

YOUTH LABOUR MARKET: CHARACTERISTICS AND SPECIFIC ISSUES

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Abstract:

Young people play a crucial role in meeting many challenges and socio-economic, demographic, cultural, environmental and technological opportunities that the European Union and its citizens face now and will face in the coming years.

Promoting social and professional integration of young people is an essential component for achieving the objectives of "Europe 2020" Strategy.

Although today most young Europeans enjoy good living conditions, there are still challenges that require resolution, such as youth unemployment, young people not receiving education or training, poverty among youth, low levels of participation and representation of young people in the democratic process, and various health problems. The recent economic downturn has had a significant negative impact on young people and the risk is for its effects to be long-term.

This paper presents a brief characterization of the European Union labour market and an analysis of the youth labour market particularities in Romania compared to EU-27 or other EU countries.

Keywords: youth employment, unemployment, labour market insertion

1. Introduction

The social inclusion of young people issue, young people who represent one fifth of the total population of Europe, was always present on the political agenda, but only in the last two decades it received a special attention.

For the period 2010-2018, EU directives regarding youth were gathered in the strategic document "Youth - Investing and Empowering" ("EU Strategy for Youth - Investing and Empowering. A Renewed open method of coordination to

address youth Challenges and Opportunities") concerning policies relating to young people in Europe in terms of education, employment, social inclusion, civic participation, entrepreneurship etc.

The main objectives of the European Strategy for Youth are: i) providing youth access to education and to the labour market, ii) civic participation, social inclusion and solidarity.

In a context of increasingly high unemployment, young people are finding it harder to find a job, and many of them might decide to extend or resume studies. This could be an investment for the future, with the condition to get the right skills. However, the reality is that many young people neither work nor study.

Currently, more than 5 million young people in the EU are unemployed. Between 2008 and 2012, this number has increased by about a million.

This means that one in five young people in the labour market can not find a job. Youth unemployment rate (over 20%) is two times higher than for the whole working population and almost three times higher than the rate for adult working population. In some countries, this rate reaches up to 40%. For the same country, the situation can vary significantly from one region to another. In addition, certain groups of young people (including women, youth with disabilities and young people from migrant backgrounds) are particularly at risk of unemployment, long term unemployment, early school leaving or inactivity.

The low participation of youth in the labour market was seen also as one of the main challenges in the short and medium term in the National Strategy on Social Protection and Social Inclusion 2008-2010.

In our country, as a result of rising unemployment rates, "the National Development Plan 2007-2013" (NDP) proposed by the Government establishes the problem of labour-market integration of young people as a priority action. Government documents closely correlate labour-market integration of young people with the ability of the education system to provide relevant skills and qualifications adapted to the market.

2. General characteristics of youth labour market

"World of Work Report 2011: Making markets work for jobs" compiled by the International Labour Organization of the United Nations states that *"Austerity has not produced more growth. Poorly designed labour market reforms will not work as well in the short term. In times of crisis, such reforms tend to lead to the extinction of even more jobs and the emergence of very few jobs, at least in the*

short term" (Raymond Torres, director of the ILO Institute for International Work Studies and one of the authors of the report).

According to the report, in the coming years it is unlikely for the global economy to have such a growth rate to be able to attract to the labour force presently unemployed people and other almost 80 million people waiting to enter the labour market.

In the European countries the situation is critical; since 2010 the unemployment rate increased for these countries by almost two-thirds.

The deterioration of the labour market is a feature of economies around the world, but it is more obvious in Europe, where unemployment is growing stronger. *"The narrow focus of many euro zone countries on fiscal austerity deepens the crisis of jobs and could lead to a new recession in Europe. Besides, there is less and less progress in other parts of the world, for example in the United States, where reducing unemployment seems to have gotten a slowing trend,"* writes Torres in the Report¹.

Labour market crisis is particularly strong in developed economies; in 2012, the unemployment rate was expected to reach globally 18% for young people (report "Global Employment Trends for Youth 2012").

The analyses conducted by the International Labour Organization show that the number of unemployed young people will not drop until at least 2016. An additional pressure on the unemployment rate is expected to take place when those who prolong their studies due to limited prospects of finding a job will eventually enter the labour market.

In particular raise concerns those young people who are neither employed nor in any form of education or training. They are known under the acronym of "NEET" in many countries, "disconnected youth" in the United States and "no-no" Spanish-speaking countries.

Following the recession, their number increased, so that in 2012, 15.6% of the young people in the United States were neither employed nor in education nor were training and for the European Union this percentage rose to 13.2%. This percentage varies significantly from one Member State to another, from 4.7% in the Netherlands to 21.6% in Greece and 1.5% in Bulgaria. In Romania, 18.6% of people aged between 15 and 24 years are categorized as NEET. The data for the 27

¹ The report *"World of Work Report 2011: Making markets work for jobs"* conducted by the International Labour Organisation of the UN

EU economies indicates an average of 11.79% for NEET young men and 12.07% for young women.

The economic and financial crisis reflects a strong interrelationship between the changing economic conditions and the development of youth unemployment (Blanchflower and Freeman, 2000).

These claims are bolstered by statistics for a longer period of time on level (average) youth unemployment and the relationship between youth unemployment and adult unemployment. Also, the level of youth unemployment during the crisis varies from country to country, depending on the concrete conditions of those economies (Blanchflower and Freeman, 2000; OECD, 2006).

Initially, in the analysis of youth unemployment, a special emphasis was placed on structural components (structural changes in industries, inadequate qualifications for market requirements, characteristics of youth groups, etc.) (Clark and Summer, 1982 and Freemann Blanchflower, 2000). At the beginning of this century, the unemployment rate approaches considered also the effects of economic and institutional cycles.

Authors like Blanchflower and Freeman (2000) and Rodriguez-Palenzuela Jimeneo (2002) showed that the effects of economic cycles on unemployment are more pronounced among young people than among adults.

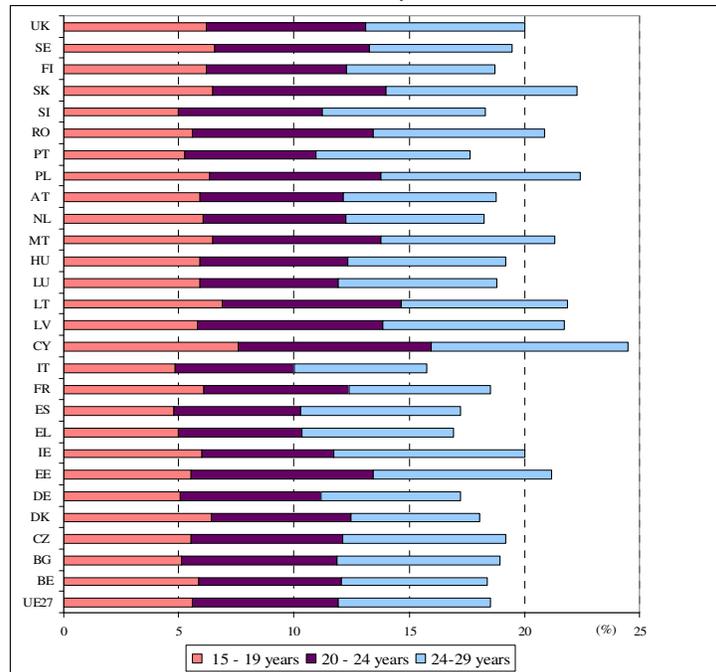
Lack of seniority, firm-specific human capital, young people labour market experience, higher probability to work in the firm for a fixed-term and other forms of precarious employment are just a few factors that lead to an increase of unemployed youth.

In such circumstances, the transition from school to the labour market tends to be a chain of temporary episodes of training, education, military or civilian service compulsory or voluntary, temporary activities, often within an institutional framework characterized mostly of fixed data for entry, outside of the market and which does not consider the requirements of the labour market. In these circumstances, young people accumulate less experience looking for a job and do not develop a clear picture of employment and / or of the satisfying income. Add to this is the fact that in some countries, young people have fewer resources than older workers, while in others, they have a strong financial attachment to the family, making them less mobile in search of employment.

The statistics of the last decades show a continuous increase in life expectancy in Europe, with an impact on the overall organization of life and its

main stages: school, work, the decision to have children and retirement, which individually tend to become longer over time.

Figure 1 Young people (15-19, 20-24, 25-29 years) as a share of total population on 1 January 2011



Source: Eurostat Statistics (online date code: [demo_pjangroup])

In this context, international organizations' population projections indicate that in 2050 the population in the age group 15-29 will represent 15.3% of Europe's population, compared to 18.53% in 2011.

In 2011, Eurostat indicated that in the European Union were 93,154,428 persons aged between 15 and 29 years. Of these, 33,342,039 persons were aged between 24 and 29 years (Figure 1).

In the nearest future, the European Union will face two major demographic challenges: aging and reduced population. The share of young people will continue to decline, while that of older people will increase. In this context, the characteristics of the active population will change.

In 2011, the employment rate of young people in the EU-27 was 33.6%, down by 6.9 pp compared to 2000 and by 3.7 pp compared to 2007.

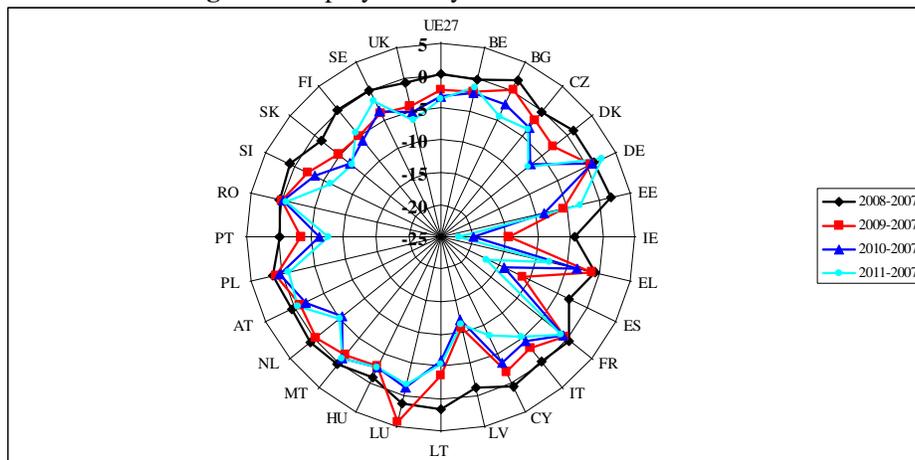
In most Member States, the employment rate of young people aged 15-24 years was higher for men, except Ireland, Denmark, the Netherlands, Finland and Sweden.

Following the economic and financial crisis, the employment rate of people aged 15-24 years fell in the vast majority of Member States since 2008 (Figure 2), in 2010 was recorded the most pronounced decrease of the employment rate of this age group (Figure 2). Although in 2011 employment rate values were below the 2007 level, for the vast majority of EU countries, however, Eurostat statistics for this indicator show a slight increase.

For the period considered, Germany is the only EU-27 country with a slight increase in the employment rate of young people aged 15-24 years (Figure 2).

Crisis impacted the labour market in Bulgaria, Romania, Poland and Luxemburg until 2010, when there were reductions in youth employment rates, reductions that increased in 2011 (Figure 2).

Figure 2 Employment dynamics in Member States



Source: Eurostat Statistics (online date code: [lfsi_emp_a])

The crisis has had a high social cost in Europe, with a sharp increase in unemployment. Eurostat statistics for 2011 indicate 23,208,000 unemployed, of which 5.297 million young people aged less than 25 years.

The unemployment rate for the people under 25 years was 21.4% in 2011, up by 5.7 pp compared to 2007. Since 2008, EU-27 unemployment rate among men younger than 25 years was higher than that of women in the same age group (21.9% versus 20.8% for women in 2011). Rising unemployment was more

pronounced in 2011 than in 2007 among men than among women: 6.5 pp for men and 4.7 pp for women.

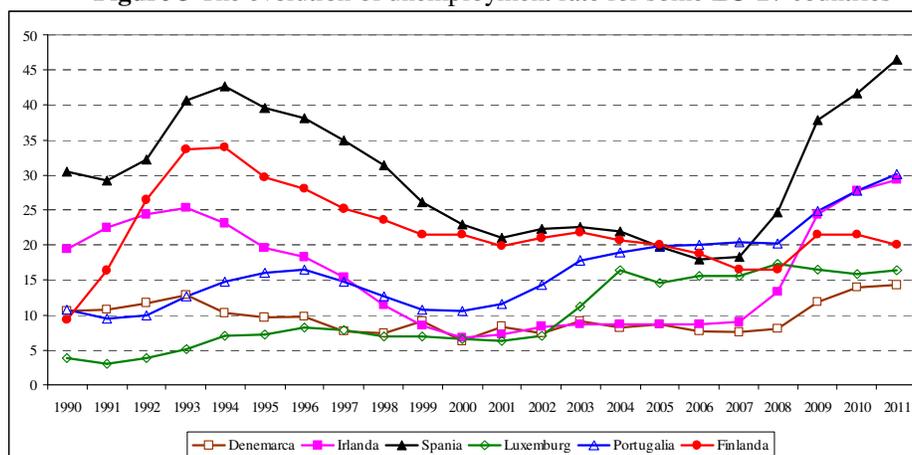
However, statistical analysis of European unemployment rate among young people in the last two decades shows major fluctuations with significant national variations.

For example, the youth unemployment rate in Finland was 9.3% in 1990, peaked in 1994 (34%), then oscillated around 21% during 1999-2005, reaching a minimum of 16.5% between 2007 and 2008 and rose to 21.5% in 2009 and 2010 (reaching 20.1% in 2011) (Figure 3).

In 1990, Spain registered an unemployment rate of 30.5% for young people, which in 1994 grew to 42.6%. It followed a slowing period, so in 2006, the unemployment rate of the population aged less than 25 years was 17.9%. In 2011, the economic downturn has resulted in its growth to 46.4% (Figure 3).

For Luxembourg, unemployment rate among young people was around 3% in the 1990-1992 period, after which it increased, while maintaining its level less than 10%. Year 2003 is the first year when youth unemployment rate has exceeded 10% and in 2004 it recorded a maximum of 16.4%. The impact of the financial crisis on youth unemployment rate was not significant: in 2007 the youth unemployment rate was 15.6% and 17.3% in 2008, after which in 2011 it decreased to 16.4% (figure 3).

Figure 3 The evolution of unemployment rate for some EU-27 countries



Source: Eurostat Statistics (online date code: [une_rt_a])

The problems faced by young people in the labour market have a significant impact on their living standards, their families and on national and international communities whose members they are. The most important effects of youth inactivity are the risk of poverty and the inability to play an active role in society.

At the end of 2011, the number of young unemployed was estimated around 5.297 million people, slightly down from the previous year.

In 2011, the highest values of the unemployment rate, over 30%, were recorded in Spain (46.4%), Greece (44.4%), Slovakia (33.5%), Lithuania (32.9%), Latvia (31%) and Portugal (30.1%). Romania recorded a 23.7% unemployment rate among young people, increasing by 1.6 pp compared to 2010.

The unemployment rate among young people is dependent on their level of training. Data analysis indicates that for the first quarter of 2012, the highest unemployment was for young people with pre-school, primary and secondary education (levels 0-2). The exceptions are Greece, where unemployment among young people with higher education (levels 5 and 6) was 6.1 percentage points higher than that recorded for young with pre-school, primary and secondary education (levels 0-2), Romania and Cyprus, where the difference between the rate of unemployment for youth with higher education and those with education levels 0-2 or 3-4 are significant.

Comparative analysis of youth unemployment rates with different levels of training highlights the fact that both in 2009 and in 2011, for the vast majority of Member States, unemployment rate was even lower as the level of preparation was higher. Exceptions are Greece, Romania, Cyprus and Slovenia, where unemployment rate for educated youth was higher than that for young people with high school or elementary education (6.1 pp, 9.2 pp, 0.7 pp and 4, 2 pp).

3. Conclusions

The analysis of indicators showing labour market situation for young people in the EU, leads to a number of conclusions, including:

- The average duration of a job search in the period 2008-2011 increased significantly, contributing to discouraging even more young people to seek a job;
- Discrepancies between the employability of an educated young person and an uneducated one is also increasing, so that not only the duration of the search

for a job for a young specialist is lower than for a young uneducated, but also the unemployment rate shows a considerable difference;

- The European Union is the region where unemployment is dependent on the level of education of the young and employability decreases proportionally to the years of study;

- Due to a high unemployment rate in the European Union, the purchasing power of young people was reduced and not only people's daily consumption saw a significant decrease, but also purchases of high value (e.g. real estate);

- During 2011 a much larger number of young people intended to continue their studies after a period of rest, being discouraged by the futile search for a job, but encouraged to obtain a diploma later to increase their chances for employment;

- In European Union Member States, the change of society's structure was determined, among other factors, by **youth mobility** within the EU and **youth migration** from other EU neighboring countries, former colonies of the Member States, or other countries outside Europe;

- A series of programs at EU level were launched to support young people labour market mobility;

- Non-formal learning can also help address youth unemployment.

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