

YOUNG PEOPLE ON THE LABOUR MARKET IN THE CONTEXT OF THE EU CONTEMPORARY ECONOMY

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Abstract:

Over recent years, the share of young people in the population of EU has been decreasing on an ongoing basis. Furthermore, young people constitute for the EU contemporary economy a reliable source of innovative skills and enthusiasm for change. Therefore, European Union attempts to deploy measures in order to increase youth employment rates and thus to become a more competitive economy. The purpose of this paper is to highlight the importance of the young generation for EU, as being a new source of creativity, inspiring for the old generations and a more profitable way for increasing the economy of a country. The research methodology consists of statistical indicators regarding the situation of young people on the EU labour market and a qualitative analysis of the results. The results underline that, in most of the European Union countries, the unemployment rate among young people has recorded over the years higher percentages compared with those of other age individuals. The grounds on which young people face various challenges today on the labour market are as follows: are insufficiently trained to withstand labour market challenges, experience difficulties in adapting theoretical knowledge to practical ones, a lack of qualification in particular areas, geographical influences, cultural and social factors, low paid jobs and several others. Ultimately, the development and the economic growth of the European Union relies the most on young people, thereby the measures should be directed on their education and training.

Key words: young people, European Union, labour market, contemporary economy, unemployment rate

JEL classification: J13, J21, J64, N34

1. INTRODUCTION

The purpose of this article is to highlight the importance of young people on the European Union labour market in the context of the new contemporary economy. All EU countries have appreciated that young people represent a special category of people who will create a prosperous and a competitive future of the European Union worldwide. Likewise, the article aims to provide an overview of the situation of young people on the contemporary labor market, so that subsequently could become the basis for new decisions and measures with regard to a proper education and training of young people.

The population of the European Union is currently experiencing an aging process, and predictions in this area suggest that this process will increase in the future, the lack of young people thus causing an alarming situation for the governments. Furthermore, the share of young people in the total population of the European Union has fallen dramatically in recent years, a situation that requires stringent attention from the authorities in terms of education and training of the young generation in compliance with the labor market requirements of the new EU contemporary economy. Reduced fertility rates and high life expectancy are two of the main causes of a reduced number of young people in the European Union.

Normally, young people constitute an important category of workforce, both in present and in the future, because they are individuals with innovative skills and knowledge that will help in increasing the economy and the welfare of countries. Taking into consideration that EU's contemporary economy is competitive and in a continuous process of refurbishment and automation, young people have nowadays an enthusiasm for change and the adoption of new technologies in work processes and activities is seen by them as a requirement. In the new era of digitization, it is much easier to educate and train young people, compared to other categories of people.

2. THE IMPORTANCE OF YOUNG PEOPLE ON THE EU LABOR MARKET

In recent years, the EU labor market has been heavily influenced by demographic changes, migration and new technological breakthroughs which occurred in many areas of activity. Some authors argue that new technologies, automation and robotics will have a negative influence on young people and on the labor market in general, while some say it will continue to create jobs that will bring more prosperity in society (Harari, 2018). Moreover, the globalization process has created many labor market opportunities for EU residents, such as the transfer of new technologies, the development of new skills, a growth in the number of jobs, personal development, the interaction with new cultures and customs, the motivation of learning more foreign languages, motivating wages and attractive benefits.

According to a report published by the World Bank Group (2018), the future of jobs for current and future generations is characterized by insecurity, fewer jobs, low-paid jobs, individuals with more jobs, individuals with education and training inadequate to the requirements of the labor market. It has been already mentioned that in recent years, the EU labor market has been subject to a transition from jobs in the secondary system to jobs in the tertiary system, which has triggered a reduction in the number of individuals in areas such as agriculture, construction and industry. This circumstances generated the necessity of more educated and trained individuals, usually with higher education, to face new technological changes, and these individuals are commonly the young people.

The research provided by the European Commission (2018) highlights that the population of the European Union is in a continuous process of aging, among the main causes being the reduction of fertility rates and the increase in life expectancy. Admittedly, current and future EU jobs in the European Union are characterized by automation, technological development and globalization, which explains the need for educated, trained and productive young people to deal with these challenges. Countries will have to take measures in order to reduce the aging process of population, because a population with more elderly people will create problems in the health system, in the pension fund and in the healthcare of this category of people.

Henceforth, the importance of young people on the labor market will be recognized worldwide, because they are individuals who are endowed with the necessary skills and capabilities that are indispensable nowadays at the place of work. Young people often see change as a pathway to competitiveness and succeeding in various areas of businesses and also as a support for the countries in order to achieve economic and social growth. According to Deming (2017), social skills and capabilities are also a requirement on the EU labor market, in addition to the technical skills normally required by all employers.

The International Labour Organization (2004) argued in a report that young people are high-priced assets of each country, being characterized as productive workers, innovative entrepreneurs, efficient consumers, responsible citizens and agents of change. All these features build an entire generation of people who will give rise to multiple advantages at both microeconomic and macroeconomic levels. However, young people are very vulnerable when they decide on which education to follow and when they choose a career for the future, so governments should take decisions and implement actions to guide them towards areas and jobs most often offered by employers and giving them good development opportunities in the future.

Young people are also an important resource for the European Union labor market. In a study published by Eurostat (2017), it is mentioned that young people are currently possessing skills and aptitudes in accordance with labor market requirements, creativity to initiate new businesses, and a desire to change the way of the world whenever it goes sideways. Thus, the EU is targeting a global competitive economy with the aid of young people. Moreover, the importance that European Union attributes to the inclusion and safe-keeping of young people in the labor market, arises from the initiatives set out in the 2020 Strategy, specifically: improving and increasing the employment rate among young people, as well as providing more opportunities for

young people when they express their willingness to enter into the labour market (European Commission, 2019).

3. EU POLICIES SUPPORTING YOUNG PEOPLE IN THE LABOUR MARKET

Young people and the increase in their employment rate are among the main policy objectives that European Union has adopted in recent years. Member States are supported by the European Union in the process of reducing youth unemployment by creating various attractive opportunities. These measures have been made as a consequence of the high rates of unemployment in many Member States, which were the outcome of the difficulties encountered by young people when they tried to enter into the labor market, such as: low wages, work experience requirements, a small number of jobs for specific qualifications, increased costs of living in major cities.

Within the *2020 Strategy* (Eurostat, 2017), the European Union proposed to take certain actions in order to reduce the youth unemployment rate and increase the employment rate. Among these measures were: The Youth Guarantee (2012), Youth Employment Initiative (2013), Skills Agenda for Europe (2016), Investing in Europe's Youth (2016).

The Youth Guarantee is a program designed to ensure that young people under the age of 25 benefit from education, training (through internships or practice programs) and well-paid workplaces that offer good working conditions and future opportunities for development (European Commission, 2018a).

The Youth Employment Initiative focuses mainly on supporting young people who are neither in education, nor in employment or training (Eurostat, 2017). This constitutes a very serious concern, as in 2018, more than 5.5 million young people aged 15-24, were neither pupils/students, employees or in a training program (Eurostat, 2019).

Within the framework of *Skills Agenda for Europe*, a set of ten actions has been enacted in order to train young people in an appropriate manner, so that subsequently they will acquire skills and capabilities in compliance with the new requirements of the EU labor market (Eurostat). In order to implement these actions, it is required a close cooperation between Member States and employers' and trade union associations.

Investing in Europe's Youth is a Communication proposed by the European Commission, to support young people on the labour market (European Commission). Among the actions envisaged were the establishment of new opportunities for young people to enter into the labor market, the provision of education and training opportunities in new cultures (Erasmus programs), the involvement of young people in actions carried out in society.

As a consequence of the various measures conducted by the European Commission, it can be observed the importance that the European Union attaches to young people and their inclusion into the labor market. Although most of the EU's educated young people are currently very well prepared to face the challenges of the contemporary labor market, there are still issues when they have to choose a career. Moreover, more pressing concerns have been detected among young people who left school early or are not following any education or training program.

4. THE CURRENT SITUATION OF YOUNG PEOPLE ON THE EU LABOUR MARKET

The latest statistics point out that more than 3.3 million young people aged 15-24 did not have a job in European Union countries, in 2019 (European Commission, 2019). Moreover, in 2018, 5.5 million young people aged 15-24 were neither in employment nor in education or training, a very concerning situation for the governments, which prompted measures to be taken and actions to be implemented in order to include and support young people on the labor market (European Commission, 2019).

Most often, young people deal with various challenges when they enter the labour market: being new and less experienced, employers provide them with a small number of jobs, many of them being for a determined period or part-time. Likewise, the wages of young people at the

beginning of their careers are quite low, and they often do not allow themselves to live in major cities where all international companies and organizations are located. Today's young people are working in a competitive economy, with various requirements and challenges, therefore a good education and an advanced training system are found to be appropriate in building and developing successful young people.

According to a study of International Labor Organization (2018), the international youth population has increased from 1997 to 2017, but one in five young people is neither on the labor market nor in education or training. What is most worrying, is that three out of four young people are women. It can be noticed that at international level, when looking for a job, women often face entry barriers, as opposed to men.

Table no. 1 submits data regarding youth unemployment rate in the EU and the Member States. It is apparent that in 2018, the highest youth unemployment rates have been recorded in the following countries: Greece, Spain, Italy, France, Portugal and Croatia. The primary reasons behind these high unemployment rates are the insufficient number of jobs for young people (either with secondary or tertiary education) and the lack of experience.

Among the major difficulties young people encounter when they search for an appropriate job within these countries were: a small number of jobs; low wages, which often do not allow them to have a decent life; inadequate jobs for certain qualifications; high costs of living in most major and industrial cities. Moreover, a significant part of young people from these countries have chosen to emigrate to other countries, as follows: Greek young people chose countries like England, Belgium or the Netherlands; the young Spaniards have opted for Argentina, whose economy has been rising in recent years, giving them opportunities for professional and personal development; young Portuguese went to countries like Brazil, because they have been offering a large number of jobs for educated young people, most often in engineering; French, Portuguese and Croatian young people have opted for countries such as Australia, New Zealand, but also for developed countries in the European Union, such as Germany, the Netherlands and the Nordic countries.

On the other hand, in countries such as Germany, Denmark, Czechia and Netherlands, youth unemployment rates were the lowest in 2018 (Table no. 1). The number of people looking for a job is very small in these countries, an evidence that most young people have a job and are satisfied with the requirements. We assume that these countries have a strong economic growth, young people are enjoying a very competitive education system, the wages are high, access to technology and automation is very well developed, therefore the young generation is satisfied and motivated to work.

Compared to 2008, in 2018 unemployment rates grew most in Greece, Spain, Italy and Cyprus. Based on these statistics, we state that after the financial crisis, these were the most affected Member States in terms of youth employment. Although most young people in these countries have used government training programs to find a suitable job in the future, these courses have not generated higher employment rates among young people. According to a study published by the Ministry of Foreign Affairs (2014), the most affected individuals after the financial crisis were young people aged 15-24, because the transition from school to the labor market was difficult to accomplish, given the fact that employers' requirements were very demanding in terms of education, experience, remuneration and workplace performance.

Tabel no. 1. Youth unemployment rate in EU, 2008-2018 (%)

EU countries	Youth unemployment rate			
	2008	2016	2017	2018
EU - 28	15.9	18.7	16.8	15.2
Belgium	18	20.1	19.3	15.8
Bulgaria	11.9	17.2	12.9	12.7
Czechia	9.9	10.5	7.9	6.7
Denmark	8	12	11	9.3
Germany	10.4	7.1	6.8	6.2
Estonia	12	13.4	12.1	11.9
Ireland	13.5	16.8	14.4	13.8
Greece	21.9	47.3	43.6	39.9
Spain	24.5	44.4	38.6	34.3
France	19	24.6	22.3	20.7
Croatia	23.6	31.8	27.2	23.8
Italy	21.2	37.8	34.7	32.2
Cyprus	9	29.1	24.7	20.2
Latvia	13.6	17.3	17	12.2
Lithuania	13.3	14.5	13.3	11.1
Luxembourg	17.3	19.1	15.5	13.5
Hungary	19.5	12.9	10.7	10.2
Malta	11.7	10.7	10.6	9.2
Netherlands	8.6	10.8	8.9	7.2
Austria	8.5	11.2	9.8	9.4
Poland	17.2	17.7	14.8	11.7
Portugal	21.6	28.2	23.8	20.3
Romania	17.6	20.6	18.3	16.2
Slovenia	10.4	15.2	11.2	8.8
Slovakia	19.3	22.2	18.9	14.9
Finland	16.5	20.1	20.1	17
Sweden	20.2	18.9	17.8	16.8
United Kingdom	15	13	12.1	11.3

Source: Eurostat

In the last few years, has been recorded a tendency among students in the European Union to work while studying. It is assessed that young people who have worked during the years of study have experienced more employment opportunities after completing their studies. However, in 2016, only 46% of young students in the tertiary education system in the EU worked during their studies, while 54% preferred to be dedicated solely to studies (Eurostat, 2018). The opinions are divided regarding the benefits of working during the studies. Some people believe that it gives rise to a various number of advantages (such as experience, new knowledge, etc.), while others claim it distracts students from their studies, sometimes leading to school dropout. Hereinafter, a number of benefits are listed, taking into consideration that I worked for a while during my studies, and all I can argue is that working while studying consitute a really good opportunity for teenagers.

As it was mentioned before, getting a job during studies would generate multiple advantages for future students (Figure no. 1). The main advantage is that teenagers will gain an extra income, in addition to the one received from parents. The young people can use the money to cover faculty expenses, lodging, travel, food and other daily expenses. Another advantage is the accumulation of work experience, taking into account that the majority of employers require experience to young people when applying for a job.

Furthermore, the majority of young people desire that once they start their studies to become family-independent in terms of income, thus a job in addition to studies is a good choice at the best of times. Another advantage would be networking, which may subsequently turn out to be opportunistic for future projections. Young people could increase marketability when working while studying. Employers will appreciate when they see a resume with years of working. Another

important advantage is the accumulation of new knowledge and the development of new skills. Regardless of the job a student has, will certainly accumulate new information and capabilities during working and develop new skills that may further turn out as necessary in other jobs.

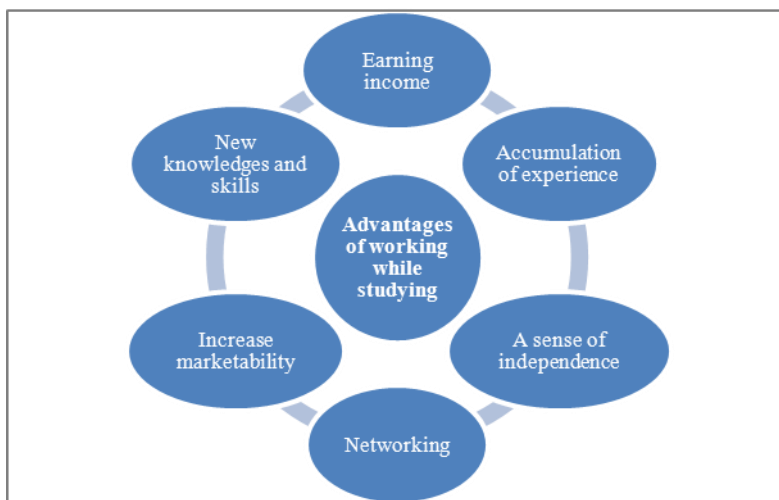


Figure no. 1. Advantages of working while studying

Source: Author's own research

Young people are most often encountering problems in the transition from school to work. Currently, the main challenges faced by young people when they desire to enter the labor market are the following: difficulties in adapting theoretical knowledge to practical skills, lack of qualifications in some areas that are better paid, a small number of jobs, low-paid wages, geographical influences, cultural and social factors, insufficient training in line with the demands of employers. According to Eurostat (2016), 16% of young people aged 15-34 reported that their workplace did not correspond to their level of education.

Moreover, in the same study is mentioned that young people leave the parental home only after the age of 25 for women and 27 for men. An explanation for this circumstance is the high level of costs when living in major cities, where large employers are located. Another reason would be the high cost of apartments and houses, compared to their wages. In such circumstances, most commonly young people resort to a mortgage for a primary residence, but even here the conditions are rather strict.

With respect to preferences regarding any particular area or job, the most young Europeans advocate for the sector of services, and most commonly for areas such as IT&C, robotics, R&D, education, entrepreneurship. Also, many young people prefer to work as a freelancer because they manage their time as they desire, and the earnings are quite high, especially in IT&C. Among the main factors that most attract young people to a job are: high incomes, professional and personal development, international travel opportunities, a friendly and competitive working environment as well as employers that support their development. Among the main employers preferred by young Europeans are: Google, Microsoft, IBM, BCR, PwC, KPMG, Deloitte, EY, General Electric, Intel (Universum, 2018).

5. CONCLUSIONS AND RECOMMENDATIONS

Nowadays, young people need to be prepared when facing the challenges of the European labor market, as employers' demands are increasingly varied and demanding. In order to achieve this, a strong connection is required to be created between governments, schools, organizations and employers. Helping young people to enter and remain on the labor market will generate positive effects for countries, such as economic growth and social stability.

Although a various number of measures has been enacted in order to support young people on the EU labour market, in most cases they have not fully succeeded in achieving their goals.

Below I will propose several recommendations for supporting young people in the process of transition from school to work. Within schools, emphasis should be given on early career guidance courses for students. Young people should be advised of the requirements of the contemporary labor market, to ensure that they will not waste their time studying in a field for which there are no jobs.

Another recommendation would be an extensive promotion of entrepreneurship among students. It is well-known that entrepreneurs are the engine of a country's economic growth and young people are those that have the most innovative ideas, therefore motivation towards entrepreneurship will bring positive effects both for the countries and for society. Moreover, it would be appropriate to create a national entrepreneurial culture among young people.

Ultimately, young people have been affected by the EU labor market transformations in recent years, due to demographic changes, migration and digitization. These adjustments have turned workplaces into more and more demanding ones, therefore young people represent a particular category of individuals who should be most supported in looking for and retaining a job, all this because young people constitute the present and the future of a strong and competitive European Union.

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