



Brussels, 14.10.2021
SWD(2021) 287 final

PART 3/10

COMMISSION STAFF WORKING DOCUMENT

The situation of young people in the European Union

Accompanying the document

**Report from the Commission to the European Parliament, the Council, the European
Economic and Social Committee and the Committee of the Regions**

on the implementation of the EU Youth Strategy 2019-2021

{COM(2021) 636 final} - {SWD(2021) 286 final}

3. Employment and entrepreneurship

One of the major challenges for young people in establishing their independence is finding a stable job. The transition from education to employment is rarely a smooth and clear-cut path; it is often a rather complex and protracted process, with steps forwards and back, interruptions and periods of overlap between different types of activity. The traditional model of transition, whereby a young person finds his or her first job directly after graduation and embarks on a stable career path, is becoming far less common in our rapidly changing and globalised world. Many young people start working part-time or have summer jobs while still studying; many young people start on temporary or fixed-term contracts with spells of job-hunting in between. Some young people return to their studies after a period of employment in order to upgrade their skills or qualifications. When searching for the right job, some young people discover that they want a complete change from their original field of study or career and return to education in a different area ⁽¹⁾.

In recent years, European economies were on a path towards recovery from the economic crisis, which has improved the situation of young people and eased their transition from education to employment. However, as this chapter will illustrate, in 2020 the COVID-19 crisis hit young people exceptionally hard. The chapter presents the employment situation of young people under these changing conditions and recent trends in youth employment and unemployment. The analysis is based on Eurostat data from the European Union (EU) Labour Force Survey on unemployment, temporary and part-time work, and self-employment. In addition, indicators on the digitalisation of labour markets are from the Eurostat survey on ICT usage.

3.1. Facing labour market challenges: youth unemployment

Entering the world of work after graduation poses significant challenges. Many young people encounter a gap between education and ‘real life’ and get caught in a vicious cycle of being unable to obtain a job owing to lack of experience and being unable to gain experience without a job ⁽²⁾. Those who leave education without formal qualifications and with a low level of skills have even less chance of gaining employment (see Section 3.1.2).

3.1.1. Youth unemployment trends to 2019

In the EU-28 in 2019, over 5 million people between the ages of 15 and 29 were unemployed (**Figure 3.1**). This number includes all people who were available for work and actively seeking a job, irrespective of their educational status. However, the numbers of those in education become very important when considering the youth unemployment rate – the most common measure of labour market conditions for young people.

The unemployment rate is the number of people unemployed as a percentage of the labour force (employed and unemployed persons) ⁽³⁾. The unemployment rate does not consider the economically inactive, who are not actively looking for a job, for example because they are fully concentrating on their education. When considering the prime working-age group (people aged 25–54), the labour force is closer to the total population, and therefore the unemployment rate does not differ much from the unemployed to population

⁽¹⁾ For more details, see Kahn et al., 2011; Eurofound, 2014; Mourshed, Patel and Suder, 2014; O’Reilly 2015; STYLE, 2017.

⁽²⁾ Kahn et al., 2011.

⁽³⁾ Eurostat, 2021a.

ratio (Figure 3.1). However, as many young people are still studying in their early 20s and therefore are not yet in the labour force, the unemployment rate and ratio differ greatly.

Relatively small numbers of unemployed people can generate high unemployment rates when divided by a small labour force. Therefore, it is also important to consider the youth unemployment ratio: the percentage of unemployed young people compared with the total population of that age group (not only the economically active but also the inactive, such as students) ⁽⁴⁾.

Figure 3.1: Unemployment rates and ratios among young people (15-29) compared with the prime working-age group (25-54), EU-28, 2019



Unemployment rates and ratios are depicted side by side in Figure 3.1. Both statistics reflect the same numbers of unemployed people (indicated under the figure below the age groups), but they display considerably different distributions. When considering the unemployed to labour force indicator (the unemployment rate), the younger age groups seem to be the most affected. In contrast, the unemployed to population indicator (the unemployment ratio) shows that the problem is worst for the 20–24 age group and, to a lesser extent, for the 25–29 age group.

Figure 3.2 shows youth unemployment rates and ratios in European countries. The number of unemployed people, in thousands, is indicated in the grey band in the centre of the figure. This figure largely depends on the country’s youth population and varies from more than 2 million unemployed 15- to 29-year-olds in Turkey and 800 000–900 000 in Spain, France and Italy, to 4 000–5 000 in Malta and Iceland.

⁽⁴⁾ Eurostat, 2021b.

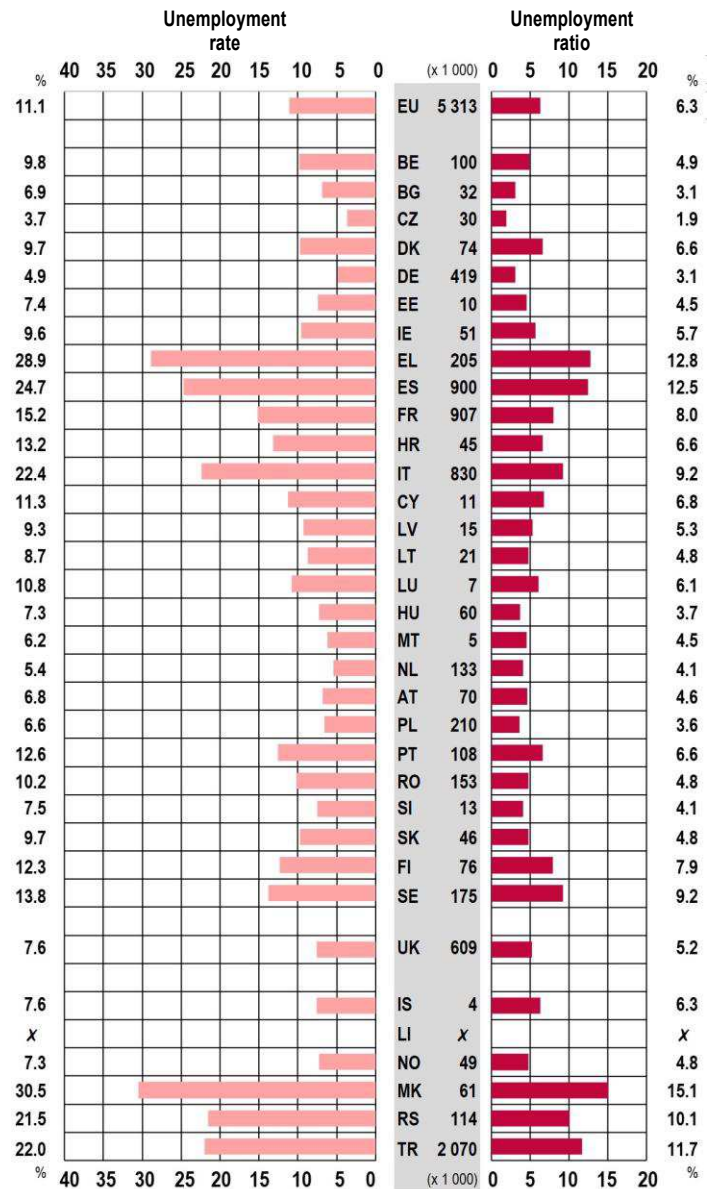
In 2019, in the EU-28, 6.3 % of young people aged 15–29 were unemployed. The highest unemployment ratios were registered in Greece and Spain (around 13 %), and outside the EU-28, in North Macedonia (around 15 %). In contrast, only around 2–3 % of young people were looking for a job in Bulgaria, Czechia and Germany.

Youth unemployment rates vary between European countries to a greater degree than unemployment ratios, as they are calculated taking into account unemployed 15- to 29-year-olds in the labour force. As discussed earlier, the size of the labour force depends on the proportion of young people who are inactive, namely those in education, those engaged in unpaid caring activities, the disabled, or discouraged workers ⁽⁵⁾.

In the EU-28, the average proportion of young people aged 15–29 who were unemployed as a percentage of the youth labour force (i.e. the unemployment rate) was 11.1 % in 2019.

Unemployment rates among young people were the highest, above 20 %, in Greece, Spain and Italy within the EU-28, and in North Macedonia, Serbia and Turkey outside the EU. The lowest youth unemployment rates were registered in Czechia, Germany and the Netherlands. Certainly, youth unemployment rates depend not only on the activity and inactivity rates of young people but also on the general economic situation. The countries registering high youth unemployment rates are also those with relatively high unemployment rates among the prime working-age group ⁽⁶⁾.

Figure 3.2: Unemployment rates and ratios for 15- to 29-year-olds by country, 2019



Source: Eurostat [yth_empl_090] and [yth_empl_140]. Data extracted on 22.04.2021.

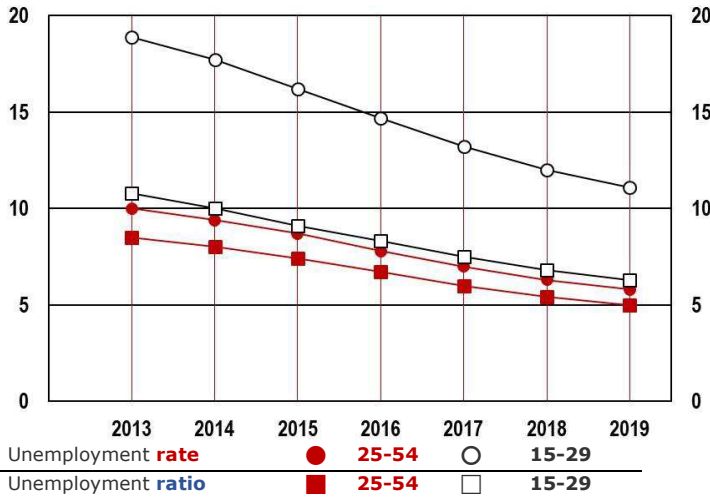
Notes: the numbers of unemployed people in thousands are indicated in the grey band in the centre. EU refers to EU-28. EU-27 averages:

Unemployment rate: 11.9 %
 Unemployment ratio: 6.5 %.

⁽⁵⁾ These conditions are at the root of differences between groups in the NEET population, as discussed in Chapter 8.

⁽⁶⁾ Source: Eurostat [une_rt_a]. Data extracted on 22.04.2021.

Figure 3.3: Youth unemployment rates (15- to 29-year-olds), compared with the prime working-age group (25-54), EU-28, 2013-2019



Source: Eurostat [yth_empl_090], [yth_empl_140] and [une_rt_a]. Data extracted on 22.04.2021.

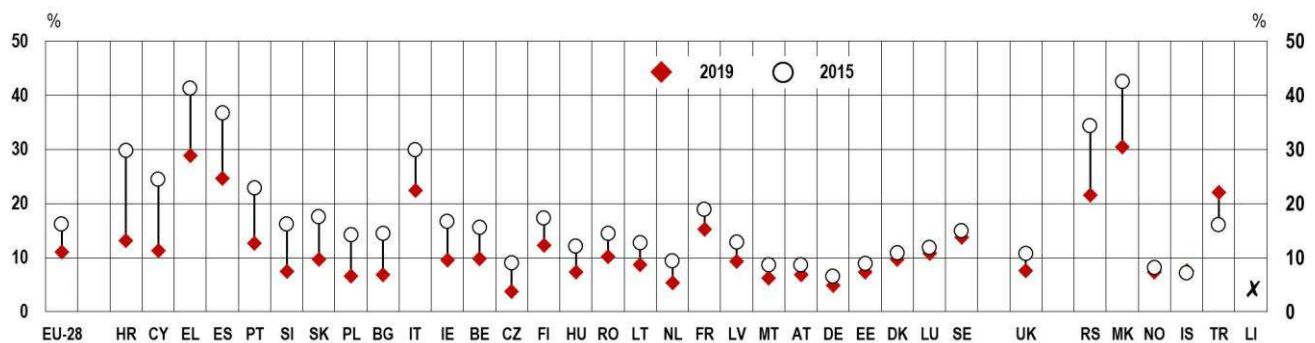
As Figure 3.3 shows, both general and youth unemployment rates went down between 2013 and 2019 as economic growth resumed in Europe after the 2008 economic crisis. As the figure reveals, trends were very similar in the youth population (aged 15–29) and the prime working-age population (aged 25–54), with all unemployment rates and ratios in 2019 being around half of the 2013 level.

This strong improvement is also visible when looking at changes at country level. Given the parallel changes in youth unemployment rates and ratios, the following figures will concentrate on one unemployment indicator only: the youth unemployment rate.

Over this period, youth unemployment rates decreased in all European countries except Iceland and Turkey. The biggest decrease, of over 16 percentage points (p.p.), was registered in Croatia, but youth unemployment rates also fell by more than 10 p.p. in southern European countries such as Greece, Spain, Cyprus and Portugal, as well as in North Macedonia and Serbia. In contrast, the situation of young people on the labour market did not change much between 2015 and 2019 in northern Europe (Denmark, Sweden, Iceland and Norway) and Luxembourg.

Figure 3.4 shows the unemployment rates of young people aged 15–29 in 2015 and 2019.

Figure 3.4: Changes in unemployment rates between 2015 and 2019 among young people aged 15-29, by country



Source: Eurostat [yth_empl_090]. Data extracted on 22.04.2021.

Notes: Countries are grouped based on EU membership and in descending order by change between 2015 and 2019.

EU-27 averages: 2015: 17.3 %; 2019: 11.9 %.

3.1.2. Who faces the biggest challenges? Youth unemployment by educational attainment and gender

Not all young people have access to the same resources when looking for employment. Young people differ in the time they have spent in education and their qualifications, their access to financial and material resources, their family background and networks, and their gender, ethnicity, migration status and disability. This section looks behind the term ‘youth unemployment’ and examines differences in the employment situation of young people based on their educational attainment and gender.

Educational attainment

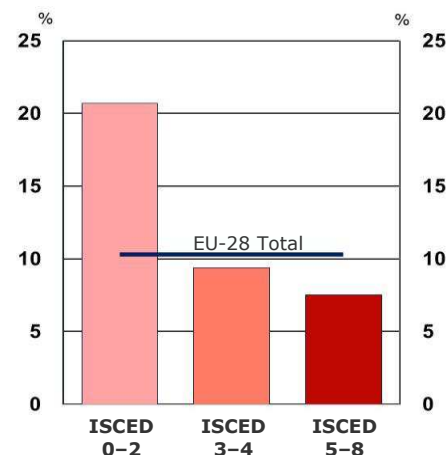
A good level of education and relevant qualifications are critical in finding employment as they provide young people with the skills needed in rapidly changing modern economies.

As Figure 3.5 shows, the higher the educational level, the lower the unemployment rate. In 2019, in the EU-28, while the average unemployment rate for 20- to 29-year-olds with low educational attainment was 20.7 %, this rate was less than half that for those with a medium level of qualifications (9.4 %), and even lower, at 7.5 %, for highly qualified young people. Not surprisingly, young people without upper secondary qualifications therefore have the greatest difficulty in finding a job among all young people. Even having an upper secondary qualification significantly raises a young person’s chances of finding employment.

Figure 3.6 therefore compares the unemployment rates of young people with a low level and a medium level of qualifications in European countries.

As the figure shows, the largest differences between the unemployment rates of young people with a low and a medium level of qualifications can be found predominantly in central European countries, and also in Bulgaria and Sweden (in purple colour). The three countries with the largest differences in the employment prospects of young people are Czechia, Hungary and Slovakia. In Czechia and Slovakia, in 2019, the unemployment rate of young people without upper secondary qualifications was more than five times higher (in Slovakia, even more than six times higher) than the unemployment rate of their peers who possessed upper secondary or post-secondary non-tertiary degrees. On the one hand, this is due to relatively low unemployment rates of young people with upper secondary qualifications, which was the lowest in Czechia at 2.6 %, and also lower than the EU-28 average in all countries in this colour category. On the other hand, some of these countries, particularly Slovakia (42.6 %) and Sweden (29.3 %), have relatively high unemployment rates among low-skilled young people.

Figure 3.5: Unemployment rates among young people (20–29), by educational attainment, EU-28, 2019



Source: Eurostat [yth_empl_090]. Data extracted on 11.11.2020.

Notes:

EU-27 averages:		
ISCED 0–2	ISCED 3–4	ISCED 5–8
22.2 %	9.9 %	8.2 %

Figure 3.6: Comparison of youth unemployment rates among 20- to 29-year-olds with low and medium levels of education by country, 2019



Source: Eurostat [yth_empl_090]. Data extracted on 22.04.2021.

Notes: Data have low reliability for the low skilled in Estonia, Ireland, Croatia, Cyprus, Latvia, Lithuania, Slovenia and Iceland.

There are only two countries where not having upper secondary qualifications does not mean being at a disadvantage when looking for a job: Cyprus and Turkey. In Cyprus, where only 8 % of young people aged 20–29 do not have an upper secondary level education ⁽⁷⁾, this may be an effect of over-education – that is, a discrepancy between the supply of education and the needs of the economy ⁽⁸⁾. In Turkey, a higher incidence of unemployment among more educated young people may be related to the fact that they are those who can afford to search for a job in the formal economy, while many unskilled young people are employed in the informal sector in low-paid, irregular and insecure jobs ⁽⁹⁾.

Gender

Gender patterns of unemployment are less straightforward than those relating to educational attainment. In the EU-28, average unemployment rates do not differ considerably between young men and young women, no matter which age group one looks at. In 2019, female unemployment rates were around 1 p.p. lower than male unemployment rates in the 15–19 and 20–24 age groups but identical in the 25–29 age group ⁽¹⁰⁾. Gender differences in unemployment ratios also show a mild female advantage, with slightly smaller proportions of women looking for a job in all age groups ⁽¹¹⁾. This at least partly reflects the higher proportion of women enrolled in higher levels of education, as well as the higher proportion of women engaged in caring responsibilities.

⁽⁷⁾ Source: Eurostat [yth_demo_040], data extracted on 22.04.2021.

⁽⁸⁾ Ioannou and Sonan, 2016.

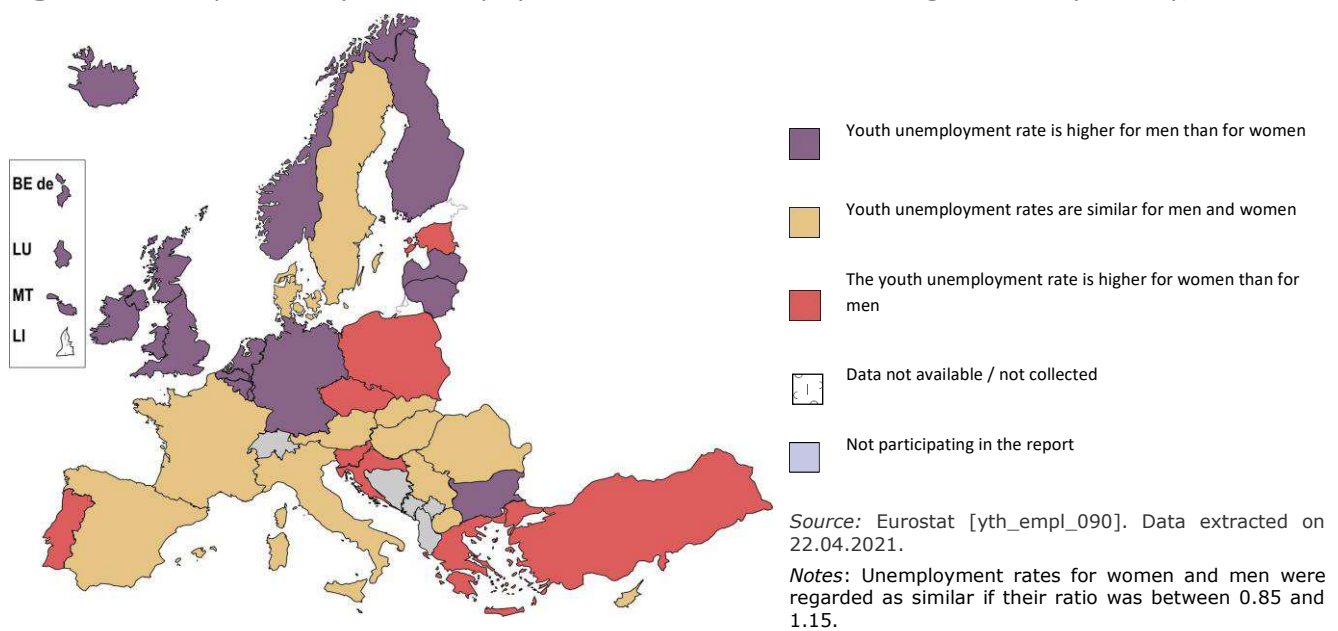
⁽⁹⁾ Scarpetta and Sonnet, 2012.

⁽¹⁰⁾ Source: Eurostat [yth_empl_090], data extracted on 22.04.2021.

⁽¹¹⁾ Source: Eurostat [yth_empl_140], data extracted on 22.04.2021.

The picture becomes more nuanced when examining gender differences in unemployment rates by country. Figure 3.7 depicts European countries coloured differently depending on the relationship between the unemployment rates for women and men aged 15–29. In around one third of the European countries shown in the figure, the unemployment rates of women and men do not differ considerably. Unemployment rates for men were higher than those for women in 13 countries in 2019, mostly in northern Europe, but also in Bulgaria and Malta. Gender differences were the most pronounced in Lithuania and Iceland, where the unemployment rates of young men were 10.3 % and 9.2 %, respectively, compared with the respective unemployment rates of 6.8 % and 5.9 % of young women.

Figure 3.7: Comparison of youth unemployment rates for men and women aged 15-29 by country, 2019



A higher proportion of young women than young men (among those who were economically active) were unemployed in 2019 in only eight countries, predominantly in southern and eastern Europe, with the largest gender differences in Estonia and Croatia. In Estonia, the unemployment rate among women aged 15–29 was 9 %, as opposed to 6.2 % among men; in Croatia, the respective rates were 16.7 % and 10.4 %.

3.1.3. Youth unemployment and the COVID-19 crisis

The year 2020 was marked by the COVID-19 crisis, with young people in both education and employment being strongly affected. The economic crisis triggered by the restrictions established to contain the pandemic has deeply affected young people's likelihood of both finding and retaining employment⁽¹²⁾. The halt in economic sectors such as the hospitality and retail, where young people often find employment, has reduced labour demand⁽¹³⁾. In parallel, many young people who are transitioning from education to work have found it difficult to seek jobs owing to the limitations on mobility and lower levels of economic activity imposed during the pandemic⁽¹⁴⁾.

⁽¹²⁾ Eurofound, 2020.

⁽¹³⁾ Ibid.

⁽¹⁴⁾ Gómez, A. and Montero, J., 2020.

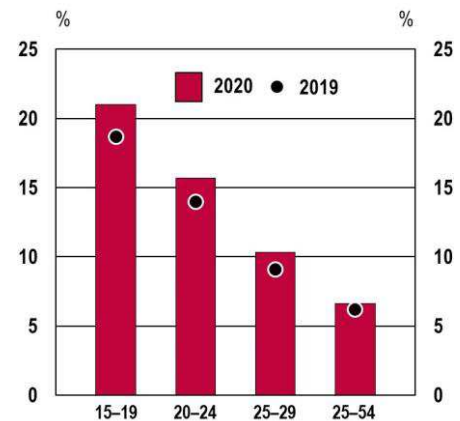
As illustrated in the following sections, young people are more likely to have a temporary or part-time contract than people in the prime working-age group. These precarious conditions become even more challenging in times of economic crisis, when young people are more likely than older age groups to have their working time reduced ⁽¹⁵⁾. Thus, the COVID-19 crisis aggravated pre-existing inequalities in the position of young Europeans in the labour market compared with the rest of the working population.

In addition to hitting young people the hardest, the economic slump caused by the COVID-19 pandemic has created a cleavage within the youth population. Those in stable jobs where telework is possible suffer less from unemployment than those with precarious employment contracts, especially in sectors where telework is not possible (e.g. retail, hospitality, food services) ⁽¹⁶⁾. In this context, young women in particular are likely to be affected because they are employed in these sectors at higher levels than young men ⁽¹⁷⁾. This situation has serious consequences for the health and well-being of young people, and for their social inclusion, as discussed in Chapters 7 and 8, respectively.

Comparing youth unemployment rates in 2019 and 2020 shows that the declining trend of 2013–2019 was reversed in 2020 in all youth age groups, as well as in the prime working-age group, in the EU-27 (Figure 3.8). However, as the figure also shows, changes were proportionally more considerable for young people than for the prime working-age population.

This direction of change can be observed in the large majority of European countries (Figure 3.9). In the EU-27, unemployment rates of young people aged 15–29 increased from 11.9 % in 2019 to 13.3 % in 2020 (1.4 p.p.) ⁽¹⁸⁾. This corresponded to increased unemployment rates in all EU Member States, except Italy (although in the latter, the decrease was less than 1 p.p., so not significant).

Figure 3.8: Unemployment rates among young people (15-29) compared with the prime working-age group (24-54), EU-27, 2019 and 2020



Source: Eurostat [yth_empl_090] and [une_rt_a]. Data extracted on 22.04.2021.

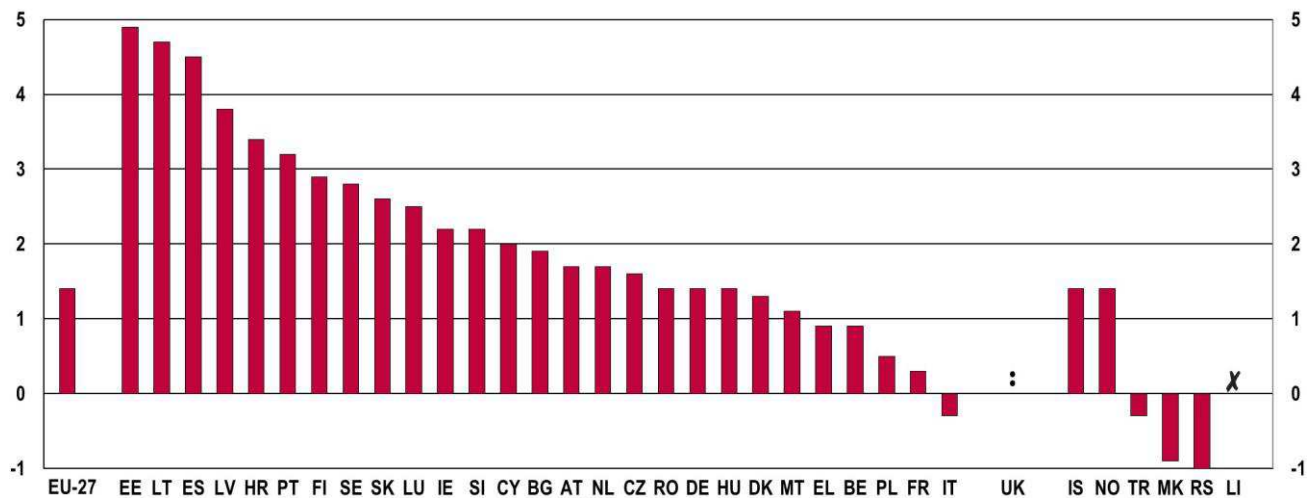
⁽¹⁵⁾ Eurofound, 2020.

⁽¹⁶⁾ Blustein et al., 2020.

⁽¹⁷⁾ ILO, 2020.

⁽¹⁸⁾ Quarterly figures show an increase in unemployment rates for young people aged 15–24 until Q3, followed by a decrease in Q4. This may be owing to the different support measures countries put in place by this time. Source: Eurostat [une_rt_q], data extracted on 02.06.2021.

Figure 3.9: Change in unemployment rates (percentage points) among young people aged 15-29 between 2019 and 2020 by country



Source: Eurostat [yth_empl_090] and [une_rt_a]. Data extracted on 22.04.2021.

Notes: Germany: 2020 data: provisional, break in series. Iceland: 2020 data: break in series.

Countries are grouped based on EU membership and in descending order by change between 2019 and 2020.

The increases in youth unemployment rates between 2019 and 2020 were most substantial in Estonia, Lithuania and Spain, amounting to more than 4 p.p.

3.2. Patterns of youth employment

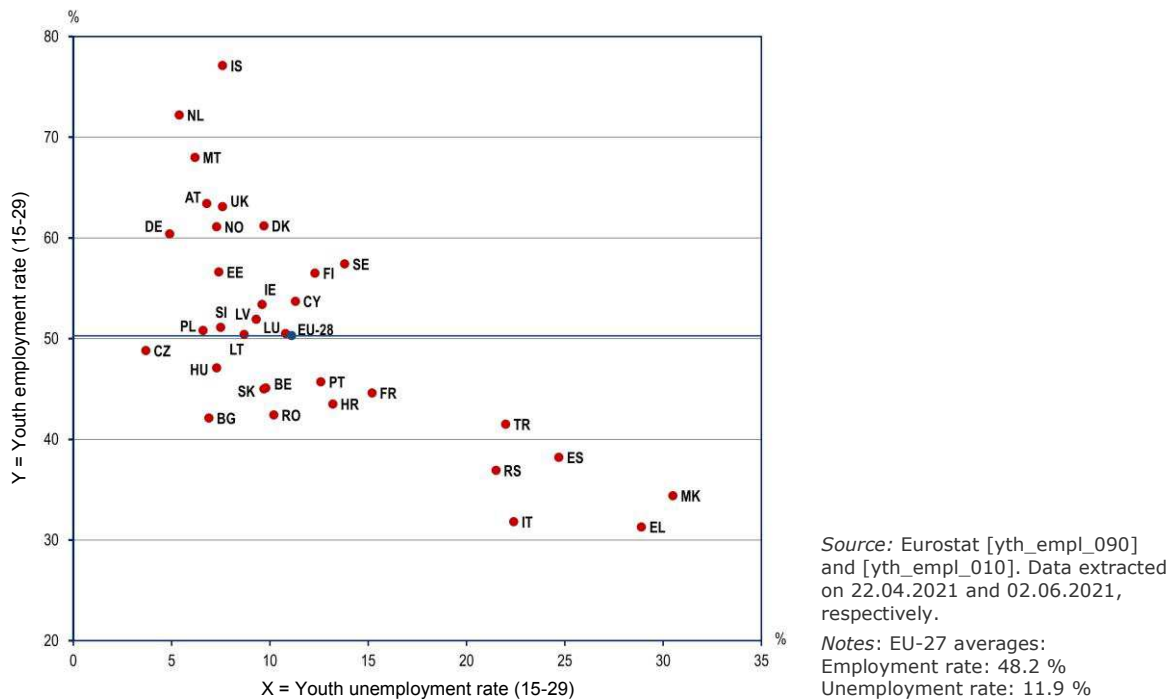
The most important characteristic of labour markets is the proportion of people in employment. Employment rates show the percentage of employed persons in relation to the total population of the same age⁽¹⁹⁾. As it can be expected, the employment rates of young people increase with age: in 2019 in the EU-28, while only 16.7 % of 15- to 19-year-olds were employed, this rate was 54 % for the 20- to 24-year-olds and 75.9 % for young people aged 25–29⁽²⁰⁾. In comparison, the employment rate in the prime working-age population was 81.2 %⁽²¹⁾.

Comparing youth employment and youth unemployment rates provides an interesting insight into the state of the youth labour market and the economy in general in the different European countries. Figure 3.10 shows the unemployment and employment rates of young people aged 15–29. As the figure illustrates, countries characterised by relatively high unemployment rates (above 20 %) and relatively low employment rates (around 40 % or below) form a clear cluster.

⁽¹⁹⁾ Eurostat, 2021c.

⁽²⁰⁾ Source: Eurostat [yth_empl_010]. Data extracted on 02.06.2021.

⁽²¹⁾ Source: Eurostat [lfsi_emp_a]. Data extracted on 02.06.2021.

Figure 3.10: Youth unemployment and employment rates of 15- to 29-year-olds, by country, 2019

At the same time, countries with youth unemployment rates at or below 15 % can have very different youth employment rates. In 2019, 50.3 % of young Europeans aged 15–29 were employed in the EU-28. Countries below the blue line on Figure 3.10 had lower employment rates than the EU-28 average; in Bulgaria and Romania, employment rates were just above 40 %. In contrast, in the Netherlands and Iceland, with comparable proportions of unemployed young people, youth employment rates were above 70 %. The reasons behind such differences are manifold, and depend on factors such as the average length of higher education studies, the proportion of young people who are both in employment and education, the share of part-time work (see also Section 3.2.2), or the proportion of young people who are not in employment, education or training (NEET rate, see Chapter 8). The following sections will illustrate some of the specificities of youth labour markets and employment patterns.

3.2.1. Temporary contracts

An important characteristic of the youth labour market is the prevalence of temporary contracts in comparison with the labour market for other age categories. A temporary contract is a fixed-term contract that will terminate either after a period agreed in advance or when certain objective criteria are met, such as the completion of an assignment or the return of the employee who has been temporarily replaced ⁽²²⁾.

Temporary employment can be an important step in the transition from education to the labour market. It gives young people work experience and makes it easier for them to find a stable job. Temporary employment also gives employers an opportunity to assess young people's suitability and capacity to perform the tasks required. Often, temporary jobs serve as stepping stones to permanent jobs ⁽²³⁾.

However, temporary employment entails higher levels of insecurity, both in terms of employment and financially, as well as fewer opportunities for developing skills and a longer term career. Young people can be trapped in a cycle of alternating periods of temporary employment and unemployment, which may adversely

⁽²²⁾ Eurostat, 2021d.

⁽²³⁾ Eurofound, 2013.

affect their status and their level of social protection into their 30s and beyond. Where this is the case, young people may lack the stability needed to allow them to live independently ⁽²⁴⁾.

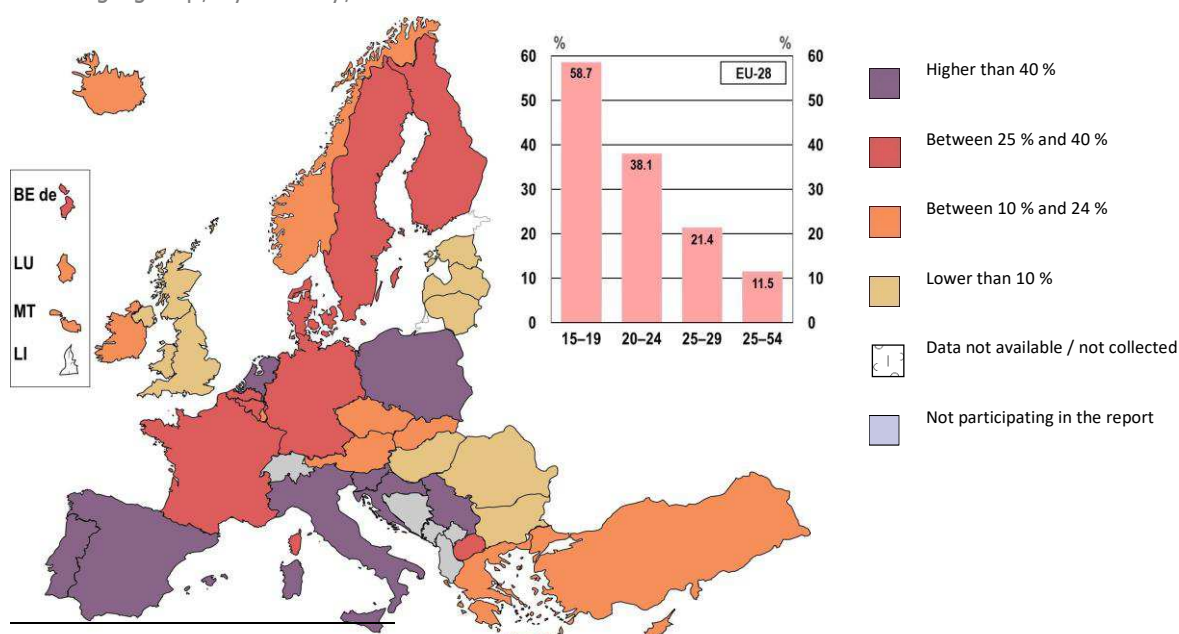
These higher levels of insecurity have also been highlighted by the COVID-19 crisis. The high proportion of young people who were working with temporary – and thus more easily terminable – contracts may have been one reason behind the fast rise in youth unemployment rates presented in the previous section.

Figure 3.11 shows that the proportion of temporary employees is very high among the youngest age group (15- to 19-year-olds) but it reduces rapidly with age. In the EU-28 in 2019, 58.7 % of all 15- to 19-year-olds in employment had temporary work contracts. This includes temporary ‘student’ or seasonal/summer jobs. The proportion drops to 38.1 % for 20- to 24-year-olds and even further, to 21.4 %, for 25- to 29-year olds. In contrast, only about 1 in 10 adult employees in the prime working-age group has a fixed-term contract. These proportions have been quite stable since 2015 in the EU-28 in all age groups ⁽²⁵⁾.

As Figure 3.11 also shows, the types of contracts that young people have vary considerably across European countries. In several central and eastern European countries and the United Kingdom, very few young people (less than 10 % of all employees) have fixed-term contracts. This does not necessarily mean that young people have a more secure position in the labour market: the low proportion of temporary contracts could also reflect a high level of labour market flexibility in these countries. In flexible labour markets, it is easier for employers to hire and fire employees, even if they have permanent contracts ⁽²⁶⁾. The countries with the lowest proportion of temporary contracts are Latvia, Lithuania and Romania, where only slightly more than 3 % of young people aged 15–29 have a temporary contract among all employees in this age group.

In contrast, in eight countries, mostly southern European countries, as well as in the Netherlands and Poland, the proportion of young employees with a temporary contract is higher than 40 %. In Spain, the percentage of temporary employees is as high as 55.4 %.

Figure 3.11: Young temporary employees (15-29) as a percentage of the total number of employees in the same age group, by country, 2019



⁽²⁴⁾ Eurofound, 2010.

⁽²⁵⁾ Source: Eurostat [youth_empl_050] and [lfsi_pt_a]. Data extracted on 28.04.2021.

⁽²⁶⁾ See for example the OECD indicators of employment protection, such as the ‘Strictness of employment protection – individual dismissals (regular contracts)’ on OECD.Stat (<https://stats.oecd.org/>).

Source: Eurostat [yth_empl_050] and [lfsi_pt_a]. Data extracted on 28.04.2021.

Notes: the EU-28 averages compare youth age groups with the prime working-age group.

EU-27 averages:			
15-19	20-24	25-29	25-54
70.0 %	44.1 %	24.6 %	12.7 %

3.2.2. Part-time work

The International Labour Organization (ILO) defines ‘part-time worker’ as an employed person whose normal hours of work are fewer than those of comparable full-time workers ⁽²⁷⁾. This definition encompasses all forms of part-time work (half-day work, work for one, two or three days a week, etc.). For comparative statistical purposes, however, part-time work is usually considered as working for fewer than 35 hours, or 30 hours, per week ⁽²⁸⁾.

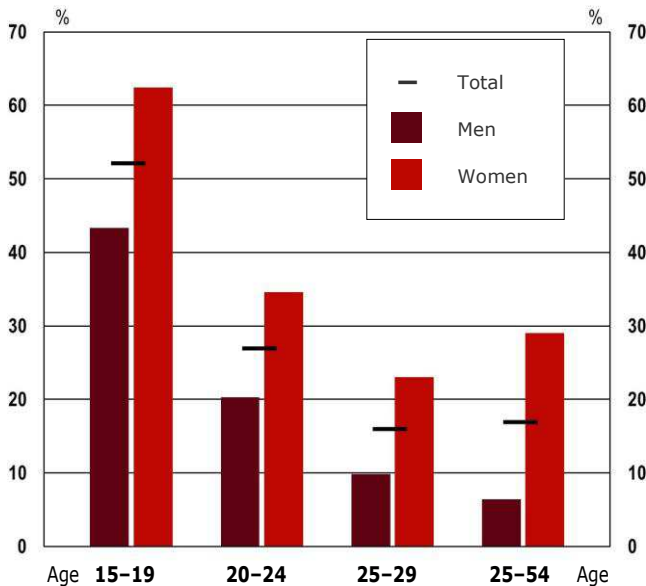
Part-time employment can be beneficial to young people depending on the quality of the part-time job and whether working part-time is a choice. On the one hand, part-time jobs are the only way some groups of people can join or remain in the labour market. Many young people who are in education and training are able to work only some hours per week in term time. Often those with children or other care responsibilities work part-time, although this may be more relevant for the older age groups. On the other hand, part-time jobs are often characterised by less job security, lower average hourly earnings and fewer opportunities for training and promotion ⁽²⁹⁾.

⁽²⁷⁾ ILO, 1994.

⁽²⁸⁾ ILO, 2017. In the Eurostat Labour Force Survey, the distinction between full-time and part-time work is generally based on a spontaneous response by the respondent (Eurostat, 2021e).

⁽²⁹⁾ Fagan et al., 2015.

Figure 3.12: Part-time employment among young people (15-29) as a percentage of total youth employment, compared with the prime working-age group (25-54), by gender, EU-28, 2019



Source: Eurostat [yth_empl_060] and [lfsi_pt_a]. Data extracted on 30.04.2021.

Notes:

	EU-27 averages:			
	15-19	20-24	25-29	25-54
Total	48.1 %	26.9 %	16.1 %	16.3 %
Men	39.9 %	20.2 %	10.3 %	6.4 %
Women	58.2 %	35.0 %	22.9 %	27.9 %

Part-time work is very common among the youngest employed people. Figure 3.12 shows that about every second 15- to 19-year-old who has a job works less than full-time. This may be because the majority of those who work in this age group combine work and study. Many 20- to 24-year-olds also work part-time, 26.9 % of all those employed in this age group. In contrast, only 16.9 % of employees in the prime working-age group (25-54) are not employed full-time. The proportion is even lower among 25- to 29-year-olds, at 15.9 %.

Women tend to work part-time much more than men in all age groups. As Figure 3.12 also shows, the differences are largest in the prime working-age group, where women tend to take on more caring or family responsibilities than men. Nevertheless, the gender gap in part-time employment is also there for younger age groups. Among 25- to 29-year-olds, the proportion of women having part-time jobs is still more than twice as high as that of men (23 % vs 9.8 %). The gaps are somewhat narrower in the youngest age groups but still significant.

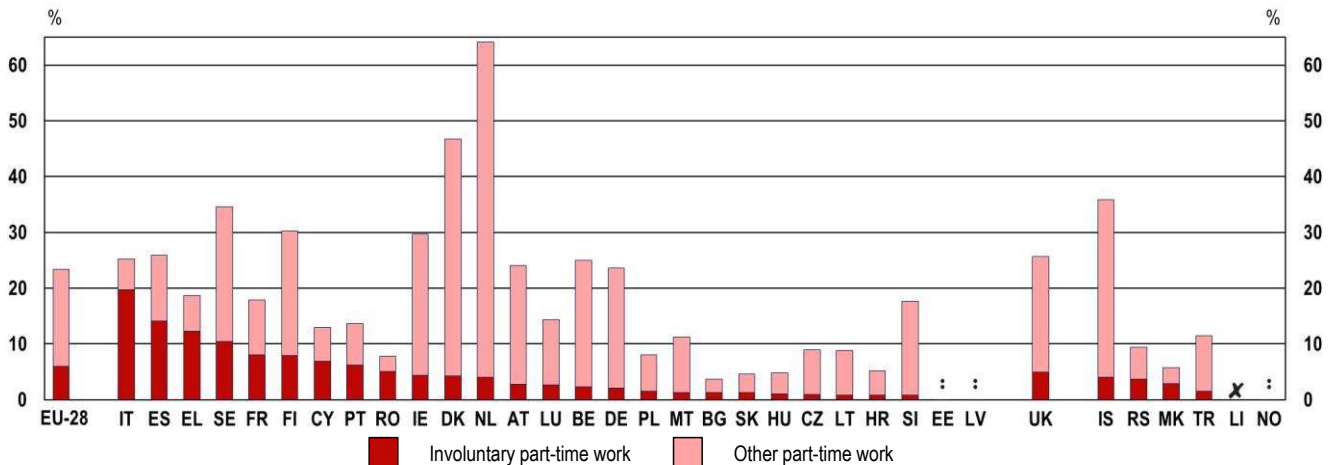
As discussed earlier, there are various reasons for working less than full-time. When a person works

part-time only because he or she is unable to find full-time employment, we talk about ‘involuntary’ part-time employment. In the EU-28 in the period between 2015 and 2019, the development was positive in this regard: while the proportion of young people in part-time employment stayed stable, the proportion of involuntary part-time workers among all young people working part-time decreased from around one third to one fourth⁽³⁰⁾. This shows that during the economic crisis, more young people were pushed into involuntary part-time work; but as conditions changed during the economic recovery, the proportion of involuntary part-time work decreased.

Figure 3.13 depicts part-time employment, including the proportion of involuntary part-time workers in 2019 by country. In the EU-28, around one in four young part-time workers aged 15-29 worked part-time involuntarily in 2019, which corresponds to around 6 % of total youth employment. In most countries with a high prevalence of part-time youth employment, the percentage of those working part-time involuntarily is rather low. This is the case in the Netherlands, Denmark and Iceland, where the proportions of part-time workers are among the highest in Europe but involuntary part-time employment represents only around 10 % or less of all part-time employment (and less than 5 % of total employment).

⁽³⁰⁾ Source: Eurostat [yth_empl_060] and [yth_empl_080], data extracted on 30.04.2021.

Figure 3.13: Part-time employment as a percentage of total employment among young people aged 15-29, including the percentage of involuntary part-time workers, by country, 2019



Source: Calculations based on Eurostat [yth_empl_060] and [yth_empl_080]. Data extracted on 30.04.2021.

Notes: 'Involuntary part-time work' means that respondents report that they work part-time because they are unable to find full-time work (Eurostat, 2021e).

Bulgaria, Croatia, Lithuania, Malta, Slovenia, Sweden: Low reliability of involuntary part-time work estimates.

Estonia, Latvia, Norway: Data not reliable.

Countries are grouped based on EU membership and in descending order by proportion of involuntary part-time work in total employment.

EU-27 averages: involuntary part-time work as a percentage of total employment: 6.2 %; part-time work as a percentage of total employment: 23.0 %.

The proportion of involuntary part-time employment is very high in Italy, where 19.7 % of young people in employment are working part-time because they cannot find a full-time position. In other words, in Italy, involuntary part-time work constitutes 78.1 % of all part-time positions filled by young people. The proportions are also high in Spain and Greece: involuntary part-time work account for 14.1 % and 12.2 %, respectively, of all jobs held by young people, and 54.6 % and 65.4 % of part-time jobs. These three countries also have the highest youth unemployment rates in the EU (see Figure 3.2).

3.2.3. Self-employment and entrepreneurship

A self-employed person is the sole or joint owner of the unincorporated enterprise (one that has not been incorporated, i.e. formed into a legal corporation) in which they work, unless they are also in paid employment that is their main activity⁽³¹⁾. There are two main drivers for becoming self-employed: 'opportunity entrepreneurs' use self-employment in order to realise a business idea, become their own boss or achieve a better work-life balance; 'necessity entrepreneurs', on the other hand, start their own business because they cannot find employment elsewhere and have no other means of making a living. While also providing new opportunities, the 'Uberisation' of service sectors and the emerging 'collaborative economy' might, for example, push young people into self-employment⁽³²⁾.

The first group, opportunity entrepreneurs, often report higher levels of happiness and job satisfaction, associated with creativity, autonomy and flexibility, while the second group tends to have levels of job satisfaction similar to or lower than regular employees⁽³³⁾. A Eurofound study shows that only one in four

⁽³¹⁾ Eurostat, 2021f.

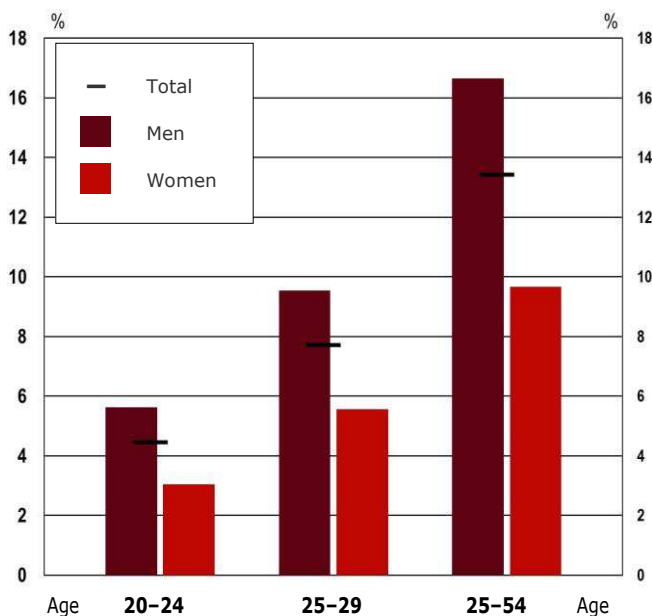
⁽³²⁾ Nurvala, 2015. See also Section 3.3 on labour market digitalisation.

⁽³³⁾ Baumol, 1990; Blanchflower, 2000; Reynold et al., 2005; Binder and Coad, 2013; Fairlie and Fossen, 2017.

young self-employed people start their own business because they have no other alternative; however, they still turn to self-employment out of necessity more often than older age groups ⁽³⁴⁾.

Although the self-employed population is a highly heterogeneous group, it is important to highlight that all these people have some issues in common with respect to job quality ⁽³⁵⁾. On average, the self-employed generally have lower income than the employed, especially those without employees. Furthermore, self-employment appears to provide lower levels of social security than many other forms of employment ⁽³⁶⁾. Working conditions vary greatly, but most entrepreneurs tend to work longer and more atypical hours. Moreover, the potential for stress and health-related issues is often greater for the self-employed than for employees ⁽³⁷⁾.

Figure 3.14: Self-employment as a percentage of total employment among young people (20-29) compared with the prime working-age group (25-54), by gender, EU-28, 2019



Source: Calculations based on Eurostat [lfsa_esgan] and [lfsa_egan], data extracted on 03.05.2021.

Notes:

	EU-27 averages:		
	20-24	25-29	25-54
Total	4.1 %	7.5 %	13.3 %
Men	5.1 %	9.2 %	16.5 %
Women	2.9 %	5.6 %	9.6 %

the youngest age group, 20- to 24-year-olds. There are numerous explanations for this gender gap, including differences in attitudes to risk-taking; difficulties in combining self-employment with family responsibilities;

Thus, self-employment may not be wholly beneficial for all young people ⁽³⁸⁾, but unlocking the potential of youth entrepreneurship is still important to ensure that those who have good business ideas and the right skills can set up and run successful enterprises ⁽³⁹⁾.

As self-employment among 15- to 19-year-olds is very rare (less than 2 % of 15- to 19-year-olds are self-employed in the EU-28), Figure 3.14 depicts the self-employment rate of young people aged 20–24 and 25–29 compared with the prime working-age group (25- to 54-year-olds).

Younger people are far less likely than older people to be self-employed. In the EU-28, only 4.4 % of employed young people in the 20–24 age group worked in their own business in 2019. The proportion was higher among 25- to 29-year-olds (7.7 %), but it still remained considerably lower than the proportion of self-employed people in the prime working-age group (13.4 %).

There is a strong gender divide in the self-employment figures. The rate for men is almost twice that for women in all age groups, with proportionally the biggest differences in the

⁽³⁴⁾ One quarter of the self-employed people aged under 35 (24 %) say they have no other alternatives for work, compared with 18–19 % of the self-employed in older age groups (Eurofound, 2017).

⁽³⁵⁾ Van Praag and Versloot, 2007; Binder and Coad, 2013; OECD, 2019.

⁽³⁶⁾ OECD, 2019.

⁽³⁷⁾ Gevaert, J., Van Aerden, K., De Moortel, D., and Vanroelen, C., 2021.

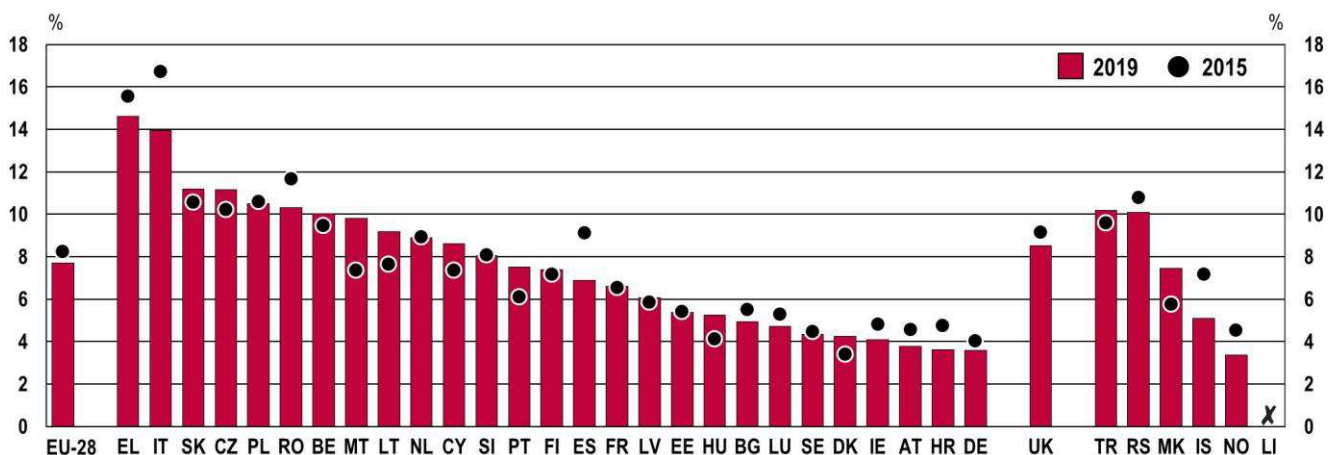
⁽³⁸⁾ Burchell et al., 2015; Hatfield, 2015.

⁽³⁹⁾ Eurofound, 2015.

family and tax policies that discourage labour market participation and entrepreneurship; and negative attitudes towards female entrepreneurs⁽⁴⁰⁾.

Figure 3.15 depicts the proportion of self-employed young people aged 25–29 by country. The proportion of self-employed young people was the highest in Greece (14.6 %) in 2019, followed by Italy (13.9 %), Czechia and Slovakia (11.2 % in both). It should be recalled that levels of youth unemployment are among the highest in Greece and Italy (see Figure 3.2), and in these two countries, self-employment rates most likely reflect a relatively high degree of necessity entrepreneurship. This is confirmed by the parallel decreases in youth unemployment and self-employment rates between 2015 and 2019. In contrast, in Czechia and Slovakia (and similarly, in Poland), youth unemployment rates have been relatively low, and self-employment remained relatively stable in this period. This suggests that there are other factors behind the relatively high self-employment rates in these countries, for example supportive policy environments⁽⁴¹⁾.

Figure 3.15: Self-employment as a percentage of total employment for young people (25-29), by country, 2015 and 2019



Source: Calculations based on Eurostat [lfsa_esgan] and [lfsa_egan]. Data extracted on 03.05.2021.

Notes: Croatia: low data reliability.

EU-27 averages: 2015: 8.1 %; 2019: 7.5 %.

Countries are grouped based on EU membership and in descending order by self-employment as a percentage of total employment in 2019.

In 2019, the percentage of self-employed young people in the 25–29 age group was the lowest, below 4 %, in Austria, Germany and Croatia⁽⁴²⁾ within the EU-28, and in Norway outside the EU, with small decreases in all four countries between 2015 and 2019. At the EU-28 level, self-employment rates remained rather stable in this period.

3.3. Labour market digitalisation

Digitalisation has a fundamental impact on labour markets. It changes job dynamics, leading to the creation of new jobs while making other jobs redundant. It also transforms working conditions and work organisation by

⁽⁴⁰⁾ Wagner, 2007; Andersson Joona and Wadensjö, 2008; OECD, 2019.

⁽⁴¹⁾ Dvouletý and Orel, 2020.

⁽⁴²⁾ Data reliability is low in Croatia.

making flexible work possible and allowing the creation of new types of employment relationships⁽⁴³⁾. Digitalisation drives the economy towards a more flexible, online, on-demand economy⁽⁴⁴⁾. One example, as was mentioned above, is the Uberisation of service sectors and the emergence of a collaborative economy – as discussed in Chapter 5 – which has been made possible by new and more developed internet-based matching platforms and a resulting decrease in transaction costs⁽⁴⁵⁾. Finally, digitalisation creates a shift in skill needs and results in a new ‘digital divide’⁽⁴⁶⁾. As Chapter 6 shows, this digital divide between young people with lower and higher levels of education is still strong in Europe. In addition to having diverging abilities to fulfil the new tasks required by a digital economy (see Chapter 5), inequalities in digital skills also mean differences in access to (digital) information, including information on jobs.

European countries are at different stages in their transitions to a digital economy. The European Commission’s Digital Economy and Society Index provides a tool to measure the extent of digitalisation and tracks the digital development of EU Member States⁽⁴⁷⁾. This index looks at the following five aspects of digitalisation: connectivity (availability of broadband infrastructure), human capital (skills), use of internet services (online activities of individuals), integration of digital technology (digitalisation of businesses), and digital public services (such as e-government)⁽⁴⁸⁾. While Chapter 6 focuses on the digital skills of young people, several other chapters in this report address different aspects of how and for what kind of activities young people use the internet in different European countries.

Figure 3.16 depicts the percentage of young people aged 16–29 who have used the internet to search for a job or send an application. These percentages depend on many different aspects of the labour market: on the extent of digitalisation in terms of broadband access, especially in remote/rural areas (see also Chapter 5), the percentage of jobs advertised online and the extent to which public employment services offer their services online; on the divide in digital skills among young people (see also Chapter 6); and also on the activity rate of the youth population. As discussed above, many young people – especially in younger age groups – are still in education and may not be looking for a job at all, either online or offline (for a comparison of employment rates, see Figure 3.10).

In the EU-28, around one third of young people aged 16–29 used the internet when searching for a job or sending an application in 2019. In contrast, only one in five people did the same in the prime working-age population. However, these averages hide huge disparities among EU Member States. While around half or even more young people used the internet when looking and applying for jobs in some Nordic countries (Finland, Denmark and Sweden), this percentage was below 20 % in some central and eastern European countries (Poland, Bulgaria and Czechia) and reached only 10 % in Romania.

The same tendencies can be observed in the prime working-age population, but at a lower level. A higher percentage of young people search and apply for jobs online than do so in older age groups in almost every country⁽⁴⁹⁾, despite the lower level of young people’s labour market activity. The differences between younger and older age groups are largest in Malta, Austria and Czechia in the EU-28, and in Iceland and

⁽⁴³⁾ European Parliament, 2015; EESC, 2017.

⁽⁴⁴⁾ EESC, 2017.

⁽⁴⁵⁾ Nurvala, 2015.

⁽⁴⁶⁾ European Parliament, 2015.

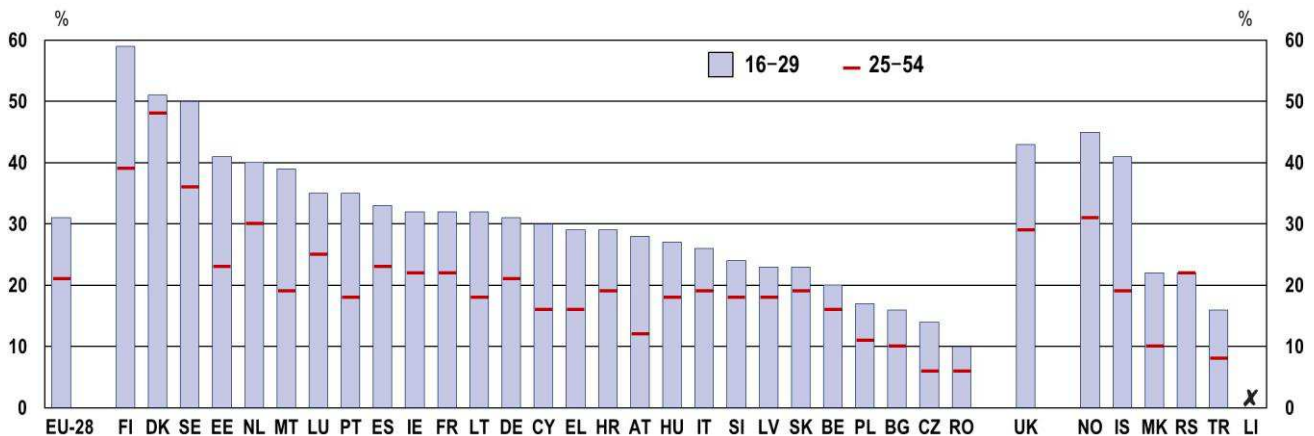
⁽⁴⁷⁾ European Commission, 2021a.

⁽⁴⁸⁾ Ibid.

⁽⁴⁹⁾ The only exception is Serbia, where the two proportions are identical.

North Macedonia outside the EU. In these countries the proportion of people looking for or applying for a job online in the prime working-age group is less than half of the same percentage in the youth population. In contrast, there are no differences between younger and older age groups in the extent of using the internet for such purposes in Serbia, and the differences are also relatively small in Denmark, Slovakia and Belgium.

Figure 3.16: Percentages of young people (16-29) and people in the prime working-age group (25-54) who used the internet to search for a job or send an application, by country, 2019



Source: Eurostat [isoc_ci_ac_i]. Data extracted on 07.05.2021.

Notes: EU-27 averages: internet use: 29 % (16-29) and 20 % (25-54); activity rate (15-29): 54.7 %.

Countries are grouped based on EU membership and in descending order by proportion of young people using the internet to search for a job or send an application.

Conclusions

Young people entering the world of work usually experience multiple and often protracted transitions between education, the labour market and inactivity. The youngest age groups are rarely employed and, when they are, it is usually in part-time 'student' or seasonal jobs, combining employment and education. However, the chances of finding employment for young people who do seek it are lower than those of the prime working-age group.

In the majority of European countries, youth employment rates mirror those of the adult population at a higher level. Higher proportions of young people are in unemployment in those countries where adult unemployment rates are higher.

It is not only the unemployment rate that is higher among young people than in the prime working-age population. A much higher proportion of young employees than of those in the prime working-age population have temporary or fixed-term contracts. In contrast, few young people have set up their own business. The digitalisation of labour markets also changes working conditions, and young people may be more likely to embrace the changes.

On average, in Europe, unemployment in both the youth population and the prime working-age population was steadily decreasing between 2013 and 2019. Nevertheless, employment prospects are not the same for all young people. Young people with lower levels of education have higher unemployment rates. While gender differences in unemployment do not follow the same pattern in all European countries, gender gaps in employment patterns are persistent: women tend to work part-time much more and create their own businesses to a much lesser extent.

The COVID-19 crisis has had a large impact on the lives of young people, both those in education and those in employment. While unemployment rates increased for all age groups in 2020 after the steady decrease of the economic recovery period, the increase was more substantial for young people. The future will tell whether such changes are temporary or if they will have a lasting impact.