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**PROBLEMATIC ISSUES OF YOUTH UNEMPLOYMENT IN CENTRAL AND
EASTERN EUROPEAN COUNTRIES**

Master Thesis

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**PROBLEMATIC ISSUES OF YOUTH UNEMPLOYMENT IN CENTRAL AND
EASTERN EUROPEAN COUNTRIES**

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Kaunas

Patvirtinu, kad mano, **Agnės Šerpenskaitės**, baigiamasis projektas tema „Problematic issues of youth unemployment in Central and Eastern European Countries“ yra parašytas visiškai savarankiškai ir visi pateikti duomenys ar tyrimų rezultatai yra teisingi ir gauti sąžiningai. Šiame darbe nei viena dalis nėra plagijuota nuo jokių spausdintinių ar internetinių šaltinių, visos kitų šaltinių tiesioginės ir netiesioginės citatos nurodytos literatūros nuorodose. Įstatymų nenumatytų piniginių sumų už šį darbą niekam nesu mokėjęs.

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SANTRAUKA

Magistriniame darbe analizuojama jaunimo užimtumo problematika Vidurio ir Rytų Europos valstybėse, t.y. Čekijoje, Estijoje, Vengrijoje, Latvijoje, Lietuvoje, Lenkijoje, Slovakijoje ir Slovėnijoje. Pirmiausia, pateikiamos ekonomikos teorijų, nagrinėjančių užimtumą ir politikos įgyvendinimo procesą, ypatybės. Antra, apžvelgiamas Europos Sąjungos (ES) jaunimo užimtumo politikos vystymosi procesas, formavimosi principai ir pagrindinės iniciatyvos siekiančios skatinti jaunimo užimtumą. Galiausiai, išryškinami pagrindiniai jaunimo užimtumo politikos aspektai ir svarbiausios įgyvendinamos priemonės skatinančios jaunimo užimtumą minėtose valstybėse. Tam, kad būtų galima analizuoti didžiausią įtaką jaunimo užimtumui turinčius veiksnius, pasitelkti Europos statistinės tarnybos Eurostato statistiniai 2014m. duomenys, kurių pagalba išskirti demografiniai, ekonominiai, socialiniai ir laiko rodikliai padėję nustatyti jaunimo užimtumo problematikos mastą Vidurio ir Rytų Europos valstybėse.

Jaunimo užimtumą analizavo tokie autoriai kaip Brzinsky-Fay (2011), Repečkienė *et al.* (2012), Kvedaraitė *et al.* (2012), Cinalli *et al.* (2013), Marginean (2014), Gontkovičová *et al.* (2015) pabrėžę, kad jaunimas - itin jautri socialinė grupė, o pagrindinė jo užimtumo problema – sklandus perėjimas nuo mokymosi į darbo rinką. Taip pat analizuojami tokie jaunimo užimtumui įtakos turintys veiksniai kaip švietimas, profesinis mokymas, darbo rinkos lankstumas, jaunimo migracija ar šeimos ilgalaikio nedarbo tendencija.

Tyrimo tikslas – nustatyti prielaidas ir jaunimo užimtumo problematikos mastą Vidurio ir Rytų Europos valstybėse, kuriam pasiekti iškelti šie uždaviniai: Išdėstyti pagrindines ekonomikos teorijų nagrinėjančių užimtumą ir politikos įgyvendinimo procesą, ypatybes. Suklasifikuoti ES iniciatyvas, programas ir strategijas susijusias su jaunimo užimtumo politika. Apibendrinti jaunimo užimtumo politikos įgyvendinimo veiksmus Vidurio ir Rytų Europos valstybėse. Išskirti rodiklius, turinčius įtakos jaunimo užimtumui Vidurio ir Rytų Europos valstybėse. Tikslui pasiekti ir uždaviniams įgyvendinti buvo pasitelkti aprašomasis metodas, statistinių duomenų analizė ir dokumentų turinio analizės metodai.

Darbo pabaigoje pateikiamos autorės išvalgos apie jaunimo užimtumo problematiką Vidurio ir Rytų Europos valstybėse, išskiriant pagrindines problemas turinčias didžiausią įtaką jaunimo užimtumo lygiui. Taip pat pateikiamos viso magistrinio darbo išvados, literatūros ir šaltinių sąrašai.

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LIST OF ABBREVIATIONS

ALMP - Active Labor Market Policies

EU – European Union

GDP – Gross Domestic Product

ISCED - International Standard Classification of Education

NEET - Not in Education, Employment or Training

NGO - Non-Governmental Organization

OECD - Organization for Economic Co-operation and Development

SEA - State Employment Agency

UIF - Unemployment Insurance Fund

UK - United Kingdom

UNESCO - United Nations Educational, Scientific, and Cultural Organization

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INTRODUCTION

Actuality of the final project. Over the last several years, growing political attention has been given to youth unemployment in the European Union (EU). Youth employment policy and its improvement is the primary concern for people and governments across the EU today. After economic crisis in 2008, many economies of the EU Member States shrunk which resulted in many Europeans losing their jobs. Despite the fact that most European economies show fragile signs of recovery, youth unemployment remains not only one of the biggest concerns for all Member States but one of the most serious challenges of the 21st century as well.

It is very important that EU would encourage youth mobility, retraining programs and help Member States to reform their education systems so they can fit more to the existing standards and requirements of labor market. Increasing youth employment within the EU is the most efficient measure encouraging economic growth and reducing social exclusion. Youth integration into the labor market is very important as well because society in the EU is rapidly aging.

In the recent years, youth unemployment issue has been described as one of the most serious economic problems in Central and Eastern European Countries as well. A significant decrease of youth employment in the labor markets in mentioned countries creates need to search for ways to facilitate young people's transition from education to the labor market and to improve conditions that young people would be able to find a job as soon as possible. However, the problem seems to be unsolvable. Increased emigration, especially, youth emigration to other Member States, such as United Kingdom (UK) or Ireland, later Germany and Scandinavian countries after the accession to the EU, is not a good prognosis for future economic recovery of Central and Eastern European Countries. The lack of human resources is one of the main factors that influence country's economic recovery and young people are considered the main human resource that drive economy forward. Moreover, youth emigration itself is a threat to any potential youth cooperation to a better future of Central and Eastern European Countries. An important aspect of youth unemployment in before mentioned countries is comparatively low wages which do not encourage young people to seek for job at all. Another negative aspect for youth is the lack of practical experience in finding a job, because employers are more likely to hire older and experienced worker than invest e.g. in young specialist with only a theoretical background from institutions of higher education.

The prosperity and future of the EU in large part depend on economic growth which results from youth employment growth as well. For today's youth to be in a position to form tomorrow's Europe, they need the opportunity to live an independent life, which includes a job in line with their qualifications. Since youth is the future work force of the EU, investing in their skills is superb investment in prosperous Union's future. Moreover, youth employment affects the lives of many of the citizens, families and companies of the EU, that's why importance of improving youth employment policies in Member States

is of great significance to the EU. As a result, the EU implements various strategies, projects and programs to improve youth employment policy in Member States. Such projects as strategy *Europe 2020* or the *Youth in Action* programme and many others help to define the way the EU is going to lead its youth employment policy and emphasize key points in order to increase youth employment rate in the EU.

Many authors analyzed youth unemployment from various points of view stressing factors that influence youth unemployment as well as indicating consequences of such unemployment. Firstly, Brzinsky-Fay (2011) and Marginean (2014) emphasized that one of the main issues regarding youth unemployment is the smooth transition from school to work which is not possible without gaining job experience while studying. Moreover, Cinalli *et al.* (2013) and Gontkovičová *et al.* (2015) indicated that youth unemployment is a global issue while youth is one of the most vulnerable groups of all unemployed people. Secondly, Repečkienė *et al.* (2012) and O'Reilly *et al.* (2015) examined such factors that influence youth unemployment as education, professional training, active labor market and social policies as well as labor market flexibility, youth migration and family legacy of long-term unemployment. Thirdly, Grabowska and Getka (2014) analyzed issues that affect youth employment policies in Central and Eastern European Countries the most while the role of the EU implementing youth employment policy has been stressed in the work of Lahusen *et al.* (2013) and Grinevica (2014). Finally, Kvedaraitė *et al.* (2012) studied programmes that help young people to be successfully integrated into the labor market.

Scientific originality of the final project. Youth unemployment in Central and Eastern European Countries is relevant to study, not only because it is one of the main problems of mentioned countries in the 21th century but also because it reveals welfare-regime country differences. Since youth is one of the most sensitive societal group, its unemployment has especially dangerous consequences for country's future economic growth and stability. Much attention is paid to youth employment and integration into the labor market because society in the EU is rapidly aging and particularly, youth is becoming the wealth of society and its integration to the labor market is crucial element for the stable future of the EU.

The problem of the final project: What measures using good practice in Central and Eastern European Countries could be applied in order to reduce the rate of youth unemployment?

The aim of the final project: To identify assumptions and scope of problematic issues of youth unemployment in Central and Eastern European Countries proposed by European Commission and applied by Central and Eastern European Countries.

The object of the final project: youth unemployment.

The subject of the final project: problematic issues of youth unemployment in Central and Eastern European Countries.

Tasks of the final project:

1. To arrange main characteristics of economic theories regarding employment and the process of policy implementation.
2. To classify European Union initiatives, programs and strategies regarding youth employment policy.
3. To generalize the implementation of youth employment policies in Central and Eastern European Countries.
4. To extract the indicators regarding youth unemployment in Central and Eastern European Countries.

The methods of the final project.

1. Descriptive method allowed to organize theoretical data concerning youth unemployment in Central and Eastern European Countries.
2. Documents' content analysis and comparative analysis was used to compare youth unemployment issues in Central and Eastern European Countries.
3. Statistical data interpretation allowed to describe tendencies of youth unemployment in Central and Eastern European Countries.

Practical significance of the final project. Final project may help for everyone who is interested in problems of youth unemployment in Central and Eastern European Countries. While the analysis of youth employment policy measures in the EU and Central and Eastern European Countries is also discussed in the final project, it might be helpful for those who are interested in the implementation of before mentioned measures. Performed statistical analysis of indicators that influence youth unemployment situation will certainly be useful for the future scientific works regarding youth unemployment in Central and Eastern European Countries as it highlights trends of youth unemployment.

Structure of the final project. As regards, the final project contains three parts. The first part overviews main economic theories related to the element of employment and theories of the process of policy implementation as well as the development and formation of youth employment policy in the EU and main aspects of youth employment policies in Central and Eastern European Countries stressing measures that was meant to facilitate youth unemployment situation in before mentioned countries. The second part of the project, analyzes youth unemployment in Central and Eastern European Countries by various demographic, economic, educational, social and time-related indicators using statistical data. Finally, discussion question and conclusions are provided with the main findings of the final project.

1. THEORIES OF EMPLOYMENT AND POLICY IMPLEMENTATION

Theories in general, help to better understand some aspects of the world that surrounds people every day, whether that world is related to social, cultural, political or economic phenomenon. From economical point of view, theories help to describe ideas and principles on how the economy functions as well as allow to better understand one or another economic process including employment. However, knowing economic theories related to employment is not enough in order to understand employment process. Since one of the aspects of the analysis of employment policy implementation is the implementation of multiple measures, it is of primary importance to discuss theories of policy implementation. The latter allow deeply examine implementation process based on the parties implementing certain policy as well as to see the roots of decisions made by before mentioned parties and factors influencing those decisions.

1.1 Reflection of employment element in economic theories

To better understand and be able to analyze employment from various points of view, it is important to get acquainted with the theories related to it. Firstly, because knowing the essence of economic theories related to employment, allows better understand why one or another decision regarding employment is taken nowadays. Secondly, knowledge about particular economic theories allows adapting them to concrete economic subject analysis, in this case, employment analysis. One of the main points while analyzing employment is the necessity to understand employment as a fundamental human right and the responsibility of governments to take all possible measures in order achieve and maintain as bigger employment in the country as possible. Furthermore, by invoking economic theories, it is possible to study employment within the frames of such aspects as the cause of employment level or the necessity of government intervention to maintain employment.

Throughout the time, two main theories associated with employment have emerged: Classical employment theories and Keynesian employment theories which gave an enormous stimulus for further development of employment theories and are still studied nowadays.

The classical economists believed in the existence of full employment in the economy, which was a normal situation and any deviation from this regarded as something abnormal¹. It can be added that full employment in the economy is possible only when labor demand is equal to its supply. In other words full employment is reached when there are enough workers who satisfy labor market needs. Another aspect of classical employment theory is based on Say's law. A principle of classical economics developed by the

¹ YourArticleLibrary.com: The Next Generation Library,. (2014). *The Classical Theory of Employment: Assumption and Criticism*. Retrieved 13 January 2016, from <http://www.yourarticlelibrary.com/macro-economics/theories-macro-economics/the-classical-theory-of-employment-assumption-and-criticism-2/30882/>

French economist Jean-Baptiste Say is commonly summarized as "supply creates its own demand." This law, also referred to as Say's "theory of markets" or "law of markets," indicates that the act of producing aggregate output generates a sufficient amount of aggregate income to purchase all of the output produced. Moreover, this principle indicated that excess production or insufficient demand for production was unlikely to occur, at least for any extended period. When combined with flexible prices and saving-investment equality, Say's law further implied that an economy would achieve and maintain full employment of resources². Given the mentioned statements, it can be indicated that income created from producing goods would be equal to demand of the goods produced. In other words, since all people have a need to buy goods, they will seek to produce goods to get income and buy goods they want or need.

However, the fundamental principle of **the classical theory** is that the economy is self-regulating. Classical economists maintain that the economy is always capable of achieving the natural level of real GDP or output, which is the level of real GDP that is obtained when the economy's resources are *fully employed*³. It might be added that self-regulating economy is understood as the economy which is able to solve the problems itself and no government intervention is necessary.

Classical theory had many followers among who Čiegis (2012) points out such classical economists of the 19-20th century as Ricardo, Mills, Edgeworth, Marshall and Pigou.

On the contrary, **Keynesian employment theory** was based on the view of the short run. In the short run, Keynes assumed that the factors of production, such as capital goods, supply of labor, technology, and efficiency of labor, remain unchanged while determining the level of employment is dependent on national income and output⁴. Moreover, the main plank of Keynes's theory is the assertion that aggregate demand - measured as the sum of spending by households, businesses, and the government - is the most important driving force in an economy. Keynes further asserted that free markets have no self-balancing mechanisms that lead to full employment. Keynesian economists justify government intervention through public policies that aim to achieve full employment and price stability⁵. All of the above mentioned ideas put forward the view that Keynesian approach was built on the criticism of classical employment theory. Firstly, Keynesian view focuses on short run. Secondly, full employment is not possible as free markets have no such mechanisms which would lead to self-regulation or create stability in the markets. Finally, as completely opposite to classical view, government intervention is indeed necessary within various public policies.

² Amosweb.com,. *AmosWEB is Economics: Encyclonomic WEB*pedia*. Retrieved 23 January 2016, from http://www.amosweb.com/cgi-bin/awb_nav.pl?s=wpd&c=dsp&k=Say%27s+law

³ Cliffsnotes.com,. *The Classical Theory*. Retrieved 14 December 2015, from <http://www.cliffsnotes.com/study-guides/economics/classical-and-keynesian-theories-output-employment/the-classical-theory>

⁴ Economics Discussion,. *Keynesian Theory of Employment (With Diagram)*. Retrieved 23 January 2016, from <http://www.economicdiscussion.net/employment-theories/keynesian-theory-of-employment-with-diagram/3990>

⁵ Jahan, S., Mahmud, A., & Papageorgiou, C. (2014). *What Is Keynesian Economics? - Back to Basics - Finance & Development*, September 2014. *Imf.org*. Retrieved 23 January 2016, from <http://www.imf.org/external/pubs/ft/fandd/2014/09/basics.htm>

After distinguishing main points of classical and Keynesian employment theories, several differences between the two can be highlighted:

1. Classical theory promotes full employment of resources which is considered as normal situation in the economy.
2. Classical theory perceives economy as self-regulating and no government intervention is necessary.
3. Keynes view assumes that employment is dependent on national income and output.
4. Keynes explained that government intervention is perceived through public policies and is required in order to maintain full employment.

Another theoretical approach of employment is **neoclassical**. The traditional neoclassical approach attempts to interpret unemployment as a phenomenon that is not related to development itself, but to external factors which it considers as a pre-given. It believes that unemployment is due either to failure to reduce salaries or to the existence of imperfections in the labor market⁶. According to the neoclassical theory the weakness of the labor market to operate in conditions of perfect competition leads to unemployment. Hence the concept of flexibility highlights the key factor to solve all problems in the labor market. Moreover, the employment policy, according to neoclassical theory, should aim to achieve greater labor market flexibility with the ultimate goal of creating the perfect competition, which will also lead to the solution of the problem of unemployment⁷. Several points could be highlighted from the statements above. On the one hand, neoclassical approach considers unemployment primarily as depending on either inability to reduce salaries or imperfections in the labor market. The latter causes unemployment due to lack of ability to function in case of perfect competition. On the other hand, neoclassical theory explains that issue of unemployment could be solved by invoking bigger labor market flexibility by creating perfect competition. Moreover, flexibility is defined as the main factor which can lead to a solution of all labor market problems. In addition, neoclassical economics is associated with the work of William Jevons, Carl Menger and Leon Walras⁸.

Unemployment levels and rates move in a cyclical manner, largely related to the general business cycle⁹. Real business cycle theory tends to explain employment fluctuations and suggests that employment fall during recessions. Moreover, fluctuations in employment reflect changes in the amount

⁶ UKEssays,. (2015). *Analyse The Neoclassical Concept Of Unemployment Economics Essay*. Retrieved 28 February 2016, from <http://www.ukessays.com/essays/economics/analyse-the-neoclassical-concept-of-unemployment-economics-essay.php>

⁷ *Ibid.*

⁸ Economics Online,. *Economics 'schools of thought'*. Retrieved 28 February 2016, from http://www.economicsonline.co.uk/Economic_schools.html

⁹ Ec.europa.eu,. *Unemployment statistics - Statistics Explained*. Retrieved 28 February 2016, from http://ec.europa.eu/eurostat/statistics-explained/index.php/Unemployment_statistics

of people willing to work¹⁰. Business cycles are identified as economy-wide fluctuations and have four distinct phases:

- Expansion (increasing employment, economic growth, and upward pressure on prices);
- Peak (economy is producing at its maximum allowable output, employment is at or above full employment, and inflationary pressures on prices are evident);
- Contraction (growth slows, employment declines, unemployment increases);
- Trough (economy hits the bottom from which the next phase of expansion and contraction will emerge)¹¹.

Furthermore, business cycle fluctuations occur around a long-term growth trend and are usually measured by considering the growth rate of real gross domestic product (GDP)¹². As it can be seen, business cycle fluctuations are measured by growth rate of GDP. Before mentioned business cycle phases clearly indicate that employment is related to certain economic situation in the country. Changes of employment levels can be explained by current business cycle phase. At the first phase – expansion, employment together with economic growth is increasing. Secondly, when economy is at its peak, employment level is very high and near full employment. Thirdly, when the phase of economic contraction begins, unemployment level increases while the level of employment diminishes. Finally, the last phase – trough is defined as the bottom of the economy or the worst position from which economy begins its new business cycle again and is at the first stage – expansion.

One more theory, the insider-outsider theory clearly defines young unemployed. De Lange *et al.* (2014) stated that according to the insider-outsider theory, labor market participants can be divided into ‘insiders’ and ‘outsiders’. Insiders are employed workers, who are established in the labor market, while outsiders are those without work. Labor market entrants are regarded as a specific group of outsiders, lacking work experience and having to compete for available jobs with the established workforce. Based on latter theory, it could be pointed out that youth is perceived as outsiders of the labor market and a special group that due to insufficient work experience often lose the competition for work place with experienced people in the labor market. Usually, outsiders have less favorable employment opportunities and less privileged position than insiders.

To sum up, employment element is broadly reflected in economic theories. Classical theories believe in full employment in the economy which is possible when labor demand equals to its supply, while Keynesian argued that full employment is not possible because free markets have no self-balancing mechanisms. Moreover, neoclassical theory points out that unemployment is influenced either by inability

¹⁰ Mehta, P. *Theory of Real Business Cycles and Economic Fluctuation. Economics Discussion*. Retrieved 28 February 2016, from <http://www.economicsdiscussion.net/business-cycles/theory-of-real-business-cycles-and-economic-fluctuation-2/11691>

¹¹ Boundless.com., *The Business Cycle: Definition and Phases*. Retrieved 28 February 2016, from <https://www.boundless.com/economics/textbooks/boundless-economics-textbook/introduction-to-macroeconomics-18/key-topics-in-macroeconomics-91/the-business-cycle-definition-and-phases-342-12439/>

¹² *Ibid.*

to reduce salaries or imperfections in the labor market. Employment is inseparable from the business cycles which determine employment situation in on or another economic phase. Finally, insider-outsider theory especially highlights unemployment of young people who are defined as outsiders of the labor market lacking experience thus unable to compete with experienced workers.

1.2 Theories of policy implementation

Since one of the main aspects of the final project is the analysis of youth employment policy implementation measures within Central and Eastern European Countries, it is important to get acquainted with the theories of policy implementation. Moreover, youth employment policy implementation in before mentioned countries is based on the guidelines and strategies set by the EU thus committing Central and Eastern European Countries to give an account about the situation in youth employment policy implementation in the country. Finally, policy implementation theories are as well important to understand because it allows to see how the general process of policy implementation could be pursued.

According to Hill (2013) in order to understand the policy process as a whole it is necessary to give attention to policy implementation. In addition, Birkland (2015) states that it is important to understand policy implementation as it is a key feature of the policy process while learning from the problems encountered in implementation can foster learning about better ways to structure policies ensuring that those policies will bring effects that policy designers pursue. On the basis of the above mentioned points, it could be stated that to understanding policy process as a whole it is important to pay attention to its main element, i.e. policy implementation. Moreover, the problems encountered while implementing certain policy allow to think of a ways to improve the process of policy implementation and reach goals that policy implementers have set before the beginning of the process of policy implementation.

Paudel (2009) argues that no general implementation theory has emerged, although many implementation scholars have had the development of such a theory. However, two perspectives of policy implementation emerged, i.e. **top-down** and **bottom-up**. On the contrary, according to Pülzl and Treib (2007), the before mentioned perspectives are called theories. Top-down theory is represented by such scholars as Van Meter, Van Horn, Nakamura, Smallwood, Mazmanian and Sabatier who conceived implementation as the hierarchical execution of centrally-defined policy intentions, in other words, policy implementation starts with a decision made by central government. By contrast, the bottom-up theory represented by such scholars as Lipsky, Ingram, Elmore, Hjern and Hull emerged as critical response to the top-down theory. Bottom-up theory outlined that implementation consisted of the everyday problem-solving strategies of “street-level bureaucrats” which are perceived as the main actors in policy delivery

and were seen to be much nearer to the real problems than central policy makers. Furthermore, it has to be noted that bottom-up theory starts from a policy decision reached at the top of the political system and work the way down to the policy implementers, while bottom-up theory starts with identification of actors involved in concrete policy delivery at the bottom (*Ibid.*). Additionally, several differences can be outlined between the two theories. Firstly, top-down theory emphasizes the importance of central government as the main actor in decision making, while bottom-up theory supports local government as it better understands local problems because is “living” next to the people. Secondly, top-down theory views the roots of policy decision as primarily depending on the actors working on the top of a political system, whereas bottom-down theory firstly identifies policy implementers at the bottom. Given these points, it could be pointed out that these theories allow to analyze the relation between the institutions of the EU and Member States that implement youth employment policy. Institutions of the EU set down the main goals that Member States should follow while implementing youth employment policy thus, according to top-down theory, the EU as supranational subject is solid institution which sets the tasks of youth employment policy implementation. Moreover, institutions of the EU formulating various strategies and initiatives, define the objectives and norms of youth employment policy implementation that are compulsory to all Member States embedding these objectives and norms in various documents. Finally, on the ground of top-down perspective it is possible to state that youth employment policy implementation in Member States is the process based on this perspective (see Fig. 1).

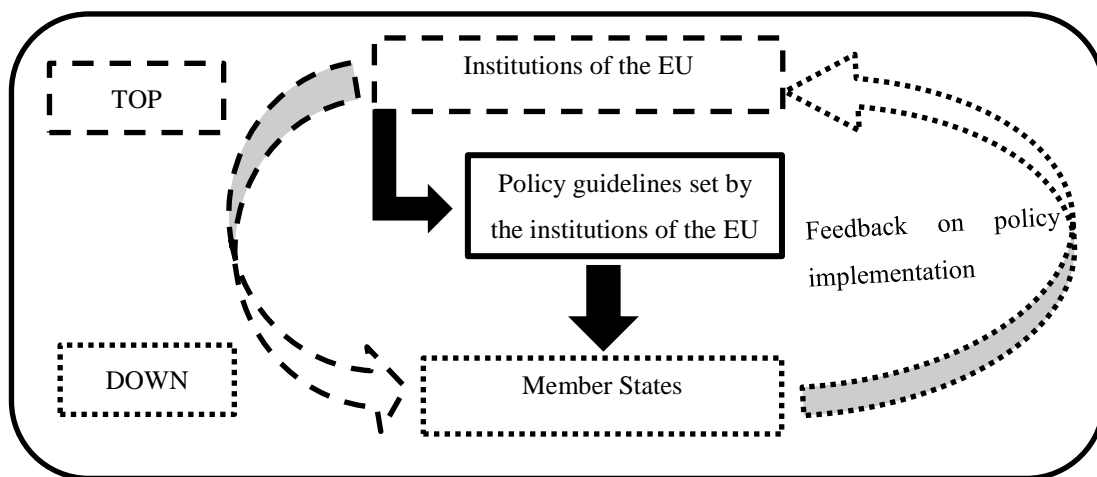


Figure 1. The process of youth policy implementation in the EU

Prepared by author

Figure 1 illustrates youth policy implementation process in the EU. Firstly, institutions of the EU such as European Commission provide certain guidelines in the form of various strategies, initiatives or projects for Member States on how to implement youth employment policy. In other words, the EU gives tasks for Member States on how to implement youth employment policy. Thus, institutions of the EU are defined as the central actor in the process of youth policy implementation. Secondly, Member States following the provisions of the latter documents implement youth employment policy and provide

feedback to the institutions of the EU about the implementation process in the country. Moreover, it is compulsory for Member States to implement guidelines provided by the institutions of the EU.

Despite the fact that institutions of the EU shape the implementation of youth employment policy and set goals for Member States while implementing youth employment policy, much depends on the institutions implementing youth employment policy in one or another Member State. Firstly, institutions of Member States chose youth employment policy implementation measures proposed by the EU and adapt those measures to the existing economic, political and social conditions in the country. Secondly, by doing so, particular Member State basically changes pre-formed youth employment policy of the EU thus influencing the outcome as those national institutions have the competence to form the policy. In this case, it is possible to reference to bottom-down perspective which states that the actors that implement policy at the same time form that policy and determine its results. However, the fact that Member States are able to adapt youth employment policy implementation measures according to the current circumstances in the country but this does not allow to disregard the measures appointed by the EU and implement youth employment policy unilaterally. Consequently, the EU established evaluation criteria for Member States which have to give reports to the EU about the advance while implementing youth employment policy.

To summarize, the core of the top-down and bottom-up comparison is centered on the view of how best the implementation process should be understood not diminishing neither the importance of central government nor national policy implementers. Moreover, it is important to understand that in order to reach effective implementation of a policy, nonetheless important part in the process is qualified and firm implementers. As a matter of fact, the perfection of measures created for implementation and development of particular policy, does not guarantee its successful implementation. Furthermore, successful policy implementation is only probable with implementers that are interested and eager in successful policy implementation.

2. THE DEVELOPMENT OF YOUTH EMPLOYMENT POLICY IN THE EUROPEAN UNION

It is important that the EU would speak with one voice solving problems and would agree on common tools to reach goals that whole continent would benefit. It is more importantly, that all Member States would strive to create happier, safer and prosperous Europe. This is not possible without youth that live a happy and full life meaning that youth has a job which allows keeping a family thus contributing to stable future and economic growth of the EU. In response to an increasingly higher level of unemployment of the young people in Europe, the EU has undertaken actions aimed at supporting young people in taking up employment. It asks for general consensus on as many areas as possible and youth employment policy is not an exception. Analyzing the problematic issues of youth employment policies in Central and Eastern European Countries, it is important to know that latter policies are based on the priorities and guidelines of the EU employment policy.

2.1 Characteristics of youth employment policy in the European Union

To better understand why one or another youth employment policy measure in the EU is taken nowadays, it is crucial not only to get acquainted with the main characteristics of current youth employment policy of the EU but as well as take a look at the roots and main documents of the formation of youth employment policy in the EU.

To begin with, **youth unemployment rate** is defined by Eurostat as the percentage of the unemployed in the age group 15 to 24 years old compared to the total labor force (both employed and unemployed) in that age group. However, it should be remembered that a large share of people between these ages are outside the labor market (since many youths are studying full time and thus are not available for work), which explains why youth unemployment rates are generally higher than overall unemployment rates, or those of other age group¹³. However, this does not allow to suppress improvement of youth employment policy as in general, long-term youth unemployment leads to the growing number of so called NEET youth. According to Bălan (2015), NEET refers to young people who are **not in employment, education or training**. In other words, NEET youth refers to persons with ages between 15 and 29 years who, irrespective of their level of studies are not employed and do not follow any educational programme, hence being exposed to higher risks of social and labor market exclusion. Moreover, extending the NEET status for a longer period can lead to high varieties of unfavorable social conditions: isolation, uncertain and low-wage employment, criminality and physical and mental health

¹³ Ec.europa.eu,. (2014). *Glossary: Youth unemployment - Statistics Explained*. Retrieved 13 December 2015, from http://ec.europa.eu/eurostat/statistics-explained/index.php/Glossary:Youth_unemployment_ratio

issues, failing to build a family or divorce, etc. Each of these consequences attracts a certain cost and, as result, the NEET status does not represent only an issue for the respective person, but also for the society and economy as a whole. It could be pointed out that NEET is presented as having several negative aspects. Firstly, young NEET is considered as having higher risk for social as well as labor market exclusion. Secondly, being NEET also refers to a number of other not only economic but social problems as well such as isolation, physical and mental health issues, inability to build a family, all of which diminishes young person's self-confidence, thus increasing the possibility to be NEET for a longer period of time. Brzinsky-Fay (2011) stated that the EU follows the principle of duality, which means emphasizing the importance of providing job training together with education in order to favor smoother school-to-work transitions. In addition, Marginean (2014) pointed out that one of the key issues in youth unemployment is the school to work transition. The consensus view seems to be that transition from school to work is beyond dispute one of the main criteria for successful young person's employment. Correspondingly, when school to work transition is facilitated, there is a less probability for a young person to be included among NEET. Moreover, as indicated by *International Labor Organization* (2015), while some countries are successfully recovering from the crisis, with stable or improving labor markets, the most severely affected countries have seen unemployment rise to unprecedented levels, particularly for young men and women. It could also be said that the EU emphasizes the importance of as easier entry from education to labor market as possible. This is not possible without proper job training along with education.

In order to better understand youth employment policy in the EU, it is crucial to know the aspects of youth employment analysis within the EU publications as well. European Commission is the main institution that publishes various reports that in one or another way analyze youth employment within the EU and provides statistical data. One of the main reports regarding youth situation within the EU is **EU Youth Report** that presents a full picture of the situation of young people in Europe and how policymakers have addressed it in particular period¹⁴. Other important publications published by European Commission include **Employment and Social Developments in Europe** which provides annual in-depth medium to long-term analysis of various employment and social issues and **EU Employment and Social Situation - Quarterly Review** which provides a quarterly review of recent social and labor market developments in the EU¹⁵. In all these publications, youth employment is analyzed from various points of view by invoking various demographic, economic, educational, social or time related indicators such as gender, level of educational attainment, seasonality, GDP per capita, the rate of wage, unemployment based on period of time (long-short), type of contract (full-part), youth

¹⁴ Ec.europa.eu., *EU Youth Report - European Commission*. Retrieved 25 February 2016, from http://ec.europa.eu/youth/policy/implementation/report_en.htm

¹⁵ Ec.europa.eu., *Employment and social analysis - Employment, Social Affairs & Inclusion - European Commission*. Retrieved 25 February 2016, from <http://ec.europa.eu/social/main.jsp?catId=113#WP>

unemployment in percentage of total number of working population or percentage of youth in the total population of the country and many others.

Cinalli *et al.* (2013) stated that already prior to the 2008 economic crisis one of the main challenges of contemporary unemployment protection policies was to provide effective policies for the inclusion of one of the most vulnerable segments of the unemployed population: the youth. In addition, authors indicated that since the beginning of the crisis, the overall situation in the economy of many European countries has worsened, and the policy responses have rarely been innovative in advancing the labor market inclusion of an increasing number of young unemployed. It is important to note however, that authors firstly, emphasized the vulnerability of youth as a part of total unemployed population. Secondly, they stated that youth employment policies across the EU was hardly the ones that were able to advance the youth inclusion to the labor market and highlighted that crisis was not the main issue influencing youth unemployment.

As Gontkovičová *et al.* (2015) noted, the problem of youth unemployment is a global issue. It is important to deeper examine the issues of youth unemployment, because it has high extent to the social factor as high unemployment means a waste of limited resources and decelerates the long run growth potential of an economy in the result of lower incomes, hence lower aggregate demand and GDP growth rates. The author puts forward the view that youth unemployment is also the social factor as young, unemployed people are wasted resources which in the long run slows down economic growth and at the same time lowers GDP growth as well. This idea can be supported by Brzinsky-Fay (2011), who states that a large group of young but disintegrated people constitutes a potential threat for the economic growth as youth unemployment is an unpleasant phenomenon in all European countries. For youth experiencing a failed integration into the labor market, perpetual disadvantages can be expected. Youth employment is the most affected by educational system, but also labor market regulations. The author also indicated that young, unemployed people are a threat for economic growth and at the same time added that main reasons for youth employment are education system and labor market regulations.

Since one of the main tasks of the EU is to ensure secure future for its citizens, it strongly encourages young people employment and takes measures to fight it within the Union as youth employment still remains a serious challenge to overcome. Six years have passed since the economic downturn of 2008, with it the labor market floundered. Today millions of young Europeans find themselves in a similar situation. Often a university degree and other technical qualifications have proved not to be enough to spare young people from unemployment. The dimension of the problem can be illustrated clearly by statistics¹⁶. Statistics of youth unemployment is a matter of a great concern to the EU, as 21.4% of unemployed persons aged between 15 and 24 were still unemployed at the end of 2014.

¹⁶ Ifair.eu., (2014). *IFAIR | Blog Archive | Young, Educated but Unemployed*. Retrieved 14 December 2015, from <http://ifair.eu/think/young-educated-but-unemployed/>

This number was as twice bigger as general percentage of unemployment of people aged between 15 and 64 years old which at the end of 2014 was 9.9%¹⁷. Distribution of youth aged 15 – 24 unemployment in all 28 EU Member States in 2014 is presented in the figure below (see **Fig 2**).

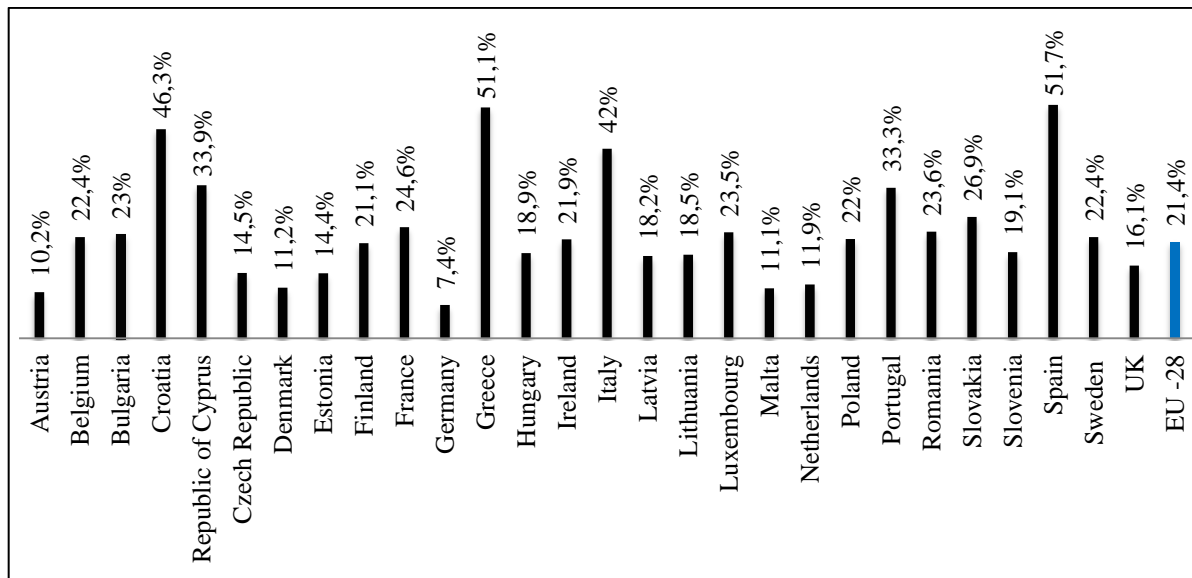


Figure 2. Distribution of youth aged 15 – 24 years unemployment in the EU in 2014

Source: Eurostat

Prepared by author

As it can be seen from figure 2 youth unemployment rate in the EU ranged from 7% to almost 52% with the average rate of 21.4%. The biggest youth unemployment rate 51.7% was registered in Spain and slightly lower rate of 51.5% in Greece while Germany had the lowest rate of only 7.4% and was the only Member State with youth unemployment rate below 10%. Almost all Member States with more than 30% unemployment rates were South European Countries, such as Portugal, Greece, Italy and the newest member of the EU Croatia which youth unemployment rate reached 43.6%. It is noticeable that Central and Eastern European Countries had similar unemployment rates ranging between 14.4% in Estonia and 26.9% in Slovakia. It is also important to emphasize the diversity between the countries. To fully understand the seriousness of youth unemployment situation in the EU it is worth to take a look at youth employment levels in the EU as well. Distribution of youth employment aged 15 – 24 years in the EU in 2014 is given in the following figure (see **Fig. 3**).

¹⁷Ec.europa.eu., *Unemployment statistics - Statistics Explained*. Retrieved 8 December 2015, from http://ec.europa.eu/eurostat/statistics-explained/index.php/Unemployment_statistics

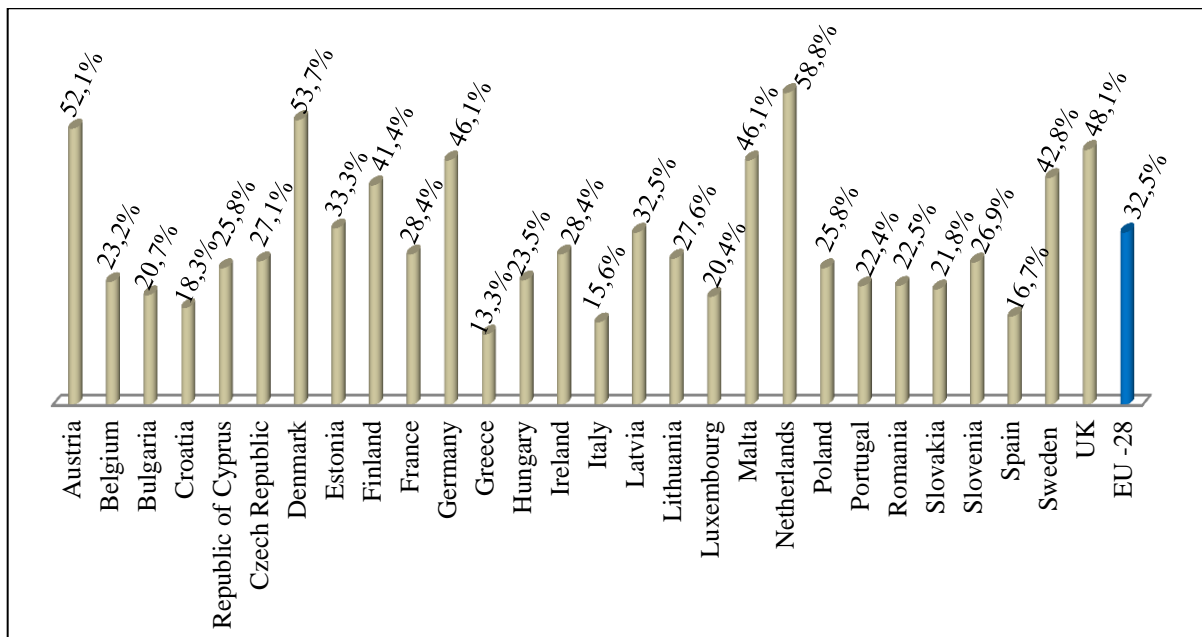


Figure 3. Distribution of youth aged 15 – 24 years employment in the EU in 2014

Source: Eurostat

Prepared by author

Figure 3 portrays youth employment situation in the EU in 2014. Youth employment percentage scale is quite impressive, ranging from 58.8% in the Netherlands to four times lower percentage of only 13.3% in Greece. The Netherlands together with Austria and Denmark were the only countries with youth employment percentage above 50% and exceeded the average of the EU of 32.5%. Moreover, almost half of the Member States reached the average percentage of youth employment in the EU. Percentage in the rest of the countries was ranging below the average of the EU with youth employment percentage fluctuating from 20% to almost 29%. Such countries as Croatia, Greece, Italy and Spain were the only countries with youth employment percentage below 20% which is especially alarming. Speaking about Central Eastern European Countries the employment rates varied from 21.8% in Slovakia to 33.3% in Estonia.

To begin with, O'Reilly *et al.* (2015) name several factors on how to understand current levels of youth unemployment. The authors state that these factors have to be understood in the context of increased labor market flexibility, an expansion of higher education, youth migration, family legacies on long-term unemployment and expanded role of the EU in promoting youth employment. Major points of each will be discussed further based on the insights of the mentioned O'Reilly *et al.* Increased labor market flexibility is understood as e.g. limitation of the successive use of fixed-term contracts, bigger youth engagement in labor market in general by giving more trust for a young worker or paying decent salary for temporary contracts for first-time jobs which will reduce youth dissatisfaction about their job.

Another element, expansion of higher education is perceived firstly as discrepancy between the skill levels or education of the individual and productivity requirements of the particular company. In other words, there is imbalance between labor supply and demand. Next above mentioned element – youth

migration is related with the EU enlargement in 2004 and 2007 when youth migration from Central-Eastern Europe to Western Europe has increased. This can be mainly explained by the economic factor when youth from poorer countries experiencing difficult economic conditions went to richer countries with the bigger opportunities to find better job. Nonetheless important element is the family legacy on long-term unemployment. The authors emphasized that parental unemployment can become an unintended legacy for their own children. However, in prosperous economic times when jobs are available, youth unemployment can also be high because of the gap between expectations and the realities of low wages and poor working conditions on offer. Moreover, the distinction between young people who can afford to wait for better opportunities as their parents are able to maintain them, compared with those who have to take what is on offer, is shaped by their family situation and specific societal conditions. The last element characterize current period of youth unemployment as being financial investment in policy programs by the EU when it has expanded its role in solving youth unemployment problems by implementing various programs and initiatives to help to decrease youth unemployment. The above mentioned elements put a clear view that youth unemployment is merely only due to poor economic situation in the country as it is strongly influenced by e.g. such factor as family legacy of long-term unemployment. Moreover, equally significant aspects of youth unemployment are labor market flexibility, expansion of higher education, youth migration and the role of the EU in promoting youth employment. All of these points reinforce the fact that youth unemployment is a complex issue surrounded by various elements.

As pointed out by Grinevica (2014), the global youth long-term unemployment problem is one of the main tasks to be tackled at the European level because the youth's future depends on the financial volume of employment support programmes, the price of higher education, the number of free state financed study places, the financial volume of self-employment support programmes, employers' flexibility and ability to adjust, and changes in the legislation for the prevention of long-term unemployment. It could be added that author defines youth unemployment as an issue comprised of programs that support employment and those programs that support self-employment. According to Repečkienė *et al.* (2012) the increase in youth employment in European countries depends on the implemented education and professional training policies, employment and labor market, especially active labor market policies, social security benefits policies, and measures provided for therein. Moreover, the price of higher education as well as free study places is nonetheless important element. Come what may, without education and moreover, the ability for young people to have possibility to gain education, labor market won't have specialists they need. Finally, the last but not least aspect comprising youth unemployment is employers' flexibility and ability to adjust to constantly changing situation in labor market.

2.2 Formation of youth employment policy in the European Union

The formation of youth employment policy in the EU started at the end of the 20th century. Since then, youth employment policy was changed, complemented, developed and reformed without number. Knowing that not only the number of Member States of the EU constantly grew, but as well different opinions about how youth employment policy in the EU should be implemented, emerged, the vision of common youth employment policy seemed hardly achievable in some ways. Firstly, each Member State had its own vision and suggestions on how to improve youth employment policy that not necessarily matched other Member States' visions. Secondly, the adoption of certain programs, strategies or laws regarding youth employment policy, was differently implemented in Member States as some countries successfully implemented them, while the others, had serious issues and disagreements whether it is the best way to improve youth employment policy in the country.

Youth unemployment in EU is reaching unacceptable levels in many Member States and this is expected to have political and social consequences in the EU. A series of initiatives have recently been proposed by the European Commission, which need to be adopted and implemented as soon as possible.

To begin with, as Islam *et al.* (2015) stated, given the seriousness of the youth unemployment, it is natural for the issue, to receive attention at both levels, political and policy making. Thus, attention and priority given to the issue is evident in the form of various plans, strategies and other policy documents. As Lahusen *et al.* (2013) highlighted, the institutions of the EU have been concerned about the problem of youth unemployment since they began the work to establish a coordinated employment policy approach. In fact, youth unemployment has been a target since the *European Employment Strategy's* first employment guidelines of 1997, because the before mentioned strategy aimed to tackle youth unemployment, prevent long-term unemployment and promote employability. Moreover, in 1997 *Amsterdam Treaty*, employment as an important objective was firstly included precisely there, promoting economic and social progress which is balanced and sustainable and a high level of employment¹⁸. Member States <...> will be required to regard the promotion of employment as a matter of common concern and will be called upon to coordinate their actions in this respect within the Council which in turn will consider the employment situation in the Union annually and on this basis draw up guidelines for employment policy and then Member States will prepare annual reports on the measures they have taken promoting employment policy¹⁹. It should be noted that the previously mentioned Treaty established clear boundaries for both, European Council and the Member States, defining responsibilities of both in promoting employment in the EU. European Council, after evaluating Member States' efforts to develop

¹⁸ Eurofound.europa.eu,. (2015). *Amsterdam Treaty brings small advances for employment and social policy*| Eurofound. Retrieved 10 December 2015, from <http://www.eurofound.europa.eu/observatories/eurwork/articles/amsterdam-treaty-brings-small-advances-for-employment-and-social-policy>

¹⁹ Ibid.

employment, will provide guidelines for common employment policy. Member States, in turn, were also obligated not only to promote employment or coordinate actions for employment within the European Council but as well provide annual overview of employment situation in the country. Amsterdam Treaty gave an incentive to other youth employment initiatives to be implemented as well.

One of such initiatives is the publication of *White Paper* on youth in November 2001 which is considered one of the most important aspects of the current youth employment policy of the EU whereby is widely used today. As Mairesse (2009) stated, the *White Paper* was published by the European Commission and was meant to establish the consensus between then 15 Member States and help them to shape youth policy focusing on its improvement and highlighting essential parts in before mentioned policies²⁰. Additionally, the *White Paper* was adopted in November 2001 and contained a proposal to the EU's Member States to increase cooperation in four youth priority areas: participation, information, voluntary activities and a greater understanding and knowledge of youth²¹. The *White Paper* also proposed to take the youth dimension more into account when making other relevant policies, such as education and training, employment and social inclusion, health and anti-discrimination. Amongst other things, this was a response to the apparent disaffection of young people with traditional forms of participation in public life. It also called on young Europeans to become more active citizens²². Of course, the *White Paper* did not solve all the then problems regarding youth situation but it certainly gave the guidelines where to go next to improve youth policy within the EU. Moreover, the *White Paper* not only highlighted main areas concerning youth situation but indicated the need to search for new ways to include young people in public life and called for youth to be more active.

Another element that constitutes youth employment policy in the EU is the *European Youth Pact* adopted in 2005 which was developed as one of the main instruments helping to achieve the objectives of Lisbon Strategy²³. The main points introduced in the previously mentioned Pact were as follows:

- Education and lifelong learning (the necessity to reduce early school leaving and to emphasize the role of non-formal education);
- Employment, training and entrepreneurship (improvement of working conditions and encourage young people for self-employment and entrepreneurial conditions);
- Reconciliation of working and private life (for the ability to adjust work with a private life, especially parental leaves);

²⁰ Pjp-eu.coe.int., (2009). Retrieved 9 December 2015, from http://pjp-eu.coe.int/documents/1017981/3084932/History_of_youth_policy_text.pdf/ad512916-c671-43e6-8ae6-d2919326e676

²¹ Agenzijazghazagh.gov.mt., *The European Union and Youth Policy - Aġenzija Żgħażaġh*. Retrieved 9 December 2015, from http://www.agenzijazghazagh.gov.mt/Categories/828/The_European_Union_and_Youth_Policy/784/

²² Ibid.

²³ Pjp-eu.coe.int., (2009). Retrieved 9 December 2015, from http://pjp-eu.coe.int/documents/1017981/3084919/European_Youth_Forum_position_paper_on_a_renewed_and_updated_European_youth_pact.pdf/8223f8c2-f4d5-4e7d-bfc1-5d9fdd8465bd

- Mobility (encourage young people to travel and see the life abroad, develop language and gain new skills);
- Social inclusion (nurture self-support and to create special measures for young people from specific groups such as migrants, disabled people, religious minorities etc.);
- Sustainable development and climate change (to develop green jobs and to create labor force able to adapt to modern technological developments)²⁴.

All in all, this pact raised the visibility of youth problems in Europe on the whole and helped these problems to be included in the EU agenda. On the one hand, all mentioned points interrelating with youth employment gave the clear guidelines what areas had to be improved in order to increase youth employment in the EU. From the given points it is clear to see that youth employment includes not only employment alone but such areas as education, mobility, social inclusion, the ability to combine work and private life, green jobs development and the ability to adapt to technological developments. More importantly, creation of favorable conditions for these points is a main future task to be implemented for Member States. On the other hand, all these points draw new and clear guidelines for Member State governments' and other institutions as well to work together so that every young person in the EU would have the possibility to be employed.

One of the widely and most known initiatives to fight youth unemployment is *Youth on the Move*. It is a comprehensive package of policy initiatives on education and employment for young people in Europe. Launched in 2010, it is part of the *Europe 2020* strategy for smart, sustainable and inclusive growth²⁵. *Youth on the Move* aims to improve young people's education and employability, to reduce high youth unemployment and to increase the youth-employment rate by achieving the following aims by the year 2020:

- Making education and training more relevant to young people's needs;
- Encouraging more of them to take advantage of EU grants to study or train in another country;
- Encouraging EU countries to take measures simplifying the transition from education to work²⁶.

The above mentioned aims exceptionally pay attention to youth employment through **mobility**. It calls for opportunities for all young people across Europe try to be more active and participate in programs that allow to study abroad and gain invaluable experience for the future. For Member States it suggests to revise their education and employment policies so that they can become more approachable and useful for young people for their future job search. At the same time, *Youth on the Move* seeks to facilitate job search for a young person who has just graduated from the institution of higher education and is looking for a first job but does not have work experience and skills.

²⁴ Ibid.

²⁵ Ec.europa.eu,. (2013). *Youth on the Move* -. Retrieved 16 May 2015, from http://ec.europa.eu/youthonthe-move/about/index_en.htm

²⁶ Ibid.

One more step forward was the *Youth Guarantee*, a package of measures for ‘moving youth into employment’ in April 2013 endorsed by the countries of the EU. The *Youth Guarantee* is a new approach which ensures that within 4 months of leaving formal education or becoming unemployed, young people up to the age of 25 receive an offer for a new job apprenticeship or a traineeship²⁷. It could be pointed out that main aspect of *Youth Guarantee* is clearly indicated time frame when young person should be provided with some kind of activity whether it is new job or traineeship. *Youth Guarantee* was created to facilitate young people’s transition from school to work.

Last, but not least step forward improving youth employment policy was the *Youth Employment Initiative* for 2014-2020, launched to provide additional support to young people in regions where youth unemployment was higher than 25% in 2012 and will particularly support young people who are not in education, employment or training (NEET)²⁸. The Initiative typically supports the provision of apprenticeships, traineeships job placements and further education leading to a qualification ensuring that in those parts of Europe where employment is extremely hard to reach, young people will receive targeted support²⁹. This Initiative, in particular, has focused on youth from the most volatile European regions where youth unemployment reached a quarter of total youth population. Given the extent of youth unemployment problems outlined in the previous paragraph, it is quite daring plan for the EU to support such regions, knowing that it is extremely difficult to change the youth unemployment situation there. However, considering this Initiative, it is obvious that the EU seriously seeks to improve youth employment within the union and does not afraid to take responsibility for every young person, despite the region one lives in, or overall employment situation.

It can be noted from above mentioned elements, that youth unemployment can only be fight when private and state sectors closely cooperate. On the one hand, it is very important for the government to do everything possible to create conditions for youth to study and get the qualification that state economy requires. Moreover, the opportunity for a young person to retrain oneself and get other qualification is also nonetheless important task for the government because it has to create favorable environment including proper sponsorship for the universities, colleges or professional schools so they can provide a young person not only theoretical but also practical education she/he needs to form youth employment policy that meet existing labor market trends. On the other hand, if a private sector won’t employ young persons without e.g. proper work experience, doesn’t matter how well their education and qualification will be, youth unemployment problem will remain unsolvable. Consequently, it is crucial task for a government to constantly maintain the dialogue with employers and create proper conditions and

²⁷ Ec.europa.eu., (2015). *Youth Guarantee - Employment, Social Affairs & Inclusion - European Commission*. Retrieved 8 December 2015, from <http://ec.europa.eu/social/main.jsp?catId=1079>

²⁸ Ec.europa.eu., *Youth Employment Initiative (YEI) - Employment, Social Affairs & Inclusion - European Commission*. Retrieved 8 December 2015, from <http://ec.europa.eu/social/main.jsp?catId=1176>

²⁹ Ibid.

inevitably, provide incentives for employers so they would be interested to take either more young persons for the internship or hire more young specialists without job experience.

As emphasized by Lahusen *et al.* (2013), employability, activation and labor market mobility are the primary objectives recommended by institutions of the EU to reduce the problem of youth unemployment, guarantee general participation of the youth in society and regulate the access to social security system. Main initiatives of the European Commission and their most important aspects tackling youth unemployment is given below (see **Table 1.**)

Table 1. Initiatives of the European Commission fighting youth unemployment

White Paper (2001)	Shaped youth policy focusing on its improvement.
European Youth Pact (2005)	One of the main instruments helping to achieve the objectives of Lisbon Strategy.
Youth on the Move (2010)	Encourages young people to study or train in another country and gain experience for future jobs.
Youth Guarantee (2013)	Young people up to age 25 received a quality offer of a job, continued education, an apprenticeship, or a traineeship within 4 months of leaving formal education.
Youth Employment Initiative (2014-2020)	Support young people in regions where youth unemployment is higher than 25%.

Prepared by author

Table 1 illustrates the variety of initiatives meant to help reduce youth unemployment within the EU. Some of them were meant to define the concept of youth policy and its elements while others set clear tasks and focus on particular aspects such as youth mobility, traineeship, continued education etc. that need to be improved. Presented initiatives portray the view that the EU seeks to help every young person irrespective of the region young person lives. The main idea expressed in the above mentioned initiatives is that smooth transition from education to work has to be top priority. Moreover, much attention is paid to work experience and the ways that young person should be able to receive whether it will be traineeship and studies or work abroad.

Generally speaking, youth unemployment is a big challenge for the EU that can no longer be deferred. This challenge requires not only thorough analysis of the current situation but extreme decisions and rational measures for the future on how to improve youth employment as well. All of the above mentioned initiatives and measures put forward the view that the smooth cooperation and feedback between European Commission and Member States governments' is crucial element for successful implementation of youth employment policy as well. It should be easier for Member States to improve

their youth employment policies when they get evaluation and recommendations from the European Commission.

According to Snieška *et al.* (2011), formation of employment policy is aggravated by the necessity to combine more effective but often socially unacceptable measures. Therefore, even many developed countries <...> have long employment regulation policy, employment problems are constantly discussed by their governments and parliaments. It can be added that youth unemployment is also influenced by the fact that the formation of employment policy in general is very difficult process because it includes the measures that often are regarded as socially not acceptable meaning societal resistance and discontent.

In conclusion it could be said that all programs related to youth employment policy in the EU are used to test ideas, evaluate them and then apply the best ones across Member States. Prime similarity between the mentioned programs is that they all define youth unemployment as a sensitive subject but at the same time very important key to fight social exclusion and poverty as well. The mentioned initiatives include versatile development of labor market, that is, encouraging labor mobility between youth by promoting young people to train abroad to gain experience or promoting traineeships for young employees. All in all, the bright future of the EU depends not on how many youth employment programs are adopted but on how successfully they are agreed on and implemented.

3. YOUTH EMPLOYMENT POLICY IN CENTRAL AND EASTERN EUROPEAN COUNTRIES

Central and Eastern European Countries differ from each other not only by their language, population, size of territory, cultural or social aspects but their youth employment situation as well. After the accession to the EU, Central and Eastern European Countries faced enormous challenges in many aspects of their life. They had not only to adapt certain laws and procedures required by the EU into their national law systems but also to improve and develop their policies to fit into European standards. Youth employment policy was not an exception as well.

Extending the above mentioned statements, it is worth to mention that youth employment remains a serious challenge to Central and Eastern European Countries nowadays. Young people in the modern society struggle with the creation of their own life and finding a balance between their personal desires and expectations as well as social requirements and opportunities. However, the transition from education to employment remains the most challenging as many young people in Central and Eastern European Countries still have no jobs and usually do not meet labor market expectations and requirements. All of this is directly related to youth employment policy implemented in certain country. Next chapter will outline key points of the up to date youth employment policies in Central and Eastern European Countries. As pointed out by Organization for Economic Co-operation and Development (OECD) (2015), successful engagement of youth in the labor market is crucial not only for their own personal economic prospects and well-being, but also for overall economic growth and social cohesion. Therefore, investing in youth is a policy priority in all countries.

To begin with, since youth employment is a complex subject, it is impossible to distinguish one aspect that influences youth employment the most. Grabowska and Getka (2014) noted several points such as youth unemployment rate, many university graduates, education unsuited to labor market needs, low level of vocational education, poor geographical mobility of young people and relatively low level of trust in measures taken by government to improve the situation of youth labor market is one of the striking challenges of youth employment policies in Central and Eastern European Countries. Added to this, it may be distinguished that changes occurring in the economic and social sphere primarily often and the most affect young people as youth is the most vulnerable societal group. Vulnerability can be perceived in several ways. On one hand, for a young person without work experience finding a job is often the first serious challenge in his/her life. Due to educational systems young people after they have finished their studies haven't any practice or have little practice. That lack of practical work skills is as a general rule, not insufficient for the companies to employ people without any job experience and recruit more experienced applicants. The companies are rather looking for people with job experience than people with only amazing education degree doesn't matter how important it is but without such

experience. On the other hand, young employee is at the biggest risk to lose job when a company begins reduction of staff as employees with bigger job experience is always more appreciated. This is inevitable when a company is facing troubles or having hard times to pursue its work, seeking to optimize its resources and budget.

3.1 Main features of youth employment policy in Central European Countries

Before the beginning of speaking about characteristics of youth employment policies in Central European countries i.e. Czech Republic, Hungary, Slovakia and Slovenia, it is important to get acquainted with the up to date statistical information about youth employment in aforesaid countries. Firstly, youth unemployment rates will be presented, following youth employment rates in order to get the more accurate view of the seriousness of youth employment situation in Central European countries in 2014. Percentage of youth unemployment in Central European countries in 2014 is given in the figure below (see **Fig. 4**).

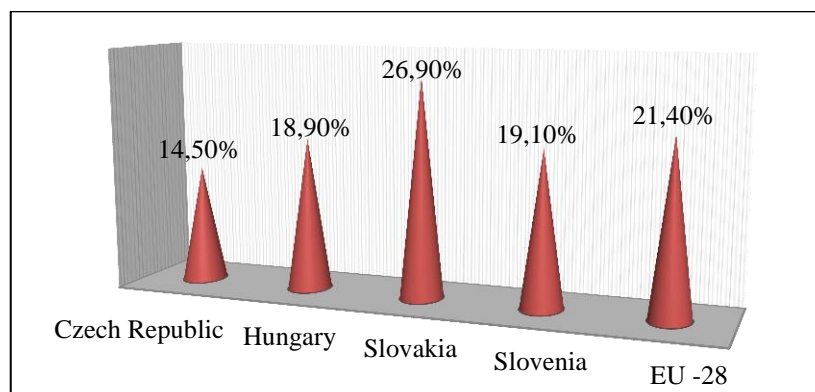


Figure 4. Percentage of youth aged 15-24 years unemployment in the total working population in Central European Countries in 2014

Source: Eurostat

Prepared by author

Figure 5 represents percentage of youth unemployment in Central European Countries in 2014. It can be noted that significant youth unemployment rate disparities exist in all mentioned countries. The lowest youth unemployment rate was set in Czech Republic (14.5%) while Slovakia had the biggest rate of 26.9% and was the only country which preceded the average of the EU of 21.4%. The remaining countries, i.e. Hungary and Slovenia had quite similar rates between 18 – 19 %. To compare, youth employment rates are presented in figure 5 (see **Fig. 5**).

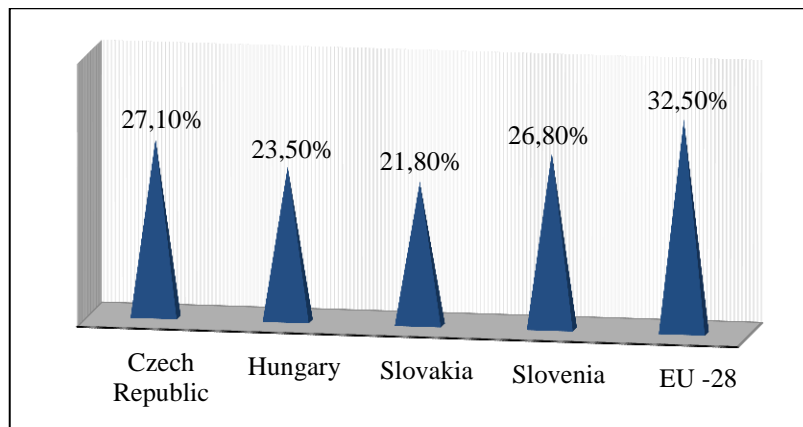


Figure 5. Percentage of youth aged 15-24 years employment in the total working population in Central European Countries in 2014

Source: Eurostat

Prepared by author

Figure 5 indicates percentage of youth employment in Central European Countries in 2014. The highest employment rate of 27.1% was registered in Hungary while the lowest rate was registered in Slovakia (21.8%). None of the countries reached the average of the EU of youth employment of 32.5%. To conclude, from the figures above, neither youth employment, nor unemployment rates are satisfying and prove that there is much to do to reduce youth unemployment and increase youth employment.

Below, measures to fight youth unemployment in Central European countries will be presented. Countries will be organized in alphabetical order not excepting certain country as more important than the other.

The first country which will be discussed is the **Czech Republic**. Janíčko (2012) states that youth unemployment became a visible problem on the labor market in already at the beginning of the economic crisis. It is apparent that resolving this problem requires more than a few specific measures aimed at this population group, but concerns the overall state of the labor market, the management of economic policy and the overall conception of social policy. As concerns young people specifically, another significant obstacle to improving their situation is the absolutely chaotic approach to the development of the education system, resulting in a marked skills mismatch. This is due to an underestimation of the need to develop technical and vocational training (*Ibid.*). The author supposes that economic, social and education systems are the main areas where youth employment problematic issues in Czech Republic lie. Without proper management of economic policy, the correct perception of social policy and none the less important systematic attitude to education system, youth employment is self-defeating. The absence of targeted policy and coordination between these three, closely related policies build the gap for youth unemployment to thrive. Although, the Czech Republic ranks among those EU countries where the question of unemployment among young people is not so acute, but still, measures have to be taken for

the future stability³⁰. Evaluating situation, several national programs have been launched for increase of youth employment in Czech Republic.

1. “*Pospolu*” (“Together”) 2012-2015 fostered cooperation between schools and companies with focus on vocational education and training in practice, identifying the possibilities and limits of cooperation between schools and employers.
2. One of the biggest programs is “*Activation Measures to Address the Adverse Situation on the Labor Market*” 2014-2017, focuses on standing the employment and labor market issues to the center of government activities.
3. “*Year of Industry and Technical Education*” in 2015 aims to promote the general interest in technical education and to provide highly skilled workers for the labor market.
4. “*Your Way – Young Business*” in 2015 and “*Pulling for Crafts*” in 2014 foster creativity, entrepreneurship and mobility in education and training. It emphasizes the recognition of skills and qualifications acquired through non-formal and informal learning, strengthening key competences for young people to be knowledgeable in their careers and on increasing their activity and employability³¹.

As it can be seen, all programs in large part focus its attention to education. When a young person acquires skills and competencies that are suitable for labor market, he or she will have more chances to be employed. It is very important that education system will be as more adapted to labor market requirements as possible. The last, but not least aspect raised in one of the programs is that youth employment has to be focal point shaping government’s created policy regarding youth employment.

Next country which, youth employment policy measures will be analyzed is **Hungary**. Various measures to fight youth unemployment were taken in Hungary.

1. The Hungarian Government announced a **10-point workplace protection action plan** and part thereof was to halve the employers’ contribution from 2013 for workers under 25. The purpose of these measures is to encourage employers to employ people under the age of 25.
2. A **non-repayable financial support** is a new opportunity for young people to become self-employed and this is provided to initiate an entrepreneurial activity for those who are unable to find a job for more than three months. EU and Hungarian resources are harmonized to manage this program. Job-Seekers, registered for more than 3 months, who cannot find a job will receive housing benefits, if they find a job away from their home.

³⁰ Social Dialogue Committee,. (2015). *The Framework of Actions on Youth Employment* (pp. 33-34). Social Dialogue Committee. Retrieved from http://www.spcr.cz/images/EU/2nd_follow_up_report_FoA_Youth_Sept_2015_-_Final.pdf

³¹ Ibid.

3. **The Apprentice Support Program** will help young people at the beginning of their career to obtain professional work experience. Employers can receive financial support for six months, if they employ skilled unemployed people at the start of their career.
4. **A change in the vocational education system** is in process. It aims to provide knowledge and skills for young people at the end of their education and training, which can then be utilized immediately in the labor market³².

It is important to emphasize, that all of the above mentioned programs to fight youth unemployment in Hungary is not possible without cooperation between government and business. Obvious that without government incentives and various reductions for companies to hire young people, without job experience youth unemployment will be much bigger than it is now. Another driving motive in order to reduce youth unemployment in the country is government's initiative to support self-employed young people and those who manage to find a job away from their home. Education is given none the less attention as it has provide appropriate knowledge and skills for young people so they can much easily adapt them to labor market.

The following country and its measures to fight youth unemployment is in the very heart of Europe i.e. **Slovakia**. As claimed by Kahanec, scientific director of the Central European Labor Studies Institute in Bratislava, „Youth unemployment in Slovakia is primarily due to a skills mismatch in the labor market as schools and universities produce large numbers of graduates with skills that are little in demand and adds that Slovakia's education system produces graduates with encyclopedic knowledge but almost no ability to apply it, few practical skills, and limited potential for innovation”³³. In addition it can be said that education, is named as the crucial part of successful youth employment policy in the country and is primarily, the area to be reformed. Accordingly, the supply of young specialists is immense, but does not fit into present-day Slovakia's labor market demand, which needs young specialists with not only good theoretical knowledge but practical knowledge as well. However, new tools to fight youth unemployment were outlined in the new programming period of 2014-2020 in Slovakia. Such measures as “*Work Experience for Future Employment*”, “*Graduate Practice Starts up Employment*” and “*My Chance in the Labor Market*” were invoked to facilitate the gaining of practical experience by creating a temporarily subsidized job with an employer and attaining practical skills in the given field, and supported self-employment. Their implementation should be initiated in the second half of 2015³⁴. On the whole, from the statements above, current youth unemployment problematic issues in Slovakia is associated mostly with the education system, which is not adapted to the current labor market needs. Those needs are related

³² Elmmagazine.eu., (2013). *Youth unemployment - Now - Elm - European lifelong learning magazine*. Retrieved 13 January 2016, from <http://www.elmmagazine.eu/articles/youth-unemployment-now>

³³ Liptáková, J. (2012). *Cabinet re-allocates €295 million of EU funds*. *spectator.sme.sk*. Retrieved 27 January 2016, from <http://spectator.sme.sk/c/20043471/cabinet-re-allocates-295-million-of-eu-funds.html>

³⁴ Ministry of Finance of the Slovak Republic., (2015). *National Reform Programme of the Slovak Republic 2015* (p. 34).

to a graduate that has not only strong theoretical background but also has practical skills to use theory in practice, thereby, be flexible, innovative and able to adapt to constantly changing situation in the labor market.

Slovenia is the last Central European country which efforts to tackle youth employment will be examined. According to Ignjatović (2010), Slovenian youth, especially unemployed young people, are included in the majority of Slovenian Active Labor Market Policies (ALMP) as one of the groups at risk. However, there are a very small number of measures aimed specifically at young unemployed people aged 15-24, all are divided into four groups:

1. **Counselling and job search assistance** advises and assists young people about career opportunities, provides occupational and employment information, guidance and motivation, thus developing new forms of assistance and representation. Workshop "*After studies into employment*" intended to help young graduates transition to the labor market.
2. **Training and Education** measure aims to increase the employability and competitiveness of employed and unemployed people in the labor market by acquiring new knowledge, skills and abilities and by raising their educational level. Programme "*Graduate – Activate yourself and get the job!*" was meant to improve the employment opportunities for young graduates keeping a record of registered students and connect them with employers who are looking for new graduates. **Education programme** "*Learning for Young Adults*" was designed to help young people who have no qualifications, occupation or employment, to overcome social isolation and encourage them to continue schooling and, where this is not possible, to promote the acquisition of skills that make transition to work easier.
3. **Promoting employment and self-employment** aims to promote new employment and self-employment opportunities and subsidizing self-employment through programme "*Employ.me*" which aims to develop the skills, knowledge and social security of unemployed persons by subsidizing jobs.
4. **Programmes to increase social inclusion** aims at promoting social integration and employment, development of social entrepreneurship, social inclusion and employment. Adopted new Labour Market Regulation Act is widening the access to unemployment benefits to people who were employed for at least nine out of the last twenty-four months.

There seems to be no compelling reason to argue that Slovenian government did not try to change youth unemployment situation. The collected data provide strong evidence that the issue of youth unemployment was intended to be solved using various tools. Firstly, understanding the importance of receiving needed information about career opportunities, consultations about job were included as one of the measure. Secondly, training and education were given special attention as well. Young people had the opportunity to gain new knowledge and skills they need to get the job. Furthermore, for those who

abandoned school, the opportunity to continue schooling is given. Moreover, graduates and employers had a chance to find each other easier as register of new graduates and employers that looking for graduates, was created. Thirdly, self-employment was encouraged through subsidies for those employing young person or young person creating work place. Finally, social inclusion is raised as an important aspect of youth unemployment seeking to broaden the access to unemployment benefits after at least nine months of work.

To sum up, to overcome challenges regarding youth unemployment, Central European countries will need a united approach involving different levels of government i.e. regional and national and Non-Governmental Organization (NGO) in order to set targets and evaluate impacts while developing youth employment policy.

3.2 Key aspects of youth employment policy in Eastern European Countries

The generally acceptable belief that the unemployment is comprised of many different aspects is an important starting point for the analysis of unemployment. It requires searching determinants in different areas and economic processes such as demand and supply in the economy, institutional regulations in the labor market and finally demographic characteristics of individuals. There are different and similar measures incorporated in youth employment policies in Eastern European countries related with specific national issues which are aimed to improve youth employment. It is very important to understand that successful implementation of these measures will determine many young people’s lives and future. Percentage of youth unemployment in Central European countries in 2014 is given in the figure below (see **Fig. 6**).

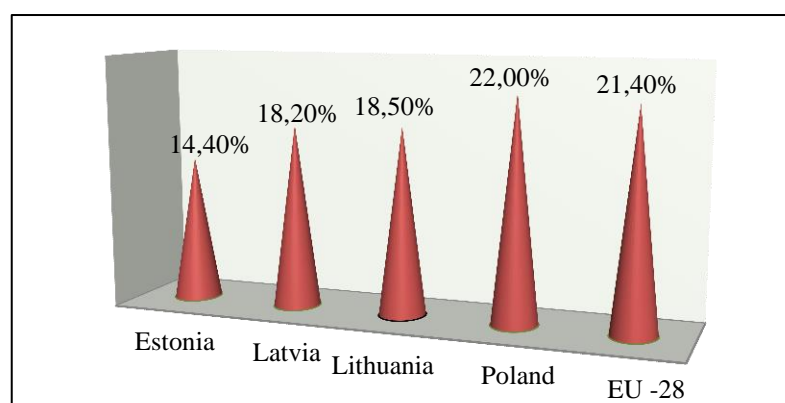


Figure 6. Percentage of youth aged 15-24 years unemployment in the total working population in Eastern European Countries in 2014

Source: Eurostat

Prepared by author

Figure 6 represents percentage of youth unemployment in Eastern European Countries in 2014 i.e. Estonia, Latvia, Lithuania and Poland. It can be noted that significant youth unemployment rate

disparities exist in all mentioned countries. The lowest youth unemployment rate was set in Estonia (14.4%) while Poland had the biggest rate of 22.00 %. And was the only country which preceded the average of the EU of 21.4%. Latvia and Lithuania had quite similar rate between of 18.20% and 18.5% respectively. To compare, youth employment rates are presented in the following figure (see **Fig. 7**).

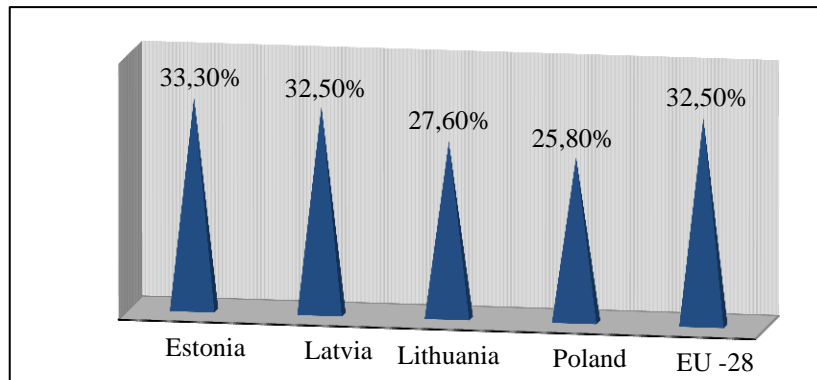


Figure 7. Percentage of youth aged 15-24 years employment in the total working population in Eastern European Countries in 2014 *Source: Eurostat*

Prepared by author

Figure 7 illustrates percentage of youth employment in Eastern European Countries in 2014. The highest employment rates of 33.3% and 32.5% were registered in Estonia and Latvia, respectively. Those two countries were the only ones that reached the average of the EU in youth employment of 32.5%. The lowest rates were registered in Poland (25.8%) and Lithuania (27.6%). To conclude, from the figures above, neither youth employment, nor unemployment rates are satisfying and prove that there is much to do to reduce youth unemployment and increase youth employment. Moreover, it is quite concerning that despite various efforts to fight youth unemployment, the situation in aforementioned countries is still intense and calls not only for additional measures but new and even better management to improve youth problems as well because the cost of doing nothing is therefore very high.

Estonia is the first Eastern European country which measures to tackle youth unemployment is outlined. As pointed out by Eamets and Humal (2015), until recently there were no active labor market policy measures targeting youth in Estonia. And only in 2015 the first youth-specific measure “*My first job*” was launched which provides wage support to the employer so called employment subsidy, hiring young person with no or little work experience. Subsidies for employers include 50% of wage being paid by government up to twelve months. Other measures created to tackle youth unemployment include:

1. ***Career counselling and career information rooms*** across the country provide all the information about working or studying or general advice from career specialists. This is available for young people who have not registered as unemployed in Estonian Unemployment Insurance Fund (UIF).

2. **Work clubs** are group meetings to get information about the labor market through activities such as introducing the labor market situation, developing communication and social skills, learning to perform at a job interview, composing a CV and a cover letter
3. **Labor market trainings** which can last from one day to one year can be provided to acquire or enhance ones occupational skills that facilitate finding a job. Job-seeker who participates in such trainings, work practice, internship or volunteer work is able to receive a scholarship and remuneration of travel costs (*Ibid.*).

On the basis of the measures presented above, it seems fair to suggest that nonetheless significant aspect fighting youth unemployment is not only providing incentives to employers hiring young person but as well helping those young people to find the employment information they need. Further evidence supporting the latter idea on the one hand is that helping to prepare CV or how to perform well at a job interview is crucial for a successful first step to the labor market. On the other hand, keeping in mind that employers are not very willing to hire young specialists aforementioned government's exemptions are substantial stimulus for employers to hire young people.

Estonia's neighboring country **Latvia** also implemented a range of measures to fight youth unemployment. Organization for Economic Co-operation and Development (OECD) (2015) indicated main measures launched by State Employment Agency (SEA) that started to be brought into effect already in 2011:

1. **Youth workshops** is dedicated to young people with a low level of education or without any work experience to raise awareness of educational needs and options linked to existing job opportunities.
2. **Support for youth volunteer work** is created for young unemployed aged 18-24 years working in associations and foundations also known as "*First work experience in NGOs*". This type of program is usually not associated with strong employment outcomes in the private sector but can be useful in times of weak job creation as participants receive allowance up to six month.
3. **Subsidized first experience jobs** or "*First work experience at employers*" for 18-29 year-old who have been either unemployed for the last six months, those without secondary education or professional qualification, as well as single parents, disabled or belong to ethnic minority. Hiring a person matching one of those criteria might bring subsidy for an employer up to 12 months.
4. **Support to self-employment or entrepreneurship** provides help in writing a business plan preparation and enables an entrepreneur to receive a grant to start a business, counselling during the first year of business, and a subsidy equivalent to the minimum wage for the first six months of the project.

All of the above classified measures put forward the view that youth unemployment problematic issues are targeted to include youth from different social groups such as young people with a low level

education, those without secondary education or professional qualification, single parents, disabled and youth from ethnic minorities. Moreover, youth unemployment problematic issues are viewed from various points of view and there are several main arguments that can be advanced to support that variety. Firstly, the importance of education is raised as it opens up opportunities to get the job in the first place. Secondly, volunteering in NGOs is expressed as one of the temporary solutions in case when labor market is not providing many vacancies, although volunteering is not for free as participant receives some money. Thirdly, and recurring measure is subsidies for employers providing a job for a young person matching one of the listed criteria. Finally, self-employment is strongly encouraged through incentives for young businessmen starting one's own business. Given these points Latvia showed great and broad initiative to tackle youth unemployment in the country.

The third Baltic country **Lithuania** implemented several measures to fight youth unemployment as well and 2014 was one of the most active years in doing so. Kvedaraitė *et.al* (2012) stated that youth employment and development of successful integration into the labor market is given special attention by creating programmes of youth consulting and information, employment and unemployment mitigation, thus encouraging young people to strive for personal improvement, search for opportunities to earn a living or even start a business themselves instead of being the beneficiaries of social benefits or aid. Main programs meant to boost youth employment in Lithuanian are implemented by Labor Market Exchange under European Social Fund projects:

1. Project "*Trust in Yourself*" helps to prepare for employment in the labor market for young people aged 16-25 who are not in employment nor education, nor engaged in any active labor market policy measure.
2. Project "*Employment Support*" targeted at young people under 29 years to engage in two measures: subsidized employment and supporting acquisition of job skills.
3. Project "*Stay in the Labor Market*" help young people under 29 years to engage either in subsidized employment, acquisition of job skills or rotation.
4. Project "*Youth Voluntary Service*" encourages young people under 29 to take part in volunteering for at least twenty hours per week up to three or six months (Požela 2015).

On the basis of the above mentioned measures, it could be stated that youth employability is encouraged through several stages. Firstly, it is expected that young, unemployed will be provided all the needed information for successful entering into the labor market. Therefore, embolden young people when acquired particular information, to trust themselves and look for a job. Secondly, youth employment is enhancing per subsidies to employers who are willing to hire young person. Subsidies will be given if a young person acquires job skills as well. Finally, voluntary service is named as one of the measure to increase youth employment as such service helps to gain experience, skills that would be necessary for future work. However, despite various active labor market measures named above for youth in Lithuania,

the existing situation of young people in the labor market requires additional efforts for bigger youth employability and continues efforts to improve youth employment.

Poland is the last Eastern European country which measures to reduce youth employment will be discussed. Poland's efforts to combat youth unemployment are based on four pillars:

1. **Work by public employment services:** helping people find jobs, providing subsidies for employers eager to take on the unemployed, and supporting vocational training.
2. **Supporting greater worker mobility within the country**, since unemployment levels vary widely between Poland's regions.
3. **Promotion of entrepreneurship** with attractive loans for young entrepreneurs and support for start-ups by pupils still at school, who can also draw up their business projects as coursework. Additionally, start-up support had already delivered spectacular results – since most of the projects were highly innovative – and the ratio of projects that survived on the market was satisfactory³⁵.

It could be noted that Poland undertook wide actions to fight youth unemployment. Such measures included subsidies for employers, general worker mobility within the country as well as encouragement of entrepreneurship. Moreover, according to Polakowski (2012) one of the widely known programs to reduce youth unemployment in Poland is “*Young People in the Labor Market*” launched in 2012 aiming to increase the employability of young Poles by providing them with additional training and mobility instruments such as vouchers for training (both in-firm and those offered by vocational schools) and mobility allowances. In addition, it is worth to mention that more and more programs are implemented in Poland grappling with youth unemployment problematic issues with a view to create as better conditions as possible so that more young people would be employed.

In conclusion it can be stated that it is probably unsurprising that measures adapted by Central and Eastern European Countries to fight youth unemployment are quite similar. Although, each country has its own specifics that have to be taken in consideration, while creating and developing youth employment policy or adapting EU's laws, strategies or initiatives. All countries pay attention to such aspects fighting youth unemployment as education that meets labor market requirements, providing all career counselling information, youth mobility, entrepreneurship, self-employment, subsidies for employees hiring young people, trainings to gain occupational skills or volunteering in order to gain experience. Several differences were noted as well while analyzing youth employment policy measures. Only Estonia implemented such measure as Labor market trainings which provide opportunity to young person to acquire or enhance occupational skills that facilitate job search during which young person not only gains occupational skills but as well is able to receive a scholarship and remuneration of travel costs. Czech

³⁵ European Economic and Social Committee., (2015). *Combating youth unemployment – best practices*. Retrieved 27 February 2016, from <http://www.eesc.europa.eu/?i=portal.en.group-1-new-news.36607>

Republic promoted the interest in technical education in order to provide highly skilled workers for the labor market. Hungary provides housing benefits for job seekers who cannot find a job more than 3 months if they find a job away from their home. However, despite an advance in improving youth employment, Central and Eastern European Countries still have a great amount of work ahead regarding improvement of youth employment policies. Among to do tasks it can be mentioned: creation of new employment opportunities for young people, promoting youth mobility, apprenticeship or a traineeship, opportunities to retrain so that a young person would be able to find a new job and, definitely, encourage close cooperation between government and business sector. However, one of the biggest challenges is reforming education system, so it can adapt to latest labor market requirements. It is possible to induce that youth policy in Central and Eastern European Countries is recognized as a common policy towards young people and emerging from their needs. It is clear that fighting youth unemployment requires a range of early interventions – from hiring subsidies to certain training opportunities. These interventions need to be appropriately targeted at those who will benefit most from them. The essence of youth policy in mentioned countries is the creation of appropriate living conditions for young people, enabling them to participate in public, social, cultural and political life equally with other social groups.

4. METHODOLOGY OF THE RESEARCH

The final project analyzes youth unemployment problematic issues in Central and Eastern European Countries (see **Table 2.**) by invoking various indicators and is based on the comparative analysis of statistical data, systematic approach to analyzed data and content analysis of the official documents of the European Commission.

Table 2. Central and Eastern European Countries

Central	Eastern
Czech Republic	Estonia
Hungary	Latvia
Slovakia	Lithuania
Slovenia	Poland

Prepared by author

The above presented countries were chosen for the research using the following criteria: first and the most important aspect is that all above mentioned countries joined the EU in 2004 which is by far the biggest enlargement in the history of the EU.

It is quite difficult to measure all the positive things the accession to the EU gave for Central and Eastern European Countries, but from all the things the most important are Four Freedoms: movement of goods, freedom of movement for workers, right of establishment and freedom to provide services and free movement of capital.

The accession was a huge opportunity for Central and Eastern European Countries to become western-style economies as well which was not likely without overcoming many challenges regarding economic and political modernization. Moreover, Central and Eastern European Countries had to perform tremendous reforms regarding economic, educational, social policies and adapt many regulations and rules of the EU to their national laws to fit into standards of the EU as closely as possible. Consequently, it is very interesting to compare the progress that Central and Eastern European Countries reached and analyze the problems that prevented from doing better. Secondly, Central and Eastern European Countries are similar to one another by many aspects, such as economic (in some countries, same currency – Euro, similar GDP rate), geographical (neighboring countries), cultural (similar languages, Latvian-Lithuanian), historical (once were single country – Czechoslovakia, gained independence at the same time as most countries became independent in XXI century) or political aspects (the Visegrad Group – all four Central European countries, break form the Soviet Era or the fact that all countries hold democratic governance of parliamentary system).

The indicators used in the final project analyzing youth unemployment in Central and Eastern European Countries are presented in the table 3 (see **Table 3.**) and were collected (as it was stressed in chapter 2.1) from the official publications of the European Commission.

Table 3. Indicators used to identify youth unemployment trends in Central and Eastern European Countries

DEMOGRAPHIC		
1. Share of young people aged 15-24 years and share of people aged 65 or more in Central and Eastern European Countries in 2014		
ECONOMIC		
2. GDP per capita €		
3. Minimum gross wage €		
4. Self-employment		
5. Youth unemployment in comparison with the total unemployment level of the country		
EDUCATIONAL		
6. Educational attainment	Less than primary, primary and lower secondary	Upper secondary and post-secondary non-tertiary
SOCIAL		
7. Gender	Female	Male
TIME RELATED		
8. Period of time	Long-term youth unemployment	
	Short-term youth unemployment	
9. Seasonality	Seasonally adjusted youth unemployment	
	Seasonally unadjusted youth unemployment	
	Youth unemployment by month	
10. Type of contract	Full-time youth employment	
	Part-time youth employment	

Prepared by author

As it can be seen from table above, the scale of indicators that were invoked to analyze youth unemployment in Central and Eastern European Countries is of wide range in order to portray the most important aspects of youth unemployment in before mentioned countries. For this reason, demographic, economic, educational, social and time related indicators were invoked. Moreover, the selected indicators prove that youth unemployment is merely only economic problem.

Central and Eastern European Countries will be compared not only to one another but as well to the average percentage of particular indicator to the average percentage in all 28 countries of the EU and that country of the EU which had the best score of the particular indicator. The average percentage in 28 countries of the EU and particular country with the best percentage of one or another indicator will be taken as the starting point evaluating one or another indicator's performance in Central and Eastern European Countries. This comparison as well allows to see the strengths and weaknesses of measures taken in Central and Eastern European Countries to tackle youth

unemployment and evaluate if those measures are adequate. Moreover, indicators examining youth unemployment in Central and Eastern European Countries were selected according to their ability to fit the following requirements:

1. Importance to all Central and Eastern European Countries discussed in the project.
2. Reflect situation of youth unemployment in Central and Eastern European Countries in the year of 2014.
3. Cannot be interpreted ambiguously.
4. Easily comprehensible not only for professionals but for the general public as well.
5. Comparable between all Central and Eastern European Countries.

The statistical data used in the final project were collected from the statistical office of the EU – Eurostat. On the one hand, the collected data allowed to see a clear image of particular trends in societies in Central and Eastern European Countries as well as to evaluate performance of youth employment policy in those countries. The distinguished indicators also show how one or another measure adopted by decision makers of certain country influences general situation on youth employment policy in Central and Eastern European Countries.

Finally, the collected data not only allowed to compare different European Countries and regions but also to evaluate their performance implementing youth policy and especially, improving youth unemployment situation. The correlation between youth unemployment and indicators used in the final project is indicated below (see **Table 4.**). In addition, the order of priority of indicators is based entirely on the range the indicator is assigned to (see **Table 3**).

Table 4. Correlation between indicators and youth unemployment

INDICATOR	CORRELATION TO YOUTH UNEMPLOYMENT
Share of young people aged 15-24 years and share of people aged 65 or more in Central and Eastern European Countries in 2014	Shows importance of young people in the society as a cornerstone aspect of future stable economic situation in the country (the less percentage of young people in the country is, the less work force will be in the future meaning that there will be less money coming in from taxes while more money is needed on social benefits such as pensions or healthcare provision).
GDP per capita €	Youth unemployment rates are lower in the countries with higher GDP per capita rate.
Minimum gross wage €	Young, inexperienced worker at the beginning of working career is forced to work for minimum wage in order to gain work experience and receive higher wage.
Share of self-employed youth in the country	Contributes to the goals of the EU of more growth and better jobs. Since self-employment is deeply encouraged and gains more and more attention and importance within the EU.

Youth unemployment in percentage of total number of working population	Be able to compare young and older workers unemployment percentage in the labor market
Educational attainment	Education is the critical factor which determines young people's chances to be employed
Gender	The main distinguishing feature of the unemployed.
Long-term unemployment	Long-term unemployment might be very harmful for country's economy.
Short-term unemployment	
Seasonally adjusted	Shows influence of seasonality to youth unemployment situation
Seasonally unadjusted	
Youth unemployment by month	
Full-time employment	One of the most popular employment types among young people. Full time employment is mostly assigned to those, who finished studies while part-time employment is more convenient for young people who are still studying and are looking for a temporary job.
Part-time employment	

Prepared by author

Table 4 indicates that youth unemployment is a complex issue that is related to many indicators, mostly, with economic and time. In order to estimate tendencies in changing rates of youth employment and unemployment, statistical data have been provided which indicated the main factors for youth unemployment in Central and Eastern European Countries in 2014.

The data used in the research were statistically processed by the MS Excel program.

5. IDENTIFICATION OF INDICATORS REGARDING YOUTH UNEMPLOYMENT IN CENTRAL AND EASTERN EUROPEAN COUNTRIES

To better understand tendencies of youth unemployment in Central and Eastern European Countries, it is important to set criteria by which youth unemployment could be analyzed. In this project, analysis of youth unemployment is based in the indicators extracted from the content analysis of the official publications of the European Commission and statistical data of the Eurostat (as it was mentioned in chapter 4, this final project covers the analysis of demographic, economic, educational, social and time related indicators). Moreover, extracted indicators helped to get acquainted with the main aspects of youth unemployment situation in 2014 and highlighted the areas of improvement related to it and allowed to posit the main obstacles that caused problems for a young person to get into employment.

Firstly, extracted indicators showed the main problems that caused high youth unemployment in Central and Eastern European Countries in 2014 and indicated what measures adopted by the governments of Central and Eastern European Countries gave the biggest positive effect reducing youth unemployment and what measures need further development to improve youth unemployment. Secondly, the analysis of youth unemployment through different indicators enabled to see what in particular needs to be done in the future in order to improve youth unemployment situation in Central and Eastern European Countries. Whether it would be strengthening the creation of family-friendly environment and policies such as the creation of favorable conditions for young people to start a family by having opportunity to achieve the balance between work and family or try to make every effort to improve education system so it would meet labor market requirements or promoting economic growth by facilitating business conditions so more job vacancies for young people would be created and companies would be willing to hire young people.

As it was stressed before, youth unemployment levels in Central and Eastern European Countries as well as the whole EU are considerably higher than adult unemployment (in most countries, youth unemployment levels are as twice bigger than adults unemployment) which makes the reduction of youth unemployment as a top priority both, for the EU and national and local governments of Central and Eastern European Countries.

The issue of high youth unemployment is detectable across all Central and Eastern European Countries so the economic and social effects of youth unemployment should be carefully considered to understand the gravity of the issue. Early unemployment has a negative effect not only on the future employability of young people but also on their self-esteem, their role in the society and can represent a

serious economic burden on state finances³⁶. It can be added that youth unemployment may be particularly harmful for a young person and economy as it may lead to long-term unemployment which leads to a multiple social, economic and psychological problems.

After thorough theoretical analysis, various demographic, economic, educational, social and time related indicators were extracted and will be invoked to analyze youth unemployment levels and trends in Central and Eastern European Countries. Indicators will be listed according to their dependence on the above mentioned range in the alphabetical order not excepting any indicator as more important than the other. Firstly, demographic indicators will be dissected, following economic, educational, social and time related indicators.

The EU focus its attention to the creation of favorable living conditions for young people so that population of youth would increase because numerous analyses show that population in the EU is rapidly ageing because young people start family at an older age and have less children thus posing a threat for future economic growth and stability of the EU.

Kofalt and Čepar (2015) stated that ageing of a whole population is a reversible social process which depends on the structure of age of a population which can change in any direction. Moreover, population ageing is usually measured by the percent of people aged 65 (60) years and over. Following these ideas, it can be stated that the process of ageing population is perceived as growing increase in the number of people aged 65 or more and growing decrease in the number of young people. However, the process of population ageing when adopting right measures can be halted but this is not possible without increase in young people's population meaning improvement of living conditions for young people to have more children.

The effect of ageing population did not spare Central and Eastern European Countries as well. Decreasing number of young people across societies in Central and Eastern European Countries reflects one of the main problems of the whole EU – relatively small share of young people in the total population of the country. Such decrease of young people will definitely result in many demographic and social problems in Central and Eastern European Countries in the nearest future and may have significant negative impact on the stable development of before mentioned countries. The following figure illustrates the comparison of **share of young people aged 15-24 years and share of people aged 65 years or more** in Central and Eastern European Countries in 2014 and shows worrying trends how relatively low share of young people in the total population stimulates the effect of ageing society (see **Fig. 8**).

³⁶ Nedeljkovic, V. (2014). *Consequences of High Youth Unemployment. Bridging Europe*. Retrieved 30 April 2016, from <http://www.bridgingeurope.net/consequences-of-high-youth-unemployment.html>

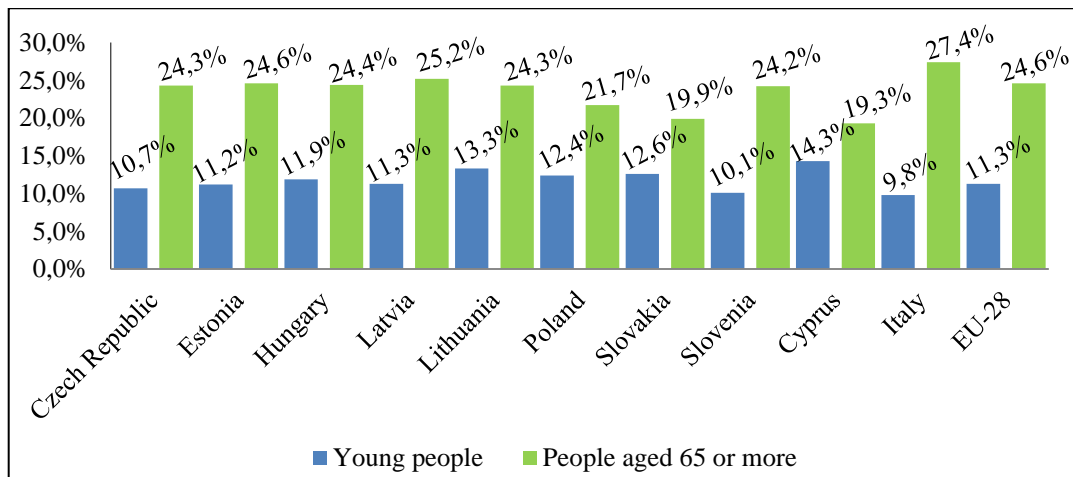


Figure 8. Share of young people aged 15-24 years and share of people aged 65 or more in Central and Eastern European Countries in 2014
 Source: Eurostat
 Prepared by author

As figure 8 shows, share of young people aged 15-24 years comparing to people aged 65 or more in Central and Eastern European Countries is relatively low. It also reveals the urgency to search for solutions on how to increase share of young people in the total population in before mentioned countries. The average share of young people in the total population in the EU in 2014 was only 11.3%. If comparing the best score which is considered as the biggest share of young people in the total population in the whole EU, Cyprus was the leader by this number as share of young people there, represented 14.3% of the total population. However, none of Central and Eastern European Countries reached the result of Cyprus. The closest result in Central and Eastern European Countries was reached in Lithuania and Slovakia where share of young people in the total population reached 13.3% and 12.6% accordingly while the lowest share of young people was registered in Slovenia and Czech Republic of 10.1% and 10.7% correspondingly. Moreover, the positive trend is that half of Central and Eastern European Countries exceeded the average share of young people in the total population of the EU which ranged from 11.9% to 13.3%. However, figure above also clearly illustrates the negative trend that societies in Central and Eastern European Countries are ageing as the number of people aged 65 or more was as twice bigger as the share of young people. Italy, by the share of people aged 65 which comprised 27.4% was the “leader” within the EU and slightly exceeded the average share of people aged 65 in the EU of 24.6%. Although only Latvia exceeded the average share of people aged 65 or more in the EU and scored to 25.2%, a very concerning trend is that in almost all countries the share of people aged 65 or more was almost or twice bigger comparing to the share of young people. The lowest share of people aged 65 or more of 19.9% was calculated in Slovakia while in the rest of Central and Eastern European Countries share of people aged 65 reached 20% and more in the total population. This obliges Central and Eastern European Countries search for new and improved methods on how to increase share of young people. Several reasons for low share of young people aged 15-24 years in Central and Eastern European Countries might be excluded.

According to Sarfati (2014), ageing of societies is defined in terms of the age structure of the population which can change depending on three main factors such as fertility, mortality and migration. Moreover, in Central and Eastern European Countries all three indicators point to the accelerated speed of demographic ageing taking place since 1990 as fertility dropped sharply, emigration of young people increased significantly and life expectancy improved requiring major societal adjustments for the welfare, care, education systems and functioning of labor market. Given these points it can be added the e.g. emigration is especially sensitive subject and dangerous trend nowadays as well because more and more young people leave Central and Eastern European Countries looking for bigger salaries and better living conditions in the foreign countries such as Denmark, Germany, Norway or Sweden. Emigration of young people is dangerous not only because countries' lose brain drain and potential work-force but also because most often young people start family in the foreign country and do not come back to their native countries meaning that big part of new generation in Central and Eastern European Countries will stay outside the borders of these countries. This leads to the decline of working-age people and increased number of retired people in Central and Eastern European Countries. Consequently, less working-age people means a threat to economic growth as less revenue will be generated to the budgets of Central and Eastern European Countries, thus, the need for money to pay pensions or guarantee other services such as healthcare will be one of the main challenges as well. The other problem of decreasing number of young people is how to protect such models of social welfare as pensions and healthcare, if there are a growing number of old people who are making increasing demands on these systems and decreasing number of young people who supposed to maintain those systems by paying taxes to the state.

Finally, the numbers are not comforting and prove the fact that societies in Central and Eastern European Countries are rapidly ageing. The necessity for all countries to search for a ways to improve living conditions for young people so that fertility rate would increase leading to the improvement of demographic situation while emigration of young people would decrease and societies in Central and Eastern European Countries would rejuvenate as much as possible has never been more challenging

The first economic indicator analyzing youth unemployment in Central and Eastern European Countries to be introduced is **GDP**. It is considered as one of the most widely used economic indicators to define country's economic power. Specifically, GDP shows whether the economy is growing or not. Generally, it represents the total value of all goods and services produced during particular period of time. The bigger GDP is the better economic situation is noticed in one or another country. It is important to emphasize that when GDP is growing, booming economy allows to expand production and offer more services meaning that companies hire more employees to meet the needs of growing market needs. Consequently, young unemployed people have a great opportunity to find a job as well and increase the level of youth employment. The correlation between GDP and levels of youth unemployment in the EU is illustrated in the following figure (see **Fig. 9**).

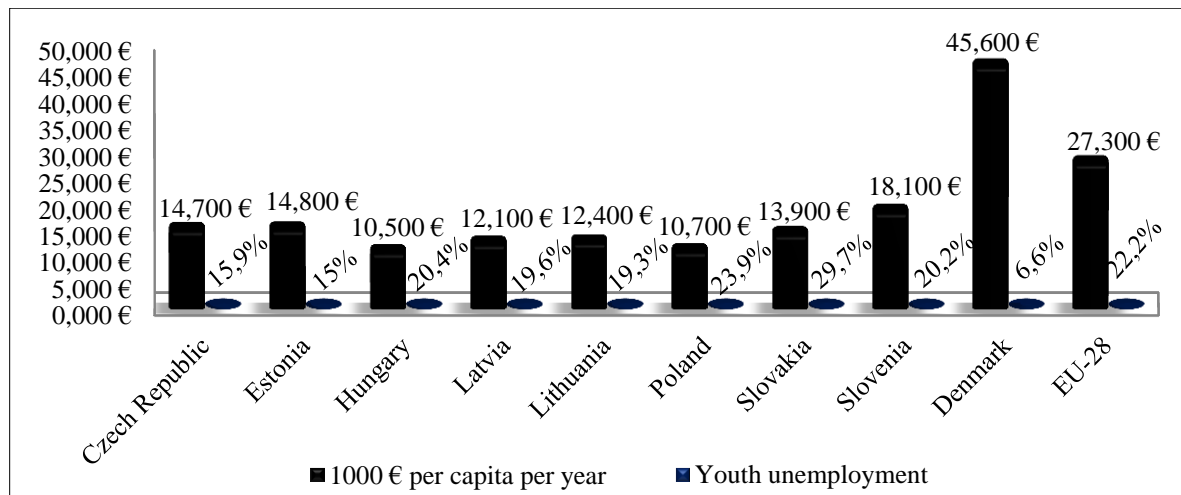


Figure 9. GDP per capita in € and percentage of youth unemployment in Central and Eastern European Countries in 2014

Source: Eurostat

Prepared by author

Figure 9 takes into account the correlation between GDP per capita and youth unemployment rate in Central and Eastern European Countries in 2014 in comparison with the average GDP and youth unemployment rate of the EU and the country with the lowest youth unemployment rate and the biggest GDP per capita rate in the whole EU, in this case, Denmark which scored as the leader of the EU with almost as twice bigger GDP per capita rate of 45.600 € and more than three times lower rate of youth unemployment of only 6.6% than the average of the EU which was 27.300 € and 22.2% respectively. Comparing Central and Eastern European Countries, less significant differences were noted. The biggest GDP per capita rate of 18.100 € was registered in Slovenia while Hungary and Poland had the lowest rates of only 10.500 € and 10.700 € GDP per capita respectively and was far away from the average of the EU and ever farther from the numbers of Denmark. However, youth unemployment rate is quite satisfactory if comparing Central and Eastern European Countries and the average of the EU. Although GDP per capita in all Central and Eastern European Countries was significantly lower than the average of the EU, youth unemployment rates were lower and only Poland and Slovakia had bigger than the average of the EU youth unemployment rates. The lowest youth unemployment rate of 15% was set in Estonia while Slovakia had the highest rate of 29.7%. Unfortunately, all Central and Eastern European Countries got far behind Denmark's youth unemployment rate. Considering how big the gap between Denmark and the rest of the countries is, it might be concluded that GDP per capita and youth unemployment rates are related as bigger GDP per capita rate mostly determine lower youth unemployment rate because growing economy increases young people's probability to find a job. Moreover, bigger GDP per capita means that companies require more work force thus giving more chances for young people to be employed as well. Consequently, economy itself is growing and common living standards are getting higher. However, GDP per capita cannot be considered as the main factor for the reduction of youth unemployment despite the fact that the link between these two variables is noticed.

To sum up, it can be stated that GDP is quite important for youth unemployment as bigger GDP per capita means growing economy, consequently, labor demand increases as well which provides broader possibilities for young people to get into employment as well. However, other indicators that shape youth unemployment trends in Central and Eastern European Countries have also to be taken into consideration.

Next economic indicator regarding youth unemployment in Central and Eastern European Countries is **minimum wage** which is defined as an amount of money that is the least amount of money per hour that workers must be paid according to the law³⁷. Additionally, it can be stated that minimum wage was selected to analyze because often, young, inexperienced worker starts his/her working life at a minimum wage or a little higher than such wage. The main reason for this is that young worker due to the lack of working experience is unable to compete for bigger salaries with older and experienced workers.

According to Gorry (2013) minimum wage can have huge effects on unemployment as it has a relation with a worker's ability to gain job experience. Firstly, minimum wage is one of the reasons preventing young workers from accepting low wage job. Secondly, inexperienced workers who in most cases are young people are willing to take lower wages as it allows gain skills and experience for the future job required in the labor market. Thirdly, it is less probable that young inexperienced people would receive high salary at the beginning of his or her career. That is why minimum wage and youth unemployment is related as well. In addition, it can be stated that author gave a perfect insight of the typical situation of the young unemployed persons in the labor market. In most cases, young people are willing to sacrifice their financial welfare temporarily and to begin work at minimum wage. However, working at a minimum wage at the beginning of person's career is not bad in themselves as this allows young people try one or several jobs and gain work experience over their first years in the labor market while employers have a chance to test workers before offering them a job place. Moreover, this might be treated as a certain young person's investment in the future career because it is hard to dispute the fact that experience is one of the most important elements while looking for a job. Furthermore, if young person meets employer's expectations, there is a big chance that in order to keep good employee, the employer will be interested to increase his/her wage. However, working at a minimum wage should not be treated as a long-term perspective or aim of a young person as she or he has to be interested to find better paid job. The following figure provides the levels of minimum monthly gross³⁸ wages and youth unemployment rates in Central and Eastern European Countries (see **Fig. 10**).

³⁷ Definition of *minimum wage*. Merriam-webster.com. Retrieved 30 April 2016, from <http://www.merriam-webster.com/dictionary/minimum%20wage>

³⁸ Gross earnings are paid in cash directly to an employee before any deductions for income tax and social security contributions paid by the employee from *Glossary:Earnings - Statistics Explained. Ec.europa.eu*. Retrieved 30 April 2016, from http://ec.europa.eu/eurostat/statistics-explained/index.php/Glossary:Net_earnings

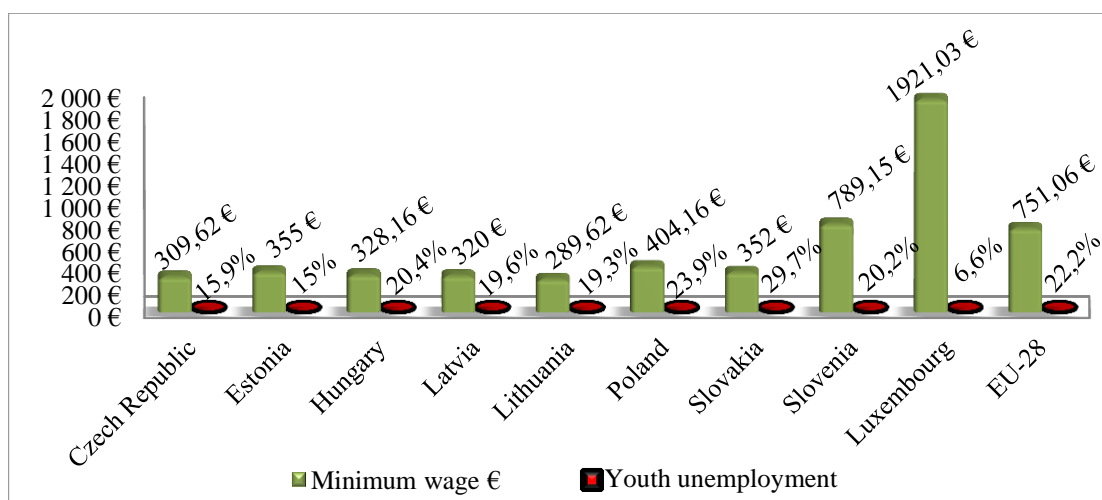


Figure 10. Minimum monthly gross wage and youth aged 15-24 years unemployment in Central and Eastern European Countries in 2014

Source: Eurostat

Prepared by author

As it can be seen from figure 10 the effect of minimum monthly wage on youth unemployment in Central and Eastern European Countries is uneven and it is impossible to draw the same conclusion. It must be noted that figure depicts minimum monthly gross wage meaning that minimum net wage is even smaller. However, it cannot be unambiguously concluded that in those countries with bigger minimum monthly wage, youth unemployment percentage was significantly lower. The absolute leader in the whole EU was Luxembourg in which minimum monthly wage in the year of 2014 was more than 1900 € and youth unemployment rate was only 6.6% and by these numbers, none of Central and Eastern European Countries was even close to this result. However, Luxembourg was the only country presented in the figure which proved that high minimum monthly wage was one of the factors influencing better youth unemployment situation. Besides, it would be hard to find counterarguments that young person won't be interested to work for such high wage whereas the average of the EU was twice smaller and reached 751 €. If comparing Central and Eastern European Countries, minimum monthly wage differs greatly. The biggest minimum monthly wage was registered in Slovenia of almost 800 € while Lithuania had the lowest minimum monthly wage of 289.62 € although Slovenia had higher youth unemployment rate of almost 21% while Lithuania's rate was 19.3%. The rest Central and Eastern European Countries had similar minimum monthly wage that ranged between 300 € and 400 € while unemployment rates ranged between 15% and 29.7%. According to Ignjatović *et al.* (2010), youth unemployment in Slovenia is high because more and more young people prolong their education, thus unemployment level increases. This might be considered as one of the reasons for high youth unemployment in before mentioned country. Moreover, it cannot be stated that low minimum monthly wage is even the case for high youth unemployment in Central and Eastern European Countries as youth might be unemployed because they prolong their studies or cannot find the job they dreamed or felt suitable for.

In general, it is obvious that there was no strong relationship between the minimum monthly wage and youth unemployment rate in Central and Eastern European Countries. On the one hand, low minimum monthly wage might be considered as the negative impact on young person's decision to work for such salary even if it is her/his first job because it is just too low to satisfy even basic requirements of everyday life (rent for accommodation, transportation expense, utilities etc.). On the other hand, the right level of minimum monthly wage can motivate young people to seek employment rather than receive benefits from the government.

Another economic indicator that has the influence to youth unemployment is the rate of **self-employment**, which, in fact, is one of the top priorities of many initiatives (*Youth Pact*) and strategies (*Europe 2020*) of the EU. Moreover, self-employment is perceived not only as one of the main aspects in order to successfully implement youth employment policy in Central and Eastern European Countries but as one of the most important measures that help to diminish youth unemployment in before mentioned countries. That is why self-employment has to be especially encouraged (see **Fig. 11**). Therefore, self-employment is considered not only as one of the alternative ways to make a living but a way to realize young person's dreams to do what she/he likes as well.

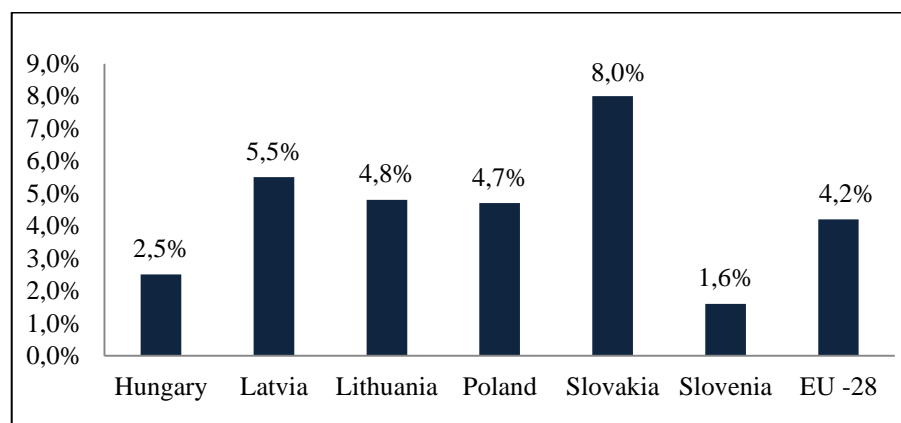


Figure 11. Share of self-employed youth aged 15-24 years in Central and Eastern European Countries in the total working youth population in 2014

Source: Eurostat

* Estonia's data were not available

Prepared by author

Figure 11 displays the percentage of self-employed youth in the total working population in Central and Eastern European Countries in 2014, except Estonia which data were not available via Eurostat. In order to better understand self-employment it is important to get acquainted with this term closely. Self-employed workers are defined as all persons pursuing a gainful activity for their own account, under the conditions laid down by national law, including farmers and members of the liberal professions³⁹. In other words, self-employment is an activity when a person establishes work place for herself/himself instead of

³⁹ *EUR-Lex - 31986L0613 - EN - EUR-Lex. Eur-lex.europa.eu*. Retrieved 18 April 2016, from <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A31986L0613>

being employed by someone else. Liberal professions are defined as occupations requiring special training in the arts or sciences, such as lawyers, notaries, engineers, architects, doctors, and accountants. The services they provide are essential to businesses and consumers, and this has a knock-on effect on the competitiveness of other sectors⁴⁰. The numbers of self-employment youth are quite satisfactory if comparing the average percentage in the EU which was 4.2% and Central and Eastern European Countries. Taking into account the fact that the age group of youth is 15-24 years and most of the youth are not even adults and cannot be self-employed, the rates of self-employment are quite good. Only Hungary and Slovenia fell behind the average of the EU and were the only ones among Central and Eastern European Countries that had the lowest self-employment rates of 2.5% and 1.6% respectively. Slovakia scored as the leader not only among Central and Eastern European Countries but the whole EU as well with almost twice bigger than the average of the EU rate of self-employment of 8%. However, if looking at the bigger picture, self-employment numbers remain quite low in the total working population of youth, which means that there is much to do not only for the governments of Central and Eastern European Countries since those governments present self-employment as a next step forward in order to reduce youth unemployment because when a person establishes one work place, it leads to the establishment of at least several more work places.

Finally, it is obvious that there are not enough self-employment promotion programs and more have to be put in place and encouraged within Central and Eastern European Countries as self-employment creates new jobs and gives more opportunities for young people not only to start their own business but as well employ other persons thus contributing to the recovery of labor market.

One of the best ways to illustrate and understand the seriousness of youth unemployment and perceive it as a threat to the future of the EU is the comparison of **youth and adult unemployment levels** (see **Fig. 12**) which is the next economic indicator to be analyzed. The comparison of youth and adult unemployment levels in Central and Eastern European Countries allow both, to go deeply into analysis of the roots for high youth unemployment and search for possible ways to decrease it. Moreover, considering the fact that youth will be those whose taxes will have to cover the expenses of future social and other benefits such as paying pensions or providing healthcare for ageing society etc. in the future, it is of primary importance to prevent the increase of youth unemployment levels and search for solutions on how to increase the number of young people and help those young people to be employed.

⁴⁰ *European Commission - Competition. Ec.europa.eu*. Retrieved 18 April 2016, from http://ec.europa.eu/competition/sectors/professional_services/overview_en.html

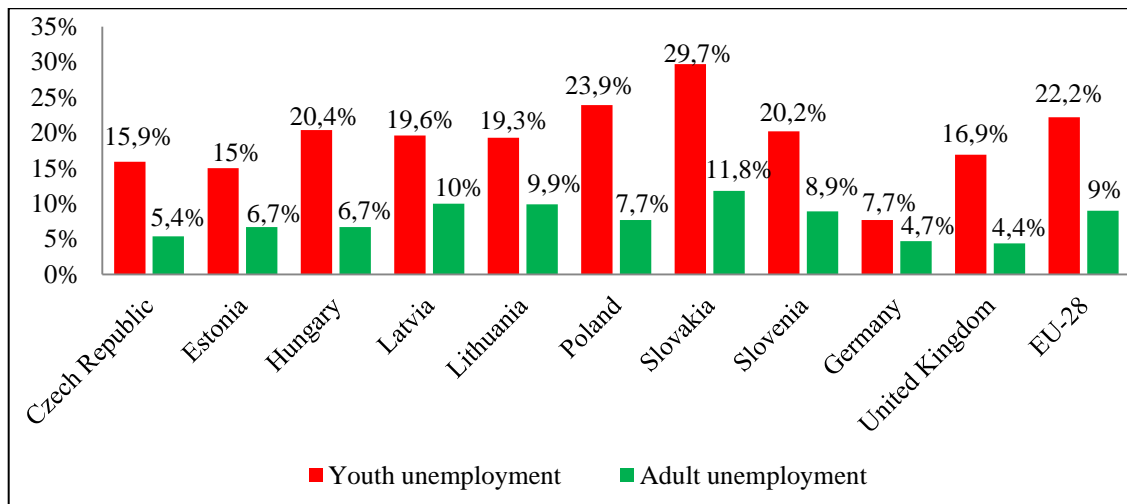


Figure 12. The comparison of youth aged 15-24 years and adult aged 25-64 years unemployment in Central and Eastern European Countries in 2014

Source: Eurostat

Prepared by author

Figure above indicates alarming numbers as in most countries youth unemployment levels were two or even three times bigger than adult unemployment. UK and Germany were also included into the figure as the UK had the lowest adult aged 25-64 years unemployment level of 4.4% while Germany had the lowest level of youth unemployment of 7.7% within the EU. Total average of youth unemployment in the EU was 22.2% meaning that every fifth young person between 15-24 years was unemployed while adult aged 25-64 years unemployment was only 9% meaning that every eleventh adult was unemployed in the EU in 2014. Comparing Central and Eastern European Countries, Slovakia had the biggest youth unemployment level of 29.7% and together with Poland's level of 23.9% were the only countries that went beyond the average of the EU. The lowest youth unemployment level was registered in Estonia (15%) and Czech Republic (15.9%) while in rest of Central and Eastern European Countries, youth unemployment levels varied from 19 to 20%. Speaking about unemployment levels of adult aged 25-64 years it was much more promising. The average level of unemployment of adult aged 25-64 years in the EU was 9%. Among Central and Eastern European Countries, Latvia, Lithuania and Slovakia had the biggest adult aged 25-64 years unemployment levels ranging from 9.9% to 11.8% while Czech Republic had the lowest level of only 5.4%. The rest Central and Eastern European Countries showed positive tendency as its adult unemployment levels were lower than the average of the EU.

There are many reasons why youth unemployment levels are higher than adult unemployment and economic situation in the country is merely the main cause. Firstly, young people spend more time moving between jobs before finding stable career and long-term job than their adult counterparts. Moreover, during difficult economic times, youth unemployment increases because young people due to lack of work experience are more likely to lose jobs in the first place because employers prefer to have

more experienced workers in their companies. Secondly, young specialists face bigger competition when entering labor market as companies prefer to hire older specialists with more job experience.

Finally, bigger youth unemployment level is also influenced by the fact that many young people are still studying and do not look for a job at all. However, this does not allow stop improving young people's employment situation in Central and Eastern European Countries because despite every mentioned reason, youth unemployment levels are still too high meaning that they face problems in finding a job.

Next indicator regarding the analysis of youth unemployment in Central and Eastern European Countries is **education**. Considering at individual level, higher and better education significantly increases the probability for a young person to become employed. Furthermore, it is universally accepted that the educational system provides young people with a minimum level of qualification and skills before entering the labor market. That is why education is considered a very important element in young person's life and partly determines whether young person will be employed.

However, in order to be able to analyze and compare youth unemployment levels in Central and Eastern European Countries by educational attainment it is important to use universally accepted education classification. In this project, level of education will be measured by the International Standard Classification of Education (ISCED).

As the world's education systems vary widely in terms of structure and content, United Nations Educational, Scientific, and Cultural Organization (UNESCO) developed ISCED to facilitate comparisons of education statistics and indicators across countries on the basis of internationally agreed definitions⁴¹. Moreover, it is important to stress that the raise of educational level is mentioned as one of the aims to increase the employability of young people in Central and Eastern European Countries so that young people would acquire new knowledge and skills to meet labor market requirements. Distribution of youth aged 15-24 years unemployment by the level of education is given in the figure 13 (see **Fig. 13**).

⁴¹ *ISCED: International Standard Classification of Education*. *Uis.unesco.org*. Retrieved 23 April 2016, from <http://www.uis.unesco.org/Education/Pages/international-standard-classification-of-education.aspx>

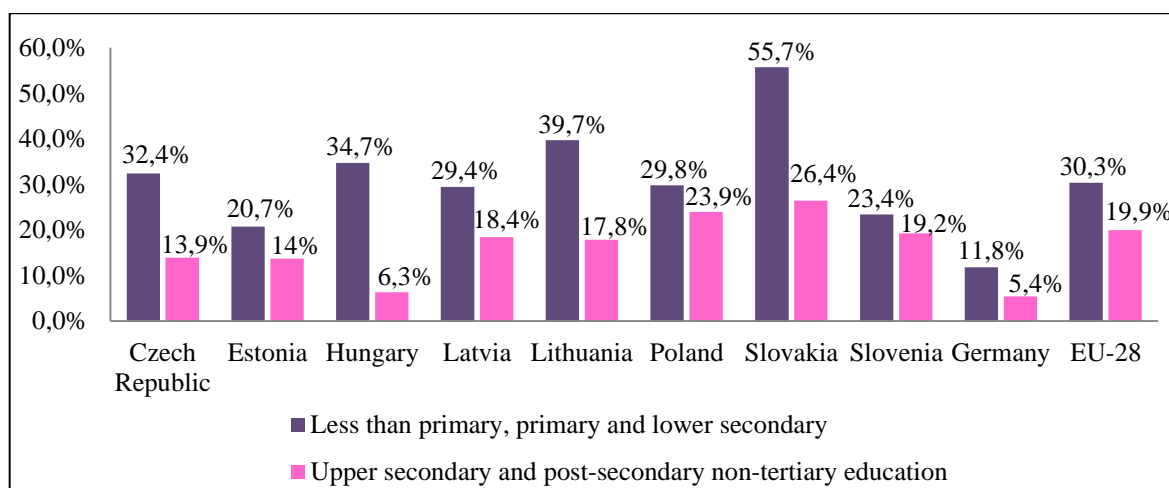


Figure 13. Distribution of youth aged 15-24 years unemployment by level of educational attainment in Central and Eastern European Countries in 2014

Source: Eurostat

* Educational level based on the ISCED classification

Prepared by author

Youth unemployment by the level of educational attainment, presented in figure above reveals that youth unemployment in Central and Eastern European Countries in 2014 mainly concentrated among those young people with primary levels of education while those with secondary levels of education was in less danger to be unemployed. In almost all Central and Eastern European Countries unemployment between before mentioned levels of education differs greatly. The unemployment numbers of young with primary levels of education in some countries are as twice bigger as those with secondary levels. Germany is included as the country with the best scores of youth unemployment with primary levels of education of 11.8% and unemployment among youth with secondary levels of education with only 5.4% in the EU. None of Central and Eastern European Countries reached Germany's results. The closest to Germany under unemployment with primary levels of education was Estonia with the unemployment rate of 20.7% while Hungary had the best score of 6.3% of youth unemployment among secondary levels of education and both results are also the lowest among Central and Eastern European Countries. If comparing the average youth unemployment of the EU among youth with primary levels of education of 30.3% and unemployment among youth with secondary levels of education of 19.9% and Central and Eastern European Countries half of the countries had bigger youth unemployment rates among primary levels of education. However, youth unemployment among youth with secondary levels of education in most Central and Eastern European Countries was lower than the average of the EU as only Slovakia and Poland had higher youth unemployment levels. Moreover, Slovakia had the biggest youth unemployment of both levels of education among Central and Eastern European Countries as unemployment among youth with primary levels of education was 55.7% while unemployment among youth with secondary levels of education was 26.4% which are as twice bigger than the average of the EU.

Given these points it can be stated statistical data prove that despite the commonly held belief that graduation from the institution of higher education does not give any advantages in job search, educational attainment have a large impact on youth employability in Central and Eastern European Countries as higher level of education increases young people’s chance to find a job. Education also provides the competitive advantage in the labor market as young persons with the right level of education has at least theoretical knowledge on how job has to be done.

The only social indicator analyzed in this project is **gender** which is another indicator helping to define youth unemployment situation in Central and Eastern European Countries. Gender is considered as the main distinguishing feature of the unemployed people helping to evaluate the extent of differences between females and males or to deny the existence of such differences. Unemployment differences between young females and young males in Central and Eastern European Countries in 2014 are indicated in figure 14 (see **Fig. 14**).

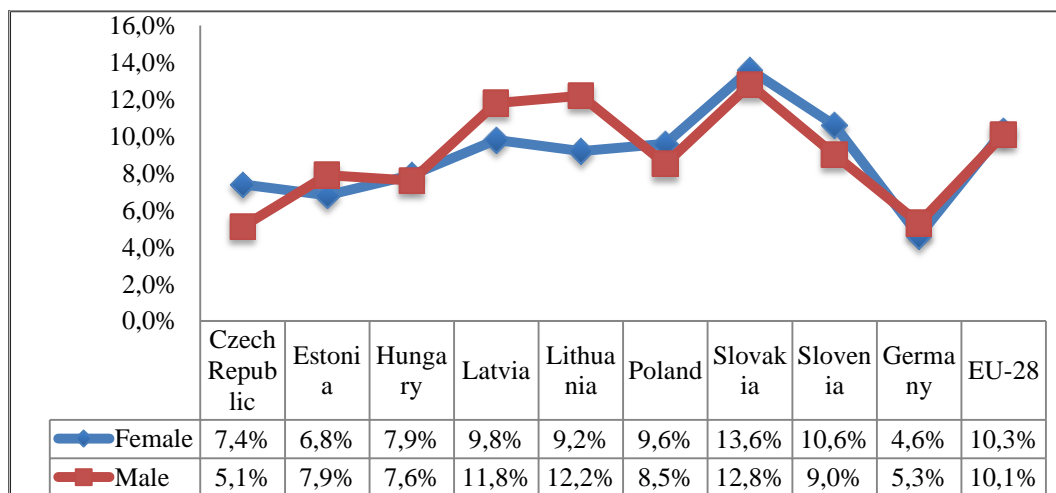


Figure 14. Distribution of youth aged 15-24 years unemployment in Central and Eastern European Countries by gender in 2014

Source: Eurostat

Prepared by author

It could be pointed out that figure 14 confirmed that there was no big gap between the levels of young unemployed females and young unemployed males in Central and Eastern European Countries in 2014. However, unemployment of young males with a narrow majority showed better results than unemployment between young females in before mentioned countries. Germany was included as the best example for unemployment of females of only 4.6% in the EU while the closest to this score in Central and Eastern European Countries was registered in Czech Republic of 7.4%. Czech Republic scored as the best for unemployment of young males as well as its result reached only 5.1%. The average level of youth unemployment of both sexes in the EU was almost even with unemployment of men scoring to 10.3% and unemployment of females scoring to 10.1%. In regards to these numbers, most Central and Eastern European Countries had far more better results for unemployment for both sexes then the average of the EU. Speaking about unemployment of females, only Slovakia and Slovenia had higher unemployment

levels than the average of the EU while Latvia, Lithuania and Slovenia scored above the average of the EU among unemployment of men. Regarding the impact of gender, several reasons might be taken into consideration. On the one hand, females are considered as more likely than men to reject jobs because of conflict with family responsibilities or unsuitable working conditions (long distance from home or children nursery, unsuitable working hours). On the other hand, there are many jobs where employers prefer to hire men rather than females. This is especially notable in construction sector where manual job is required or logistics where majority of truck drivers are men. However, employability of females is particularly higher in such areas as childcare or administrative jobs. One of the most important aspects of unemployment of young females is the fact that sooner or later they become pregnant and employer has to search for another employee again which costs additional money as new employee has to be trained from the beginning etc.

In conclusion it can be stated that gender did not prove to be the reason for high youth unemployment between females or males in Central and Eastern European Countries as levels of unemployment between both was almost the same. This suggests that employers hire people irrespective of their gender but pay attention to other features such as qualification or job experience.

Next group of indicators analyzing youth unemployment in Central and Eastern European Countries one way or another are related to **time**. Firstly, indicators defining period of time (long and short-term unemployment) will be presented following by indicators related to seasonality (seasonally adjusted/seasonally unadjusted and youth unemployment by month) and finally indicators related to type of contract (full-part time) will be organized.

Indicators defining youth unemployment by the period of time whether it is a long-term or short-term unemployment shows such aspects of youth unemployment as country's economic situation and employability chances in the labor market as e.g. during economic recessions it is not only more difficult to find a job but it takes more time to do that as well. Long-term youth unemployment rate within the EU might be defined as a share of young people who have been unemployed for more than 12 months while short-term unemployment refers to those young people who have been unemployed for less than 12 months. Moreover, long-term youth unemployment has been a central focus in the EU and Central and Eastern European Countries, because this type of unemployment might cause serious problems not only to country's economy but social life and persons' well-being in general.

According to Kelly *et al.* (2012), many young people have short spells of unemployment during their transition from school to work while others get trapped in unemployment and risk becoming long-term unemployed. Such factors as recent history of long-term unemployment, a lack of basic literacy and numeracy skills and low levels of educational attainment have significant impact on the young people to be unemployed for 12 months or more. Following Kelly's *et al.* ideas, it can be added that long-term unemployment is rise from two main factors, i.e. previous experience in long-term unemployment and

low level or no education at all. Differences of long-term and short-term youth unemployment in Central and Eastern European Countries are illustrated below (see **Fig. 15**).

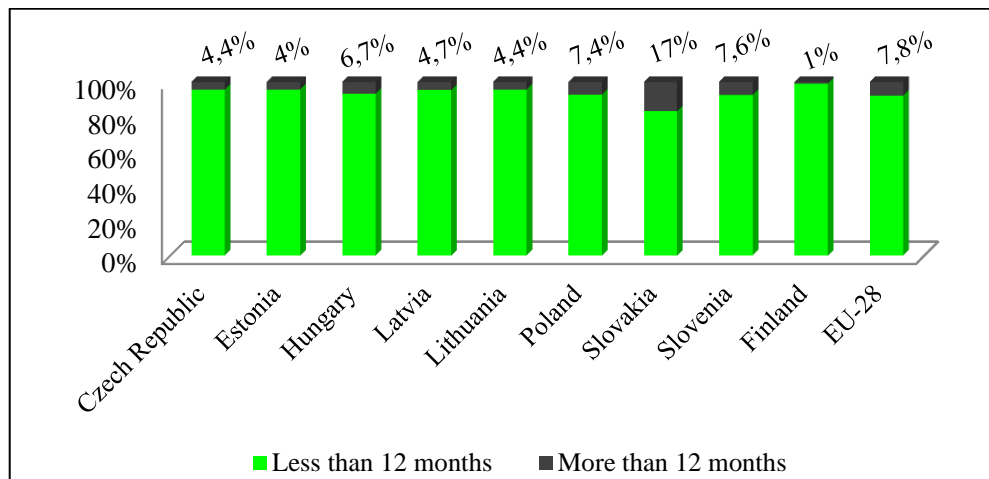


Figure 15. Share of long-term and short-term youth unemployment aged 15-24 years in the total unemployed youth population in Central and Eastern European Countries in 2014

Source: Eurostat

Prepared by author

Figure 15 shows that proportion of long-term and short-term youth unemployment in Central and Eastern European Countries vary considerably as long-term unemployment forms just a minor part of total unemployed youth. Finland is presented as the leader of the EU where long-term youth unemployment in 2014 was only 1%. The average percentage of long-term youth unemployment in the EU in 2014 was 7.8% and by this number all Central and Eastern European Countries except Slovakia with the rate of 17% had lower rates of long-term youth unemployment. Estonia scored as the leader with only 4% of long-term youth unemployment rate while rest countries scored between 4.4% and 7.6%. However, if comparing Central and Eastern European Countries and Finland, Central and Eastern European Countries except Slovakia, still might be considered as showing great results in fighting long-term youth unemployment as rates of such unemployment were quite satisfactory. It is important to stress that fighting long-term youth unemployment was identified as one of the goals among measures adapted in Central and Eastern European Countries to tackle youth unemployment. This implies that long-term youth unemployment if uncontrolled might cause serious issues for the country. Firstly, long-term youth unemployment refers to risk of being at poverty and social exclusion for the young unemployed because unemployment lowers person's well-being. Secondly, the longer young person remains without a job the more difficult it is to be hired again because skills and competences a person has slowly worsen in the course of time. Besides, psychological factor is important as well as after continues efforts to find a job and inability to find it person starts to lose self-esteem and desire to keep looking for a job in general.

However, a positive tendency is noticed in all Central and Eastern European Countries as the larger part of youth is ranked under those, who have been unemployed for less than 12 months meaning that short-term youth unemployment in 2014 prevailed. This tendency supposes the optimistic views that

young people in Central and Eastern European Countries are likely to find a job quite quickly and do not prefer to stay unemployed for a long period of time even if that job is low-paid or under unsuitable conditions.

On the whole, a minor part of long-term young unemployed identifies the assumption that job supply in labor markets in Central and Eastern European Countries are quite satisfactory while employers are willing to hire young people or that young people take offer of proposed job and are not willing to defer employment.

The next indicator analyzing youth unemployment in Central and Eastern European Countries is **seasonality**. Young people as well as the other age groups looking for a job are a part of seasonal unemployment. Seasonal unemployment rises due to changes in employment during seasonal changes. This is particularly seen in certain industries such as agriculture or construction where during certain months, mostly in spring and summer, the need of work force significantly increases.

According to Eurostat adjustment of seasonal changes is one of the main components that determine the development of economic indicators. Seasonal effects vary depending on which industries are particularly important in the economic structure of the country⁴². It can be added that e.g. in Central and Eastern European Countries where climate often strongly changes (short summer season, cold winter or much raining), such industries as tourism or constructions are booming during certain period of the year, most often during spring and summer, consequently employment in these industries increase during spring and summer months. Youth, as the relatively cheaper work force is the target group of people to be employed during these months. Moreover, youth is a traditional source of seasonal labor market as many young people complete their studies and starts to look for work either permanent or just for summer holidays.

All of this puts forward the view that young people is important part of seasonal labor market for several reasons. First of all, contemporary seasonal jobs are not popular among experienced, adult workers e.g. waitress or hotel housemaid because usually such jobs are less well-paid while its contracts are of fixed-term. Secondly, employers are more willing to hire young, inexperienced workers for summer season as they agree with such conditions. The comparison of seasonally adjusted and seasonally unadjusted youth unemployment in Central and Eastern European is presented below (see **Fig. 16**).

⁴² *Glossary:Seasonal adjustment - Statistics Explained. Ec.europa.eu. Retrieved 16 April 2016, from http://ec.europa.eu/eurostat/statistics-explained/index.php/Glossary:Seasonal_adjustment*

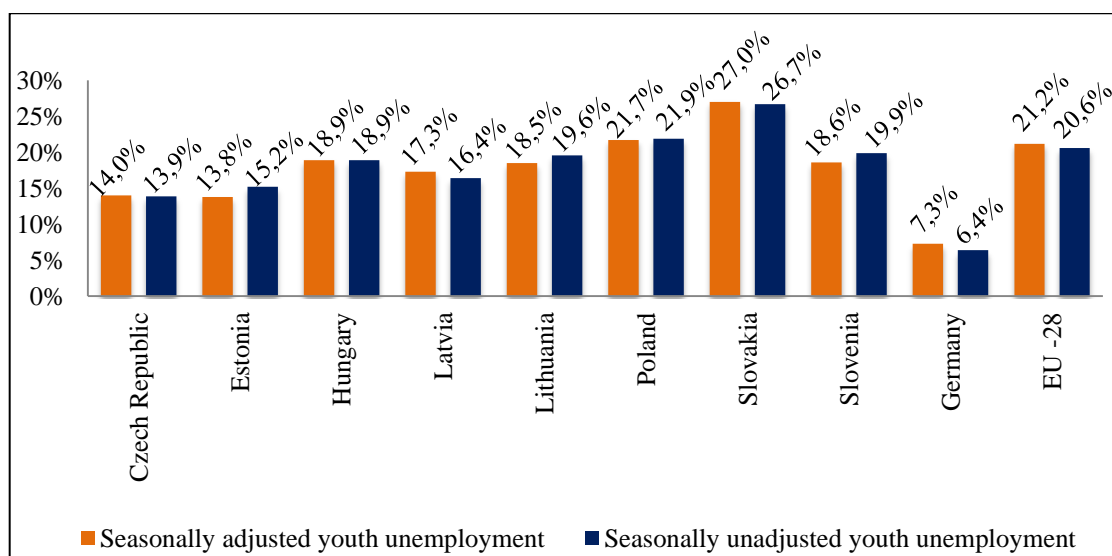


Figure 16. Distribution of youth aged 15-24 years unemployment in Central and Eastern European Countries by seasonal changes in 2014

Source: Eurostat

Prepared by author

As it can be seen from figure 16, in most Central and Eastern European Countries youth unemployment was not very much influenced by seasonality as unemployment levels considering this element were almost the same and little difference was noted. Seasonal youth unemployment may be seen as unemployment linked to certain kinds of jobs (construction, holiday season or farm work) which are booming during certain period of the year. However, the differences considering statistical numbers were much greater. Overall average of seasonally adjusted youth unemployment of the EU was 21.2% while seasonally unadjusted unemployment scored to 20.6%. Germany had the lowest rates of seasonally adjusted and seasonally unadjusted youth unemployment of only 7.3% and 6.4% respectively and was the leader considering seasonal youth unemployment in the whole EU. Comparing Central and Eastern European Countries, the closest to Germany's result of both, seasonally adjusted and seasonally unadjusted youth unemployment rates were registered in Estonia (13.8% and 15.2%) and Czech Republic (14% and 13.9%). The rest Central and Eastern European Countries had bigger than Germany's rates of seasonally adjusted unemployment ranged from 17.3% in Latvia to 27% in Slovakia while levels of seasonally unadjusted unemployment varied from 16.4% in Latvia to 26.7% in Slovakia and were far behind Germany's rates. It can be added that both, seasonally adjusted and seasonally unadjusted unemployment rates were lower in most of the countries than the average of the EU.

To sum up, seasonality does not highlight particular trends of youth unemployment in Central and Eastern European Countries as unemployment levels were almost the same. This might be related to the fact that neither of Central and Eastern European Countries is depending on one or another industry that provides many jobs during certain period of the year e.g. touristic very much, while in countries where

tourism is very important part of the economy (Spain or Cyprus) employment significantly increases during holiday season.

However, to see the impact of seasonality and draw certain conclusions for particular period of the year when youth unemployment decreases, the more detailed analysis must be performed. The following figure shows the movement of youth unemployment levels **month** by month and allows to evaluate youth unemployment situation throughout the whole year (see **Fig. 17**).

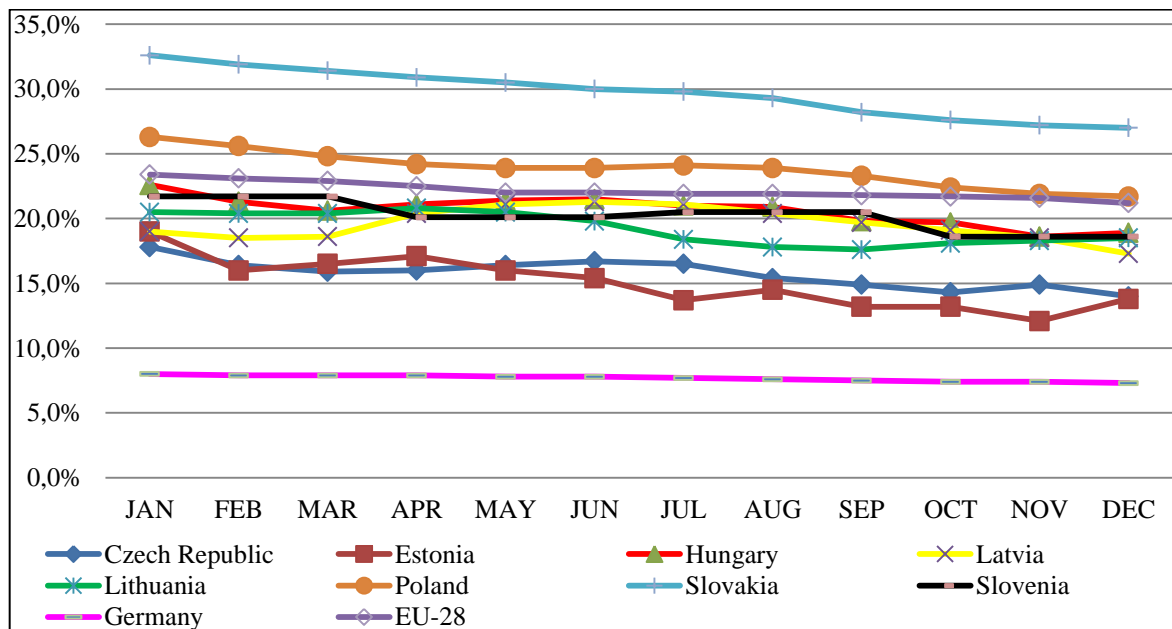


Figure 17. Distribution of youth aged 15-24 years unemployment in Central and Eastern European Countries by month in 2014

Source: Eurostat

Prepared by author

Figure 17 compares and contrasts youth unemployment in Central and Eastern European Countries by month. No big differences between youth unemployment by month were noted. However, the month of July was typically the summertime peak for youth employment – from April through July of each year, the number of youth seeking employment grew significantly, as many students look for or take summer jobs, and many graduates enter the labor market to begin or look for employment while January was the worst month in 2014 as youth unemployment reached highest levels. The average of the EU throughout the whole year did not exceed 25%. Germany had the lowest youth unemployment level within the EU and strongly gained the lead comparing to Central and Eastern European Countries and the whole EU as well. Germany’s unemployment levels were practically not influenced by month as it remained about 7% the whole year. It can be related with the fact that Germany is one of the richest countries in the EU and employability whole year has almost same probability. Neither of Central and Eastern European Countries was even close to Germany’s result. If looking at the average of the EU, unemployment remained almost the same whole year ranging from 22% to 24%. Slovakia had the biggest levels of youth unemployment of all Central and Eastern European Countries ranging from about 33% in January to 27%

in December while Czech Republic and Estonia had the lowest levels ranging from 19% to 13% in Czech Republic and 18% to 14% in Estonia throughout the whole year. While analyzing young unemployment in Central and Eastern European Countries by monthly data, two features that all countries had in common might be distinguished. Firstly, July, August and September were the best month as youth employability increased. This might be related to the fact that July and August is the peak of holiday season while September is the last chance for those, who did not have holidays during July and August but still want to enjoy warm weather using every holiday attribution (hotels, cafes etc.). Consequently, companies somehow associated with the holiday planning (hotels, cafes or places of entertainment etc.) hire more people to satisfy the needs of growing number of clients for their services. Secondly, January, February and March are distinguished as least favorable month for the employment as in most Central and Eastern European Countries those are the coldest months of the year and production slows down thus employability is less probable. This is especially noticeable in construction or farming sectors. Youth unemployment rates during these months rose almost two times from 17% to 33%.

It conclusion it might be inferred that month did not have significant impact to youth unemployment levels in Central and Eastern European Countries as none of the countries are considered as touristic very much and does not have huge employment increase during holiday season, especially in July. However, slight increase in youth employment during July, August and September was noticed while January, February and March were portrayed as least favorable months for youth employment in Central and Eastern European Countries.

The last time related indicator analyzing youth unemployment situation in Central and Eastern European Countries is the type of employment contract i.e. **full-time employment** or **part-time employment**. These types of contract might refer to specific conditions of work day. It determines whether young people prefer to work full working day or chose to work just a certain amount of hours of the day. Full-time employment can be defined as a type of employment in which person works a minimum number of hours that is determined by the employer while part-time employment is a form of employment in which a person works less hours comparing to full-time worker. Moreover, full-time employment gives more guaranties in case the person loses her/his job e.g. provides unemployment benefit which encourages to take full-time instead of part-time employment. The differences between full-time and part-time youth employment in Central and Eastern European Countries are illustrated below (see **Fig. 18**).

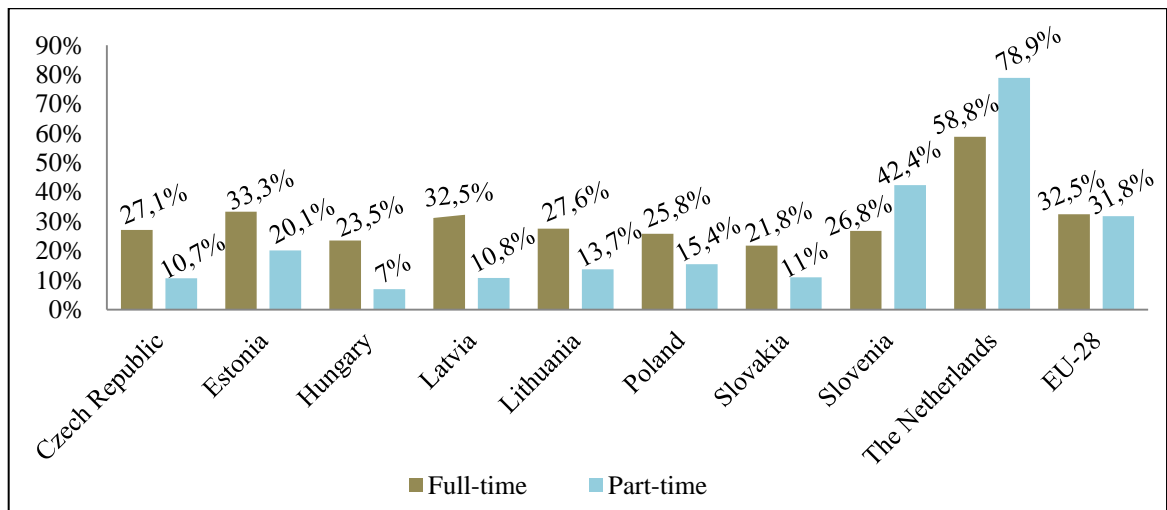


Figure 18. Share of part-time and full-time employment of youth aged 15-24 years in the total working youth population in Central and Eastern European Countries in 2014

Source: Eurostat

Prepared by author

The patterns shown in figure above highlighted the fact that full-time employment among youth in Central and Eastern European Countries was much more popular comparing to part-time youth employment.

Statistical data show the dominance of full-time youth employment in Central and Eastern European Countries. The average share of full-time youth employment in the total working youth population in the EU was 32.5%. The absolute leader under both categories in the EU was the Netherlands. The share of full-time youth employment in the Netherlands was 58.8% which was almost twice bigger than the average of the EU. However, comparing Central and Eastern European Countries and the Netherlands, none of before mentioned countries was even close to its results. Estonia with 33.3% was the only Central and Eastern European Country that exceeded the average of the EU under full-time employment rate while Latvia had the same rate as the average of the EU of 32.5%. The lowest rate of full-time youth employment of 21.8% was registered in Slovakia. With regard to part-time employment, the Netherlands scored as the leader in the whole EU as well which result scored to 78.9% and was twice bigger than the average of the EU of 31.8%. Comparing Central and Eastern European Countries, Slovenia showed the best rate of part-time youth employment of 42.4% which was the closest result to the Netherlands and higher than the average of the EU while Hungary had the lowest rate scoring to 7%.

On the one hand, full-time youth employment popularity in Central and Eastern European Countries could be associated with the fact that before mentioned countries are not economically very strong (low wages, intensive emigration etc.) and full-time employment allows to earn more money and improve young person's living conditions while part-time employment lowers the possibility to do that as gained money isn't sufficient for completely independent life. Moreover, full-time employment usually provides more benefits for the employee, such as certain healthcare concessions, paid vacations or contributions to

retirement plan while part-time employment rarely grants these things. On the other hand, part-time employment in general is more common among youth that are still studying and receives financial support from their parents but wants to earn additional money and prefers to reconcile work and education without prejudicing either one. Besides, part-time employment is a great way not only to gain additional income but to gain work experience while studying as well.

In conclusion, several aspects might be highlighted regarding general youth unemployment condition in Central and Eastern European Countries in 2014. The trends look worrisome, no matter how youth unemployment is measured. The indicators that were analyzed suggest that youth unemployment still remains challenge in Central and Eastern European Countries. Extracted demographic, economic, educational, social and time related indicators allow to define what aspects influence unemployment of people aged 15-24 years the most as well as highlight main features of typical employed young person in Central and Eastern European Countries. Main aspects of each mentioned indicator will be presented below.

To begin with, young person aged 15-24 years in every Central and Eastern European Country comprised the minority in the total population of a country as **share of young people was twice smaller than people aged 65 or more** which suggests that societies in Central and Eastern European Countries are ageing and. Furthermore, in those countries where **GDP per capita** was bigger, youth unemployment rates were bit smaller meaning that bigger GDP provides more opportunities for young person to be employed as growing economy stimulates the demand of labor force. With a view that young person is likely to receive **minimum wage** at the beginning of his/her working life, no strong relation between these two variables was noted as in most Central and Eastern European Countries minimum wage was twice smaller than the average of the EU but youth unemployment rates were smaller meaning that typical young person from these countries is willing to begin career at a minimum wage and treat it as a certain contribution into the future. **Self-employment** was defined as one of the most essential driver tackling youth unemployment in Central and Eastern European Countries. However, the number of self-employed youth in Central and Eastern European Countries was quite low meaning that young people did not actively seek to create their own business and preferred to be employed by someone else. Although youth formed smaller part in the total population in Central and Eastern European Countries, **youth unemployment as well was twice bigger than their adult counterparts** drawing conclusion that finding a job was a hard task for a young person in Central and Eastern European Countries. **Education** was stressed as one of the main elements that helped young person from Central and Eastern European Countries to be employed. The analysis of youth unemployment by level of educational attainment showed that unemployment of youth with upper secondary and post-secondary non-tertiary education was significantly lower as higher levels of education gave more opportunities for young people to get a job. Taking **gender** differences into account, unemployment of females in Central and Eastern European

Countries was a bit higher than unemployment of males meaning that both genders had equal opportunities to be employed and no gender inequalities noted. Analyzing time impact for youth unemployment in Central and Eastern European Countries, several insights were noticed. Firstly, duration of youth unemployment in Central and Eastern European Countries is less than 12 month as **short-term unemployment** was much more higher than **long-term unemployed** (12 months or more) which indicated that young people in Central and Eastern European Countries were not willing to stay unemployed for a long time and managed to find a job quickly. Secondly, **seasonality** did not have huge impact for youth unemployment as both, seasonally adjusted and seasonally unadjusted youth unemployment rates in Central and Eastern European Countries remained almost the same. However, if comparing youth unemployment by **month**, July was distinguished as the peak for the decrease in youth unemployment as it is considered the boom in holiday season during which tourism sector hire more people, especially young, as they are a force of seasonal work thus decreasing general youth unemployment rates in Central and Eastern European Countries. Finally, typical young person in Central and Eastern European Countries preferred **full-time employment** rather than **part-time employment** as it provides opportunity to earn more money and start independent life. Moreover, the popularity of full-time employment might be related to the fact that Central and Eastern European Countries are not considered economically strong countries as wages are quite low and young people cannot work part-time for a long time as earned money do not allow to create satisfactory living conditions. Consequently, part-time employment is more popular among young people who are still studying and receive financial support from their parents.

Finally, youth unemployment remains a challenge for Central and Eastern European Countries and analyzed statistical data draws a conclusion that to get into employment – is not an easy task for a young person. Governments of Central and Eastern European Countries have to do a lot to ease the transition from school to work and help young people to find a job as soon as possible.

6. DISCUSSION QUESTION

It would be hard to argue the fact that youth unemployment is not one of the most important topics across the EU. Probably no one would argue that youth unemployment is not an important issue nowadays and its improvement might wait awhile. Although EU launched a number of initiatives and adapted various measures to fight youth unemployment and improve living conditions for young people, high levels of youth unemployment still remains a threat to prosperous future of the EU as disintegrated young people will be burden for future economy in the EU instead of being the driver of economic growth.

Analysis of youth aged 15-24 years unemployment in Central and Eastern European Countries showed that on average, a fifth of all young people were unemployed while youth unemployment levels were twice bigger as adults aged 24-64 unemployment. These worrisome youth unemployment trends, at first sight draw a conclusion that all created initiatives and adapted measures look perfectly on paper but do not have the desired impact in practice as youth unemployment remains high. Moreover, the problem of youth unemployment in Central and Eastern European Countries seems as having no solutions. However, if to look more deeply, it has to be stressed that measures proposed to Central and Eastern European Countries by the European Commission, has to be adapted regarding each country's internal situation in the labor market and cannot be interpreted in the same way. Although EU is eager to unify youth employment policy measures, what is suitable for one country does not mean that it will help fight youth unemployment in the other country. This is one of the most important elements that has to be understood. That is why governments in Central and Eastern European Countries have to carefully analyze what is the best way to improve youth unemployment and draw certain targets what and how exactly has to be improved so that young person would be able to find a job as soon as possible.

Youth unemployment is dangerous for several reasons. Firstly, the longer young person stays without job, the less motivation he/she will have to be employed when finally young person will lose self-esteem in finding a job and unemployment becomes his/her lifestyle. Secondly, long-term youth unemployment threatens to slow economic growth in the country as less working people means less revenue to the budget of the country and more expenses for social allowance such as unemployment benefit. Finally, youth unemployment might become criminal activity as youth starts to make a living illegal ways (fraud, smuggling, thefts or other activities).

To sum up, youth unemployment has to be primary concern for not only law-makers but employers and society in general because that youth will be the key element in whether or not future economy of the EU will be growing and thriving or will be at the edge of collapse.

CONCLUSIONS

1. Employment has been at the center of various economic theories. Some of them explained that full employment is only possible when there is no government intervention because economy has self-regulating mechanisms. Other theories argued that full employment is only achievable when government intervenes through various public policies. One more view is that unemployment emerges in those economies where labor market faces imperfections caused by inability to function under conditions in perfect competition which can be reached by expanding labor market flexibility. Youth unemployment is also discussed in economic theories. Young unemployed persons are considered as labor market outsiders because they cannot compete with more experienced workers and often due to lack of work experience lose job when it comes to employers choice to hire young inexperienced or experienced worker. Since this thesis analyzes youth policy implementation, theories regarding the process of policy implementation are also discussed. Top-down and bottom-up policy implementation theories emerged. Top-down policy implementation theory perceives policy implementation process as decisions made on certain policy guidelines by central government while national or local governments have to implement such policy. Bottom-up policy implementation theory argues that decisions on certain policy implementation has to be made by local governments as they are closer to people. Youth policy in the EU is based on top-down policy implementation theory as institutions of the EU propose youth policy guidelines to Member States which have to implement it.
2. Throughout the time, EU has created many initiatives, programs and strategies tackling youth unemployment and shaping youth policy within the Union. Such initiatives as *White Paper*, *European Youth Pact*, *Youth on the Move*, *Youth Guarantee* and *Youth Employment Strategy* involve various measures on how to reduce youth unemployment and create favorable living conditions for young people. Moreover, these initiatives indicated such areas to be improved as education system, the balance between work and personal life, youth mobility, traineeship system, wage subsidies for employers hiring young people and many others in order to help young people to find a job as soon as possible and do not stay in unemployment for a long period of time.
3. Youth employment policies in Central and Eastern European Countries are quite similar and highlight same aspects on how to improve youth unemployment. All countries distinguished the need to provide young person with all the information related to work, labor market and employment opportunities at the beginning of their career. One of the mostly discussed areas is the improvement of education system as young educated person without job experience faces difficulties to find a job. This is supported by the ideas that traineeships are very important part of young person's life in order to receive practical skills needed in the labor market. Youth mobility is

also encouraged as it gives the opportunity for young person to either study or work abroad and gain experience as well. Much attention is given to self-employment and opportunities it might provide. Lastly, all countries acknowledge that in order to increase youth employment, employers hiring young persons have to be subsidized and provide incentives to employ young people.

4. Several groups of indicators regarding youth unemployment in Central and Eastern European Countries were invoked. Such indicators as demographic, economic, educational, social and time related helped to analyze trends and distinguish main factors that influence youth unemployment in Central and Eastern European Countries the most. Demographic indicator revealed that societies in Central and Eastern European Countries are ageing while economic indicators portrayed the relation between such indicators as GDP, minimum wage, self-employment, comparison of youth and adult unemployment levels and youth unemployment rate. Educational indicator showed the importance of education for a young person to be employed while social indicator revealed the differences of gender unemployment among youth. Time related indicators revealed the relation between youth unemployment and period of time, seasonality and type of contract.

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