

## FACTORS INFLUENCING YOUTH EMPLOYMENT IN EU

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**Abstract.** Youth unemployment is not only a challenge in Europe but also a global issue, with varying degrees of severity across different countries. The causes and potential solutions for youth unemployment differ widely, highlighting the need for tailored approaches. Given the long-term risks associated with prolonged unemployment, addressing this issue is crucial, as young people represent the future potential of every nation.

This topic has garnered significant media attention and has been a prominent discussion point in various business and policy forums. Within the European Union, youth unemployment is a high priority on the policy agenda. The European Commission has recently launched the “Youth Opportunities Initiative” to support unemployed young people. This initiative aims to provide funding for apprenticeship and entrepreneurship programs, facilitate company placements, and offer guidance for young individuals with business ideas.

Current levels of youth unemployment need to be understood in the context of increased labor market flexibility, an expansion of higher education, youth migration, and family legacies of long-term unemployment. Compared with previous recessions, European-wide policies and investments have significantly increased with attempts to support national policies. We argue that understanding youth unemployment requires a holistic approach that combines an analysis of changes in the economic sphere around labor market flexibility, skills attainment, and employer demand, as well as understanding the impact of family legacies affecting increasingly polarized trajectories for young people today.

**Keywords:** youth unemployment, family, over-education, migration, labor market flexibility, labor market policy, European Commission, employment,

### *Introduction*

The recent economic crisis has had a significant impact on young people, but its effects vary greatly across Europe. Countries that were most affected by the financial crisis have seen particularly high rates of youth unemployment (International Labour Organization [ILO], 2012a; O'Higgins, 2012). The "scarring" effects of long-term unemployment in youth can have lasting repercussions, including lower lifetime earnings, a higher likelihood of future unemployment, increased precarious employment, and poorer health and well-being, with these effects persisting for over two decades (Bell & Blanchflower, 2011).

John Martin (2012), former director for Employment, Labour and Social Affairs at the OECD, highlights a key difference between today's youth unemployment and that of the 1980s: a notable increase in long-term unemployment among specific groups of youth, particularly those

whose parents experienced unemployment during previous recessions. This "inheritance" of disadvantage contributes to persistent generational challenges for some young people.

Based on a thorough review of research and ongoing discussions about youth unemployment definitions, five core characteristics define the current landscape. First, widespread labor market flexibility complicates young people's ability to secure stable employment pathways. Second, ongoing debates about skills and qualifications play a crucial role in this issue.

Mismatches between educational outcomes and the evolving skill requirements of employers highlight how the expansion of education has not kept pace with labor market needs. Additionally, youth migration within the EU has become more extensive, selective, and diverse compared to previous recessions. Family work histories contribute to new forms of polarization among younger generations, further complicating their employment prospects.

Moreover, the EU has significantly expanded its role in promoting and investing in policies aimed at supporting both national and EU-level initiatives. Given these distinctive characteristics, we contend that the solutions policymakers develop for various groups of young people will be influenced not only by how youth unemployment is framed in different institutional contexts but also by the interplay between historical policy legacies addressing youth unemployment and recent EU initiatives.

### ***Method and materials***

Prolonged unemployment or joblessness in specific professions can hinder young people from enhancing their educational and professional skills, potentially leading to personal degradation and social issues, such as rising divorce rates and increased crime. Young people represent a crucial segment of the labor supply and are vital contributors to the workforce. Thus, investments in their professional training and targeted employment, even amid challenging socio-economic conditions, can yield significant long-term benefits for a country's socio-economic development.

A thoughtful approach to youth employment is essential, as persistent unemployment and underemployment can lead to significant social unrest. Consequently, the role of state regulators in the labor market is becoming increasingly important. Enhancing employment regulation within youth employment policies can substantially improve conditions in both regional and national labor markets.

Youth employment is influenced by various factors, categorized into two main groups: objective and subjective.

1. **Objective Factors:** These are often institutional and include aspects such as available jobs, vocational training programs, employment services, and the overall economic climate's impact on employment opportunities.
2. **Subjective Factors:** These relate directly to young individuals, encompassing their readiness for work, value orientations, and psychological characteristics.

Identifying these influencing factors allows for a more objective evaluation of state regulation in youth employment across different levels—local, regional, and national—and over both short and long terms. This understanding is crucial for shaping effective state policies that prioritize youth employment.

Employment in the EU is influenced by a variety of factors, including:

1. **Economic Conditions:** Economic growth or recession impacts job creation. A strong economy typically leads to higher employment rates, while downturns can result in layoffs and increased unemployment.
2. **Labor Market Policies:** Regulations regarding minimum wage, employment contracts, and labor rights can affect hiring practices and job security.
3. **Education and Skills:** The level of education and skills among the workforce influences employability. Countries with higher education levels tend to have lower unemployment rates.

4. **Demographics:** Aging populations, youth unemployment, and migration patterns can shape labor market dynamics, affecting the availability of workers and job demand.
5. **Technological Change:** Automation and digital transformation can lead to job displacement in some sectors while creating new opportunities in others.
6. **Globalization:** International trade and competition can impact local job markets, with some industries facing job losses while others may expand due to increased exports.
7. **Social and Cultural Factors:** Attitudes towards work, gender roles, and cultural expectations can influence workforce participation rates and job availability.
8. **Regional Disparities:** Economic conditions vary significantly across EU regions, affecting employment opportunities. Urban areas often have more job openings compared to rural regions.
9. **Public Investment:** Government spending on infrastructure, education, and social programs can stimulate job creation and enhance workforce skills.
10. **Political Stability and Policies:** Political decisions and stability can impact investor confidence and economic conditions, influencing employment levels.

Each of these factors interacts in complex ways, shaping the overall employment landscape in the EU.

### **Results and discussion**

The European Commission defines "youth" as individuals aged 15 to 29. The minimum age for this demographic is typically based on when young people graduate and begin working, which varies by country. In this context, "young unemployed" refers to those who are unemployed, available for work, and actively seeking employment in the past four weeks. The youth unemployment rate represents the percentage of unemployed youth within the overall youth labor force, and it is recognized as a significant political issue across various countries, irrespective of their development status.

The data shows youth unemployment trends across different income groups from 1995 to 2022:

- **World Total:** Declined from 48.8% in 1995 to 34.1% in 2022, with men consistently facing higher rates than women.
- **Low-Income Countries:** Youth unemployment remains high, with totals decreasing slightly from 52.2% in 1995 to 44.9% in 2022.
- **Lower-Middle Income Countries:** A notable decline from 41.7% in 1995 to 28.1% in 2022, with men experiencing higher unemployment than women.
- **Upper-Middle Income Countries:** Unemployment dropped from 58.5% in 1995 to 37.5% in 2022, with men also showing higher rates.
- **High-Income Countries:** The rate fluctuated slightly but remained around 40.6% in 2022.

The uncertainty surrounding labor market prospects for young people is considerable. Key risk factors influencing these projections include the ongoing effects of the COVID-19 crisis, geopolitical tensions, macroeconomic challenges like supply chain disruptions and rising inflation, and potential long-term damage to labor markets (ILO 2022). Additionally, uncertainties persist regarding employers' reliance on young workers during recovery and the speed at which they can enter the labor market as they begin their careers. The sharp decline in the employment-to-population ratio (EPR) for young people observed in previous decades slowed down in the years leading up to the COVID-19 pandemic. From 1995 to 2015, the global EPR among youth dropped from 48.8% to 36.9%, reflecting an average annual decrease of nearly half a percentage point. This decline was most pronounced in upper-middle-income countries, while low- and high-income countries experienced more modest changes. Regionally, Eastern and Southern Asia saw the largest decreases, whereas sub-Saharan Africa showed relatively stable rates, and Northern, Southern, and Western Europe maintained their EPRs.

During the employment boom in high-income countries from 2015 to 2019, the youth EPR began to recover, while the decline in middle-income countries slowed significantly. A key factor driving the decrease in EPR in nations with rising living standards is the increasing enrollment in education, as more affluent families prioritize educational advancement for their young members.

However, declining EPRs can lead to higher rates of NEET (Not in Education, Employment, or Training), which became particularly concerning in 2020.

Young women have significantly lower employment-to-population ratios (EPR) compared to young men, and this gender gap has remained persistent over the past two decades. In 2021, only 27.1% of young women globally were employed, compared to 39.6% of young men, indicating that young men are nearly 1.5 times more likely to be employed. The largest gender gap is found in lower-middle-income countries, at 16.8 percentage points, while the smallest gap is in high-income countries, at 2.5 percentage points.

Regional disparities in the gender gap are stark. In the Arab States, the gap reaches around 30 percentage points, with men being seven times more likely to be employed than women. Young women in Northern Africa and Southern Asia also encounter significant employment barriers compared to their male peers. Factors contributing to these disparities include restrictive social norms, gender discrimination, and unequal caregiving responsibilities.

A comparison of world regions reveals four distinct patterns regarding the challenges young women and youth, in general, face in securing employment:

1. **Northern Africa, Arab States, and Southern Asia:** These regions experience large gender gaps and low EPRs among young men, highlighting a dual challenge of severe gender discrimination and limited job opportunities for youth.
2. **Eastern Europe:** Here, there is a small gender gap, but the overall EPR for young men is also low, indicating a shared struggle for employment among both genders.
3. **Latin America and the Caribbean:** Young men find it relatively easier to secure jobs, yet the significant gender gap points to ongoing challenges related to gender equality.
4. **Remaining Regions:** In these areas, gender gaps are below the global average, and the EPR for young men either meets or exceeds the average, suggesting better overall employment conditions.

As economic activity resumes, sectors that were hardest hit are likely to see a strong increase in labor demand, which could boost their employment shares again. However, some lasting effects may persist; for instance, tourism-related sectors might take longer to fully recover. The rise of remote work and e-commerce will likely continue to influence sectors like retail trade and commercial real estate.

Moreover, those who lost their jobs during the crisis may have a better chance of being rehired than young people entering the labor market for the first time in those sectors. This experience could also lead young people to reconsider their career paths. Structural changes may create new opportunities for youth, especially in growing sectors, provided they acquire the necessary skills.

It remains uncertain whether the crisis has broadly accelerated structural change, but in areas like information technology, this seems likely (ILO 2022). Education systems must adapt to equip young people with the foundational skills needed for these emerging sectors, especially given the disruptions to learning caused by the pandemic. Similarly, employers will need to enhance their training efforts, as it is unlikely that there will be enough skilled young workers readily available in the labor market.

## Conclusion

In recent decades, worldwide disparities in economic growth trends appear to be the result of a combination of “traditional” factors – linked in particular to the efficiency of labor market mechanisms – and elements of the “new economy” that reflect the size of the ICT manufacturing industries, but also the pace of the adoption of this technology by the other industries of the economy. At the same time, we have to also take into account the political and institutional framework that contributes to shaping the business conditions for the existing companies and the new entrepreneurial activities, which can determine the differences in the countries’ ability to bring innovations in the developing industries and to adopt the latest technologies. At the EU level it is estimated that, in all Member States, the economic growth will continue after the post-crisis period

based on a strong domestic demand, an increase in the employment rate and a reduction in financing costs. The expected growth, however, is not without potential international risks, such as a new escalation of trade conflicts and deficiencies on the emerging markets.

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## ӘСЕР ЕТЕТІН ФАКТОРЛАР ЕО-ДА ЖАСТАР ЖҰМЫСЫ

**Аннотация:** Жастар арасындағы жұмыссыздық Еуропадағы проблема ғана емес, сонымен қатар әртүрлі елдердегі ауырлық дәрежесі әртүрлі жаһандық проблема болып табылады. Жастар арасындағы жұмыссыздықтың себептері мен ықтимал шешімдері әртүрлі, бұл жеке тәсілдердің қажеттілігін көрсетеді. Ұзақ мерзімді жұмыссыздықпен байланысты ұзақ мерзімді тәуекелдерді ескере отырып, бұл мәселені шешу өте маңызды, өйткені жастар әр ұлттың болашақ әлеуетін білдіреді.

Бұл тақырып бұқаралық ақпарат құралдарының назарын аударды және әртүрлі бизнес және саясат форумдарында талқылаудың маңызды нүктесі болды. Еуропалық Одақ шеңберінде жастар арасындағы жұмыссыздық саясаттың күн тәртібіндегі басты басымдық болып табылады. Жақында Еуропалық Комиссия жұмыссыз жастарды қолдау мақсатында "Жастар Мүмкіндіктері Бастамасын" бастады. Бұл бастама шәкірттік және кәсіпкерлік бағдарламаларды қаржыландыруды қамтамасыз етуге, компанияларды орналастыруды жеңілдетуге және бизнес-идеялары бар жастарға ұсыныстар беруге бағытталған.

Жастар арасындағы жұмыссыздықтың қазіргі деңгейін еңбек нарығындағы икемділіктің жоғарылауы, жоғары білімнің кеңеюі, жастардың көші-қоны және ұзақ мерзімді жұмыссыздықтың отбасылық мұрасы тұрғысынан түсіну қажет. Алдыңғы рецессиялармен салыстырғанда, жалпыеуропалық саясат пен инвестициялар ұлттық саясатты қолдауға бағытталған күш-жігердің арқасында айтарлықтай өсті. Біз жастар

арасындағы жұмыссыздықты түсіну еңбек нарығының икемділігіне, біліктілікті арттыруға және жұмыс берушілердің сұранысына байланысты экономикалық саладағы өзгерістерді талдауды, сондай-ақ қазіргі жастар үшін барған сайын поляризацияланған траекторияларға әсер ететін отбасылық мұраның әсерін түсінуді біріктіретін біртұтас тәсілді қажет етеді деп санаймыз.

**Кілт сөздер:** жастар арасындағы жұмыссыздық, отбасы, артық білім, көші-қон, еңбек нарығының икемділігі, еңбек нарығының саясаты, Еуропалық Комиссия, жұмыспен қамту.

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## **ФАКТОРЫ, ВЛИЯЮЩИЕ ЗАНЯТОСТЬ МОЛОДЕЖИ В ЕС**

Безработица среди молодежи является проблемой не только в Европе, но и глобального масштаба, причем в разных странах она имеет разную степень остроты. Причины и возможные решения проблемы безработицы среди молодежи сильно различаются, что подчеркивает необходимость применения индивидуальных подходов. Учитывая долгосрочные риски, связанные с длительной безработицей, решение этой проблемы имеет решающее значение, поскольку молодые люди представляют собой будущий потенциал каждой нации.

Эта тема привлекла значительное внимание средств массовой информации и стала важной темой для обсуждения на различных деловых и политических форумах. В Европейском союзе проблема безработицы среди молодежи является приоритетной в политической повестке дня. Недавно Европейская комиссия запустила “Инициативу по расширению возможностей молодежи” для поддержки безработной молодежи. Эта инициатива направлена на обеспечение финансирования программ обучения и предпринимательства, содействие трудоустройству в компании и предоставление рекомендаций молодым людям с бизнес-идеями.

Нынешний уровень безработицы среди молодежи необходимо рассматривать в контексте повышения гибкости рынка труда, расширения сферы высшего образования, миграции молодежи и семейного наследия, связанного с длительной безработицей. По сравнению с предыдущими рецессиями, общеевропейская политика и инвестиции значительно возросли благодаря попыткам поддержать национальную политику. Мы утверждаем, что понимание проблемы безработицы среди молодежи требует целостного подхода, который сочетает в себе анализ изменений в экономической сфере, связанных с гибкостью рынка труда, приобретением навыков и спросом со стороны работодателей, а также понимание влияния семейного наследия, влияющего на все более поляризованные траектории молодых людей сегодня.

**Ключевые слова:** безработица среди молодежи, семья, избыточное образование, миграция, гибкость рынка труда, политика рынка труда, Европейская Комиссия, занятость.