

YOUTHS AND THE LABOUR MARKET IN A CHANGING ECONOMY AND SOCIETY

Univ.Prof.PhD.Mariana BĂLAN,
University „Athenaeum” of Bucharest

Abstract

Youths on labour market have particularities and specifics which distinguish them from all other vulnerable groups on labour market. However, at the same time, it could be mentioned that youths and the labour market for youths is a miniature reflection, but for few exceptions, of the situation faced by all vulnerable groups on labour market.

In order to understand the youths' labour market, and in particular, the situation they face in the transition from school to work, the demographic, psychological-social, and economic characteristics of this group should be analysed. To these is added the fact that they enter into a volatile labour market, undergoing a process of structural change under the intensified impact of the transformations triggered by the intensive digitalisation and automation of all sectors of activity leading to the destruction and disappearance of jobs much swifter than the developments of the entire economy and of the productive and services' sectors, etc. of creating and generating new jobs.

The paper presents a synthesis of the characteristics and particularities of labour market among the young generation.

Key-words: *Y generation, vulnerabilities, characteristics, labour market segmentation*

JEL Classification: *J13, J21, J24, J42, J44, J82*

1. Introduction

The youth labour market is one of the most concerning topics which is approached, from various perspectives, within all economic and social

umbrella-structures: the International Labour Organisation, OECD, G-20, etc. all of them underpinning that the current situation of youths is one of the most difficult at world level. In this context, the relatively identical statements and the similarity regarding the pursued objectives at EU-28 and G-20 level is noticeable when dealing with the situation of youths on labour market. A comparative analysis between the flagship initiatives of EU-28 included in the “Europe 2020” Strategy and the objectives aimed by regarding policies aimed directly at the young generation (1) highlights the imperative of intensifying actions pursuing a better integration of youths on labour market, but also attaining better performances with respect to youths’ employment.

In the specialised literature the current debate is increasingly more often about the generations of youths called generically the “Y generation”, who on medium- and long-term shall be one of the dominant components on labour market. This generational category includes the youths born by the end of the eighties and the beginning of the nineties. They are characterised, first of all, by the political, social and economic conditions in which they were born, spent their first school years, and attended the various educational levels, including those of vocational-professional training in an extremely fluid environment of vast political, economic, social and technological changes. They are the generation brought up and educated in period when, by and large, economic growth was recorded and supported at global level, Europe was in full process of political changes and of eastern expansion, of improved and intensified social actions aimed at eliminating discrimination and, especially, they are the generation who learned about and fully put to good use the opportunities provided by the new technologies of information and communication. Personal computers, internet, but also the applications used by industry, education and culture in increasingly more fields of the daily life contributed together with the other above-mentioned components to cultural and mentality changes of these generations. From this viewpoint, some of the changes that altered to a certain extent the characteristics of these generations are:

- i) an increased level of expectations and requirements regarding employers but also incomes and quality of the job (1);
- ii) an increased level of flexibility and higher availability towards changes in the environment, or of the conditions in which they develop their activity (2);
- iii) a higher willingness of exploring new possibilities and opportunities, which frequently is translated in the fact that they no longer consider as necessary, or even desirable to have the same employer, or work in the same activity sector for their entire life (3).

Nevertheless, conflict emerges from all these characteristics triggering a change of mentality and work culture in the case of youths, the realities on labour market on which they prepare to enter, and the dissonance between this perspective horizon of the youths and the possibilities of accessing the necessary resources for changing this horizon into reality.

2. Particularities of the youths' labour market

The labour market for the young generation is defined by the its specificities, respectively that it is aimed at a relatively narrow segment of the population, the one of the population aged between 15 and 29 years of age. The phenomenon of population ageing faced by all European countries leaves its fingerprint on the population segment aged between 15 and 29 years of age, meaning that increasingly more diminished cohorts of youths are assimilated into the active population, including here the labour force. The demographic situation from each country reflects on the educational system and on the one of vocational-professional training, but also on the perspectives of economic growth, and on the long-term social and human development.

Moreover, a relatively narrow market, where the final decision is not necessarily the one of the employers but of those seeking employment regarding the attractiveness degree of the job, tends to feed such expectations: high-skilled and specialised labour markets in high-tech fields, with extended applications also in other fields, such as medicine or even agriculture.

Regarding the realities in the labour market on which the youths intend to enter after graduating a certain educational level, or obtaining a certain skill degree we deal with the other facet of the coin which reveals some of the "weaknesses" of the Y generation:

- the reticence of employers in hiring young labour force: the financial-economic crisis followed by the one of the "social debts" amplified the contradiction between the above-mentioned expectations and the employers' demand for labour;
- the difficult situations in which youths often find themselves determine them to agree to unstable and uncertain contractual formulas, to compromises that favour, more often than not in the absence of well-regulated industrial relations at institutional level, the employer. Moreover, these contracts on determined periods, or even part-time, are often the solutions pushing youths towards survival solutions for them and their families in the "grey" areas thus changing them into potential candidates to social exclusion;

- a difficult transition because the training provided by the educational, or vocational-professional training system is behind compared the competences and skills demanded on the market.

Due to the above-mentioned, a first delimitation of *the youths' labour market* might be operated between the two poles: i) youths with a high-skilled training level, well-prepared for activities in high-skill and top fields, and ii) youths who did not succeed in taking advantage of the opportunities provided by the educational system, by the one of vocational-professional training which is placed at the opposite pole of low-skills, even inexistent skills.

The reasons for which at the low pole could not benefit by the advantages provided by the educational and training systems varies depending on the material and social condition of the family, on the youths' own material condition, on the conditions related to the intellectual capacity and on the ability to correctly asses his/her own possibilities and up to the circumstances determined by the external factors such as the institutional framework and its provisions for the employment of youths in the labour market (regulation degree, possibilities of access to information, orientation, training, continuing training, re-skilling, etc.) and for ensuring social protection according to the social development model adopted by each country.

Between these two poles, the majority of the entire Y generation youths can be embedded, for which solutions must be found on a labour market in full change at global, including European and national level.

A second necessary delimitation is given by the characteristics of the generation and of each individual regarding the approach towards labour market: the expectations faced with the immediate reality of identifying a job. In this context, for the vast majority is found the difference between labour demand and supply: the high expectations of the youths are faced, most often, with the expectations of the employer according to the labour demand triggered by the economic evolution on short-, and medium-term but also regarding the long-term perspective. Here, the achievement desire of the youths regarding the material and social aspect expressed, first of all in developing their career and expertise, differs completely from the demand of the employers: young and experienced.

The third essential differentiation is the one given between the development levels of the countries because labour markets are directly influenced by them: developed markets and economies, emerging markets and economies, and developing markets and economies. From this viewpoint, is found that most affected were advanced markets and economies where the redress of the youths' labour market is much slower with rather more "scarring" effects than in the case of emerging and

developing markets. Thus, in OECD countries the unemployment rate for youths was particularly high in the period 2007- 2012 (the year regarded frequently as the year of exiting the crisis, even though this first post-crisis years and the subsequent ones can be characterised as an uncertain and volatile exit). The unemployment increase was, in average, for these two years of reference between 7 and 10 percentage points for OECD countries, the average being of 17%, and for EU-28 of 23%, save for two countries that sent even more worrying signals, respectively Greece and Spain where, as result of the unemployment increase above this concern-raising average, over 50% of the young population continues to be unemployed.

Finally, *the last delimitation* between youths depends on the type of unemployment they find themselves in: voluntary or involuntary unemployment. The youths in voluntary unemployment are, most probably, in the youth category mentioned above as the Y generation, who have a high threshold of own expectations, who decide whether the available job is attractive enough from the viewpoint of the 'know-how', competences and specific high-skills they have. These youths are in transition from a previous job and in search of a new job but usually, due to the narrow supply on these markets, they will identify such a job in a short period of time (up to maximum within 60 days).

Those in involuntary unemployment are youths faced directly and immediately with the consequences of mismatches that might even intensify between labour demand and supply, as expressed on one hand by the demand of employers on labour market, and on the other hand by the outcomes (expressed in the number of graduates) provided by the educational systems adopted at national level.

Between these two categories of young unemployed, either in voluntary or involuntary unemployment, a specific niche emerged, the one of NEET youths (neither employed, or in education, or training), a heterogeneous and specific category which takes from the characteristics of both groups and who cover the entire range: from skills and competences that allow the employment in the labour market, to minimal skills and competences, or even inexistent ones; from the disinterest in seeking a job because the market does not seem sufficiently attractive or demanding, up to the discouragement after multiple failed attempts in identifying a stable job. This niche is the one giving raise to most debates and concerns, precisely due to its heterogeneous character, to the multitude of circumstances and conditions that led to its formation. The NEET definition itself is still in full process of being clarified, formulated and finished, because the NEET condition is diverse, variable, with complex reasons such as psychological, emotional, and including mental and physical health grounds, related to the work incapacity on short- or long-term, physical or mental disabilities, or to

the fact that they dedicate themselves to caring for a family member in difficult medical circumstances, and even reasons of social and material nature.

The increase of the NEET percentage in the period 2007-2015 was dramatic, signalling the changes that the youth labour market will be subjected to in the future, but also the fact that the economic recovery by leaving aside this category, despite the increasingly more frequent warning signals at the level of international and European institutions within the institutional arrangements aimed at the labour market brings with it severe political, economic and social risks.

Thus, if we analyse the youths' labour market from the viewpoint of the main characteristics of the labour market we find that, on a segmented labour market they are included in a niche subjected to even more higher segmentation and which is subjected to inherent rigidities.

The youths, in the augmented context of job polarisation, but also in the one of increased economic uncertainty as result of the successive financial crises are in a position that makes them extremely receptive to economic fluctuations (4).

Vulnerabilities of a structural nature are the outcome of the conditions in the personal and social environment: the status of the young individual is affected firstly by the family status. If the young individual comes from a poor family (either autochthonous or immigrant) with a low education level, then his/her "model" tends to keep with the evolution of the family, to finish schooling early and hence be apt only for jobs placed in the low part of the occupational grid, both from the viewpoint of skills, but also from the one of achieved wage or income, which results in "scarring" effects, but contributes also to prolonged periods of long-term unemployment and entering on trajectories lacking perspective.

Nevertheless, youths have also many of the characteristics which change them into the most dynamic segment: high mobility, as they are more flexible from this point of view, higher capacity of absorbing and learning the required and demanded skills of the new digital society.

In conclusion, it might be stated that the Y generation, the one of youths in the labour market or preparing to enter the labour market is caught in a true field of forces between institutional arrangements, the demand for labour of the public and private sector, and their own expectations about the attractiveness and quality of the job.

In the framework of this field of forces, on short-term, another particularity for this generation is the decrease of their negotiation power, that is they will accept unattractive wages and often much under their training level but, on the other hand, these wages will be linked to the next

considerable compromise, respectively accepting jobs that do not reflect their educational and skills level.

Regarding the rather cyclical phenomenon of their unemployment, it is found that on short periods of recession these can be considered (from the viewpoint of the new requirements regarding the structural change of the market) as an opportunity for improving and deepening their studies. However, the reverse is that, including the periods of recovering economic growth, they will remain in general with low negotiation power, continuing to agree to low wages, or labour contracts on determined periods of time, or even part-time labour contracts. Moreover, if the option is for new decreases in the labour force, due to unfavourable economic conditions, they shall be the first to be laid off without having benefitted (due to contracts on determined periods of time, part-time contracts, or other contractual forms of temporary employment) from the investments, even if only sporadic ones, of the employers in vocational-professional training. This shall lead to the depreciation of the human capital and to losses in the value added that otherwise valorised through training and improvement investments would have represented one of the most valuable resources of the company on long-term.

In Romania, these phenomena are even more acute, and the demographic component of permanent decrease in the young generation cohorts entering the educational or vocational-professional training system, is associated to other concern-raising phenomena, for instance the migration for jobs abroad. In this context, we might state that Romania is in a full “brain drain” process regarding high-skilled youths, as entire categories of tertiary well-trained and with excellent education youths (computer scientists, physicians) migrate for working abroad immediately after concluding their studies. The reasons of the young Romanians are of economic and social nature, the imperfections of the institutional framework specifically for youths, the attitude of employers in negotiating conditions and wages, the lack of career perspectives and in setting-up a family building-up as to be true push factors for emigrating, but also just as many reasons for the discouragement and disengagement of youths in the national labour market. The fact that youths migration continues to maintain a relatively low rate of youths’ unemployment at national level, as compared with other European countries, should be a real warning signal for all decision factors.

Selective literature

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