
| RESEARCH ARTICLE

Youth Unemployment and Economic Growth in Developing Economies: A Review of Structural Drivers and Policy Interventions

Dennis Sebastian Haldar

Independent Researcher, USA

Corresponding Author: Dennis Sebastian Haldar, **E-mail:** halderdennis287@gmail.com

| ABSTRACT

Youth unemployment remains a major socioeconomic challenge in developing economies, constraining productivity, increasing poverty, and limiting the potential contributions of young people to sustainable economic growth. This review examines the structural drivers of youth unemployment and evaluates policy interventions designed to improve youth employment outcomes and promote inclusive economic development. It explores the interconnected roles of skills mismatches, inadequate education and vocational training, limited access to finance, rapid population growth, informality, weak industrial development, gender inequalities, and insufficient employment opportunities in shaping youth labor market outcomes. The review also considers how macroeconomic instability, technological transformation, and institutional constraints influence the capacity of developing economies to generate decent and sustainable jobs for young people. Furthermore, it assesses key policy interventions, including technical and vocational education and training, entrepreneurship development, youth enterprise financing, active labor market programs, digital skills development, industrialization, and public-private partnerships. The review indicates that isolated interventions are often insufficient to address the multidimensional nature of youth unemployment, particularly where economic growth fails to generate adequate productive employment. Instead, coordinated strategies that align education and skills development with labor market demand, strengthen private-sector job creation, expand access to productive resources, and promote inclusive economic diversification are essential. The review also highlights the importance of institutional effectiveness, gender-responsive policies, and targeted support for disadvantaged youth in improving employment outcomes. It concludes that reducing youth unemployment requires an integrated, long-term policy framework that connects employment creation with structural economic transformation, human capital development, and equitable access to economic opportunities. Such an approach can strengthen productivity, stimulate aggregate demand, reduce socioeconomic inequalities, and enhance the contribution of young people to sustainable economic growth in developing economies.

| KEYWORDS

Youth unemployment; economic growth; developing economies; structural drivers; labor market policies; skills development; employment creation.

| ARTICLE INFORMATION

ACCEPTED: September 10, 2026

PUBLISHED: October 17, 2026

DOI: <https://doi.org/10.61424/rjbe.v4i4.1099>

1. Introduction

Youth unemployment remains one of the most persistent socioeconomic challenges confronting developing economies, with significant implications for economic growth, poverty reduction, social stability, and sustainable

Copyright: © 2026 The Author(s). This open access article is distributed under the terms and conditions of the Creative Commons Attribution-NonCommercial-ShareAlike 4.0 International (CC- BY-NC-SA) License (<https://creativecommons.org/licenses/by-nc-sa/4.0/>), published by Bluemark Publishers.

development. Although young people represent a substantial proportion of the working-age population in many developing countries, their transition from education to productive employment continues to be constrained by structural weaknesses in labour markets, limited economic diversification, inadequate skills development, and insufficient employment opportunities. The challenge extends beyond the absence of jobs to include underemployment, informal employment, low wages, insecure working conditions, and the mismatch between educational qualifications and labour market requirements (Kilimani, 2017). Consequently, youth unemployment represents not only an individual economic disadvantage but also a broader development concern that limits the effective utilization of human capital and weakens the productive capacity of national economies. In countries where population growth outpaces the creation of decent jobs, the inability to integrate young people into productive economic activities can undermine efforts to achieve inclusive growth and long-term economic transformation.

The relationship between youth unemployment and economic growth is complex and multidimensional. Economic growth can stimulate employment creation by expanding production, increasing investment, and generating demand for labour across different sectors. However, growth does not automatically translate into sufficient employment opportunities for young people, particularly when economic expansion is concentrated in capital-intensive industries, extractive sectors, or activities that require specialized skills. In such circumstances, countries may experience rising gross domestic product (GDP) alongside persistent youth unemployment, a phenomenon associated with the limited employment-generating capacity of economic growth (De Lannoy, 2018). Conversely, high youth unemployment can constrain economic growth by reducing aggregate productivity, weakening household consumption, increasing dependency burdens, and limiting the accumulation of work experience and professional competencies among young people. Prolonged exclusion from employment may also contribute to the deterioration of skills, discourage labour market participation, and reduce the potential returns on public and private investment in education. Understanding this two-way relationship is therefore essential for explaining why some developing economies achieve relatively strong growth without corresponding improvements in youth employment outcomes.

Structural characteristics of developing economies play a central role in shaping youth labour market outcomes. One important factor is the limited capacity of formal sectors to absorb the growing number of young labour market entrants. In many countries, employment opportunities are concentrated in small enterprises, low-productivity agriculture, informal trade, and other activities characterized by limited access to finance, weak social protection, and restricted opportunities for career advancement (Zahid, 2025). Although the informal economy provides an important source of livelihoods, its predominance can limit the availability of stable, adequately remunerated, and productive employment. Economic structures that depend heavily on primary commodity exports or a narrow range of industries may also be vulnerable to external price fluctuations, investment shocks, and changing global demand, thereby constraining sustained job creation. Furthermore, inadequate infrastructure, limited industrial development, high borrowing costs, regulatory barriers, and restricted access to productive resources can discourage private investment and reduce the capacity of enterprises to expand their workforce (Quak, 2019). These interconnected structural constraints suggest that youth unemployment cannot be adequately explained by individual characteristics alone; it must also be examined in relation to the institutional and economic environments within which employment opportunities are generated.

Another significant determinant of youth unemployment is the persistent mismatch between educational outcomes and labour market requirements. While expanded access to education has improved the qualifications of many young people, the availability and quality of employment have not always increased at the same pace. Education and training systems may place insufficient emphasis on technical competencies, digital literacy, problem-solving, entrepreneurship, and practical experience, leaving graduates inadequately prepared for available employment opportunities. At the same time, employers may demand experience that young jobseekers have limited opportunities to acquire, creating additional barriers to labour market entry. In some developing economies, weak collaboration between educational institutions, employers, and government agencies further reduces the responsiveness of training programmes to changing economic conditions (Ali, 2021). Technological transformation

and the expansion of digital business models have added another dimension to this challenge by increasing demand for certain technical and analytical skills while changing the nature of existing occupations. Young people without reliable internet access, appropriate digital training, or access to modern technologies may therefore face additional disadvantages. Addressing youth unemployment requires not only expanding educational participation but also strengthening the relevance, accessibility, and practical orientation of education and vocational training.

Demographic pressures, gender inequalities, geographical disparities, and institutional weaknesses further complicate the employment challenges facing young people. Rapid population growth can increase the number of individuals entering the labour market each year, placing considerable pressure on economies with limited employment-generating capacity. Young women may experience additional barriers associated with unequal access to education and productive resources, discriminatory recruitment practices, unpaid care responsibilities, and occupational segregation (Bouraima, 2025). Similarly, young people in rural areas and economically marginalized communities may encounter fewer employment opportunities, weaker transport and digital infrastructure, and limited access to employment services than their urban counterparts. Institutional factors, including inconsistent policy implementation, inadequate labour market information, weak coordination among government agencies, and limited support for small and medium-sized enterprises, can further restrict the effectiveness of employment interventions. These challenges demonstrate that youth unemployment is not a uniform phenomenon; its causes and consequences vary according to national economic structures, social conditions, institutional capacities, and the characteristics of different youth populations (Anyanwu, 2013). Consequently, effective policy responses must account for these variations rather than rely exclusively on generalized employment programmes.

In response to these challenges, developing economies have implemented a range of policy interventions intended to improve young people's access to productive employment. These interventions include vocational education and skills development, apprenticeships, entrepreneurship training, financial assistance for youth-led enterprises, public employment programmes, employment subsidies, and initiatives designed to promote digital skills and innovation. Broader macroeconomic and structural policies, such as industrialization, infrastructure investment, export diversification, agricultural modernization, and support for labour-intensive sectors, may also contribute to employment creation by strengthening the productive foundations of national economies (Tariq, 2025). However, the effectiveness of these interventions depends on their design, implementation, institutional coordination, and alignment with actual labour market needs. For example, entrepreneurship programmes may have limited long-term effects when participants lack access to finance, markets, business development services, and reliable infrastructure. Similarly, training initiatives may fail to generate sustainable employment when they are disconnected from employer demand or implemented in economies where labour demand remains weak. Public employment schemes can provide temporary income and work experience, but their longer-term contribution depends partly on whether participants acquire transferable skills and transition into sustained productive activities. Evaluating these interventions therefore requires attention to employment quality, income stability, productivity, and long-term labour market integration rather than programme participation alone.

The importance of addressing youth unemployment is also reflected in international development commitments, particularly the United Nations Sustainable Development Goals (SDGs). SDG 8 emphasizes sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all, while target 8.6 specifically focuses on reducing the proportion of young people who are not in employment, education, or training. These commitments highlight the need to connect economic growth strategies with inclusive labour market policies and opportunities for young people (Rao, 2025). Nevertheless, achieving these objectives remains challenging where economic growth is accompanied by persistent informality, weak industrial diversification, unequal access to productive resources, and inadequate social protection. The challenge is especially important for developing economies seeking to benefit from demographic change, as a large youth population can contribute to economic development only when appropriate conditions exist for productive participation (Awogbenle, 2010). Without sufficient investment in human capital, enterprise development, institutional capacity, and decent job creation, the potential demographic dividend may remain unrealized. Accordingly, youth employment should be treated as an integral component of economic development strategy rather than as an isolated social policy concern.

Despite extensive policy attention, important questions remain concerning the relative influence of structural drivers of youth unemployment, the mechanisms through which unemployment affects economic growth, and the conditions under which policy interventions produce sustainable results. Existing research addresses different aspects of the problem, including education and skills mismatches, labour market informality, demographic change, entrepreneurship, economic diversification, and employment policy (Khan, 2025). However, findings may vary across countries and regions because of differences in institutional arrangements, industrial structures, demographic trends, and levels of economic development. Furthermore, interventions that demonstrate positive outcomes in one context may produce limited or different results when implemented in another setting. A comprehensive review is therefore necessary to synthesize existing knowledge, identify recurring explanatory factors, compare the contributions and limitations of major policy approaches, and establish areas where further research is required (Baah-Boateng, 2016). Such a synthesis can help clarify the relationship between economic growth and youth employment while distinguishing between interventions that primarily improve individual employability and those that address the broader structural constraints affecting labour demand.

2. Methodology

2.1. Research Design

This study adopts a systematic literature review approach to examine youth unemployment and economic growth in developing economies, with particular emphasis on structural drivers, socioeconomic implications, and policy interventions. A review-based research design is appropriate because youth unemployment is a multidimensional socioeconomic challenge influenced by demographic trends, educational systems, labor market institutions, macroeconomic conditions, technological developments, and the broader structure of national economies. The approach enables the synthesis of existing theoretical perspectives, empirical findings, and policy experiences across different developing-country contexts. Rather than collecting primary data, the study draws on previously published academic literature, institutional reports, and relevant policy documents to identify recurring patterns, areas of agreement, contradictory findings, and gaps in existing knowledge. The review also considers differences between countries to account for variations in economic development, institutional capacity, labor market structures, and employment opportunities.

2.2. Literature Search Strategy

The literature search focuses on publications addressing youth unemployment, economic growth, labor market dynamics, and employment policies in developing economies. Relevant literature is identified through academic databases and scholarly search platforms, including Scopus, Web of Science, Google Scholar, and ScienceDirect. Additional evidence is obtained from reports and publications produced by international institutions, including the International Labour Organization (ILO), the World Bank, the United Nations, and the Organisation for Economic Co-operation and Development (OECD), where relevant to the research objectives. Search terms include youth unemployment and economic growth, youth employment in developing countries, structural determinants of youth unemployment, skills mismatch and graduate unemployment, informal employment and youth labor markets, employment creation policies, and active labor market interventions. Boolean operators such as AND and OR are used to combine related concepts and improve the relevance of search results. For example, combinations such as "youth unemployment" AND "economic growth" AND "developing economies" are used to identify studies examining the relationship between employment outcomes and macroeconomic performance. The search strategy also incorporates alternative terminology, including youth joblessness, labor market exclusion, underemployment, and school-to-work transition, to capture relevant studies that employ different conceptual definitions.

2.3. Inclusion and Exclusion Criteria

The review applies predefined inclusion and exclusion criteria to ensure that the selected literature is relevant to the research objectives and sufficiently rigorous for analytical synthesis. Studies are considered eligible when they examine youth unemployment, youth employment, labor market participation, economic growth, or employment-related policy interventions in developing and emerging economies. The review prioritizes peer-reviewed journal articles, systematic reviews, empirical research papers, and credible institutional publications that provide theoretical, statistical, or policy-based evidence. Both quantitative and qualitative studies are included, as well as

comparative cross-country analyses and country-specific investigations that offer insights into the structural and institutional conditions influencing youth employment. Literature addressing education and skills development, demographic pressures, economic diversification, entrepreneurship, digital transformation, informal employment, and labor market regulation is also considered when it contributes directly to understanding the research problem. Studies focusing exclusively on advanced economies without transferable theoretical or comparative relevance, publications lacking sufficient methodological transparency, duplicate records, and sources unrelated to the principal research questions are excluded. Where appropriate, conceptual and theoretical publications are retained to establish the analytical foundations of the review. These criteria help maintain a clear relationship between the evidence examined and the study's central objectives.

2.4. Literature Screening and Selection Process

The identification and selection of relevant literature follow a structured screening process. Initially, the search results are examined to identify potentially relevant publications, after which duplicate records are removed. Titles and abstracts are then assessed to determine whether the publications address youth unemployment, economic growth, structural labor market constraints, or employment policy in developing economies. Publications that satisfy the initial relevance assessment are subjected to full-text examination to establish their suitability for inclusion in the final review. During full-text screening, particular attention is given to the study objectives, research context, theoretical orientation, methodological approach, principal findings, and relevance to the review questions. Sources that do not provide sufficient information or do not contribute meaningfully to the synthesis are excluded. The selection process is intended to improve transparency, consistency, and reproducibility. For a fully systematic implementation, the number of records identified, duplicates removed, publications screened, full texts assessed, and studies finally included should be documented in a review flow diagram following the PRISMA framework. The final study should report these figures based on the actual search and screening process rather than estimated or assumed numbers.

2.5. Data Extraction and Organization

Data extraction is conducted to organize the information required to address the review's research objectives. Relevant information is collected from each included publication, covering the author and publication year, country or regional context, research objectives, theoretical framework, methodological approach, data sources, principal findings, and policy implications. Additional attention is given to the specific determinants of youth unemployment identified in each study and the mechanisms through which unemployment may influence economic growth. Structural factors examined include the quality and relevance of education, technical and vocational training, population growth, labor market segmentation, the prevalence of informal employment, limited industrial development, restricted access to finance, gender-related employment barriers, technological change, and institutional weaknesses. Evidence concerning policy interventions is organized around education and skills development, vocational training, entrepreneurship support, public and private investment, employment subsidies, labor market reforms, digital skills initiatives, and targeted employment programs. The extracted information is categorized thematically to facilitate comparison across countries, sectors, and research designs. This process also helps distinguish between studies that examine unemployment as a macroeconomic outcome and those that investigate its effects on productivity, household welfare, human capital development, and long-term economic performance.

2.6. Analytical Framework and Thematic Synthesis

The study employs thematic synthesis to integrate the findings of the selected literature and identify relationships among the major concepts under investigation. The analysis is organized around three interconnected dimensions: structural drivers of youth unemployment, the relationship between youth unemployment and economic growth, and the effectiveness of policy interventions. The first dimension examines how education systems, skills mismatches, demographic pressures, economic structures, institutional conditions, and labor market characteristics influence young people's access to productive employment. The second explores the channels through which youth unemployment may affect economic growth, including underutilized human capital, reduced household income, lower aggregate demand, diminished productivity, increased dependency burdens, and the potential loss of

innovation and entrepreneurial capacity. The analysis also considers the possibility that weak economic growth and limited employment-intensive investment may contribute to persistent unemployment, indicating a potentially bidirectional relationship.

The third analytical dimension evaluates policy responses according to their underlying mechanisms, implementation conditions, and reported outcomes. Particular attention is given to whether interventions address immediate barriers to employment or the deeper structural conditions that generate persistent joblessness. For example, vocational training may improve employability when it corresponds to actual labor market demand, while entrepreneurship programs may have limited effects when young people lack access to finance, markets, infrastructure, or business development support. Similarly, macroeconomic growth may not generate sufficient youth employment when investment is concentrated in capital-intensive sectors with limited labor absorption. Thematic synthesis therefore emphasizes the interaction between labor supply, labor demand, institutional capacity, and the quality of employment rather than treating individual policy interventions as isolated solutions.

2.7. Comparative Analysis of Developing Economies

A comparative perspective is adopted to examine how the causes and consequences of youth unemployment vary across developing economies. The analysis considers differences in income levels, industrial structures, demographic conditions, educational attainment, urbanization, institutional capacity, and the size of the informal economy. Where the available evidence permits, findings from African, Asian, Latin American, and other developing-country contexts are compared to identify common structural constraints and context-specific employment challenges. Particular consideration is given to whether policies that demonstrate positive outcomes in one setting are likely to be transferable to countries with different institutional and economic conditions. For instance, employment initiatives based on manufacturing expansion may have different implications in economies with established industrial bases than in those heavily dependent on agriculture or low-productivity informal services. Likewise, digital employment initiatives may offer new opportunities for educated young people while excluding those facing limited internet access, inadequate digital skills, or insufficient technological infrastructure. The comparative approach helps establish a more nuanced understanding of the conditions under which employment policies may contribute to inclusive growth and sustainable labor market outcomes.

2.8. Quality Appraisal and Reliability of Evidence

The methodological quality and credibility of the included literature are assessed using criteria appropriate to the different research designs represented in the review. Quantitative studies are examined in terms of research design, data quality, measurement of youth unemployment, appropriateness of statistical methods, and the extent to which the reported conclusions are supported by the results. Qualitative studies are assessed according to the clarity of their research objectives, transparency of data collection and analysis, contextual detail, and consistency between evidence and interpretation. Comparative and policy studies are evaluated based on the credibility of their data sources, analytical rigor, and consideration of alternative explanations. Institutional reports are reviewed for the transparency of their statistical methods, relevance of their indicators, and reliability of the publishing organization. Particular caution is exercised when interpreting relationships between unemployment and economic growth because observed associations do not necessarily establish causality. Differences in age definitions, unemployment measurement, informal employment coverage, and national statistical practices are also considered when comparing findings across countries. Where evidence is inconsistent, the review examines possible explanations, including differences in study periods, economic structures, sample characteristics, and methodological choices, rather than assuming that all studies should produce identical conclusions.

2.9. Ethical Considerations and Methodological Limitations

As a review-based study using previously published research and publicly available institutional documents, the investigation does not involve direct participation by human subjects or the collection of confidential personal information. Ethical research practices are maintained through accurate representation of original findings, appropriate acknowledgment of authors and institutions, transparent interpretation of evidence, and avoidance of selective reporting. The review recognizes that its conclusions depend partly on the availability, accessibility, and

quality of existing publications. Studies published in languages other than those covered by the search strategy may be underrepresented, while publication bias may favor research reporting statistically significant or positive policy outcomes. Differences in national definitions of youth, unemployment, labor force participation, and underemployment may also limit direct comparisons across countries. Furthermore, the diversity of developing economies makes it difficult to generalize findings uniformly across all national contexts. These limitations are addressed through careful comparison of study characteristics, explicit acknowledgment of inconsistencies, and contextual interpretation of the evidence. The methodology consequently provides a structured foundation for synthesizing existing knowledge while recognizing that the strength of the conclusions depends on the rigor and comparability of the underlying literature.

3. Findings and Discussion

The review of youth unemployment and economic growth in developing economies indicates that youth unemployment is a multidimensional structural and macroeconomic challenge shaped by demographic pressures, weaknesses in education and skills development, limited productive employment opportunities, labour market informality, and institutional constraints. The literature suggests that the problem cannot be explained solely by insufficient economic growth, because employment outcomes also depend on the structure, quality, and inclusiveness of that growth (Varsha Pramod, 2023). In many developing economies, periods of economic expansion have coexisted with high youth unemployment, underemployment, and the concentration of young workers in low-productivity informal activities. Evidence from international organizations, including the International Labour Organization (ILO), the World Bank, and the United Nations, emphasizes the importance of productive job creation, effective education-to-employment transitions, and policies that support economic diversification (Akinbola, 2024). The findings further suggest that youth employment interventions are more likely to generate sustainable outcomes when education reform, private-sector development, entrepreneurship support, labour market institutions, and social protection are implemented as complementary components of a broader development strategy. The following sections examine these findings, their implications for economic growth, and the effectiveness of policy responses across developing economies.

3.1. Structural Drivers of Youth Unemployment in Developing Economies

3.1.1. Rapid Population Growth and Expansion of the Youth Labour Force

The review identifies rapid population growth and the expansion of the youth labour force as major structural drivers of youth unemployment in many developing economies. Countries experiencing demographic growth must create sufficient productive employment opportunities to absorb large numbers of young people entering the labour market each year. However, employment creation frequently fails to keep pace with the growth of the working-age population, resulting in intense competition for limited formal-sector jobs (Umoh, 2025). This challenge is particularly pronounced in parts of sub-Saharan Africa and South Asia, where large youth populations coexist with constraints in industrial development, public-sector recruitment, and private investment. The demographic transition can provide a potential economic dividend when the working-age population increases relative to dependants, but realizing this dividend depends on the capacity of economies to provide young people with education, relevant skills, productive employment, and opportunities to accumulate capital.

The findings also indicate that population growth does not independently cause youth unemployment; rather, its effects depend on economic and institutional conditions. Economies with expanding manufacturing, modern services, infrastructure, and competitive private enterprises may convert demographic growth into a productive labour supply. In contrast, countries with narrow production structures and weak employment-generating sectors may experience persistent labour market pressures. For example, in Kenya, Uganda, and Nigeria, the continuing entry of young people into the labour market increases the importance of developing employment opportunities beyond traditional public-sector positions and low-productivity informal activities (Obiechina, 2024). Similarly, several South Asian economies face the challenge of matching large cohorts of educated young people with appropriate formal employment opportunities. These examples illustrate the need to distinguish between the availability of labour and the capacity of an economy to absorb it productively.

This finding is consistent with the broader development literature on the demographic dividend, which emphasizes that demographic change creates opportunities rather than automatically producing economic gains. Sumberg (2021) explain that a favourable age structure can contribute to economic growth when supported by effective policies and investments. From a youth employment perspective, the implication is that population and employment policies should be coordinated with industrialization, education planning, labour-intensive investment, and regional development. Expanding access to quality education without simultaneously developing productive employment opportunities may increase competition for limited jobs and contribute to graduate unemployment or underemployment. Therefore, developing economies need forward-looking labour market assessments that estimate future employment demand and guide investment in sectors capable of absorbing growing youth populations.

3.1.2. Skills Mismatch, Education Quality, and Limited Technical and Vocational Training

A second major finding is that the mismatch between educational outcomes and labour market requirements contributes substantially to youth unemployment. In many developing economies, formal education systems prioritize academic qualifications while providing insufficient opportunities for practical learning, work experience, technical specialization, and transferable skills. Employers may consequently report difficulties recruiting workers with appropriate technical, digital, communication, problem-solving, and occupational competencies, even when many young people remain unemployed (Garda, 2024). This situation reflects a mismatch between the supply of skills produced by educational institutions and the demand generated by employers and emerging industries. It also demonstrates that increasing school enrolment and graduation rates does not necessarily translate into improved employment outcomes when educational quality and labour market relevance remain inadequate.

The review suggests that weaknesses in technical and vocational education and training (TVET) are particularly important in economies seeking to expand manufacturing, construction, renewable energy, agricultural processing, logistics, information technology, and other technical occupations. When vocational institutions lack modern equipment, qualified instructors, industry partnerships, and adequate funding, graduates may possess certificates without the competencies required for employment (Zahid, 2023). For example, a young person completing an agricultural course may struggle to obtain productive work if the curriculum does not include modern irrigation, food processing, agricultural technology, business management, or market access. Similarly, digital training programmes may have limited employment effects when they teach basic computer skills without developing competencies relevant to actual vacancies or commercially viable services. These examples indicate that the effectiveness of education depends on the alignment between curricula, practical competencies, employer expectations, and the wider structure of economic activity.

The findings are consistent with human capital theory, which recognizes education and skills as important determinants of productivity, while highlighting the limitations of educational expansion when the quality and relevance of learning are insufficient. Muhammad (2023) emphasize the importance of cognitive skills for economic outcomes, suggesting that educational attainment alone provides an incomplete measure of the competencies needed for development. Chigudu (2025), in his review of youth employment programmes in developing countries, also identifies the importance of understanding which interventions improve actual employment outcomes rather than assuming that training participation automatically generates jobs. Consequently, education reform should incorporate employer consultations, competency-based curricula, apprenticeships, workplace learning, career guidance, and periodic assessments of labour market demand. Strengthening links between schools, universities, TVET institutions, and employers can help reduce skills mismatches and improve the transition from education to productive employment.

3.1.3. Structural Transformation, Industrialization, and Limited Job Creation

The review further identifies weak structural transformation as a fundamental explanation for persistent youth unemployment. Structural transformation involves the movement of labour and resources from low-productivity activities into more productive sectors, including modern manufacturing, formal services, agro-processing, and technology-intensive industries. In many developing economies, however, this transition remains incomplete. A

substantial proportion of the workforce continues to depend on subsistence agriculture, small-scale trading, household enterprises, and other informal activities characterized by limited capital, low productivity, and restricted opportunities for advancement (Mumbua, 2025). These sectors provide essential livelihoods but often cannot generate sufficient earnings, security, and career progression for the growing youth population.

The limited capacity of manufacturing and other labour-absorbing industries to expand also restricts the creation of formal jobs. In some economies, industrial development is constrained by unreliable electricity, expensive credit, inadequate transport infrastructure, limited access to export markets, and difficulties in obtaining modern technology. Where investment is concentrated in capital-intensive extractive industries or highly automated production, output and export earnings may increase without generating employment proportionate to economic growth (Fournier, 2025). For example, a mining-intensive economy may record substantial increases in mineral exports while creating relatively few direct jobs for young people compared with the size of its labour force. Similarly, the expansion of urban retail and personal services may absorb new entrants but leave many in low-paying and insecure work. Such patterns demonstrate that the sectoral composition of growth is critical to determining its employment effects.

These findings are consistent with the structural transformation perspective associated with Losch (2016), which emphasizes the movement of labour from traditional subsistence activities into a modern capitalist sector. However, contemporary developing economies may experience incomplete or uneven transformation when modern sectors expand without absorbing sufficient labour from traditional activities. Begho (2025) highlights the distinctive challenges facing industrialization and manufacturing-led development in many developing countries, including the declining capacity of manufacturing to absorb labour at earlier stages of development. This literature suggests that youth unemployment cannot be addressed through aggregate growth policies alone. Governments must also promote sectors capable of generating productive employment at scale, including labour-intensive manufacturing, agricultural value addition, tourism where sustainable, construction, business services, and selected digital industries. Such strategies should be supported by infrastructure development, predictable regulation, access to markets, and investment in technological capabilities.

3.2. Macroeconomic and Institutional Factors Influencing Youth Employment

3.2.1. Economic Growth Patterns, Investment, and Employment Elasticity

The review indicates that economic growth is an important but insufficient condition for reducing youth unemployment. The relationship between growth and employment depends on the extent to which additional output generates new jobs, commonly examined through employment elasticity. Employment elasticity measures the responsiveness of employment to changes in economic output. When growth occurs in labour-intensive sectors, increases in production may generate substantial employment opportunities. Conversely, growth concentrated in capital-intensive industries, extractive activities, or highly automated sectors may produce relatively limited employment gains (Yangailo, 2024). This distinction helps explain why some developing economies experience rising gross domestic product (GDP) without a corresponding decline in youth unemployment. The employment-generating capacity of growth therefore depends on investment patterns, production technologies, sectoral composition, and the capacity of domestic enterprises to expand their workforce.

The findings further suggest that both domestic and foreign investment influence youth employment through their effects on productive capacity and labour demand. Investment in manufacturing, infrastructure, agricultural processing, tourism, logistics, and business services can generate direct employment while stimulating additional jobs through supply chains and consumer demand. However, investment in sectors with limited domestic linkages may generate fewer employment opportunities than expected (Mohammed Shuker, 2024). For example, a large infrastructure project can create short-term construction jobs and longer-term commercial opportunities, but its contribution to youth employment will remain limited if local firms cannot participate in procurement or if the resulting infrastructure fails to stimulate wider productive activity. Similarly, foreign investment may increase output while providing limited employment when production relies heavily on imported inputs, specialized labour, or automated processes.

These findings support the broader arguments of the ILO regarding the importance of employment-intensive growth and productive transformation. They also align with Salah (2025) analysis of the changing role of manufacturing in development. The policy implication is that developing economies should assess not only the rate of GDP growth but also its employment elasticity, the quality of jobs created, and the distribution of employment benefits across age groups and regions. Investment incentives should therefore be evaluated in terms of their contribution to decent work, local supply-chain development, skills transfer, and sustainable enterprise growth. Macroeconomic stability remains important, but it should be complemented by sector-specific industrial strategies, improved access to finance, and targeted support for productive firms that can absorb young workers.

3.2.2. Informality, Labour Market Segmentation, and Precarious Employment

The review identifies labour market informality as a defining feature of youth employment in developing economies. Where formal employment opportunities are scarce, many young people enter informal activities such as street vending, small-scale transport, casual construction, domestic services, and unregistered household enterprises. These activities can provide immediate income and entrepreneurial opportunities, but they frequently offer limited social protection, irregular earnings, restricted access to credit, and weak prospects for occupational advancement (Salami, 2013). Consequently, youth unemployment statistics alone may underestimate the scale of employment difficulties because young people classified as employed may work fewer hours than desired, earn insufficient incomes, or remain engaged in activities that do not fully utilize their capabilities. Underemployment and working poverty are therefore important complementary indicators for evaluating youth labour market outcomes.

Labour market segmentation also influences the distribution of employment opportunities. Workers in the formal sector may benefit from more stable contracts, higher average wages, training, and social insurance, while informal workers face greater income uncertainty and fewer institutional protections. Young people frequently experience difficulty moving between these segments because employers require previous experience, professional networks, formal qualifications, or access to recruitment channels. This creates a cycle in which limited work experience restricts entry into formal employment, while prolonged participation in low-productivity informal activities limits opportunities to acquire recognized skills and credentials (Oluwatayo, 2025). In urban areas, for instance, young people may undertake casual or platform-mediated work while searching for stable employment, whereas rural youth may combine seasonal agricultural work with small-scale trading or unpaid family labour.

These patterns are consistent with the ILO's longstanding analysis of decent work deficits and the World Bank's emphasis on the productivity constraints facing informal enterprises. The findings suggest that informality should not be treated exclusively as a problem of individual compliance or a sector that can be eliminated through enforcement. Many informal activities persist because formal jobs are insufficient and small enterprises face substantial barriers to registration, finance, infrastructure, and market access. Effective policy should therefore combine simplified business registration, affordable social insurance, accessible finance, skills upgrading, improved working conditions, and gradual incentives for formalization (Kilimani, 2017). Labour market reforms should also strengthen pathways from informal to formal employment by recognizing prior learning, supporting enterprise development, and improving access to employment services. Such measures can increase productivity and job quality without undermining the livelihoods on which many young people currently depend.

3.2.3. Governance, Institutional Constraints, and Barriers to Private-Sector Development

The findings indicate that governance quality and institutional capacity influence youth employment by shaping the environment in which firms invest, expand, and recruit workers. Unpredictable regulations, corruption, weak contract enforcement, inadequate infrastructure, and complex licensing procedures can increase the costs of establishing and operating businesses. These constraints disproportionately affect micro, small, and medium-sized enterprises, which often have limited financial reserves and fewer resources for managing regulatory uncertainty (De Lannoy, 2018). Since these enterprises constitute important sources of employment in many developing economies, institutional weaknesses can restrict job creation even when entrepreneurial demand and labour supply are substantial.

Access to finance is another significant institutional constraint. Young entrepreneurs may lack collateral, formal credit histories, business networks, or experience in preparing bankable business proposals. Financial institutions may consequently perceive youth-led businesses as high-risk borrowers, limiting their access to affordable working capital and investment finance. Public procurement systems may present additional barriers when tender requirements favour established firms with extensive administrative capacity (Zahid, 2025). Weak competition policy or preferential treatment for politically connected enterprises can also discourage new entrants and reduce incentives for innovation. In such circumstances, employment opportunities may depend more on personal connections than on qualifications, productivity, or business potential, weakening both labour market efficiency and public confidence in economic institutions.

The findings imply that private-sector development requires more than business training or short-term employment incentives. It also depends on predictable economic governance, transparent public administration, effective competition, reliable infrastructure, and accessible financial services. Quak (2019) demonstrate the importance of examining the constraints facing small firms and the effectiveness of interventions designed to improve their performance. For youth employment, governments should simplify business procedures, expand credit guarantees and appropriate financial products, improve access to digital payment systems, and strengthen institutions responsible for enforcing contracts and protecting competition. These reforms should be accompanied by transparent monitoring to ensure that public support reaches viable enterprises and disadvantaged groups. An enabling business environment can help convert entrepreneurial activity into sustainable firms capable of generating productive employment rather than temporary self-employment alone.

3.3. Relationship Between Youth Unemployment and Economic Growth

3.3.1. Effects of Youth Unemployment on Productivity and Aggregate Economic Output

The review demonstrates that youth unemployment can constrain economic growth by leaving productive labour resources underutilized. Young people represent a potential source of innovation, adaptability, entrepreneurship, and future workforce development. When they cannot access suitable employment, their skills and productive capacities remain underused, reducing the contribution they could make to national output. Persistent unemployment can also delay the acquisition of workplace experience, technical competencies, and professional networks that improve productivity over time (Ali, 2021). These losses may extend beyond the period of unemployment because prolonged detachment from productive work can make subsequent labour market integration more difficult.

At the aggregate level, high youth unemployment can weaken household consumption, reduce tax revenues, and increase pressure on public expenditure. Young people without reliable earnings have limited capacity to purchase goods and services, invest in education, establish businesses, or support dependent family members. Lower consumption can reduce demand for domestic enterprises, while reduced tax contributions may constrain government investment in infrastructure, health, and education. In economies with large youth populations, the cumulative effects of these mechanisms can be substantial (Bouraima, 2025). For example, when large numbers of school leavers remain unemployed or underemployed, the economy loses potential production in sectors such as manufacturing, digital services, agriculture, and professional services while families continue to bear the costs of supporting them.

Nevertheless, the relationship between youth unemployment and economic growth is not exclusively one-directional. Weak growth reduces firms' demand for labour and can increase unemployment, while persistent unemployment can subsequently undermine productivity and demand. Economic downturns, inflationary pressures, political instability, and external shocks may intensify this relationship. Accordingly, observed associations between unemployment and GDP growth should not automatically be interpreted as proof of a single causal mechanism (Anyanwu, 2013). The review therefore supports an integrated understanding in which macroeconomic conditions influence youth employment while labour market exclusion also affects long-term development outcomes.

This interpretation is consistent with Tariq (2025) analysis of the relationship between output and unemployment, although the strength of this relationship varies across countries and economic structures. It also aligns with the human capital perspective, which emphasizes the productive value of education, experience, and accumulated skills. Policy interventions should consequently focus on creating employment that improves both labour utilization and productivity. Expanding low-quality jobs may reduce measured unemployment temporarily, but durable growth requires opportunities that allow young people to develop skills, contribute to innovation, and progress into higher-productivity occupations.

3.3.2. Human Capital Loss, Poverty, Inequality, and Intergenerational Disadvantage

The findings suggest that prolonged youth unemployment contributes to human capital depreciation and can reinforce poverty and inequality. Human capital develops through formal education, practical experience, occupational training, and participation in productive activities. When young people remain outside employment for extended periods, they may have fewer opportunities to apply their knowledge, develop professional competencies, and maintain confidence in their ability to participate in the labour market (Rao, 2025). Qualifications and technical knowledge may also become less relevant as technologies and employer requirements change. These effects are particularly concerning for graduates who have invested substantial household resources in education but cannot secure employment consistent with their qualifications.

Youth unemployment also interacts with household poverty and unequal access to opportunity. Young people from low-income families often have fewer resources to finance additional training, relocate to employment centres, obtain professional certification, or sustain lengthy job searches. Those from wealthier households may be better positioned to access internships, unpaid placements, professional networks, and entrepreneurial capital. Consequently, labour market exclusion can reproduce existing socioeconomic inequalities rather than providing a pathway out of poverty (Awogbenle, 2010). The consequences may extend to future household formation, housing security, health, educational investment, and the capacity to support children. Where parents experience persistent economic insecurity, their children may subsequently face limited access to nutrition, educational resources, and other conditions that support human development.

These findings highlight the importance of examining the distribution of youth employment opportunities rather than relying exclusively on national unemployment averages. Rural youth, young women, persons with disabilities, displaced populations, and young people living in disadvantaged urban settlements may experience distinct and overlapping barriers. A graduate unemployment problem in a major city may require different responses from seasonal underemployment among young agricultural workers, even when both contribute to broader labour market vulnerability. The literature on youth employment programmes in developing economies, including Khan (2025) review, underscores the need to assess outcomes beyond participation in training and to determine whether interventions generate sustained employment and income improvements.

The policy implication is that employment strategies should be linked to poverty reduction, inclusive education, social protection, and equal-opportunity measures. Career guidance, affordable transport, childcare support, accessible training, targeted placement services, and income protection during transitions can help disadvantaged young people access employment opportunities. Governments should also monitor the duration of unemployment, earnings, job stability, and progression into formal work (Baah-Boateng, 2016). Such indicators provide a more complete assessment of whether employment interventions improve long-term welfare and reduce the intergenerational transmission of disadvantage.

3.3.3. The Role of Economic Diversification, Technological Change, and Entrepreneurship in Youth Employment

The review identifies economic diversification as a major pathway through which developing economies can expand the range and quality of employment opportunities available to young people. Economies dependent on a narrow set of commodities, agricultural products, or low-value services are vulnerable to external shocks and often provide limited occupational diversity. Diversification into agro-processing, manufacturing, renewable energy, logistics,

sustainable tourism, healthcare services, and information technology can broaden labour demand and create new entry points for young workers (Varsha Pramod, 2023). The employment effects, however, depend on whether these sectors establish domestic supply chains, provide accessible training, and generate jobs at different skill levels.

Technological change presents both opportunities and risks. Digital platforms, mobile financial services, e-commerce, remote work, and digital agricultural services can reduce barriers to market participation and enable young people to provide services beyond their immediate communities. For example, digital marketplaces can help small producers connect with customers, while technology-enabled logistics can support employment in distribution and supply-chain management. However, automation and digitalization may also displace routine tasks or increase the demand for skills that are not widely available (Akinbola, 2024). Young people with limited internet access, digital literacy, or access to suitable devices may be excluded from emerging opportunities. The findings therefore suggest that technological adoption must be accompanied by digital infrastructure, affordable connectivity, relevant training, and protections against exploitative employment arrangements.

Entrepreneurship is another potential mechanism for creating employment, particularly where formal wage employment is insufficient. Youth-led enterprises can generate self-employment, respond to local market needs, and create additional jobs as businesses expand. Nevertheless, entrepreneurship should not be viewed as a universal solution to unemployment. Many young people enter self-employment because they lack alternatives, and their businesses may remain small and vulnerable when demand is weak or access to finance is limited (Umoh, 2025). The distinction between necessity-driven and opportunity-driven entrepreneurship is therefore important. Sustainable entrepreneurship requires viable markets, managerial capabilities, access to finance, business networks, reliable infrastructure, and supportive regulatory institutions.

These findings align with the broader development literature on structural transformation and the importance of productive capabilities. They also suggest that technology policy, entrepreneurship programmes, and industrial policy should be mutually reinforcing. Governments can strengthen youth employment by supporting digital skills, innovation hubs, agricultural value chains, export-oriented enterprises, and business-to-business linkages while ensuring that new technologies complement rather than unnecessarily exclude workers (Obiechina, 2024). The central objective should be to create an economy in which young people can enter productive sectors, develop commercially relevant skills, and progress from small-scale activities into more stable and productive employment.

3.4. Policy Interventions and Strategies for Addressing Youth Unemployment

3.4.1. Education Reform, Skills Development, and School-to-Work Transition Programmes

The review identifies education reform and skills development as essential components of strategies to reduce youth unemployment, particularly when they are connected directly to labour market demand. Traditional education systems may provide theoretical knowledge without sufficiently preparing learners for occupational tasks, workplace expectations, and changing technological requirements. Effective reform should therefore combine foundational literacy and numeracy with technical competencies, digital skills, communication, critical thinking, and problem-solving (Sumberg, 2021). Technical and vocational education should receive particular attention in economies seeking to develop manufacturing, construction, renewable energy, logistics, healthcare, and modern agriculture. However, expanding vocational education alone will not guarantee employment unless the economy also generates demand for the competencies being taught.

School-to-work transition programmes can help address the gap between educational completion and entry into employment. Apprenticeships, internships, work-based learning, career counselling, job-matching services, and graduate placement programmes provide opportunities for young people to acquire practical experience and demonstrate their capabilities to employers. For example, a partnership between a vocational institution and a local manufacturing company could combine classroom instruction with supervised workplace training, allowing learners to acquire relevant technical skills before graduation (Garda, 2024). Similarly, partnerships between universities and digital enterprises can provide project-based experience that connects academic knowledge with occupational

requirements. Such arrangements can reduce employers' uncertainty about inexperienced applicants while improving graduates' readiness for employment.

The findings are consistent with the emphasis on education quality in Zahid (2023) and with Muhammad (2023) assessment of youth employment interventions in developing countries. The evidence suggests that programme design should prioritize demonstrated competencies, employer participation, and measurable employment outcomes rather than enrolment or certification alone. Training providers should regularly review curricula against changing occupational requirements, while employers should contribute to apprenticeship design and competency assessment. Governments can strengthen these programmes through appropriate accreditation, training subsidies, career services, and incentives for firms that provide quality work-based learning. Particular attention should be given to disadvantaged youth who cannot afford unpaid internships or lengthy training periods. Ultimately, education reform is most likely to improve employment outcomes when it is integrated with productive investment and sectoral development.

3.4.2. Entrepreneurship Support, Small and Medium-Sized Enterprises, and Access to Finance

The review indicates that entrepreneurship support and the development of small and medium-sized enterprises (SMEs) can contribute to youth employment by expanding self-employment opportunities and generating additional wage jobs. SMEs are important in many developing economies because they operate across agriculture, trade, manufacturing, transport, construction, hospitality, and business services. Young entrepreneurs may introduce new products, adopt digital business models, and identify underserved markets (Chigudu, 2025). Nevertheless, the transition from an initial business idea to a sustainable enterprise is often constrained by insufficient capital, limited management experience, inadequate market information, weak infrastructure, and complex administrative procedures. These constraints make it necessary to design entrepreneurship policies that extend beyond short-term training or one-off financial assistance.

Access to appropriate finance is particularly important during the early stages of enterprise development. Traditional lenders may be reluctant to finance young entrepreneurs who lack collateral, established credit histories, or predictable cash flows. Governments and development partners can respond through credit guarantees, appropriately designed microfinance, start-up grants, savings programmes, and partnerships with financial institutions. However, financing should be matched to the characteristics and commercial viability of the business rather than distributed solely on the basis of age (Mumbua, 2025). Financial support is more likely to contribute to sustained employment when combined with mentoring, accounting and financial management training, market access, and follow-up assistance.

For example, a youth-led agricultural processing enterprise may need working capital, food safety certification, reliable electricity, packaging equipment, and access to distribution networks before it can expand its workforce. A digital start-up may require technical mentorship, affordable connectivity, customer acquisition support, and links with established firms. These examples demonstrate that enterprise development involves a combination of financial, managerial, technological, and market-related capabilities (Fournier, 2025). They also show why entrepreneurship programmes should differentiate between subsistence self-employment and enterprises with realistic growth potential.

The findings are consistent with Losch (2016) review of business training and entrepreneurship programmes in developing countries, which emphasizes the importance of evaluating whether interventions improve firm performance rather than assuming that training participation produces business growth. Policy measures should therefore assess enterprise survival, revenue development, productivity, job creation, and the quality of employment generated. Governments should also simplify registration procedures, improve access to public procurement, strengthen digital financial services, and facilitate business networks. By integrating financial support with market development and institutional reform, entrepreneurship policies can help create more resilient firms and expand productive employment opportunities for young people.

3.4.3. Public Employment Programmes, Wage Subsidies, and Active Labour Market Policies

The review indicates that public employment programmes, wage subsidies, and active labour market policies can help address specific barriers to youth employment, particularly during economic downturns or periods of weak private-sector recruitment. Public employment programmes may provide temporary work in infrastructure maintenance, environmental restoration, sanitation, community services, and other socially useful activities. Such programmes can offer immediate income, basic work experience, and opportunities to develop transferable skills (Yangailo, 2024). However, their long-term contribution depends on whether participants subsequently enter sustained employment or use the acquired experience to improve their livelihoods.

Wage subsidies and employer incentives can reduce the cost and perceived risk of recruiting inexperienced workers. For instance, a time-limited subsidy for firms hiring eligible young people may encourage employers to provide first-job opportunities to candidates who lack previous experience. Apprenticeship subsidies can similarly support the costs of workplace supervision and training (Mohammed Shuker, 2024). Nevertheless, poorly designed schemes may subsidize hires that would have occurred anyway, encourage firms to replace unsubsidized workers, or lead to dismissals once the subsidy ends. Eligibility requirements, monitoring, employer accountability, and post-subsidy evaluation are therefore important to ensure that public expenditure produces additional and lasting employment.

Active labour market policies also include employment counselling, job-search assistance, skills assessment, placement services, and targeted support for disadvantaged jobseekers. These interventions can reduce information gaps between employers and potential employees while helping young people identify suitable vacancies. Digital employment platforms may extend the reach of such services, although they should not exclude applicants who lack reliable internet access or digital literacy (Salah, 2025). Combining job-matching support with practical training and employer engagement may be particularly valuable where vacancies exist but applicants struggle to meet recruitment requirements.

These findings indicate that active labour market policies should complement rather than replace broader economic development measures. Public employment programmes can provide temporary relief, while wage subsidies can facilitate initial recruitment and placement services can improve job matching. None of these instruments can independently resolve a persistent shortage of productive jobs. Governments should therefore select interventions according to the underlying constraints, establish clear objectives, and evaluate cost-effectiveness, job retention, earnings, and subsequent employment (Salami, 2013). Programmes should also distinguish between short-term income support and long-term labour market integration to avoid overstating their effectiveness.

3.5. Effectiveness, Implementation Challenges, and Policy Implications

3.5.1. Evidence on the Effectiveness and Sustainability of Youth Employment Interventions

The review suggests that the effectiveness of youth employment interventions varies substantially according to programme design, implementation quality, local labour market conditions, and the characteristics of participating young people. Skills training, entrepreneurship support, wage subsidies, public employment, and job-search assistance can improve selected outcomes, but their effects are neither uniform nor automatic. A programme may increase participants' technical knowledge without generating employment if employers are not expanding recruitment (Oluwatayo, 2025). Similarly, entrepreneurship training may improve business planning without producing sustainable firms when demand is weak or finance remains inaccessible. The central finding is therefore that programme participation should not be treated as equivalent to successful employment.

Training programmes are more likely to generate meaningful benefits when they address identifiable skill shortages, incorporate practical experience, and maintain links with employers. Entrepreneurship interventions may be more effective when participants receive appropriate financial support and continued business development assistance. Employment subsidies may help inexperienced workers enter the labour market, but their value depends on whether firms retain employees after the support ends. Public employment can provide temporary income and community benefits, although its contribution to long-term employability requires clear transition pathways

(Kilimani, 2017). These differences indicate that intervention effectiveness should be assessed in relation to the specific problem each programme is designed to solve.

De Lannoy (2018) review of youth employment programmes in developing countries emphasizes the importance of evaluating evidence across diverse intervention types rather than relying on assumptions about what works. Zahid (2025) similarly demonstrate why business training and entrepreneurship support require outcome-based evaluation. These studies support a cautious interpretation of programme results: positive effects in one context may not transfer directly to another because labour demand, institutional capacity, participant characteristics, and programme costs differ. Accordingly, policymakers should prioritize rigorous evaluation, including credible comparison groups where feasible, long-term follow-up, and analysis of outcomes for different population groups.

Sustainability is especially important because short-term gains may disappear after project funding ends. Programmes should therefore be evaluated using indicators such as employment retention, earnings, working hours, business survival, productivity, job formality, and access to social protection. Cost-effectiveness analysis can help governments compare the resources required to generate sustained employment across different interventions. The findings support an adaptive policy approach in which successful models are expanded, ineffective components are revised, and resources are directed toward programmes that demonstrate durable benefits (Quak, 2019). Employment policy should be understood as a continuous process of learning and adjustment rather than a series of isolated projects.

3.5.2. Implementation Barriers, Gender Inequality, and Rural–Urban Employment Disparities

The review identifies financial limitations, weak institutional coordination, inadequate infrastructure, insufficient labour market information, and limited implementation capacity as major obstacles to effective youth employment policies. Governments may announce ambitious employment programmes without allocating sufficient resources for training quality, participant support, employer engagement, or monitoring. Fragmentation across education ministries, labour departments, local authorities, financial institutions, and private-sector organizations can further reduce effectiveness (Ali, 2021). When programmes operate independently, training may not correspond to actual vacancies, business support may fail to connect enterprises with markets, and employment services may lack reliable information about emerging occupational opportunities.

Gender inequality represents another major challenge. Young women may face additional barriers arising from unequal access to education and productive assets, discriminatory recruitment practices, occupational segregation, unpaid care responsibilities, and inadequate childcare. Safety concerns, transport costs, and workplace conditions can further restrict their access to certain occupations. These barriers may be especially severe for young women in rural communities and low-income households. Consequently, apparently gender-neutral employment programmes may produce unequal outcomes when participation requirements fail to account for differences in available time, financial resources, mobility, and social expectations (Bouraima, 2025). Effective policies should address both the supply of employment opportunities and the institutional and social barriers that prevent young women from accessing them.

Rural–urban disparities also influence the nature of youth unemployment. Urban labour markets may offer more diverse formal employment opportunities but attract large numbers of jobseekers, intensifying competition for available positions. Rural economies may depend heavily on seasonal agriculture, informal trade, and household enterprises, with fewer opportunities for technical training or professional employment. Young people in remote areas may also face high transport costs, limited broadband connectivity, and inadequate access to financial services (Anyanwu, 2013). Consequently, interventions designed for urban graduates may have limited relevance for rural youth whose employment prospects depend on agricultural productivity, land access, irrigation, storage, processing, and market connections.

These findings indicate that implementation strategies must be context-sensitive and inclusive. Governments should strengthen coordination among public agencies, improve local labour market information, and establish clear

accountability for programme outcomes. Gender-responsive measures may include accessible training schedules, childcare support, safe transport, equal-opportunity enforcement, and financial services suited to young women's enterprises. Rural employment strategies should support agricultural modernization, agro-processing, rural infrastructure, digital connectivity, and non-farm enterprise development (Tariq, 2025). Monitoring systems should disaggregate results by gender, location, disability, education, and socioeconomic background where appropriate. Such measures can reveal whether aggregate improvements in employment are accompanied by more equitable access to productive opportunities.

3.5.3. Integrated Policy Frameworks for Inclusive Growth and Sustainable Youth Employment

The overall findings suggest that sustainable reductions in youth unemployment require an integrated policy framework connecting macroeconomic management, structural transformation, education reform, enterprise development, labour market institutions, and social inclusion. The limitations of isolated interventions are evident when training programmes produce skills without employment opportunities, entrepreneurship initiatives operate without access to finance or markets, or economic growth occurs in sectors that absorb relatively few workers (Rao, 2025). An integrated framework should therefore address both the capacity of young people to participate in productive activities and the capacity of the economy to generate sufficient decent work. This requires coordinated action by governments, educational institutions, employers, financial institutions, development partners, and youth organizations.

At the macroeconomic level, governments should promote stable and predictable conditions that encourage productive investment while prioritizing sectors with significant potential for job creation. Industrial and agricultural policies can support value addition, local supply chains, technological upgrading, and export development. Infrastructure investment in electricity, transport, water, and digital connectivity can reduce business costs and expand market access. At the institutional level, transparent regulation, effective competition, accessible finance, and simplified business registration can enable SMEs to expand and recruit more workers (Awogbenle, 2010). These measures should be complemented by labour market policies that promote fair recruitment, safe working conditions, appropriate social protection, and pathways from informal to formal employment.

Education and skills development should be integrated with these economic priorities. Governments should use labour market assessments and employer consultations to identify emerging skills requirements, while educational institutions should strengthen practical learning, apprenticeships, digital competencies, and career guidance. Employment services can connect graduates and other jobseekers with vacancies, while carefully designed wage subsidies and enterprise support can address specific barriers to recruitment and business growth. For disadvantaged groups, targeted assistance may be necessary to overcome unequal access to education, finance, mobility, and professional networks (Khan, 2025). These interventions should be evaluated according to sustained employment, earnings, productivity, and job quality rather than the number of participants trained or funds distributed.

The review also highlights the importance of policy coherence and evidence-based implementation. Governments should establish measurable employment objectives, clarify institutional responsibilities, coordinate national and local programmes, and maintain reliable labour market data. Monitoring should capture not only unemployment rates but also underemployment, informal work, working poverty, job retention, and transitions into productive employment. Independent evaluations can identify which interventions produce durable results and whether benefits reach young women, rural populations, and other disadvantaged groups (Baah-Boateng, 2016). Where programmes demonstrate positive outcomes, governments can adapt and expand them according to local conditions; where results are weak, resources should be redirected toward more effective approaches.

Ultimately, youth employment should be treated as a central component of economic development rather than a narrowly defined labour market problem. The demographic potential of developing economies can be realized only when young people have access to relevant skills, productive enterprises, decent work, and opportunities for advancement. An integrated approach can strengthen the relationship between economic growth and employment

by ensuring that investment and technological progress generate broader social and economic benefits (Varsha Pramod, 2023). Although the precise combination of policies will vary across countries, the overarching priority is to build inclusive economies in which youth employment is supported by productive transformation, capable institutions, effective education systems, and sustained investment in human capital.

4. Conclusion

Youth unemployment remains a significant barrier to sustainable economic growth in developing economies, reflecting structural challenges such as skills mismatches, inadequate job creation, limited access to quality education and vocational training, financial constraints, technological changes, and the dominance of informal employment. This review highlights that addressing youth unemployment requires comprehensive and coordinated policy interventions that extend beyond conventional employment programmes to include economic diversification, entrepreneurship development, labour-market reforms, investment in productive sectors, and stronger collaboration between educational institutions and industry. Improving access to digital skills, technical and vocational education, career guidance, and business financing can enhance young people's employability and capacity to contribute to economic development. Furthermore, governments should strengthen policies that support small and medium-sized enterprises, promote labour-intensive industries, encourage private-sector investment, and ensure equitable employment opportunities for young people, particularly women and disadvantaged groups. Effective implementation requires evidence-based policymaking, adequate institutional capacity, public-private partnerships, and systematic monitoring of employment outcomes. Ultimately, reducing youth unemployment is not only a social and economic necessity but also an important strategy for expanding productive capacity, increasing household incomes, strengthening aggregate demand, and promoting inclusive and resilient economic growth. Developing economies must therefore adopt long-term, youth-centred employment strategies that align education, skills development, industrial policies, and macroeconomic planning to transform their growing youth populations into productive contributors to sustainable development.

Funding: This research received no external funding.

Conflicts of Interest: The authors declare no conflict of interest.

Publisher's Note: All claims expressed in this article are solely those of the authors and do not necessarily represent those of their affiliated organizations, or those of the publisher, the editors and the reviewers

Artificial Intelligence (AI) Use Disclosure: The authors declare that no artificial intelligence tools were used in the preparation of this manuscript.

References

- [1] Akinbola, T. M. (2024). Impact of youth unemployment on economic growth in Nigeria: A review paper. *Development*, 7(3), 131-144.
- [2] Ali, E. L. (2021, February). Youth unemployment in emerging economies. In *4th International Conference on Research of Educational Administration and Management (ICREAM 2020)* (pp. 468-476). Atlantis Press.
- [3] Anyanwu, J. C. (2013). Characteristics and macroeconomic determinants of youth employment in Africa. *African Development Review*, 25(2), 107-129.
- [4] Awogbenle, A. C., & Iwuamadi, K. C. (2010). Youth unemployment: Entrepreneurship development programme as an intervention mechanism. *African journal of business management*, 4(6), 831.
- [5] Baah-Boateng, W. (2016). The youth unemployment challenge in Africa: What are the drivers?. *The Economic and Labour Relations Review*, 27(4), 413-431.
- [6] Begho, T., & Daubry, T. P. (2025). A review of the pathway to reducing youth unemployment in Sub Saharan Africa through agriculture and agribusiness. *Discover Global Society*, 3(1), 81.
- [7] Bouraima, M. B., Qian, S., Sangaré-Oumar, M. M., Qiu, Y., & Zonon, B. I. P. (2025). A multi-criteria decision-making framework for addressing youth unemployment in developing countries: Pathways to sustainable solutions. *Journal of Intelligent Decision Making and Information Science*, 186-196.
- [8] Chigudu, D. (2025). Youth-Driven Conflict and Unemployment: Examining the Role of Economic Deprivation in Africa. *African Journal of Peace & Conflict Studies*, 14(3), 9.
- [9] De Lannoy, A., Graham, L., Patel, L., & Leibbrandt, M. (2018). What drives youth unemployment and what interventions help. *A Systematic Overview of the Evidence and a Theory of Change. High-level Overview Report*.

- [10] Fournier, I. (2025). Unemployment Trends and Their Effect on Economic Development. *Corps et Psychisme. Recherches en Psychanalyse et Sciences Humaines*, 12(2), 43-48.
- [11] Garda, A. (2024). *Youth Unemployment Crises in Sub-Saharan Africa: Exploring Structural Similarities* (Doctoral dissertation, University of the Witwatersrand, Johannesburg (South Africa)).
- [12] Khan, I. (2025). Reducing youth unemployment in India? The impact of macroeconomic factors. *Journal of Economic and Administrative Sciences*.
- [13] Kilimani, N. (2017). Youth employment in developing economies: Evidence on policies and interventions.
- [14] Losch, B. (2016). *Structural transformation to boost youth labour demand in sub-Saharan Africa: The role of agriculture, rural areas and territorial development*. International Labour Organization.
- [15] Mohammed Shuker, F., & Hashim Sadik, H. (2024). A critical review on rural youth unemployment in Ethiopia. *International Journal of Adolescence and Youth*, 29(1), 2322564.
- [16] Muhammad, A. A. (2023). Examining the relationship among unemployment, inflation, and economic growth. *Journal of Business and Economic Options*, 6(2), 23-31.
- [17] Mumbua, J. V. (2025). *Modeling the determinants of youth unemployment in East Africa: a comparative study* (Doctoral dissertation, Strathmore University).
- [18] Obiechina, C. (2024). Addressing youth unemployment in Africa: Leveraging entrepreneurship as a tool for youth development. Available at SSRN 4890481.
- [19] Oluwatayo, I. B., & Mulweli, T. (2025). Covid-19 Pandemic, Youth Unemployment and the Demand for 21st-Century Skills in Africa: A Systematic Review for Future Shock Resilience. *The Journal of Developing Areas*, 59(4), 381-393.
- [20] Quak, E. J., & Flynn, J. (2019). Private sector development interventions and better-quality job creation for youth in Africa. *Linking business performance with productivity growth and sustainable job creation. Evidence Synthesis Paper. Institute of Development Studies*.
- [21] Rao, S. (2025). Youth Unemployment and Social Stability: A Cross-National Review. *Stout in Humanities and Social Sciences*, 1(1), 12-20.
- [22] Salah, A. R. M. (2025). Unemployment Dynamics: Labor Markets, Skills, and Economic Growth.
- [23] Salami, C. G. E. (2013). Youth unemployment in Nigeria: A time for creative intervention. *International Journal of Business and Marketing Management*, 1(2), 18-26.
- [24] Sumberg, J., Fox, L., Flynn, J., Mader, P., & Oosterom, M. (2021). Africa's "youth employment" crisis is actually a "missing jobs" crisis. *Development Policy Review*, 39(4), 621-643.
- [25] Tariq, A., & Bashir, S. (2025). Youth Unemployment and Its Impact on Social Stability: A Comparative Study of Developing and Developed Countries. *Social Trends and Policy Review*, 3(2), 1-35.
- [26] Umoh, E. (2025). Unemployment as a driver of crime: Exploring the roles of poverty, youth restiveness, and effectiveness of government interventions in emerging economies. *Unemployment as a Driver of Crime: Exploring the Roles of Poverty, Youth Restiveness, and Effectiveness of Government Interventions in Emerging Economies* (February 12, 2025).
- [27] Varsha Pramod, P., & Ramachandran, R. (2023). Youth employment for inclusive growth: a review and research agenda in global perspective with special reference to India. *Journal of Global Entrepreneurship Research*, 13(1), 9.
- [28] Yanguilo, T. (2024). Youth unemployment in Zambia: Analyzing the impact of economic growth and development policies on employment trends. *Economia Aziendale Online*, 15(3), 497-506.
- [29] Zahid, F., Durrani, K., Shah, S., Ahmed, S., & Muhammad, B. (2023). Youth unemployment and social stability: investigating the linkages and possible solutions in the context of Pakistan. *Bulletin of Business and Economics (BBE)*, 12(4), 477-484.
- [30] Zahid, S., Tariq, B., Abbas, M., Kafi, A., Osman, N. H. B., Allumi, N. A., ... & Ansari, H. W. A. (2025). Youth Unemployment and Economic Growth in South Asia: Policy Implications for Stability and Sustainable Development. *International Journal of Sustainable Development and Planning*, 20(5), 1925-1931.