



# **Dimensions of the Youth Unemployment Problem within the European Union through the Last Decade**

**Assist. Prof. Taner Ismailov, PhD<sup>1</sup>, Researcher Alexandrina Alexandrova, PhD<sup>2</sup>**

<sup>1</sup>D. A. Tsenov Academy of Economics Svishtov, Bulgaria

<sup>2</sup>D. A. Tsenov Academy of Economics Svishtov, Bulgaria

## **Abstract**

The negative impact that youth unemployment has on the European Union's economy is among the major problems faced by the Union in the last decade. In the economic space, there are many different approaches for examining the problem, but the authors of this study believe that to analyse the youth unemployment rate's dynamics in the European Member States and to compare its' values to the Average European youth unemployment rate is among the most efficient ways to get the "whole picture,, of the problem. Youth unemployment is an important indicator of a social, cultural and economic dimension.

Unemployed young people, whose main source of income are social assistance benefits and payments are among the poorest members of the society. Youth unemployment is a phenomenon that has a negatively impact on the labour market not only in the short but also in the long term. The lack of possibilities for young people to gain professional experience at a young age often creates prerequisites for their permanent exclusion from the labour market over the long term, which makes them "long-term unemployed".

Examination of the youth unemployment problem goes through an analysis of the indicators rate dynamics, which allows researchers timely to identify, and on the other hand by prompting public discussion to ensure taking adequate measures on the employment policy pursued by the government. The significantly high youth unemployment rates within the European in the last decade require their governments to take actions to reduce it and to limit its long-term negative effects.

**Keywords:** Youth unemployment, Labor market, European Union

## **1. Introduction**

Youth unemployment is among the most significant problems faced by the European Union's Member States governments. The youth unemployment phenomenon impacts negatively on the labour market not only in a short-term but also in the long-term. A complex mix of demographic, economic, institutional and individual factors influences the success or failure of young people to find and maintain decent work at country level. ( International Labour Office, 2017) The European Union young population's inability to find a job and to achieve successful career development at an early age often creates prerequisites for a permanent labour market exclusion in a long-term, or in other words - making them "long-term unemployed".



The "youth unemployment" is a particularly relevant and significant topic within the European Union, which raises a number of issues, as a problem at local and community level. The local and European government's failure to take adequate measures for overcoming it creates preconditions for worsening the conjecture in all spheres of the economic and social life.

Examining the dynamics of unemployment rates in countries is among the most important indicators in terms of defining the state of their economic conjuncture. The main and the most applicable in both the scientific field and in practice measure for determining the unemployment level is the unemployment rate. It is an important indicator of social and economic dimensions. Increasing the unemployment rate, on the one hand, leads to loss of income for individuals and on the other hand – to increase pressure on government spending on social assistance benefits and the reduction of tax revenues. Employment is the fundamental prerequisite, ensuring the social status of the individual through the provision of a goal, income, social security, and hence the individual's inclusion in the society, respectively the availability of high level of unemployment deprives the individual of the possibility of social inclusion.

There are many definitions of "unemployment". The most widespread and applicable definition, according to the standards and constraints set out by the International Labour Organisation (ILO)<sup>1</sup> and the European Labour Law, states that: "unemployed persons include those aged 15-74 who do not work; they have been actively looking for work over a four-week period; or have already found it and will start working within three months" (Infograf, 2017). "The unemployment rate is probably the best-known labour market measure and certainly one of the most widely quoted by media in many countries. The unemployment rate is a useful measure of the underutilization of the labour supply. It reflects the inability of an economy to generate employment for those persons who want to work but are not doing so, even though they are available for employment and actively seeking work. It is thus seen as an indicator of the efficiency and effectiveness of an economy to absorb its labour force and of the performance of the labour market." (International Labour Organization, 2018). The unemployment level is measured by the unemployment rate, which is: "the relative share of the unemployed from the economically active population (labour force)" (National Statistical Institute, 2017). The youth unemployment rate is the number of unemployed 15-24 year-olds expressed as a percentage of the youth labour force. Unemployed people are those who report that they are without work, that they are available for work and that they have taken active steps to find work in the last four weeks. (OECD, 2018)

Particularly relevant in recent decades problem, faced by the governments of most EU Member States, is the increase of the youth unemployment. Youth are three times as likely as adults to be unemployed. Globally, the rate of youth to adult unemployment rates has changed insignificantly in recent years, serving to illustrate the particularly disadvantaged situation of young people in the labour market. (International Labour Office, 2017). According to The 2014 *Global Risks Report* highlighted the risk that the global financial crisis would create a "lost generation". It pointed to youth unemployment as a corrosive legacy, with the capacity to hinder young people's integration into traditional patterns of economic life, such as earning, saving and building careers. Among the specific issues raised were long-term unemployment; low-quality, part-time and temporary employment; weak links between education and work; the impact of demographic change and migration; and increasing pressures on social protection systems." (Global Risks Report 2014, 2014)

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<sup>1</sup> The International Labour Organisation is an international governmental organisation established in 1919. An essential and unique feature of the ILO is its tripartite structure. Its main bodies consist of representatives of the state (government representatives), employers and employees (their organisations) in a ratio of 2:1:1. "The only tripartite U.N. agency, since 1919 the ILO brings together governments, employers and workers of [187 member States](#), to set labour standards, develop policies and devise programmes promoting decent work for all women and men." (<https://www.ilo.org>)



Unemployed young people, whose main source of income is social assistance benefits and payments, on the one hand, are among the poorest members of society and on the other hand, they are one of the most vulnerable in terms of social inclusion groups in society. The presence of youth unemployment is a phenomenon that has a negative impact on the labour market not only in the short term but also in the long term. The inability of young people to realise professionally at young age often creates prerequisites for their permanent exclusion from the labour market over the long term, which makes them “long-term unemployed”. Overcoming these negative effects in youth is significantly more difficult than for the older members of the population. It is no coincidence that the increase in youth employment respectively the reduction of youth unemployment is a priority for not only governments but also it is a key objective of the UN, set aside among the “Millennium Development Goals”.

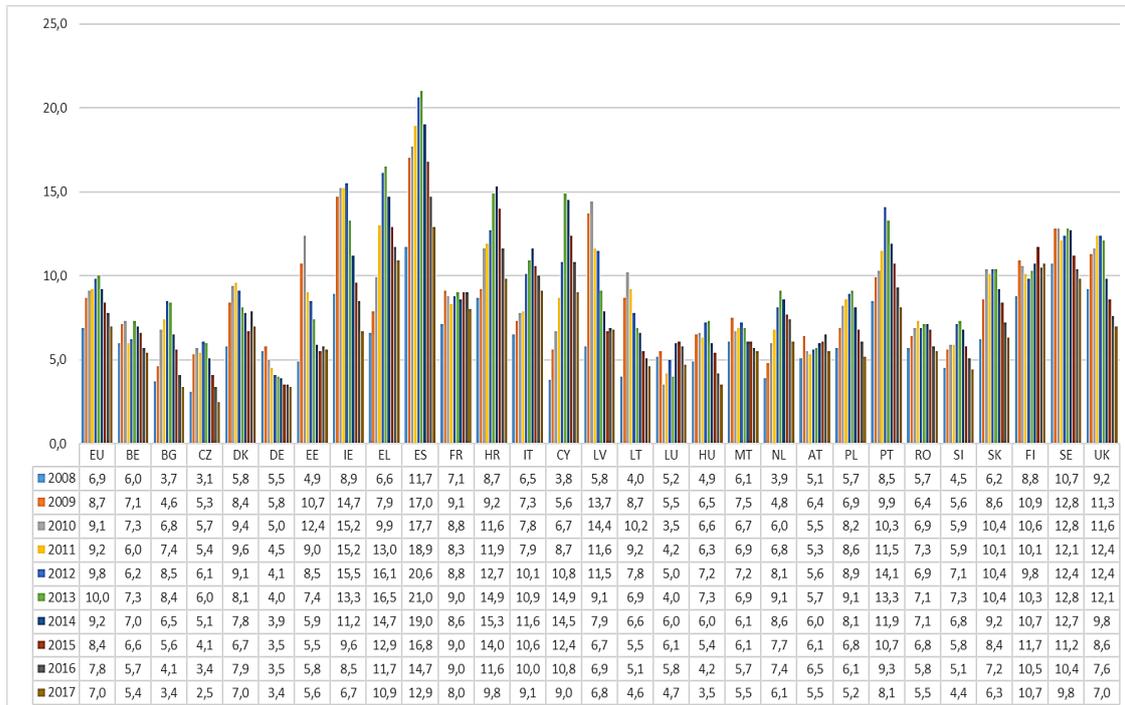
## **2. Body of paper**

Defining “youth unemployment” goes through the following reference points:

- UN and ILO define youth unemployment as “the share of labour force aged 15-24 who do not work; who have been actively looking for work with a willingness to start it” (Millennium Development Goals Indicators, 2017).
- A significant share of the people in the 15-24 age group is not covered by the labour force because they regularly attend school / university, and are on extra leave to raise a child up to the age of 2, which means that each unemployed person has a greater impact on the unemployment rate compared to other age groups, where a large part of those working in the economy are concentrated (Infograf, 2017).
- The youth unemployment rate measures the unemployment among those aged 15-24, and shows the proportion of labour force of those in the respective age group who are actively looking for work.

This study examines the youth unemployment dynamic in the European Union Member States. The period examined in the study is ten years, including statistics officially provided by Eurostat (Eurostat, 2018) from 2008 to 2017.

*Youth unemployment rate within the EU - Age: 15-24 years, Unit: Percentage of total population*

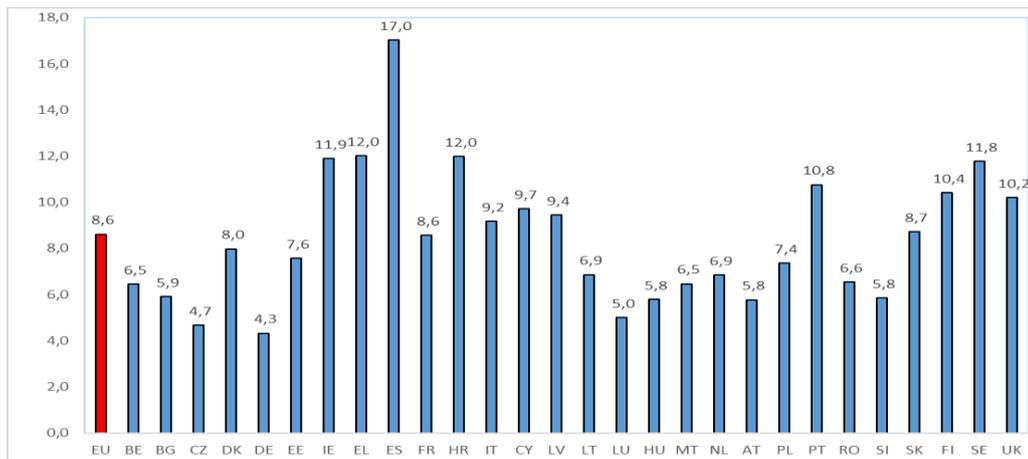


Source: Eurostat

Measured as a percentage of the total number of population, the youth unemployment rate in the European Union ranges from 6.9% in 2007 to 10.0% in 2013. It is particularly noteworthy that the youth unemployment levels in the European Union are the highest in the period 2010 – 2013, which is explicable by the fact that during the same period the adverse effects of the raging Global Financial Crisis have the most significant impact.

*Average Youth unemployment rate within the EU – 2008-2017,*

*Age: 15-24 years, Unit: Percentage of total population*



Source: Eurostat

The highest recorded levels during the survey period are observed in Spain, Ireland and Greece, respectively 21% in 2013, 16.5% in 2013 and 15.5% in 2012. The lowest rates of youth unemployment

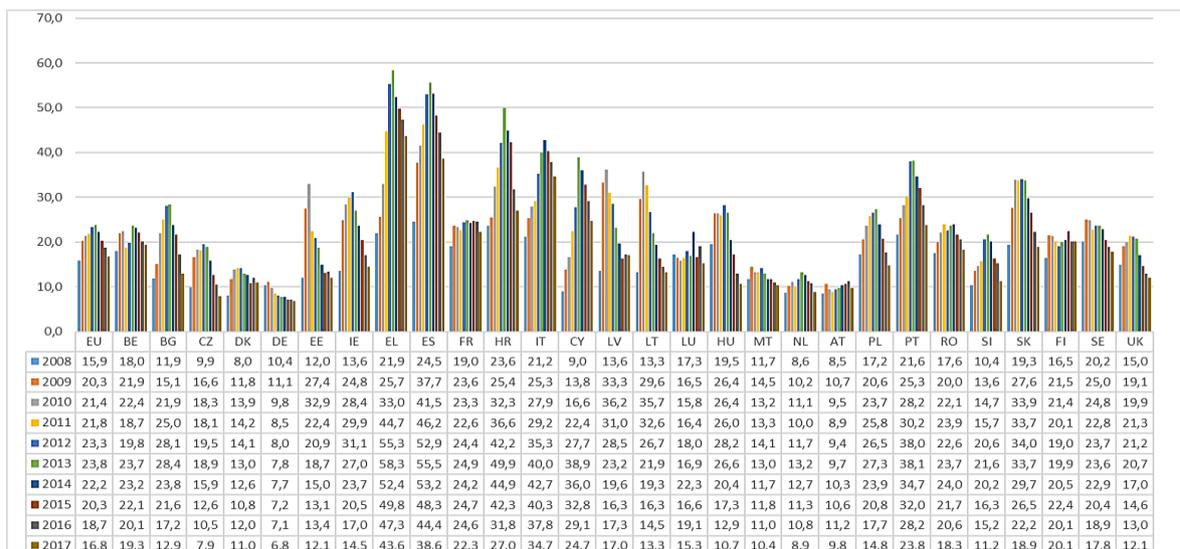


are observed in the countries with the most developed and sustainable economies in the European Union conducting a purposeful and expansive policy such as Germany and the Czech Republic with correspondingly lower levels for the ten-year period of 3.4% and 2.5% in 2017.

The average values of the youth unemployment indicator, expressed in relation to the total population in the EU Member States for the ten-year period from 2008 to 2017 registered a value of 8.6% for the Union. Among the countries with the highest levels of youth unemployment in the Community are Spain, Croatia, Greece and Ireland with resp. 17%, 12%, 12% and 11.9%. The lowest values of the indicator are observed in Germany, the Czech Republic and Lithuania – 4.3%, 4.7% and 5.0%.

The increase in the share of unemployed youth is due to a number of factors influencing this vulnerable social group. First among these factors is the lack of professional experience and competences among young people. In times of rising unemployment rates and the availability of more unemployed professionals and experts with accumulated professional experience on the labour market, employers prefer to recruit those, which further exacerbates the level of youth unemployment.

*Youth unemployment within the EU, Age: Less than 25 years, Unit: Percentage of active population*



Source: Eurostat

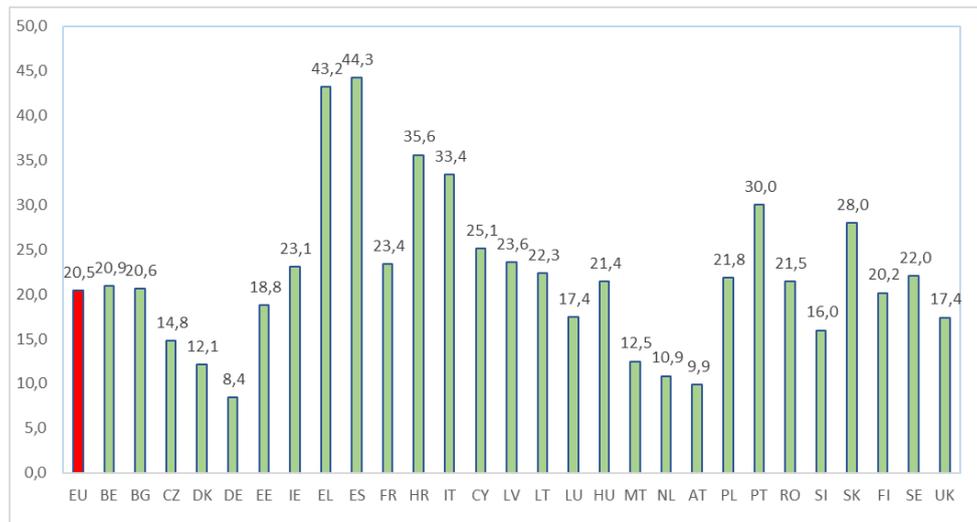
Data on the youth unemployment rate, expressed as a percentage of the working population in the European Union, outlines a different situation that raises a number of issues concerning the adequacy of the unemployment policy at EU and local level. Over the survey period, the levels of the coefficient in the EU range from 15.9% in 2008 to 23.8% in 2013.

The level of the indicator in 2013 is impressively high in Greece, Spain and Croatia with respectively 8.3%, 55.5% and 49.9%. Despite the fact that when measuring the youth unemployment under the age limit of 25, it should be taken into account its increased level for reasons such as continuing education, lack of professional experience and unwillingness to enter the labour market. The registered levels of more than 50% in these countries are indicative of the lack of adequate policies in the field of the youth unemployment, social inclusion, etc. The data for the indicator in countries such as Spain and Greece in 2013 exceeds five times the levels in Austria and the Netherlands. In the course of carrying out the comparative analysis, it is clear that after 2013 there is a tendency to decrease the level of youth unemployment in most EU Member States. The reason for this can be found in two directions – the first direction – the post-crisis recovery of the European economy and the gradual improvement of the labour



market situation; the second one – the measures taken to stimulate youth employment. These include programmes and projects promoting youth employment funded by the European Union and in particular the European Social Fund, which realise “programmes aimed at young people and providing them employment, internship or training” (Boseva, 2015).

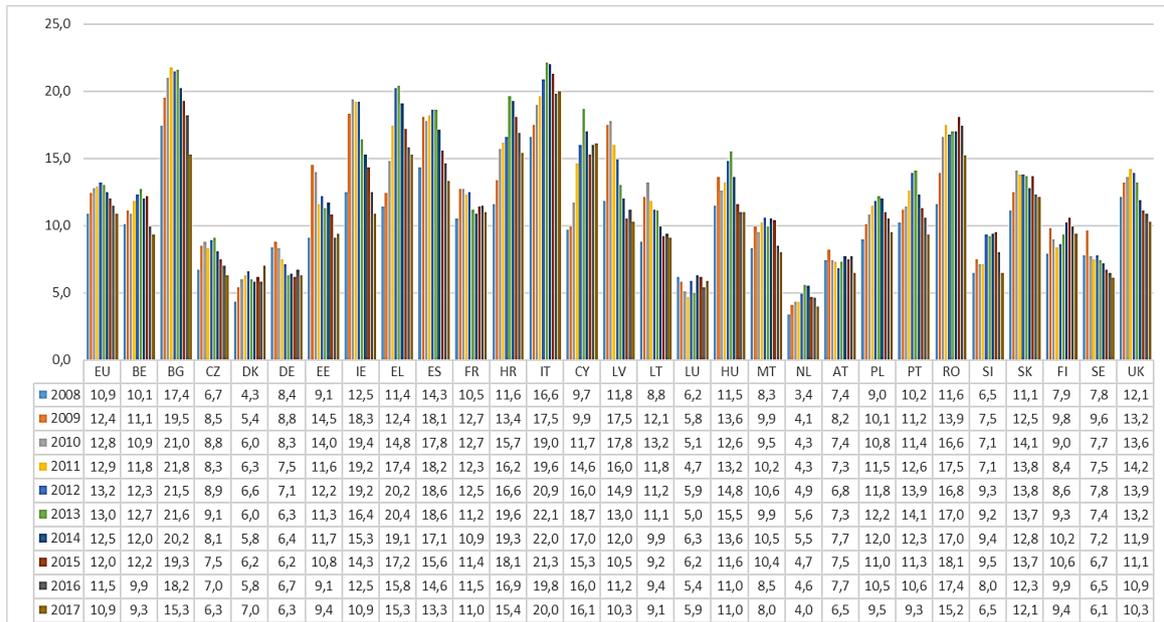
*Average Youth unemployment rate within the EU – 2008-2017,  
Age: Less than 25 years, Unit: Percentage of active population*



*Source: Eurostat*

The average values of the youth unemployment rate, compared to the total population in the EU Member States for the ten-year period from 2008 to 2017 registered a value of 20.5% for the European Union. The highest average levels of the indicator for the survey period are observed in Greece and Spain, respectively 43.2% and 44.3%, and the lowest – in Germany and Austria – 8.4% and 9.9%.

*Young people aged 15-24 neither in employment nor in education and training (NEET), Unit:  
Percentage of total population*



Source: Eurostat

The research on the “youth unemployment” problem within the European Union requires the consideration of the values of another key indicator in terms of performing an accurate analysis – Young people aged 15-24 neither in employment nor in education and training. It affects young people of working age who, on the one hand, do not train or improve their skills and qualifications, and on the other hand, they are not employed. The level of this indicator is of utmost importance for both local and European economies as it provides the necessary information on the proportion of young people in the most vulnerable group at risk of social exclusion and poverty in the long term. The data for European Union during the ten-year survey period shows the lowest figures in 2008 and 2017 – 10.9 % and the highest – in 2012 – 13.2%. The highest levels of "Not in Education, Employment or Training" (NEET) during the period 2008 – 2017 are observed in Bulgaria, Greece, Italy, Cyprus and Romania. The high levels of the indicator in these countries are due to several factors, the main one being a high percentage of students dropping out of the education system (Indicators to support the Europe 2020 Strategy, 2016).

### 3. Conclusion

The empirical data analysed in the course of the present study allows summarising the following most important conclusions:

*Firstly*, youth unemployment is a significant social and economic problem and taking measures for overcoming it a “must do” priority of each country. The impossibility of limiting the level of youth unemployment leads to negative effects on the labour market not only in the short-term but also in the long term.

*Secondly*, the level of youth unemployment ratio, expressed in relation to the total population of the European Union shows that the levels recorded in the Community are the highest during the period 2010 – 2013, a trend whose primary focus can be found on the emergence of the negative effects of the Global Financial Crisis.

*Thirdly*, the average levels of all the indicators analysed in this paper during the period 2008 – 2017 indicate that the highest figures are those in the countries whose economies were among the most



affected by the Global Economic Crisis, namely Spain, Ireland and Greece and the lowest – countries traditionally pursuing expansive social policy such as Germany and Austria.

**Fourthly**, during the period after 2013, in all European Member States, there is a tendency to reduce the level of youth unemployment, the main prerequisite for this is the post-crisis recovery of the economies of the Member States in particular and of the EU as a whole.

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