

PRODUCTIVITY AND YOUTH ENGAGEMENT IN BRAZIL: ASSESSING  
SCHOOLING AND LABOR MARKET DECISIONS

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Until 2023, Brazil is experiencing a period in which the young adult population is at the peak of its share in the total population. Nonetheless, to reap the benefits of this favorable demographic condition it is important to invest in the human capital of the working age population, in particular that of young adults. One of the main concerns is the *nem-nems*, which correspond to the group of youths that are not investing in their productive skills through the activities of either studying or working.

This study analyzes data from National Household Sample Survey (Pesquisa Nacional por Amostra de Domicílios – PNAD), 1995-2015, to describe youth condition according to 4 categories: only study, only work, study and work, and *nem-nem*. The idea is not only to describe whether engagement into study/work activities has been increasing or decreasing but also the compositional movements among these 4 categories. In addition, an age-period-cohort model is considered to capture the influence of these factors on work/study decision trends.

In order to adopt the international definition, this study considers the unemployed as part of *nem-nem*. The results indicate that, during the period analyzed, there was a relevant increase of the percentage of youths only studying, with a concomitant decline in the share of those only working. This trend was especially pronounced for those aged 15-17. In addition, this period is characterized by the fact that females experienced a decline in the *nem-nem* rate while male *nem-nem* rate increased. This trend is in accordance with the observed increase in female labor

force participation. Nonetheless, females still have much higher rates than males for all age subgroups. The recent increase in unemployed *nem-nems* is common for both females and males.

The results from age-period-cohort model show that the age component plays the most prominent role in explaining the patterns of time allocation amongst the youths. The year effects indicated that the decision to only work is pro-cyclical (*i.e.*, tends to co-move with the economy), while the decisions of being *nem-nem* or only studying are anti-cyclical. The results also showed that younger cohorts have higher proclivity to study and lower propensities to work and to be in the *nem-nem* condition. While this result is auspicious for increasing the productivity of these recent cohorts, it is still early to know whether this trend will persist for future generations.

SUMÁRIO EXECUTIVO