk on the labour market.

Before we embark on the importance of NEET as an additional labour market indicator and the role of this youth cohort in Human Resource Planning in India, it is important we understand how NEET is defined and why NEET needs to be distinguished as a separate indicator from ‘Unemployed’.

## 2. Definition of NEET by International Labour Organization (ILO)

In 2012 the ILO expressed concern that the NEET group ‘reflects a growing detachment from the labour market’ and stated that the ‘youth who are not employed and also not in education or training risk labour market and social exclusion.’ The ILO further stated that ‘a high NEET rate as compared with the youth unemployment rate could mean that a large number of youths are discouraged workers, or do not have access to education or training. Because they are neither improving their future employability through investment in skills nor gaining experience through employment, NEETs are particularly at risk of both labour market and social exclusion’ (ILO, 2013 a, 2013 b).

In the absence of an international standard for the definition of NEETs, ILO has put forth the following definition for calculating NEET rate (ILO 2013 a): The percentage of the population of a given age group and sex who is not employed and not involved in further education or training<sup>iii</sup>.

$$NEET\ Rate\ (\%) = [(x - (y + z)) / x] \times 100$$

Where,

$x$  = Total number of youth

$y$  = Number of youth in employment

$z$  = Number of youth not in employment who are in education or training

In a labour-abundant, low-middle income economy like India it is very difficult to find any persons who are simply not doing anything. They will somehow earn something, however little it may be, to get by in life. These individuals are neither found in the realms of employment, education or training. Such people are either counted as unemployed, underemployed or out of labour force in the labour force surveys of India.

## 3. Understanding ‘NEET’

O’Higgins (2008) defined the youth NEET as ‘Jobless Youth’. By turning the focus on discouraged young workers who are excluded from the measures of youth unemployment, O’Higgins questioned the efficiency of unemployment rate as a sufficient indicator for measuring youth labour market problems. He said that such youth cohort ‘are not searching for work because they know or believe that acceptable employment is not available’.

Fernandes-Alcantara (2014), addressing this group of youth as ‘vulnerable’ or ‘at-risk’, stated that the transition from adolescence to adulthood is ‘complex’. This shift is further complicated by numerous challenges like family conflict, abandonment, problems in securing employment with adequate wages and health insurance, etc. These youth are susceptible to outcomes that have negative consequences for their future development as responsible, self-sufficient adults. Risk outcomes include teenage parenthood; homelessness; drug abuse; delinquency; physical and sexual abuse; and school dropout. He said that exit from the labour market or dropping out of school may be the single strongest indicator that the transition to adulthood has not been made successfully.

Zweig (2003) presented this group as ‘disconnected youth’. He said that this group of youth struggles to be successful in their roles as adolescents and are socially, educationally, and economically disadvantaged relative to their peers. These are youth who are not connected to education, employment, or organizations that prepare them for successful adulthood.

Although the NEET population has not been identified in India as a separate social category till date, some causal and resultant studies have been reported.

Mahendra Dev & Venkatanarayana (2011) said that joblessness among the youth in India seems to be significantly high where about one-fourth (25.9 per cent) of youth population was found to be jobless in 2004-05. “It is evident that the joblessness among the youth is much higher than the incidence of unemployment. The incidence of joblessness varied with the literacy status and level of education of the youth population.”

In a web exclusive published in the Economic and Political Weekly, Chadha (2015) stated that the unemployed educated rural youth of Punjab constitute about 54 percent of the total rural unemployed of the state. These rural youth, although educated, do not have proper technical or communication skills, nor are habitual to the laborious industrial work. Because they are educated, these youth are normally reluctant to take up employment opportunities that involve physical labour. Their desire for white collar jobs and inability to get such employment causes discontent and frustration amongst them.

Visaria (1998) said that unemployment among the youth appears to involve a sort of “waiting period” before they find a niche in productive activities in the economy. It is during this ‘waiting period’ that some youth take up some educational or skill development courses. But there still remains a portion of the youth population with is neither employed nor is it getting

educated. They may continue to search for work or may get discouraged enough to stop all efforts to get a job. This is the stage when such discouraged, disillusioned youth enter the category of NEET. Listing the reasons for higher unemployment among the youth, Visaria (1998) said that lack of training for work, acceleration of population growth and mortality decline, expansion of education, and slow growth of the economy until the 1980s are the main reasons for youth unemployment in India.

Sara Elder (2015) stated that 'the popularity of the 'NEET' concept is associated with its assumed potential to address a broad array of vulnerabilities among youth, touching on issues of unemployment, early school leaving and labour market discouragement'. It is because of this wide scope of the definition that the concept warrants greater attention. With the continuous ups and downs in the economy it is important this youth group is given its due focus.

#### 4. Psycho-Sociological consequences of being 'NEET'

Studies from the 1930s till present day show that unemployment has negative socio-psychological effects both on the individual and the society.

Pal (2006) explained that 'employment provides a feeling of being tried into the larger system of society, of having something to do, and of having a purpose in life'. Lauterbach (1977) stated that one major consequence of lack of employment is feeling of alienation from society, personal frustration and disintegration of personality. This was reemphasized by Banks & Ullah (1988). While studying the psychological effects of length of unemployment on the youth in the 1980s, Banks & Ullah found that the length of unemployment of a person is inversely proportional to the effort put into job hunting by them. Continuing unemployment was associated with an increased sense of discouragement and a corresponding reduction in the effort making to find a job. The studies done by Jahoda, Lazarsfeld and Zeisel (1933) and Eisenberg & Lazarsfeld (1938) also reported similar results. Jahoda et al observed that unemployment caused more personal apathy and disintegration than political insurrection or organized revolution in the community. Likewise, Eisenberg & Lazarsfeld noted number of adverse reactions to unemployment, which included apathy, resignation, depression, self-doubts, diminished self-esteem and fatalistic beliefs among the unemployed.

Prolonged periods of unemployment and underemployment result in the youth getting disengaged from the society completely. This group of youth population is so much discouraged, disillusioned and cut-off from the rest of the people that they do not participate in anything. They are not interested in learning new things or working. They just while-away their time. This youth group is identified by many aliases like vulnerable youth, youth at risk, marginalized youth, socially excluded youth, disengaged youth, maladjusted youth, etc. The most recent, universally recognized term used for

categorizing this population of youth is NEET – Not in Education, Employment of Training.

#### 5. Need for NEET as an Additional Labour Market Indicator

According to the Global Employment Trends 2014, the global unemployment rate remained at 6.0 per cent of the global labour force, unchanged from 2012. The number of unemployed around the world was estimated to have reached 201.8 million in 2013, an increase of 4.9 million from a revised 196.9 million in the previous year. There were 31.8 million more unemployed persons around the world in 2013 than in 2007, prior to the onset of the global economic crisis (2008-10). On the basis of current macroeconomic projections, the ILO expects little improvement in the global labour market in 2014, with the global unemployment rate ticking up to 6.1 per cent and the number of unemployed rising by a further 4.2 million (ILO, 2014).

Serious as these statistics may be, they do not adequately capture the situation of young people. Research indicates that young people are the first to lose their jobs and the last to gain employment. This is due to many factors, such as missing opportunities to (re)train, lack of experience and skills, and weak labour-market information and services (ILO, 2005). Young people's disadvantages, disengagement, and underutilisation in the labour market may incur lasting costs to the economy, to society, to the individual, and to their families. Fears have been expressed that a 'lost generation' might be a possible legacy of the current worldwide crisis. This legacy will be an unstable foundation for the economies and societies of today and tomorrow (ILO, 2010).

The common indicators used to understand youth labour markets are the Youth Unemployment Rate which indicates the proportion of young people in the labour force who are without paid work, are available and actively seeking work; Youth Employment Rate which shows the proportion of the total youth population that are employed; and Youth Labour Force Participation Rate that measures the proportion of the total youth population who participate in the labour force, meaning they are either employed or unemployed

But what about the youth population which is neither employed nor is engaged in education nor any sort of training? That is the youth population which is considered as 'out' of the labour force as is also not attending and educational/training institute. This is the population which is considered to be most at risk. This population consists of not only housewives, non-working mothers, non-working unmarried elder siblings taking care of young ones, non-workers due to disability, beggars, prostitutes, but it also contains the educated disengaged youth, school and college drop-outs, youth voluntarily dropping out of the labour force, etc. This is the group of youth population which is currently termed as NEET (Not in Education, Employment or Training) at the global level.

For these reasons, an indicator that considers young people's

labour market participation, together with their engagement in education or training, can be a useful complementary indicator of potential youth labour underutilization. It can also be a useful first step in identifying young people who may be at higher risk of poor outcomes in the future.

Internationally, youth NEET is defined as young people aged 15–24 years who are (i) Unemployed (part of the labour force) and not engaged in education or training; and (ii) Not in the labour force, and not engaged in education or training due to multiple reasons (ILO, 2011).

For every country across the globe youth unemployment and joblessness remain major issues. Undoubtedly, the global economic crisis has further exposed the fragility of the youth in the labour market. Between 2008 and 2009, the number of unemployed youth increased by an unprecedented 4.5 million; at the end of 2010, there were an estimated 75.1 million young people in the world struggling to find work – 4.6 million more than in 2007. Moreover, the number of youth who are not in employment, education or training is on the rise in most countries.

In a country like India, which houses the maximum share of the world's youth population, these alarming trends, alongside persistent lack of job opportunities and ineffective programmes for school-to-work transitions, call for a focused study for understanding the causes and consequences of youth 'exiting' the labour market and its role in human resource planning.

## 6. Role of NEET in Human Resource Planning in India

In 2012 the ILO expressed the concern that the NEET group 'reflects a growing detachment from the labour market' and stated that the 'youth who are not employed and also not in education or training risk labour market and social exclusion.' The ILO further stated that 'a high NEET rate as compared with the youth unemployment rate could mean that a large number of youths are discouraged workers, or do not have access to education or training. Because they are neither improving their future employability through investment in skills nor gaining experience through employment, NEETs are particularly at risk of both labour market and social exclusion' (ILO, 2013 a, 2013 b).

Moving from school to work is a very important transition in the life of young people. For many of them the move is not always successful, and many hindrances can hamper a smooth transition. The economic conditions naturally have a significant impact, but institutional arrangements in the education system and the labour market also play a role. The combined effect is that a number of people end up falling into the gap between school and work. The proportion of young people who are neither in employment, nor in education and training (the so-called "NEET population") is a good indicator of the size of the population at risk. A low proportion of NEETs in the relevant age cohort can be seen as a marker of the smoothness of the transition.

The future of India depends upon the more than 333 million

Indians aged between 15 and 29, of whom over 231 million are aged 15-24 years and over 101 million are aged 25-29 years (Census of India 2011). This amounts to an incredible human resource for the society. However, if India wants to fully exploit the potential of this demographic dividend, they need to be productively employed and integrated into society. While our society is not fully benefiting from the youth dividend, disengagement from the labour market also has serious consequences for individual young people. For this reason, youth employment remains a key to sustainable economic and social development, especially in a context of a changing demography and ageing population. With young people having paid the highest price during the global economic crisis, there is a renewed sense of urgency to integrate them into the labour market and the education system. Successfully tackling this issue is not only a question of meeting young people's aspirations for a better life, but also a necessity for enhancing the well-being of societies in general (ILO, 2012b).

Therefore, Human Resource Planning at the national level in India should also take into consideration the rising population of youth NEET. Indian planners and policy makers will be in a better position to formulate effective labour market strategies if NEET is added as an additional labour market indicator.

## Appendix

<sup>1</sup> The numerator of the indicator refers to persons meeting two conditions: (i) they are not employed (i.e. are unemployed or inactive), and (ii) they have not received any education or training in the four weeks preceding the survey. The denominator is the total population of the same age and sex group, excluding respondents who have not answered the question "Participation to regular education and training".

<sup>i</sup> NEET, an acronym for 'Not in Education, Employment or Training', was originally coined in the United Kingdom as a classification for people between the ages of 16 and 24 who were unemployed and not in school. In July 1999, the phrase 'Not in Education, Employment or Training' was first used in a report titled 'Bridging the Gap' released by the United Kingdom-based Social Exclusion Unit, which provided an investigation into young people who were unemployed and not in school.

<sup>ii</sup> The inactive population consists of all persons who are classified neither as employed nor as unemployed, and it can include for example pre-school children, school children, students, pensioners, disabled, and individuals with family/care responsibilities, provided that they are not working at all and not available or looking for work either; some of these may be of working-age. Having said this, it is important to note that, although inactivity normally includes those in education or training, amongst NEET by definition, inactivity excludes this group of individuals. In addition, the definition of NEET implies an age bracket which excludes old-age pensioners. Nonetheless disabled persons from the defined age group will be included.



<sup>iii</sup> The numerator of the indicator refers to persons meeting two conditions: (i) they are not employed (i.e. are unemployed or inactive), and (ii) they have not received any education or training in the four weeks preceding the survey. The denominator is the total population of the same age and sex group, excluding respondents who have not answered the question “Participation to regular education and training”.

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