

## *Comparing youth unemployment figures in EU countries: do unemployment figures reflect marginalization of youth?*

In the aftermath of the economic crisis, the youth unemployment figures keep on raising headlines on desperate situation of masses of young people. However, the figures are often misinterpreted, which has encouraged NSOs and Eurostat to provide better ways to describe living conditions of young people in Europe. This paper is based on an earlier article (Larja, 2013) published in Finnish, where I study who are the unemployed youth in different countries and analyze how comparable are the unemployment rates in different countries.

The work by Statistics Sweden (2013) on measurement of youth unemployment in EU LFS has concluded, that the comparability of youth unemployment figures is good, with regard to methodological differences. All studied countries follow the ILO definitions and regulations.

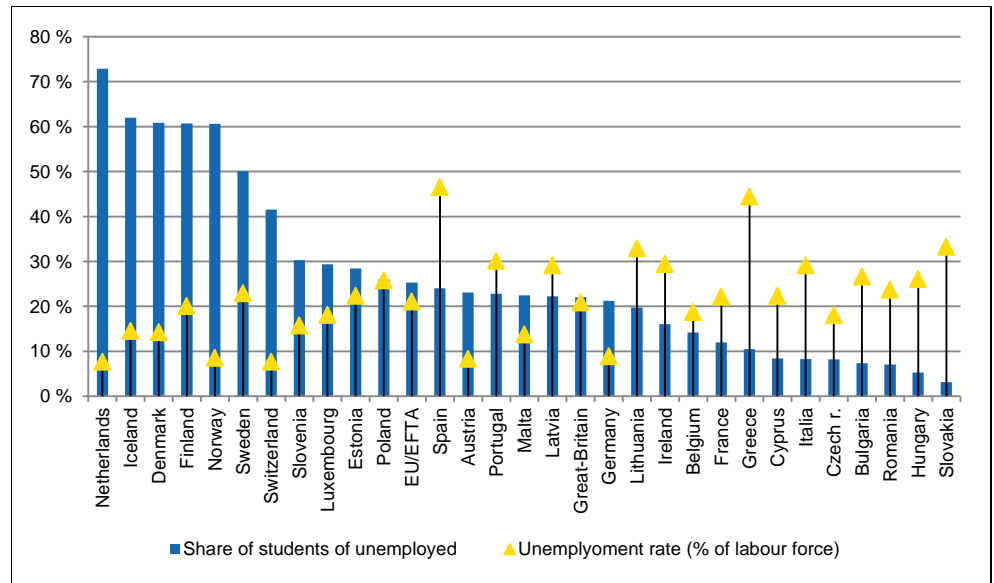
However, there are major differences in the situation of an average unemployed young person in different countries, which are due to “real” differences in the educational systems, processes of transition to the labour market or gender roles. This paper outlines these differences and discusses whether some alternative measures such as NEET-rate of MAINSTAT-variable would give more accurate information on the living conditions of young people.

### *Unemployment rate*

Comparing the unemployment figures internationally is challenging. Due to the differences in the level of participation to education, the unemployment figures for young people in the EU countries are difficult to interpret with regard to the relative severity of youth marginalization in these countries (see also Hämäläinen and Juutilainen (2010). First, the youth unemployment rate is often interpreted as the share of unemployed in the total youth population. Using unemployment ratio (=share of unemployed of total population) instead of unemployment rate (=share of unemployed of labour force) in the publications, would probably solve this problem.

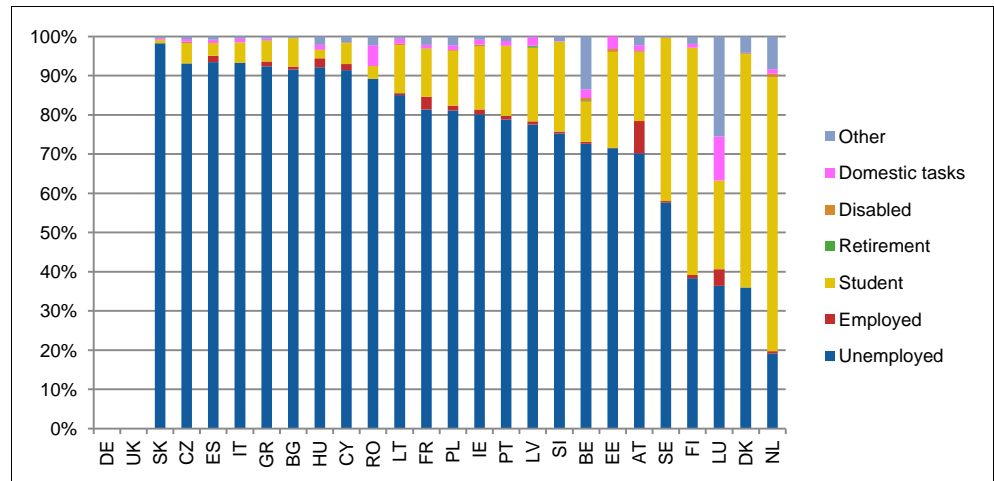
For adults, unemployment is often associated to some kind of problematic life situation or even to marginalization. However, in some countries the concept of “unemployed” clearly fails to capture the reality of young people. In Nordic countries over 50% of the young unemployed are at the same time also students (see Figure 1). Hence, they are ill described as “marginalized”, which is often associated to the concept of “unemployed”.

Figure 1. Share of students of unemployed young people (15-24) and unemployment rate in EU/EFTA countries, 2011



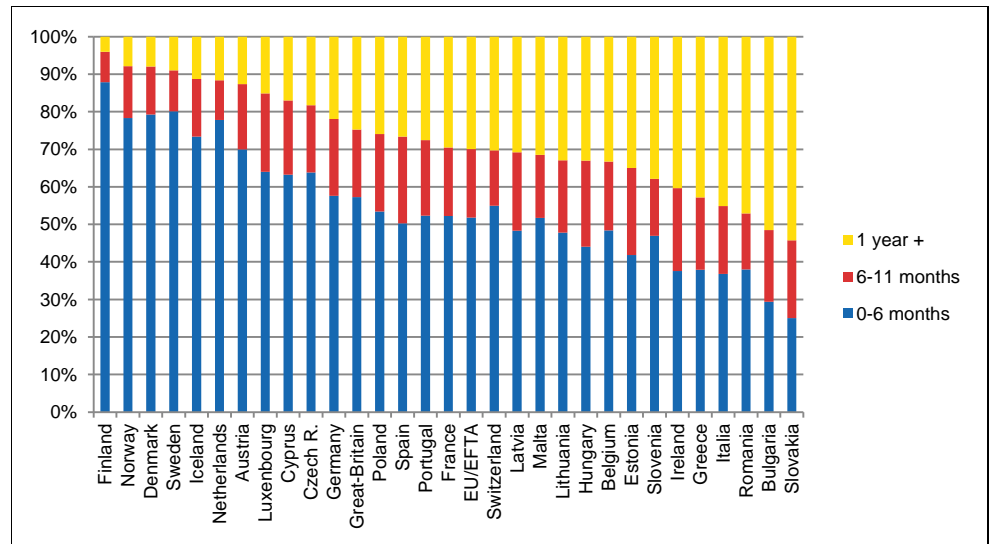
The same pattern can be observed by analysing the self-defined main status of the unemployed in different countries. In the Netherlands, Denmark, Luxembourg and Finland most unemployed youth do not consider unemployment as their main status (most are students) (Figure 2). However, in many other countries, the ILO definition seems to correspond rather well to their own definitions of main occupation.

Figure 2. Main status of unemployed 15-24 years old in 2011, conscripts excluded



Moreover, also the length of unemployment varies widely between the countries. In Finland and other Nordic countries an average unemployed young person is most like unemployed less than 6 months (e.g. when searching summer job), but in Slovakia, Bulgaria and Romania over 60 % of the unemployed youth are unemployed for more than more than half a year (see Figure 3).

Figure 3. Duration of unemployment among youth 15-24 years in EU/EFTA countries, 2011

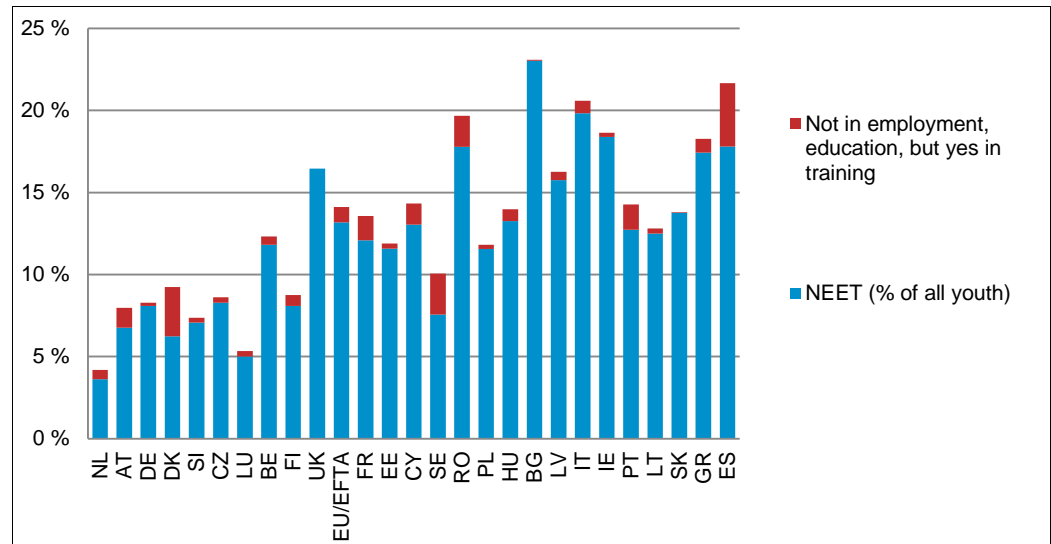


### NEET-rate

To better capture the magnitude of the youth inactivity and solve the problem with unemployed students, the concept of “NEET” (not in employment, education or training) has been put forward. However, this definition is not straightforward either (for example, Goujard, Petrongolo & Van Reenen, 2011 ).

First, there are some technical issues, such as how should we treat young people taking care of their small children? In the NEET-rates published by Eurostat those who are not studying towards a qualification or degree, but in some other training (COURATT-variable) such as course arranged by employment agency, an art school or even hobby courses such as football training or piano classes. By studying the questionnaires of different NSO’s, there seems to be differences in how the data regarding this variable is collected and what kinds of training does it include. These differences are reflected in the NEET-rates (see Figure 4). For some countries, like Spain, Sweden or Denmark, the NEET-rates would be considerably higher if course-education would not be excluded. For many other countries, the share of people only in course-education is very low and has little effect of NEET-rates.

Figure 4. The effect of excluding those not in employment, education but having attended some kind of course (COURATT) on NEET-rates, 2011



A more severe problem with NEET-rate is the concept of NEET, which defines the population by something that they are not: not in employment, education or training. Due to this, it is difficult to tell what the NEETs are. Are they marginalized or are they happy doing something else meaningful?

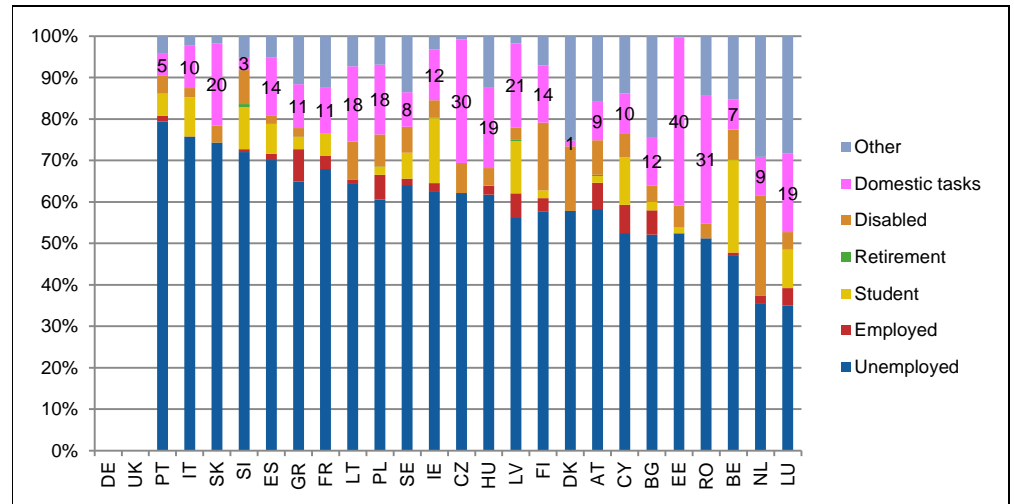
This question can be approached to some extent by analysing how do the young people themselves define their main status in the LFS-interview (MAINSTAT-variable). As shown in the Figure 5, in most countries, at least 60 % of the NEET define themselves as unemployed. However, in Luxembourg and Netherlands, the share is less than 40 %. The biggest differences are seen in the share of NEETs, who define themselves as doing domestic tasks, such as taking care of their children. For example, in Estonia, the share is 40 %, which means that the NEET-rate describes to large extent share of young mothers of all youth. In some other countries, like in Denmark, there are hardly any NEETs who declare fulfilling domestic tasks.

There are differences also in the share of disabled. In Finland the numbers correspond more or less to the numbers in the registers for persons receiving disability pension.

An interesting feature is the group of NEETs declaring pursuing any “other” activities. In Netherlands and Luxembourg, this share is almost 30 % of all NEETs, but in various other countries almost non-existent. In Finland, these youth were generally well-educated, not registered in the public employment agency and spent less than one year as NEETs. It would be interesting to study the situation of NEETs pursuing “other” activities in countries where they represent larger share.

All in all, also the NEET-rate, just like the unemployment rate, captures a very different kinds of population of young people in different countries. Comparing NEET-rates may be equally deceptive, especially due to variance in age of starting a family, reflected in the share of youth occupied with domestic tasks. A more homogenous set of comparison might be

Figure 5. Mainstatus of NEET 15-24 years old in 2011, conscripts excluded

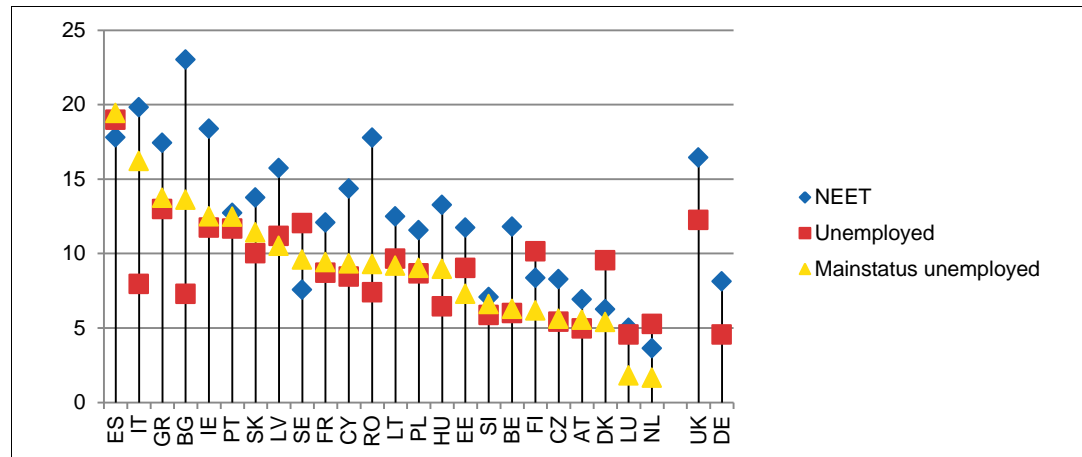


### Mainstatus (self-declared unemployment)

When arranged according to the share of self-declared unemployed of all youth, it can be seen, that in many countries the share of ILO-defined unemployed is rather well in line with the share of self-defined unemployed of all youth (Figure 6). However, in Italy and Bulgaria the share of ILO-defined unemployed youth is clearly lower than the share of self-defined unemployed, which indicates that the ILO-unemployment rate fails to capture the situation of these youth. In the Netherlands, Denmark, Finland and Luxembourg the results are reversed: there are less young people defining themselves as unemployed as those who are defined unemployed by ILO-definition.

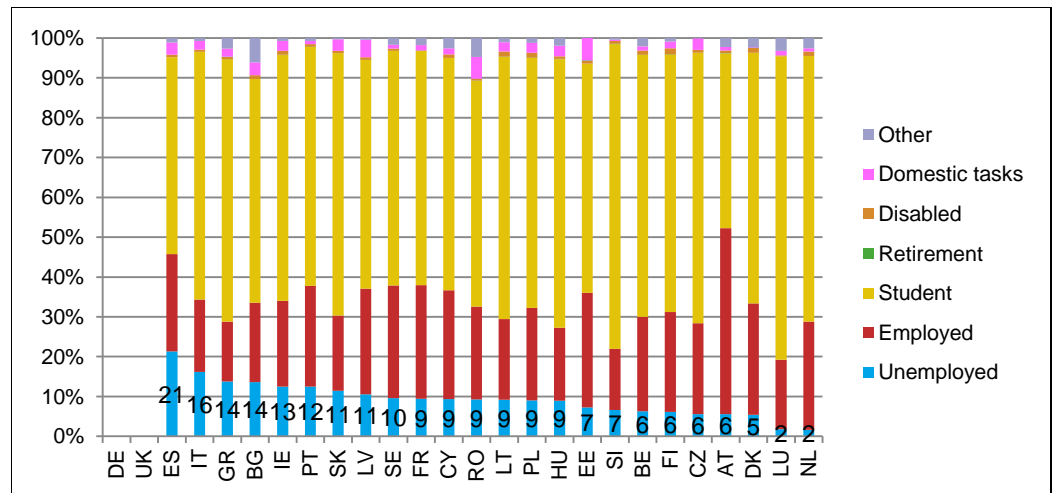
The NEET-rates, on the other hand, seem to be above of both definitions of unemployment in most countries, particularly in Bulgaria and Romania. Sweden is the only country where the NEET-rate is actually lower than the share of ILO-unemployed or self-defined unemployed.

Figure 6. Share of 15-24 years old of all youth who are classified as NEET, who are unemployed by ILO definition and who describe their main activity as unemployed, in 2011, conscripts excluded



An interesting option would be using only the self-declared main status and the share of self-declared unemployed young people of all youth (Figure 7). Analysing this group more closely, in most countries over 85 % of them are not in regular education (only in Spain and Sweden over 75 %). Moreover, only less than 5 % of them are employed according to the ILO definitions in most countries (only in Sweden 17 % and Slovakia and Estonia less than 10 % are employed) - the rest being either unemployed or inactive. Hence, the self-defined main status seems to deliver rather reasonable results, while also providing possibilities for cross-country comparison of the figures.

Figure 6. Mainstatus of all 15-24 years old in 2011, conscripts excluded



## References

Goujard, A.; Petrongolo, B. & Van Reenen, J. (2011). The Labour Market for Young People (pp. 39-54). In P. Gregg & J. Wadsworth (eds.). *The Labour Market in Winter - the state of working in Britain*. Oxford: Oxford Press.

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[http://www.stat.fi/artikkelit/2013/art\\_2013-03-11\\_002.html?s=0](http://www.stat.fi/artikkelit/2013/art_2013-03-11_002.html?s=0)