

# WILL YOUNGER PEOPLE PAY THE HIGHER PRICE OF THE PANDEMIC?

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**Abstract:** *The article examines whether young people are at a greater risk of unemployment than the general population in the post-pandemic crisis. First, the authors draw attention to youth unemployment as a structural problem even before the pandemic, making young people more vulnerable. Further, the paper analyses the age structure of employed in sectors most impacted by the pandemic. The results show that disproportionately high number of young people work in the most impacted sectors, hold less secure types of employment and are thus more vulnerable and at-risk of unemployment in post-pandemic crisis. However, the impact on young will most likely not be the same in all EU countries.*

**Keywords:** *Youth unemployment, Precarious employment, Impact of the pandemic, Structural youth unemployment.*

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## 1. INTRODUCTION

Since the mid-1990s researches on youth labor markets are showing, that in general, young people are more impacted by the economic crises than older (Podmenik, 2013; Choudhry, Marelli and Signorelli, 2010). During and after the 2008 economic crisis, the youngest generation of job seekers was the most severely affected in almost all EU countries (Engemann and Wall, 2010).

The current situation with the COVID-19 pandemic crisis is not the same as the one in 2008. At the beginning of 2020 countries in the EU and other parts of the world affected by the virus, adopted measures of lockdown, quarantine and movement restrictions (to a different extent) and temporarily froze certain sectors of industries, services, education and other productive sectors. Negative economic consequences of the confinement, in terms of unemployment, national predictions of GDP and export-import drops, were visible soon after the measures were instated. From the concerned citizens' point of view, the most affected are the ones, employed in the temporarily shut-down sectors (such as tourism, hospitality, and event industries) and those whose jobs are not protected by permanent contracts (part-time workers, precarious employments, students and self-employed individuals).

Recent ILO report highlights that the pandemic would particularly hardly hit young people, who were already one of the most vulnerable groups in the workforce. Besides recent job losses and growing precarity of youth employment, the COVID-19 economic crisis may result in a major dislocation of young people from the labor market for some time. Some authors attribute this possibility to the rapid rise in unemployment with the accompanying tightening of competition among job seekers. (Kramer and Kramer, 2020)

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This paper examines how the pandemic and the following economic crisis might affect young people, especially their position on the labor market. The authors proceed from the two general assumptions:

- (1) Young generations, which have not yet been able to improve their employment rate and position at work and labor market since the last crisis in 2008, will be more severely affected by the pandemic crisis than older ones.
- (2) Expected aggravation of the youth work positions can be attributed, among others, to the sectoral distribution of jobs. Namely, we proceed from the assumption that unemployment will rise the fastest in specific sectors - most affected by the anti-pandemic measures, in which young people are employed more often than older. Therefore, younger people are more at new risk of losing their jobs.

These assumptions are based on the previous analysis of long-term youth unemployment and on data which shows the structure of youth employment in European countries. The authors intend to confirm the assumptions above with a combination of two types of approaches; long-term observation of the youth labor market and structural data which provide insight into the impact of the pandemic crisis on youth (un)employment.

The first part of this paper focuses on the long-term trend of youth unemployment, its structural problem, including the data analysis on types of employments among younger and older people in the EU countries. The second part indicates the sectors most impacted by the COVID-19 crisis, followed by the comparative data analysis of the age structure of those employed in the most impacted sectors.

## **2. YOUTH UNEMPLOYMENT – DANGERS OF CRISIS OR A STRUCTURAL PROBLEM?**

The structural characteristics of youth unemployment can be demonstrated through both, economic and sociological perspectives. Economic Indicator of (youth) structural unemployment - the ratio between youth unemployment and job vacancy rate - shows a growing trend for the EU. Moreover, it “... is very similar in 2018 to what it was 10 years before. This reveals that even in times of economic growth youth unemployment persists.” (Podmenik, Gorišek, 2020, p. 87-88). From the sociological point of view, the structurality of (youth) unemployment is demonstrated by its sustainability, which shows the inefficiency and inconsistency of social (sub) systems responsible for maintaining the balance between supply and demand in labor markets. As mentioned above, the youth unemployment rate has not dropped since the mid-1990s (Noelke and Muller 2011; Leuven and Oosetbeek, 2011; Podmenik and Ivančič 2017) despite a sharp increase in the level of education among young people. Some authors (Coleman 1991; Teichler 2000) assessed that a surplus of around 30% of over-educated young people on labor markets, especially in Europe (Podmenik and Ivančič 2017). In the sociological context, this structural problem has wider dimensions. It is not only that well-educated young people are unable to find jobs in a good economic condition, but it also shows, that educational systems are counter-productive; that national strategic planning is aligned neither with the education system nor with the needs of (potential) employers. Adding up the skills mismatch and inability of all involved stakeholders to manage such changes, serious consequences, on top of youth unemployment, affect societies (non-utilized human capital, social deprivation and youth marginalization, reduced family life, falling birth rates, ageing society, etc.).

The observation of the long-term trend of unemployment among youth (15-29) in the EU countries (for which data was available through Eurostat database) shows that youth unemployment rate, in comparison to the general unemployment rate, remained much higher even in times of good economic performance. The structurality of (youth) unemployment is obvious when even during the period of economic conjuncture the (youth) unemployment rate doesn't fall considerably under the levels observed in the period before the economic crises. However, big differences are visible among the EU countries. In Southern European countries, youth unemployment rates are much higher (in some the rate never dropped under 15%) and much more sensitive to the crisis (in Spain and Greece the level of youth unemployment rose to more than 40%). In Western and Northern Europe, the levels remained quite steady (and, in some countries, such as France and Belgium, relatively high) throughout the last 20 years. In Eastern and ex-communist countries, there is more movement in the youth unemployment rate, but also the biggest drop in last few years (for example - youth unemployment in Czech Republic, Poland and Estonia is today lower than in the Nordic EU countries). (Podmenik, Gorišek 2020).

The danger for youth in times of crisis is not only shown by the structural characteristics of unemployment but also in less secure types of employment like part-time; self-employed work position; project jobs, etc., all gathered under the umbrella term *»precarious work«*. The last crisis resulted in increased precarious work among youth in the developed world (ILO 2011). For example, Clarke and Cominetti (2019) point out, that even up to two-thirds of the employment growth in the UK since 2008 has been in atypical roles, especially among youth. While many young people internalized the new market conditions and see them as immutable, they understand the abnormality of it (Berry and McDaniel, 2020). Further, precarious working conditions are among the factors that importantly affect the spread of in-work poverty in Europe (Ratti 2020). In times of (any sort of) crisis, less social security makes youth even more vulnerable and pushes them on the margins of societies.

### **3. DISPROPORTIONALLY MORE YOUNG PEOPLE WORK IN LESS SECURE JOBS**

In order to confirm our assumption, that pandemic crises will disproportionately affect young people, who have already been pushed to the margins in their current employment situations, the article analyzes Eurostat data on types of employment. The authors were especially interested in temporary and part-time employment, as they offer less social security than permanent contracts and as such represent a bigger risk of losing their jobs. In the EU<sup>3</sup> in general, 13.6% of people aged 15-64 are temporarily employed. This percentage is much higher in the age group 16-24, where 42.8% are working on temporary contracts. The biggest share of temporary workers among young is in Spain (69.5%), Italy (63.3%), Portugal (62.2%) and Slovenia (61.8%). The lowest percentage is in Romania (only 5.6%), Lithuania, Latvia, Bulgaria, Hungary and Estonia, all under 13%.

Furthermore, 19.1% of people aged 15-64 are working part-time in the EU<sup>4</sup>. Once again, the share is much bigger among young people (32.6%). The higher share of young working part-time is recorded in the Netherlands, Denmark and Sweden, where over 50% of young people work in part-time jobs. It is the lowest in Croatia, Bulgaria, Hungary and Slovakia, where less

<sup>3</sup> For this analysis we still included the United Kingdom when analyzing the EU countries

<sup>4</sup> It is important to know that there are possible labor law differences among countries which are not included in this research but could explain some differences in data.

than 10% are employed in part-time jobs. However, when taking into account only people who work part-time because they were unable to find a full-time job, the share is the biggest in Italy, Romania, Greece and Spain (over 46% of part-time employed young people stated that as a reason for part-time employment).

### **3. WHAT TO EXPECT REGARDING YOUTH UNEMPLOYMENT IN THE SECTORS MOST IMPACTED BY THE PANDEMIC?**

Pandemic and government actions to battle the health crisis, such as lockdown, movement restrictions and limits in business activities, have direct economic consequences that were visible already weeks after the pandemic was declared. Based on the ILO report from 29 April 2020, global working hours in the second quarter are expected to be 10.5 per cent lower than in the last pre-crisis quarter, which is equivalent to 305 million full-time jobs. However, not all economic sectors and therefore not all workers and social groups were affected equally.

ILO ranked economic sectors by the impact of the pandemic crisis on economic output:

- High impact: Wholesale and retail trade; repair of motor vehicles and motorcycles; manufacturing; accommodation and food services; real estate; business and administrative activities;
- Medium – high impact: Arts, entertainment and recreation, and other services; transport, storage and communication;
- Medium impact: Construction; financial and insurance services; mining and quarrying;
- Low-medium impact: Agriculture, forestry and fishing;
- Low impact: Human health and social work activities; education; utilities; Public administration and defense; compulsory social security (ILO 2020a).

### **4. YOUNG PEOPLE ARE MORE AT RISK IN NEARLY ALL EU COUNTRIES**

The analysis includes the latest Eurostat data from 2019 on the number of employees in different sectors based on their age and compared them to the previously mentioned ILO classification of most impacted sectors. Eurostat uses NACE rev. 2. Classification of activities, but it fully corresponds with ISIC Rev. 4. in all sectors used for the analysis (based on Eurostat correspondence tables). Age groups used for comparison are youth (15-29) and general (15 years and older).

The analysis shows that young people are more at risk in nearly all EU countries, whether that risk is absolute or relative. In many EU countries, more than half of young employees work in most impacted sectors. In the EU in general, 47.2% of employees aged from 15 to 29 work in the economic sectors most impacted by the COVID-19 crisis. The biggest share of young people employed in most impacted sectors are in Italy (60.7%), Greece (57.3%), Czechia (57%), Slovenia, Portugal (both 56.4%), Slovakia (55.3%) and Romania (54.7%). The share is above 50 per cent also in Hungary, Poland, Bulgaria, Spain and Lithuania. This means, that in 12 countries of the EU, more than half of the employed people aged 15-29 are employed in the most impacted sectors and at risk of losing their jobs.

The share of young working in the most impacted sectors is higher than the share of all employees working in those sectors in every EU country. In the EU in general, 40.1% of employees work in the most impacted sectors, which is a 7.1 percentage point lower than the share of young people working in the most impacted sectors.

**Table 1.** Young people working in the most impacted economic sectors

GEO/TIME	SHARE OF YOUNG IN MOST IMPACTED SECTORS (%)	SHARE OF ALL POPULATION IN MOST IMPACTED SECTORS (%)	DIFFERENCE IN SHARE OF WORKFORCE IN MOST IMPACTED SECTORS (young vs. over 15) (pp)	SHARE OF YOUNG IN EMPLOYED OVER 15 (most impacted sectors) (%)	SHARE OF YOUNG IN EMPLOYED OVER 15 (all sectors) (%)	DIFFERENCE IN SHARE OF YOUNG IN EMPLOYED OVER 15 (impacted sectors vs. all sectors) (pp)
EU 28	47,2	40,1	7,1	23,4	19,9	3,5
Austria	48,4	42,7	5,7	27,2	24,1	3,1
Belgium	42,6	36,3	6,3	23,7	20,2	3,5
Bulgaria	52,6	45,9	6,7	16,2	14,1	2,1
Croatia	49,5	42,4	7,1	22,5	19,3	3,2
Cyprus	42,8	38,0	4,8	25,9	23,0	2,9
Czechia	57,0	47,8	9,1	19,2	16,2	3,1
Denmark	46,3	36,0	10,3	32,3	25,1	7,2
Estonia	44,3	41,7	2,6	20,3	19,1	1,2
Finland	43,0	34,9	8,1	28,1	22,8	5,3
France	40,4	33,4	7,0	24,4	20,2	4,2
Germany	44,8	42,9	1,9	21,4	20,5	0,9
Greece	57,3	41,1	16,2	21,6	15,5	6,1
Hungary	53,8	44,1	9,6	22,0	18,1	4,0
Ireland	49,6	38,8	10,7	30,1	23,6	6,5
Italy	60,7	44,3	16,4	18,9	13,8	5,1
Latvia	40,8	38,1	2,7	18,6	17,4	1,3
Lithuania	50,1	41,8	8,3	20,4	17,0	3,4
Malta	37,2	29,4	7,8	28,7	29,2	-0,5
Netherlands	45,4	35,0	10,3	37,7	29,1	8,6
Poland	53,0	44,7	8,2	23,8	20,1	3,7
Portugal	56,4	43,2	13,1	22,3	17,1	5,2
Romania	54,7	49,3	5,4	16,9	15,2	1,7
Slovakia	55,3	45,5	9,8	21,1	17,4	3,7
Slovenia	56,4	48,0	8,4	20,1	17,1	3,0
Spain	50,5	42,4	8,2	18,3	15,3	3,0
Sweden	37,4	30,6	6,7	27,7	22,7	5,0
United Kingdom	43,7	34,2	9,6	32,1	25,1	7,0

Source: Eurostat (2020), own calculations

It is interesting to see that countries with the highest share of young employed in the most impacted sectors are not necessarily the ones with the biggest shares of all employed in the most impacted sectors. For example, Italy, ranking the highest in young, ranks 7<sup>th</sup> in all employed.

The biggest differences between the share of young and the share of all employed in most impacted sectors are in Italy (16.4 percentage points), Greece (16.2 pp), Portugal (13.1 pp), Ireland (10.7 pp), Netherlands and Slovakia (both 10.3 pp).

It is further interesting to compare the misrepresentation of youth in most impacted sector compared to their representation in less impacted sectors. In general, employees aged 15-29 represent 19.9% of the total number of employed in the EU in all sectors together. The share is bigger in the most impacted sectors, where they represent 23.4% of employed.

The biggest over-representation of young people in most impacted sectors is seen in the Netherlands (8.6 percentage points higher than in all sectors), Denmark (7.2 pp higher), United Kingdom (7 pp), Ireland (6.5 pp) and Greece (6.1 pp), while the lowest is in Germany, Estonia, Latvia and Romania, all below 3 percentage points of a difference. Malta is the only country where young people are not over-represented in the workforce in most impacted sectors compared to the general workforce.



## 5. CONCLUSION

This article examines the impact of COVID-19 pandemic crisis on youth unemployment. Based on the previous analyses, observation of the long-term trend of youth unemployment and the structural characteristics of youth unemployment, the authors predicted that young people will be more impacted by the current crisis than older. The data on types of employments among youth further proves this assumption, as young people are more often employed in less secure jobs. However, the nature of the current crisis shows, that young people could be even more disproportionately affected than in previous crises. In order to confirm that the authors performed their own analysis of data on the age structure of employed in sectors most impacted by the COVID-19 pandemic (as determined by the International Labour Organization).

In all countries of the EU, the share of young people working in most impacted sectors is higher than the share of all employees working in those sectors. While they only represent 23.4% of all employed in the most impacted sectors, that share is still higher than in all sectors combined, where young employees aged 15-29 represent 19.9% of all employed. This confirms the assumption, that young people are more likely to be affected by the after-pandemic crisis in terms of unemployment. This corresponds with the latest estimates of the ILO on the global level (ILO 2020b) and the first reports of newly registered unemployed<sup>5</sup>.

However, not all young in the EU will be affected to an equal extent. It is worrying to see that most young people are (absolutely and relatively to the general population, as well as regarding the safety of their employment) at risk of losing their jobs in Southern European countries, which already have some of the highest numbers of youth unemployment. These countries also report extremely high levels of temporary employment among youth.

Nevertheless, there are several countries, where proportions of young people in most impacted sectors are not that different from the general population (for example Germany, Estonia and Latvia). Those countries also score below-average shares of part-time and temporary employment among youth.

It is possible to confirm our assumptions, that young people are at a higher risk of unemployment in the post-pandemic crisis and that this risk is bigger than during previous economic crises. Not only are young people more often working in less secure jobs, but they are also at greater risk because of the most common sectors of their employment. The risk, regarding the sector of employment, is either absolute (in countries where more than half of young employees work in most impacted sectors) or relative (where over-representation of youth in impacted sectors is the biggest) or both.

It is important to realize that the post-pandemic crisis will not affect all age groups equally, especially when discussing and adopting government actions and policy interventions to minimize the impact and ensure fast economic recovery. Youth unemployment is a multi-dimensional problem interconnected with many social sub-systems and directly impacts not only young people's lives but also the potential, innovation and productivity of our economies.

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<sup>5</sup> The unemployment office of Slovenia released the report on the *Impact of the pandemic on the labor market in Slovenia* in which it stated that the biggest share of newly registered unemployed is among the youngest population (Zavod Republike Slovenije za zaposlovanje, 2020).

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