



Brussels, 22.5.2018  
SWD(2018) 169 final

PART 3/7

**COMMISSION STAFF WORKING DOCUMENT**

**Situation of young people in the European Union**

*Accompanying the document*

**COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN  
PARLIAMENT, THE EUROPEAN COUNCIL, THE COUNCIL, THE EUROPEAN  
ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE  
REGIONS**

**Engaging, Connecting and Empowering young people: a new EU Youth Strategy**

{COM(2018) 269 final} - {SWD(2018) 168 final}

## 3. Employment and Entrepreneurship

### EU youth indicators

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### 3.1. INTRODUCTION

One of the major challenges for young people in establishing their independence is finding a stable job and remaining in employment. The recent economic recession resulted in a reduced demand for young workers, which has hindered their chances of successfully moving from school to work <sup>(1)</sup>. Although the European economy and the opportunities in the labour markets are improving, it is important to understand how unemployment is affecting young people and what kinds of work opportunities are available to them.

This chapter sets the scene by describing the transition(s) from education to employment that young people face. The proportion of young people in education and training is an essential parameter when analysing youth employment as it affects the size of the labour force, the calculation of unemployment rates, and the prevalence of part-time or atypical hourly employment. The first part of the chapter discusses the youth unemployment phenomenon and the relevant indicators for its assessment. The second part sheds some light on the types of jobs young people have.

The chapter is built around the relevant EU youth indicators and the age groups on which they focus. At the country level, the discussion of youth unemployment mostly relates to the 15-24 age group, while the employment patterns mostly address people aged 20-29. At the EU-28 level, the youth data is generally broken down into three age groups (15-19; 20-24 and 25-29). In order to draw attention to the issues specific to the youth population, a comparison with the prime working age group (people aged 25-54) – the group with the highest labour force participation – is provided throughout the chapter.

In order to discuss the developments over time, some of the indicators show the situation in the EU-28 before the start of the economic recession (ten years ago, namely 2007) and during the height of the great recession (2013). At the country level, several indicators display the recent changes pointing to a gradual economic recovery (since 2013) <sup>(2)</sup>.

### 3.2. ENTERING THE WORLD OF WORK

The transition from education to employment is rarely a smooth and clear-cut event, it is often a rather complex and protracted process with steps forward and back, interruptions and periods of overlap between these types of activity. The traditional model of transition, when a young person finds his/her first job directly after graduation and embarks on a stable career path, is becoming far less common in our rapidly changing and global 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 followed by some spells of job-hunting in-between. Some young people return to finish 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 they want a complete change from their original field of study or career and they return to education in a different area <sup>(3)</sup>.

Figure 3-A provides a breakdown of the EU-28 15-34 year-old population by education and labour market status. The blue shades indicate those still in some form of education/training, while the pink shades indicate

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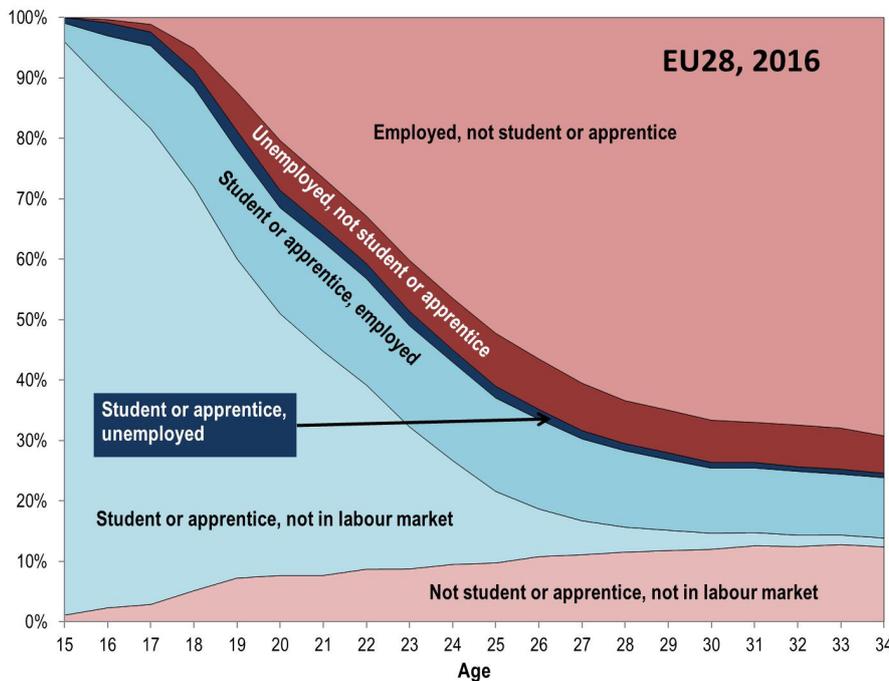
<sup>(1)</sup> Eurofound, 2014.

<sup>(2)</sup> Recent economic forecast indicate that European economies are expected to grow in 2017 and in 2018. For a detailed discussion, see European Commission (2017b).

<sup>(3)</sup> See more in: Eurofound, 2014; Kahn, 2011; Mourshed, Patel and Suder, 2014; O'Reilly 2015; STYLE, 2017.

those outside – the colour intensity distinguishes the labour market status (unemployed, employed or not in the labour market).

**Figure 3-A:** Structure of the youth population by education and labour market status, EU-28 average, 2016



*Definitions:* The Figure counts all those who state they have been in formal education or training during the previous four weeks as being in education, and does not include people who participated exclusively in non-formal training sessions such as attending a course, a seminar or taking private lessons.

An employed person is a person who during the reference week performed work – even if just for one hour a week – for pay, profit or family gain. Alternatively, the person was not at work, but had a job or business from which he or she was temporarily absent due to illness, holiday, industrial dispute or education and training.

The same activity may count as both education and employment e.g. most formal apprenticeships in secondary education, paid traineeships, or specific vocational training phases integrated into tertiary education study programmes.

*Source:* Eurostat (LFS, 2016), based on a special calculation, data extracted June 2017

In the EU, virtually all 15-year olds are still in education as full-time education/training is compulsory until the age of 15-16 in most European education systems <sup>(4)</sup>. Afterwards, many remain in upper secondary education, which usually continues until the age of 18-19 <sup>(5)</sup>. The proportion of people in education gradually decreases with each year of age, while the proportion of young people in the labour market gradually increases.

Some young people may have periods when they are in education and the labour market at the same time. Some are principally students and work only for a few hours a week <sup>(6)</sup> or in the summer vacations, others are principally employees and spend only a few hours in education, for example in professional training or evening studies <sup>(7)</sup>. The proportion of people who combine work with studies is the highest (around 18 %) at age 20-22 and gradually flattens out to approximately 10 % at the age of 34 <sup>(8)</sup>. The proportion of people who are studying and seeking employment is highest at ages 18-21 (around 3 %).

On average, in the EU-28, the turning point for young people is at age 22 when they move on from studying to starting work or searching for a job. At this age, for the first time there are more young people in the labour market than in education. Moreover, at the age of 22, the proportion of those employed and not studying at all is already higher than the proportion of those that combine their studies with work. With each subsequent year of age, the proportion of young people in employment

Age 22 is the turning point when more young people are in the labour market than in education.

<sup>(4)</sup> European Commission/EACEA/Eurydice, 2016a.

<sup>(5)</sup> European Commission/EACEA/Eurydice, 2016b.

<sup>(6)</sup> Hauschildt et al., 2015.

<sup>(7)</sup> Eurostat, 2017c.

<sup>(8)</sup> Similar rates of people that combine studies and work remain in adult population. Participation rate in education and training (last 4 weeks) of employed persons aged 25 to 64 was 11.6 % in 2016 (See Eurostat, 'Participation rate in education and training (last 4 weeks) by sex and labour status', online data code: trng\_lfse\_02. Data extracted on 11/07/2017).

increases rapidly. At the age of 29, almost two thirds of young people are only in employment, they are not students or apprentices. Including those that are working and studying, the employment rate of 29 year-olds reaches 76.6 %. In contrast, at the age of 29, the proportion of students drops to 16.2 %, of which only 3.4 % are neither working nor actively seek employment.

It is important to note that some young people leave education and stay outside the labour market, i.e. they are not seeking work. The proportion of young people who are 'not students or apprentices, nor in the labour market' as labelled in Figure 3-A, sharply increases at age 17-18. The proportion of those people who are out of education and out of the labour market flattens off at around 12-13 % between the ages of 30-34 <sup>(9)</sup>.

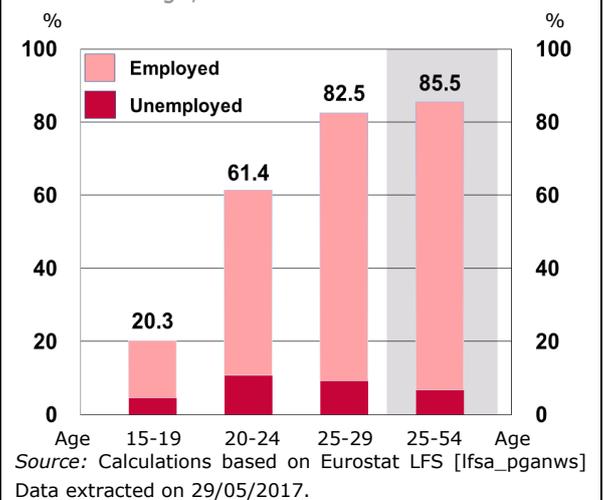
The patterns of transition from education to the labour market vary considerably between EU countries. Young people's routes into employment differ depending on the flexibility and structure of their country's labour market (e.g. the availability of part-time and student jobs, formal apprenticeship schemes, etc.), the national system of education and training as well as cultural factors <sup>(10)</sup>.

The transition from education to employment is clearly reflected in the size of the labour force by age (Figure 3-B). Labour force participation rates indicate the proportion of those available for work compared with the total population in a certain age range. It includes both the employed and the unemployed irrespective of their education status. The remaining 'economically inactive' population <sup>(11)</sup> are those who do not work because they are studying or unpaid carers (have family responsibilities); or because they are sick, disabled or retired; or because they have either become 'discouraged' job seekers <sup>(12)</sup> or do not want to work; or lastly, have not been active enough in their job-searching to qualify as unemployed.

Figure 3-B shows that only one in five people aged 15 to 19 are available for work (20.3 %). A large proportion of the youngest cohort of the working age population consists of

people who are still in school, college, university, or other higher education or training establishment. In the EU-28, the employment rate of the youngest age group (15-19) is a mere 15.7 %. Moreover, the majority of 15-19 year-olds who work also study – 11.4 % are both employed and in education <sup>(13)</sup>; half of those employed work only part-time (Figure 3-P). The proportion available for work is considerably higher amongst 20-24 year-olds: three in five are in the labour force (61.4 %). In this age group, every second person is already working. Among 20-24 year-olds, the proportion of people combining work and study reaches 13.4 % <sup>(14)</sup>. Finally, the labour force participation rates of young people aged 25 to 29 (82.5 %) come very close to the economic activity

**Figure 3-B:** Youth labour force participation rates (15-29 year-olds) compared with the 'prime' working age group (24-54 year-olds), EU-28 average, 2016



<sup>(9)</sup> These form part of the NEET group ('not in employment, education or training') and is discussed in greater detail in chapter 5.

<sup>(10)</sup> Eurostat, 2017c.

<sup>(11)</sup> See Eurostat, 2017d.

<sup>(12)</sup> Discouraged job seekers: persons who would like to find a job, but have given up looking for one because they do not believe there are any jobs available (OECD, 2017).

<sup>(13)</sup> Eurostat, 'Participation rate of young people in formal education by sex, age and labour status', online data code: edat\_lfse\_19. Data extracted on 08/09/2017.

<sup>(14)</sup> Ibid.

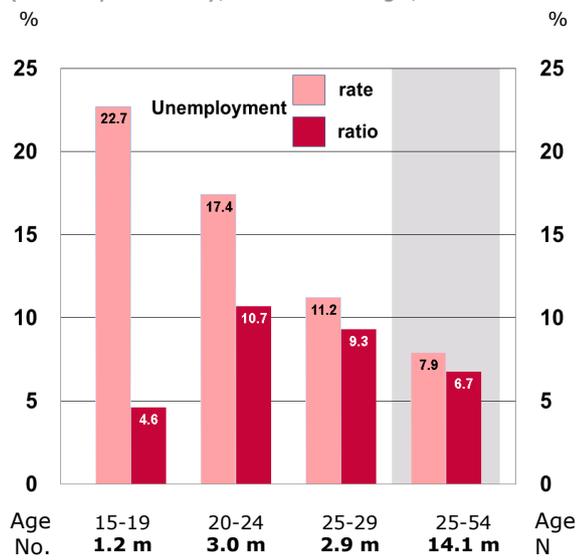
rates of those aged 25-54 (85.5 %). The employment rate of people aged 25 to 29 reaches 73.2 %. Only 6.7 % of 25-29 year olds are both employed and in education <sup>(15)</sup>.

### 3.3. FACING THE LABOUR MARKET CHALLENGES: UNEMPLOYMENT

#### Youth unemployment rates and ratios

Entering the world of work after graduation poses significant challenges. Many young people encounter the gap between education and 'real life' and get caught in a vicious cycle of being unable to obtain a job due to lack of experience, and being unable to gain experience without a job <sup>(16)</sup>. Those who leave education without formal qualifications and with low-level skills have even less chance of gaining employment.

**Figure 3-C:** Unemployment rates and ratios among young people (15-29 year-olds) compared to the 'prime' working age group (24-54 year-olds), EU-28 average, 2016



Note: The numbers of unemployed in millions are indicated below the age groups.  
 Source: Eurostat LFS [yth\_empl\_090] and calculations based on Eurostat LFS [lfsa\_pganws]  
 Data extracted on 23/05/2017.

In the EU-28 in 2016, 4.2 million people between the ages of 15 and 24 were unemployed (Figure 3-C). This Figure includes all people who are available for work and actively job-seeking, irrespective of their education status. However, the numbers of those in education become very important when considering the youth unemployment rate – the most common measure of youth labour market conditions.

$$\text{Unemployment rate} = \frac{\text{Number of unemployed}}{\text{Number of employed} + \text{unemployed}} \times 100\%$$

$$\text{Unemployment ratio} = \frac{\text{Number of unemployed}}{\text{Total population}} \times 100\%$$

because of different reasons as discussed above. The unemployment rate does not indicate the percentage of a certain age population that is unemployed, as not the whole age population is participating in the labour force. When considering the prime working age group (people aged 25-54), the labour force is close to the total population, and therefore the unemployment rate does not differ much from the unemployment-to-population ratio (Figure 3-C). However, as many young people are still studying in their early twenties and therefore are not yet in the labour force, the statistics differ greatly.

Relatively small numbers of unemployed people can generate high unemployment rates when divided by a small labour force. Therefore, it is sometimes useful to consider the youth **unemployment ratio** statistics: the percentage of unemployed young people compared to the total

The proportion of people that unsuccessfully search for a job is the highest among 20-24 year-olds.

<sup>(15)</sup> Ibid.  
<sup>(16)</sup> Kahn et al., 2011.

population of that age group (not only the economically active, but also the inactive such as students).

The unemployment rate and ratio are depicted side by side graphically in Figure 3-C. Both statistics reflect the same numbers of unemployed (indicated in the Figure below the age groups), but display considerably different distributions. When considering the unemployment-to-labour force indicator (unemployment rate), the younger age groups seem to be the most affected. In contrast, the unemployment-to-population indicator (unemployment ratio) shows that the problem is the worst for the 20-24 age group and, to a lesser extent, for the 25-29 age group.

In order to get a full grasp of the unemployment phenomenon, both the unemployment rate and ratio are included among the EU youth indicators. Figure 3-D shows unemployment rates and ratios in European countries. The number of unemployed in thousands is indicated in the middle. This figure largely depends on the country's youth population and varies from almost 1 million unemployed 15-24 year-olds in Turkey and 600 000-700 000 in Spain, France, Italy and the United Kingdom, to 2 000-4 000 in Malta, Luxembourg and Iceland.

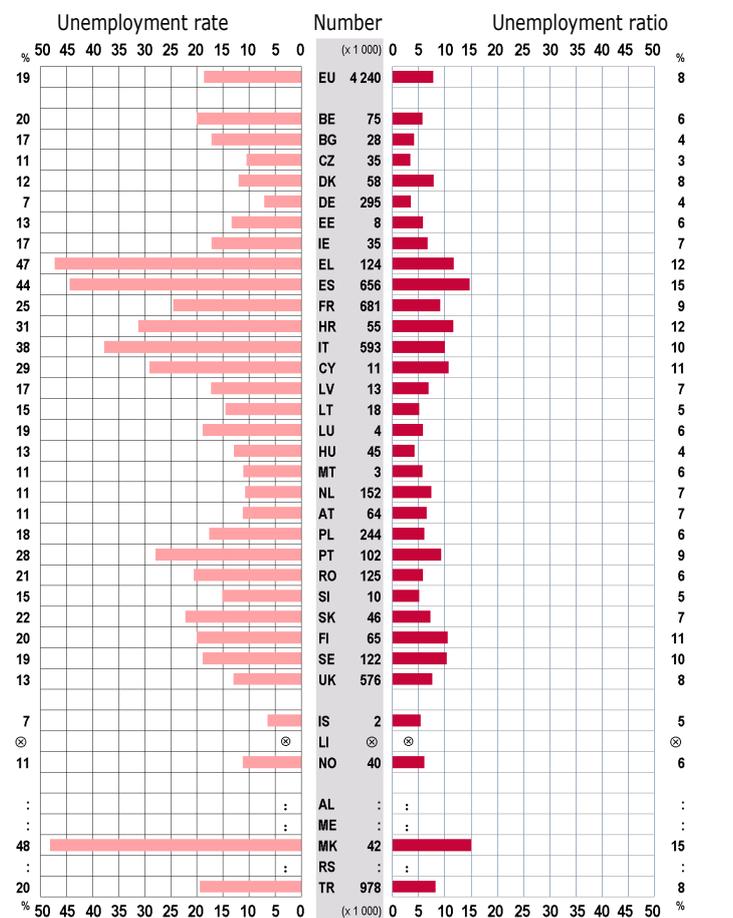
In 2016, the highest proportion (around 15 %) of young population (15-24) was searching for a job in Spain (656 100) and the former Yugoslav Republic of Macedonia (41 500). The unemployment ratios were also high in Greece, Croatia, Italy, Cyprus, Finland and Sweden (10-12 %). In contrast, the lowest unemployment ratios (3-4 %) were in Bulgaria, Czech Republic, Germany and Hungary.

The youth unemployment rates vary between European countries to a much greater degree than unemployment ratios as they are calculated taking into account the proportion of employed 15-24 year-olds. The labour force participation rates of this age group vary from less than 30 % in Belgium, Bulgaria, Greece, Italy and Romania to more than 66 % in Denmark, the Netherlands and Iceland<sup>(17)</sup>. As discussed earlier, the size of the labour force depends on the proportion of young people that are inactive, namely those in education (chapter 2), those engaged in unpaid caring activities, or the sick, disabled, or discouraged workers (chapter 5).

As discussed previously, the unemployment rate and ratio differ the least when labour force participation is high. For example, the 10.4 % youth unemployment ratio results in a 18.9 % unemployment rate in Sweden,

**EU youth indicator**

**Figure 3-D: Youth unemployment rate (15-24 year-olds) and unemployment ratio, by country, 2016**



Note: the numbers of unemployed in thousands are indicated in the middle.

Source: Eurostat LFS [yth\_empl\_090] and [yth\_empl\_140]

Data extracted on 21/07/2017.

(17) Eurostat, 'Activity rates by sex, age and citizenship (%)', online data code: lfsa\_argan. Data extracted on 25/07/2017.

where the labour force participation of young people is relatively high (54.8 %). In contrast, a similar unemployment ratio (10.0 %) in Italy, where economic activity rates are considerably lower (26.6 %), generates a much higher unemployment rate (37.8 %) <sup>(18)</sup>.

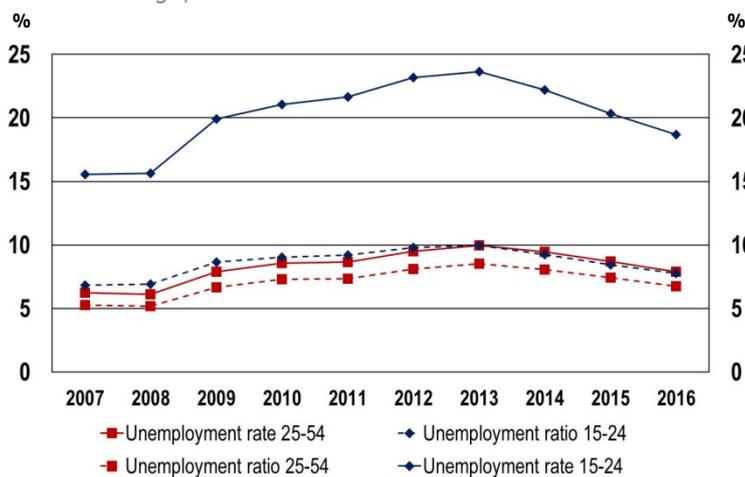
Low activity rates amongst young people between the ages of 15 and 24 are found in several countries in southern and eastern Europe (e.g. Spain, Italy, Portugal, Bulgaria, Hungary and Romania) <sup>(19)</sup>. For these same countries, data presented in Chapter 2 report lower rates of participation in education and higher proportions of young people leaving formal education before having achieved an upper-secondary degree (Figures 2-A, 2-C and 2-E). This hints at the existence of large segments of young people who are not employed, not in education and not in training (NEETs), and who are particularly vulnerable to the risk of social exclusion. This will be analysed in detail in Chapter 5.

Fifteen per cent of young people (aged 15-24) are searching for a job in Spain and the former Yugoslav Republic of Macedonia.

The rates of young jobless among those available for work are also high in Greece and Italy.

The highest rates of young people (aged 15-24) searching for a job among those available for a work (e.g. unemployment rates) were observed in the former Yugoslav Republic of Macedonia (48.2 %) <sup>(20)</sup>, Greece (47.3 %), Spain (44.4 %) and Italy (37.8 %). The unemployment rates of people aged 15-24 were also high (25-31 %) in France, Croatia, Cyprus and Portugal. Most of these countries record high rates of jobless people in the prime working age group (25-54 year-olds). In contrast, few of the young people available for work (about 7 %) had problems finding a job in Germany and Iceland. The youth unemployment rates were also rather low (approximately 11 %) in Czech Republic, Malta, the Netherlands, Austria and Norway.

**Figure 3-E:** Youth unemployment rates (15-24 year-olds), compared with prime working age group (25-54 year-olds), EU-28 average, 2007-2016



Source: Calculations based on Eurostat LFS [lfsa\_pganws]. Data extracted on 29/05/2017.

The level of youth unemployment shows the state of the youth job market, but also reflects the general economic situation. When the economy is in recession, the number of jobless people rises. When the economy is growing, jobs are created and the number of people who cannot find work falls. Figure 3-E shows unemployment rates and ratios for young people aged 15-24 and the prime working age group (24-54) from 2007 to 2016. The EU-28 economies started shrinking after the 2007 economic recession and the numbers of jobless young people and adults were rising between 2009 and 2013. After economic growth resumed, the numbers of people unsuccessfully searching for jobs have been falling since 2013. The

changes in the proportion of unemployed among youth and prime working age populations (unemployment ratios) were similar (see the dashed lines in Figure 3-E that rise and fall in parallel). Between 2007 and 2013, the

<sup>(18)</sup> Ibid.

<sup>(19)</sup> Ibid.

<sup>(20)</sup> In the former Yugoslav Republic of Macedonia, this very high proportion of young unemployed people is actually falling after reaching its peak in 2003, when the rate was 65.8 %. See FRED, 2017.

proportion of people looking for work increased by 3.1 percentage points among young people and by 3.2 percentage points among adults of prime working age.

From 2013 to 2016, the youth unemployment ratio fell by 2.2 percentage points and the adult unemployment ratio decreased by 1.8 percentage points. In 2016, the proportions of jobless people in both youth and adult populations were even closer than they had been before the economic recession started in 2007.

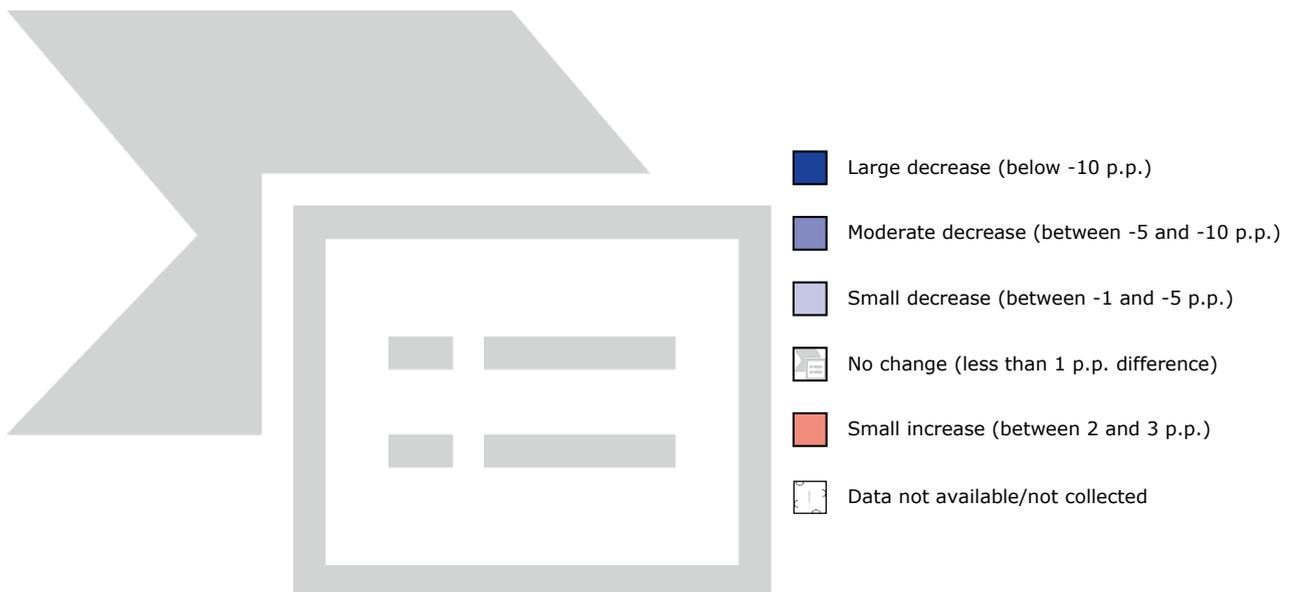
However, when the number of unemployed is expressed in relation to the labour force (unemployment rates), the impact of the economic crisis seems to be more severe on the youth population than on the prime working age population. The proportion of employed people aged 15-24 is much lower than in the 25-54 age group and therefore the increase in the proportion of unemployed people among those who are available for work is much higher.

Figure 3-F shows the changes in youth unemployment rates during the last three years by country. The recent changes in youth unemployment rates follow the economic recovery in most European countries. Since 2013, when the youth unemployment rate in EU-28 reached its highest level (23.6 %), the numbers of young people unsuccessfully searching for work have been falling in most European countries. On average, in the EU-28, the youth unemployment rate in 2016 was 4.6 percentage points lower than in 2013. The decrease was especially pronounced (more than 10 percentage points) in several southern and central European countries, namely Bulgaria, Greece, Spain, Croatia, Hungary, Portugal and Slovakia. Many eastern/central European countries (Czech Republic, Estonia, Latvia, Lithuania, Poland and Slovenia), as well as Ireland, Cyprus and the United Kingdom, have registered a 5 to 10 percentage point decrease in youth unemployment rates in recent years.

In 2016 there were **4.2 million** unemployed people aged 15-24 in the EU.

Youth unemployment rates recently decreased in the majority of European countries. Since 2013, there are **1.3 million** fewer jobless young people in the EU.

**Figure 3-F:** Changes in unemployment rates among young people aged 15-24, by country, 2013-2016



Source: Eurostat LFS [lfsa\_organ], data extracted on 26/07/2017.  
 Notes: Break in time series in Denmark, France, Luxembourg and Turkey.

The numbers of jobless young people remained similar between 2013 and 2016 in Germany, France and Finland. However, of these three countries, youth unemployment rates are low only in Germany. In France and Finland, youth unemployment rates are currently higher than the EU-28 average.

Although there was a slight increase, youth unemployment rates remained low in Austria and Norway (11 %). In contrast, in Luxembourg and Turkey, the recent slight increase brought youth unemployment rates to almost 20 %.

Compared with the situation before the economic recession, in 2007, youth unemployment rates are still higher on average in the EU-28 as well as in more than a half of European countries. The proportion of young people available for work and unable to find a job returned to pre-recession figures or even less in Czech Republic, Germany, Hungary, Malta, Poland, Romania, Sweden, the United Kingdom and Iceland. In contrast, in the Southern European countries that were severely affected by the European debt crisis (Greece, Spain, Italy, Cyprus and Portugal) youth unemployment rates are still more than 10 percentage points higher than before the recession <sup>(21)</sup>.

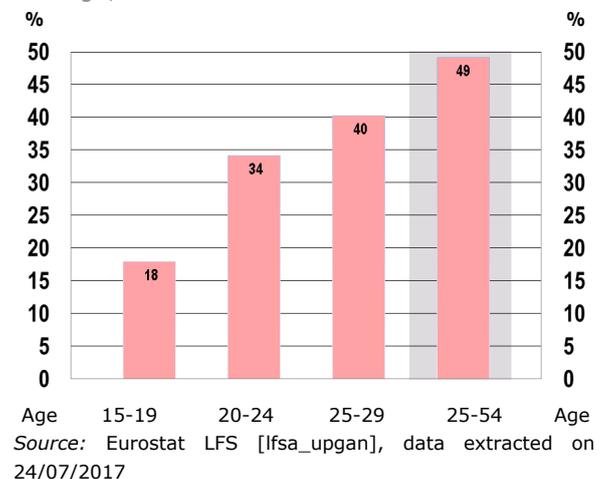
### Long-term youth unemployment

Unemployment brings serious hardships to individuals and their families. The problems and difficulties reach beyond the challenging financial situation. Long-term unemployment, especially for young people, leaves lifelong effects. Young people who have been looking for a job over long period of time are more likely to experience precarious employment, future periods of unemployment and lower job satisfaction, as well as having poorer health and sense of well-being more than 20 years later <sup>(22)</sup>.

Young persons are particularly affected by long periods of job-seeking <sup>(23)</sup>. Prolonged periods without structured daily activity lead to feelings of uselessness and hopelessness; the lack of job identification also raises identity issues <sup>(24)</sup>. Moreover, the lack of meaningful activity is associated with increased alcohol and drug addiction as well as criminal behaviour <sup>(25)</sup>. For societies, high levels of long-term youth unemployment carry significant financial costs as well as increasing the risk of social unrest <sup>(26)</sup>.

Eurostat defines the long-term unemployed as people who are out of work who have been actively seeking employment for at least a year. Figure 3-G shows that, on average, in the EU-28, the long-time unemployed as a proportion of the total unemployed grows with each age group. When young people first enter the labour market, they are less likely to be looking for a job for as long as older age groups. Only 17.9 % of unemployed

**Figure 3-G:** Long-term unemployment for young people aged 15-29 as a percentage of total unemployment, compared with the 'prime' working age (24-54 years) group, EU-28 average, 2016



<sup>(21)</sup> Eurostat, 'Unemployment rates by sex, age and nationality (%)', online data code: lfsa\_urgan. Data extracted on 25/07/2017.

<sup>(22)</sup> Bell and Blanchflower, 2011.

<sup>(23)</sup> Lahusen and Giugni, 2016.

<sup>(24)</sup> Farré, Fasani, and Mueller, 2015.

<sup>(25)</sup> European Youth Forum, 2013.

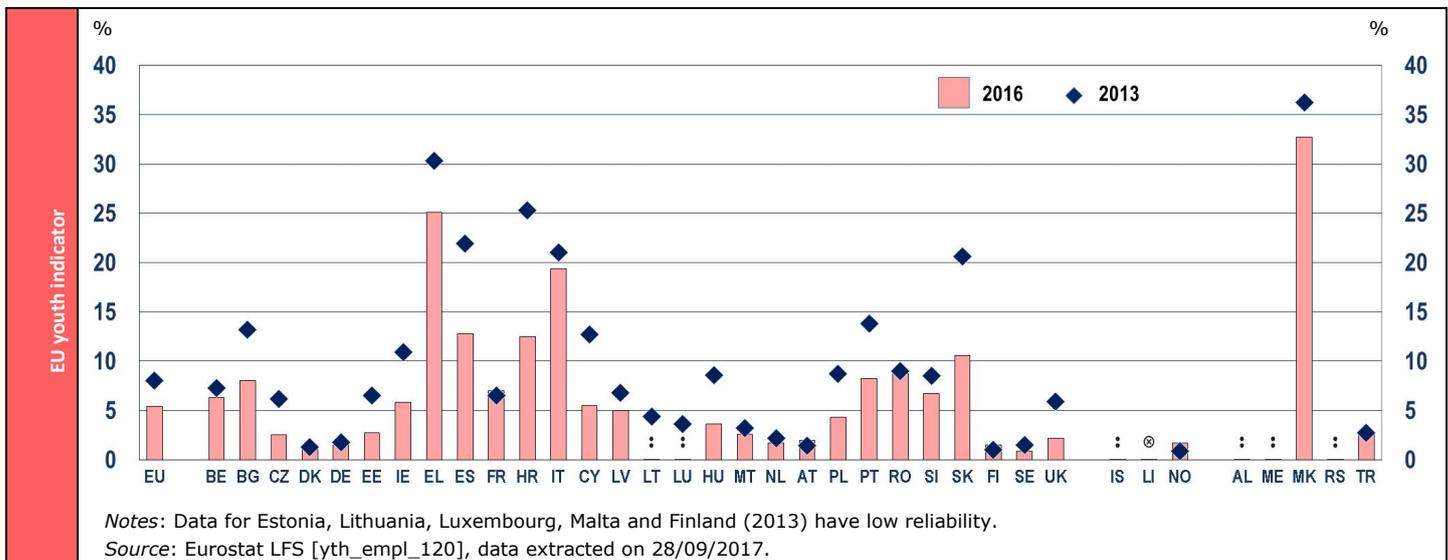
<sup>(26)</sup> Ibid.

15-19 year-olds were searching for a job for longer than a year. The proportion is higher for 20-24 year-olds, at 34.1 %, while for 25-29 year-olds, 40.2 % had no success within a year. The problem is even more pronounced in the prime working age group (25-54), where approximately every other unemployed person (49.1 %) is jobless for more than a year.

The long-term youth unemployment rate for 15-24 year-olds is included among the EU youth indicators. The long-term youth unemployment rate is expressed as the number of persons aged 15-24 unemployed for 12 months or longer as a percentage of the labour force (i.e. employed and unemployed). Figure 3-H shows that, in 2016, on average, in EU-28, the long-term unemployed constituted 5.4 % of the youth labour force. The proportion was especially high in the southern European countries that were severely affected by the recent economic crisis. In the former Yugoslav Republic of Macedonia, the long-term youth unemployment rate was 32.7 %, in Greece it was 25.1 %, and in Italy 19.4 %. However, it was lower in Slovakia, Croatia and Spain – between 11 and 13 %, and in Bulgaria, Portugal and Romania it was 8-9 %.

Compared with 2013, long-term youth unemployment decreased in the majority of European countries. In the EU-28, on average, it was 2.6 percentage points lower in 2016 than in 2013. The proportion of young people who took longer than 12 months to find a job fell especially sharply during these years in Cyprus, Spain, Slovakia and Croatia.

**Figure 3-H:** Long-term youth unemployment rates (15-24 year-olds), by country, 2016 and 2013



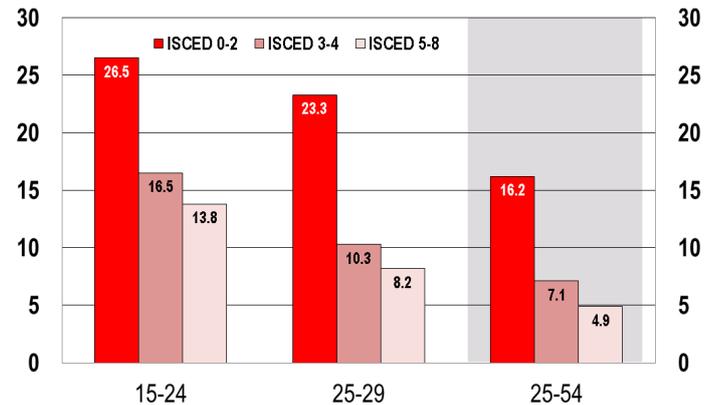
Continuous job searching requires a high level of resilience, confidence and resourcefulness. With each rejection letter, with each failure to secure an interview it is increasingly difficult to keep on looking. Therefore, many people who have struggled to get a job eventually stop looking and drop out of the labour force altogether.

### Youth unemployment and educational attainment

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

Figure 3-I shows that the higher the educational level, the lower the unemployment rates. In the EU-28, the least educated have very high unemployment rates among both the youth and adult populations. On average, in the EU-28, the unemployment rate of those with lower secondary education/qualifications or less (ISCED levels 0-2) was twice as high as that of tertiary graduates (ISCED levels 5-8) in the 15-24 age group, and three times higher than in the older age groups (25-29 and 25-54). The unemployment rates among those with upper secondary and post-secondary non-tertiary education (ISCED levels 3 and 4) are closer to those of tertiary graduates, the difference between all the age groups under consideration ranges between 2 and 3 percentage points.

**Figure 3-I:** Youth unemployment rate (15-29 year-olds) by the highest educational level attained compared with the prime working age group (25-54 year-olds), EU-28 average, 2007-2016



Note: Age groups 15-19 and 20-24 were merged as data for ISCED 5-8 are unreliable in the age group 15-19.

Source: Calculations based on Eurostat LFS [lfsa\_urgaed], data extracted on 29/05/2017

In Europe, there is a considerable variation in unemployment rates by educational attainment across countries (Figure 3-J). Educational attainment is most effective in minimising the risk of unemployment in central European countries (Czech Republic, Germany, Hungary, Austria and Slovakia), as well as in Bulgaria, Ireland, Malta and Sweden. In these countries, the unemployment rate of those with low levels of education is four or more times higher than that of tertiary graduates. The situation is different in southern countries (Greece, Spain, Italy, Portugal and the former Yugoslav Republic of Macedonia), where the unemployment rates of people aged 20-29 are high among those with both low-level and high-level qualifications. In Denmark and Romania, the unemployment rates are similar across all educational attainment groups and vary between 8 % and 14 %. As institutional and economic features intrinsic to every country heavily impact upon the chances of young graduates entering the labour market, the positive influence of higher education appears to be somewhat diluted in those systems where structural obstacles exist in the economic and business environment <sup>(27)</sup>.

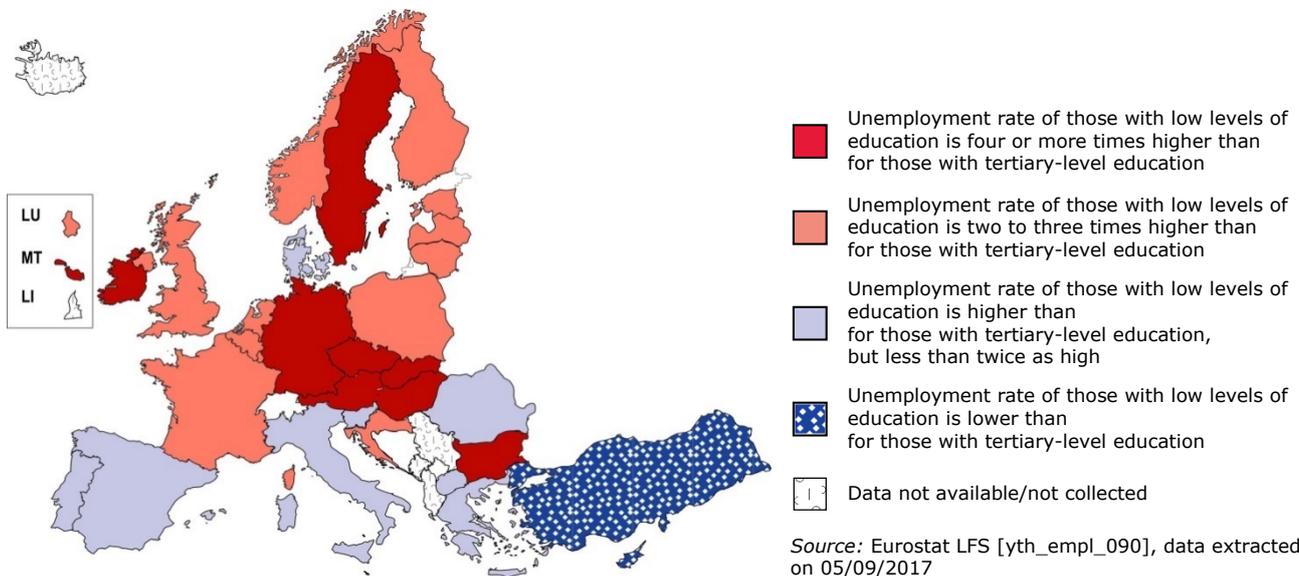
In two countries (Cyprus and Turkey), the pattern is reversed, namely the unemployment rate of those with low levels of education is lower than that of tertiary graduates. In Cyprus, where 46.9 % of young people aged 20-29 have tertiary level education, this might be an effect of over-education, namely, a discrepancy between the supply of education and the needs of the economy <sup>(28)</sup>. In Turkey, a higher incidence of unemployment among tertiary educated young people may be related to the fact that they are the ones who can afford to search for a job in the formal economy, while many unskilled young people are often employed in the informal sector in low-paid, irregular and insecure jobs <sup>(29)</sup>.

<sup>(27)</sup> Dietrich and Möller, 2015.

<sup>(28)</sup> Ioannou and Sonan, 2016.

<sup>(29)</sup> Scarpetta and Sonnet, 2012.

**Figure 3-J:** Comparison of youth unemployment rates among 20-29 year-olds with low and high levels of education, by country, 2016



Notes: 'Low levels of education' means lower secondary education or below (ISCED levels 0-2) and 'high levels of education' means tertiary education (levels 5-8).

Low reliability: Estonia, Croatia, Cyprus, Lithuania, Luxembourg, Malta, Slovenia, Iceland and Montenegro.

### Men are more vulnerable to youth unemployment than women

On average, in the EU-28, young males seem to be more affected by unemployment than young females. In 2016, in absolute numbers, there were more men than women unsuccessfully searching for work in all the age groups shown in Figure 3-K. Considering the unemployed-to-population ratio, male unemployment was higher in all the age groups analysed, the difference being the greatest among those aged 20 to 24. In the EU-28, in 2016, there were 369 200 more jobless 20-24 year-old men than women. In this age group, males constituted 56.1 % of the unemployed. The data from the last 10 years reveals that the pattern is stable over time. Male unemployment ratios were higher than female unemployment ratios for 15-29 year-olds in every year of the last decade<sup>(30)</sup>. Looking at the absolute numbers, in the EU-28, there were more young men than women searching for a job in every year and in every youth age group analysed<sup>(31)</sup>.

The fact that men constitute the majority of young unemployed people aged 15-24 is true for most European countries<sup>(32)</sup>. The only country where, in 2016, there were more young females than males among the unemployed is Cyprus.

In the EU-28, in 2016, there were 700 000 more jobless young men than women (15-29 year-olds).

When the size of the labour force is taken into account, the situation reverses for the older age groups. Female unemployment rates are higher in the 25-29 age group as well as in the prime working age group (25-54). In both these age groups, women often leave the labour force due to family and caring responsibilities<sup>(33)</sup> and therefore the proportion of women who are available for work is reduced. Therefore, the relative proportion of women who cannot find a job among those women who are available for work becomes higher.

<sup>(30)</sup> Calculations based on Eurostat, 'Population by sex, age, citizenship and labour status (1 000)', online data code: lfsa\_pganws. Data extracted on 27/07/2017.

<sup>(31)</sup> Ibid.

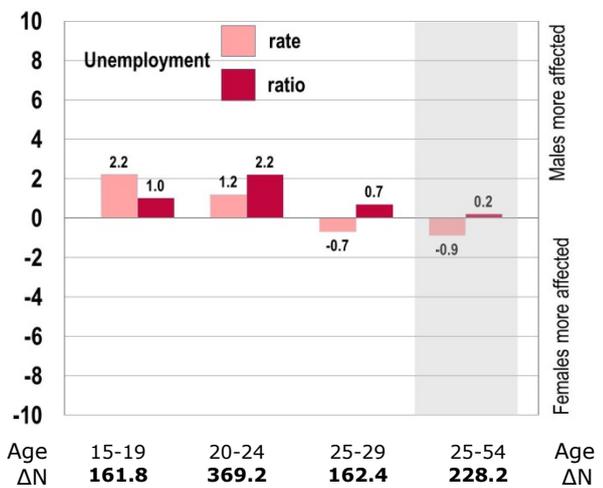
<sup>(32)</sup> Ibid.

<sup>(33)</sup> Eurostat, 2017d.

When taking into account participation in the labour market, male unemployment rates are still higher in most European countries (Figure 3-L). However, unemployment rates for young women are more than one percentage point higher than for young men in eight countries (Czech Republic, Greece, Italy, Cyprus, Portugal, Romania, Slovakia and Turkey). In all of these countries, labour force participation among young women was lower than the EU-28 average and is often significantly below the participation rates for young men <sup>(34)</sup>.

For more information on factors influencing youth unemployment such as migrant background, health status (including disabilities), work opportunities in the area of residence, etc., see STYLE (2017).

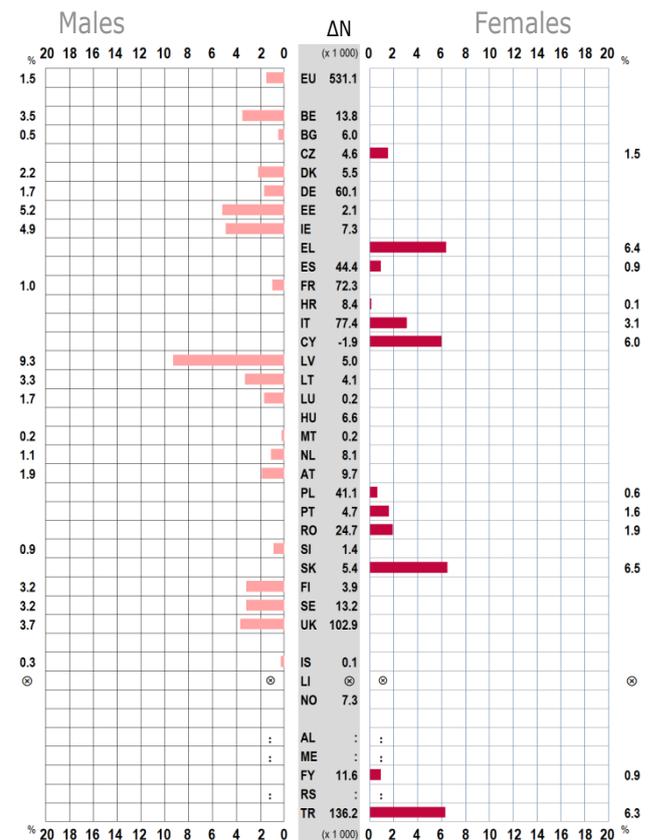
**Figure 3-K:** Differences between male and female unemployment rates and ratios for young people (15-29 year-olds) compared to the 'prime' age group (25-54 year-olds), EU-28 average, 2016



Note: ΔN: The difference in the numbers of unemployed in thousands is indicated below the age groups (positive = males more affected).

Source: Calculations based on Eurostat LFS [lfsa\_pganws], data extracted on 27/07/2017.

**Figure 3-L:** Differences between male and female unemployment rates, young people age 15-24, by country, 2016



Note: ΔN: The difference in the numbers of unemployed in thousands is indicated in the middle (positive = males more affected).

Lithuania: Female estimates low reliability.

Source: Calculations based on Eurostat LFS [yth\_empl\_100], data extracted on 04/09/2017

<sup>(34)</sup> Calculations based on Eurostat, 'Activity rates by sex, age and citizenship (%)', online data code: lfsa\_argan. Data extracted on 25/07/2017.

### 3.4. PATTERNS OF YOUTH EMPLOYMENT

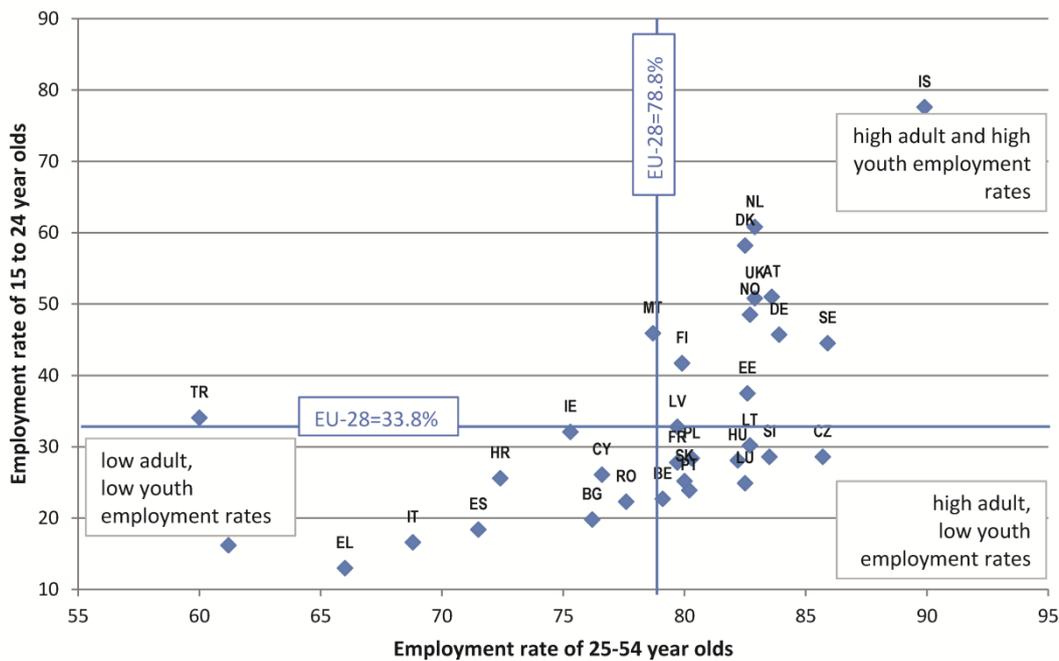
#### Employment rates

The employment rate is one of the key indicators when studying the labour markets. There is a strong relationship between the general situation in the labour market and the employment rates of young people<sup>(35)</sup>. Figure 3-M shows that the majority of European countries fall into two categories: countries where employment rates are high in both the youth and prime working age groups and countries where the rates are low in both age groups.

Employment rates of young people usually mirror those of the working age population.

The situation in the labour market is still difficult for both younger and older age groups in some of the European countries that were greatly affected by the recent recession. In Bulgaria, Ireland, Greece, Spain, Croatia, Italy, Cyprus, Romania and the former Yugoslav Republic of Macedonia, the employment rates of both

**Figure 3-M:** Country distribution of employment rates for young people (15-24 years) and 'prime' working age (25-54 years) group, 2016



Source: Eurostat LFS [lfsi\_emp\_a], data extracted on 11/09/2017

the youth and prime working age populations are lower than the EU-28 average. In contrast, the proportion of both groups is high in the Scandinavian countries, as well as in Germany, Estonia, the Netherlands, Austria and the United Kingdom. Several European countries have high employment rates in the prime working age population (ranging from 79.1 % to 85.7 %), but the proportion of young people at work is lower than the EU average (ranging from 22.7 % to 32.8 %). In Belgium, Czech Republic, France, Latvia, Lithuania, Luxembourg, Hungary, Poland, Portugal, Slovenia and Slovakia the labour markets are considerably less favourable to young people than to the prime working age group. In most of these countries, part-time work, which attracts young people (Figure 3-R), is not widespread<sup>(36)</sup>.

<sup>(35)</sup> For the European countries analysed, the correlation between the employment rates of both the prime working age group (25-54 years) and the youth group (15-24 years) stood at 0.6. The 15-24 age group is used in the Figure 3-P in order to clearly distinguish between the youth and prime working age populations.

<sup>(36)</sup> See Eurostat, 'Part-time employment and temporary contracts – annual data', online data code: lfsi\_pt\_a. Data extracted on 11/09/2017.

Although the youth employment rates mirror those of the prime working age, there are some essential differences. Jobs for young people are not evenly spread across all sectors and occupations <sup>(37)</sup>. On average, in the EU-28, young people (aged 15-24) constitute approximately 8 % of all those employed. However, employed youth are more likely to be found in fast food restaurants, grocery stores, or hotel receptions than in public administration offices or educational institutions. In EU-28, on average, 20.1 % of the employed in the accommodation and food sectors are between 15 and 24 years old. Wholesale and retail trade, where young people constitute 12.2 % of all employed, is another youth-intensive sector. A higher proportion of young people is also found in a sector of arts, entertainment and recreation (14.5 %).

### Temporary contracts

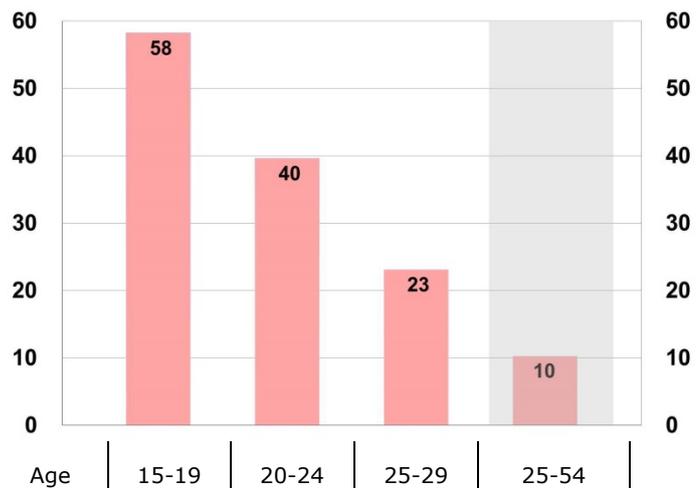
An important characteristic of the youth labour market is the high percentage of temporary contracts in comparison to other age categories. A temporary contract is a fixed-term contract which will terminate either after a period agreed in advance or, if certain objective criteria are met, such as the completion of an assignment or the return of the employee who has been temporarily replaced <sup>(38)</sup>.

Temporary employment is related to lower job security as well as poorer skills and career development.

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 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 <sup>(39)</sup>.

However, temporary employment implies higher levels of insecurity both workwise and financially, as well as

**Figure 3-N:** Young temporary employees (15-29 years) as percentage of the total number of employees, compared with the 'prime' working age group (24-54 years), EU-28 average, 2016



Source: Eurostat LFS [yth\_empl\_050] and [lfsi\_pt\_a], data extracted on 11/09/2017

fewer opportunities for developing skills and longer-term careers. Young people can be trapped in a cycle of alternating periods of temporary employment and unemployment, which may adversely affect their status into their thirties and beyond. Where this is the case, young people may lack the stability needed to allow them to live independently <sup>(40)</sup>.

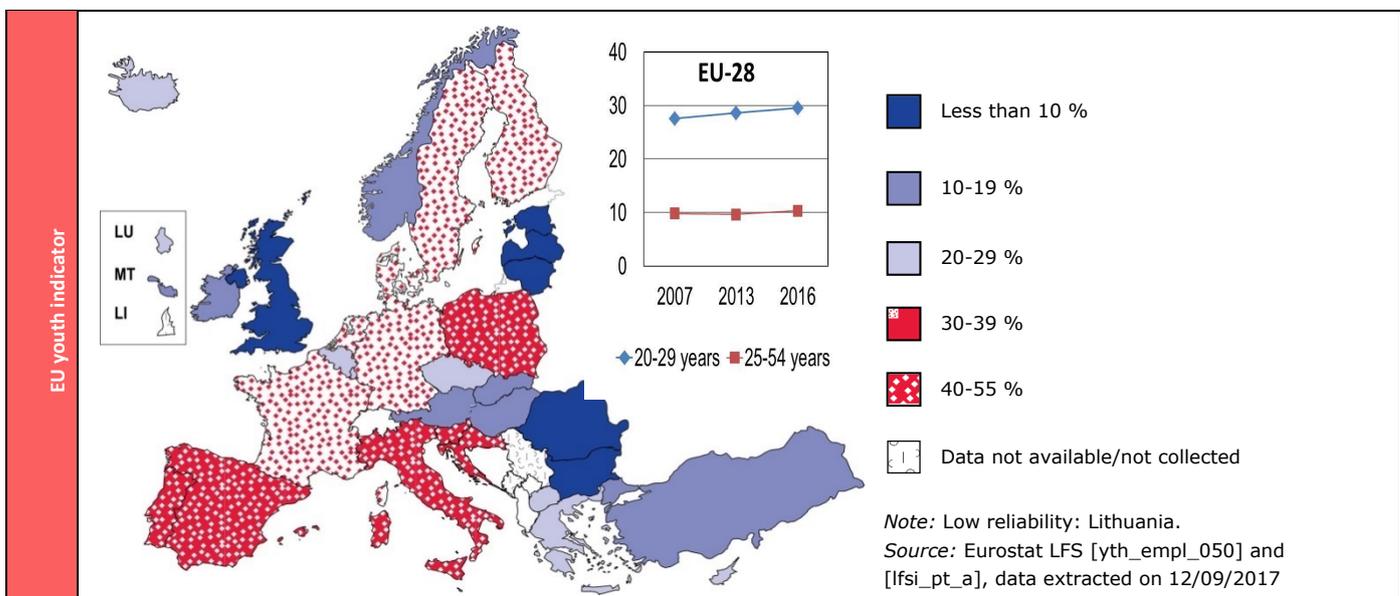
Figure 3-N shows that the proportion of temporary employees is very high for the youngest age group (15-19 year-olds) but it reduces rapidly with each older group. In the EU-28, 58.2 % of all 15-19 year-olds in employment have temporary work contracts <sup>(41)</sup>. The proportion drops to 39.6 % for 20-24 year-olds and even further to 23.1 % for 25-29 year olds. In contrast, only 1 in 10 of the adult employees in the prime working age group has a

<sup>(37)</sup> See Eurostat, 'Employment by sex, age and economic activity (from 2008 onwards, NACE Rev. 2) – 1 000', online data code: lfsa\_egan2. Data extracted on 21/09/2017.  
<sup>(38)</sup> Eurostat, 2017b.  
<sup>(39)</sup> Eurofound, 2013.  
<sup>(40)</sup> Eurofound, 2010.  
<sup>(41)</sup> This might be due to the temporary student jobs or seasonal work, especially during the summer.

fixed-term contract.

One of the EU youth indicators focuses on the proportion of young employees aged 20-29 with a temporary contract (Figure 3-O). The types of contracts that young people have vary considerably across European countries. In Bulgaria, the Baltic countries, Romania and the United Kingdom, very few young people (less than 10 % of all employees) have fixed-term contracts. In the labour markets of these countries, temporary contracts are rather rare in general <sup>(42)</sup>. In contrast, in Spain, Croatia, Poland, Portugal and Slovenia, every other young employee has a fixed-term contract (the proportion ranges from 50 to 55 %). In Italy, 40.5 % of young employees do not hold a permanent position. The proportion of young employees in temporary employment is also relatively high (between 30 % and 40 %) in Denmark, Germany, France, the Netherlands, Finland and Sweden. In most of these countries, the proportion of prime working age employees on temporary contracts is also higher than the EU-28 average.

**Figure 3-O:** Young employees aged 20-29 with a temporary contract as a percentage of the total number of employees, by country, 2016



The trends in the EU-28 reveal that the proportion of employees with a temporary contract in the prime working age group remained rather stable during the last ten years, ranging between 9.2 and 10.3 %. The proportion of young employees on fixed-term contracts slightly increased during the recession, from 27.6 % in 2007 to 28.7 % in 2013. During the economic recovery, temporary employment for young people continued to grow and is currently 29.5 %. It is important to note that the EU-28 average encompasses divergent trends between countries that partly reflect the significance of this type of employment before the crisis. For example, fixed-term contracts increased during the recession and afterwards in most of the countries that already had a high rate of fixed-term contracts (e.g. France, Italy, Poland, Portugal, Slovenia and Finland). In other countries, such as Ireland and some central and eastern Member States where changes in labour legislation have encouraged the use of temporary contracts, the proportion of fixed-term contracts increased during the recession <sup>(43)</sup>, but has been in decline since 2013 <sup>(44)</sup>.

<sup>(42)</sup> Less than 4 % of prime working age group employees have temporary contracts. See Eurostat, 'Part-time employment and temporary contracts - annual data', online data code: lfsi\_pt\_a. Data extracted on 11/09/2017.

<sup>(43)</sup> Eurofound, 2013.

<sup>(44)</sup> See trends in Eurostat, 'Young temporary employees as a percentage of the total number of employees, by sex, age and country of birth', online data code: yth\_empl\_050. Data extracted on 12/09/2017.

### Part-time work

The ILO defines the term 'part-time worker' as an employed person whose normal hours of work are fewer than those of comparable full-time workers<sup>(45)</sup>. This definition encompasses all forms of part-time work (half-day work, work for one, two or three days a week, etc.). This number may be established at the national, regional, industrial or unit level. For comparative statistical purposes, however, part-time work is usually considered as working fewer than 35 hours, or 30 hours, per week<sup>(46)</sup>.

Part-time employment can be beneficial depending on the quality of the part-time job and whether working part-time is a voluntary choice. The gap between the conditions of part-time and full-time employment differs significantly among European countries. On average, part-time jobs are characterised by poorer job security, lower average hourly earnings and fewer opportunities for training and promotion<sup>(47)</sup>.

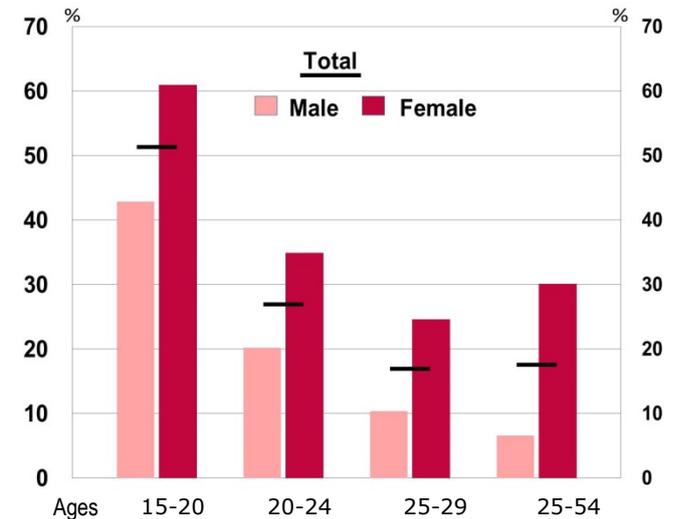
However, part-time jobs are the only way some groups of people can join or remain in the labour market. Many young people who are in education and training (Figure 3-A) are able to work only some hours per week in term-time or longer during vacations. Moreover, young people may work part-time as part of an apprenticeship in the context of either a vocational education programme or an employer-based programme. Part-time work is also often used by those with children or other care responsibilities. This becomes more important for the older age groups (Figure 3-P).

Young people in the 15-24 age group mostly work part-time in order to be able to study. In contrast, most 25-29 year-olds take part-time jobs involuntarily.

Part-time work is very common among the youngest employed people. Figure 3-P shows that every second 15-19 year-old who has a job works less than full-time. This might be because the majority (72.6 %) of those who work in this age group combine work and study (Figure 3-A). Many 20-24 year-olds also work part-time, namely 26.9 % of all employed people in this age group. This largely mirrors the proportion of people who combine work and studies (26.5 %). In contrast, only 17.5 % of employees in the prime working age group (25-54) are not employed full-time. The proportion is even lower among 25-29 year-olds, i.e. 16.9 %.

Women tend to work part-time much more than men. Among the youngest age group in employment, namely 15-19 year-olds, 61.0 % of employed women worked less than full-time compared to 42.9 % of employed men. The reasons for a part-time job in this age group do not differ by gender – most young women and men (almost 80 %) work fewer hours than full-time workers in order to study.

**Figure 3-P:** Part-time employment for young people (15-29 year-olds) as a percentage of total youth employment, compared with the 'prime' working age group (24-54 year-olds), EU-28 average, by sex, 2016



Source: Eurostat LFS [youth\_empl\_060] and [lfsi\_pt\_a], data extracted on 29/05/2017

<sup>(45)</sup> ILO, 1994.

<sup>(46)</sup> ILO, 2017. In LFS, the distinction between full-time and part-time work is generally based on a spontaneous response by the respondent (Eurostat, 2017b).

<sup>(47)</sup> Fagan et al., 2015.

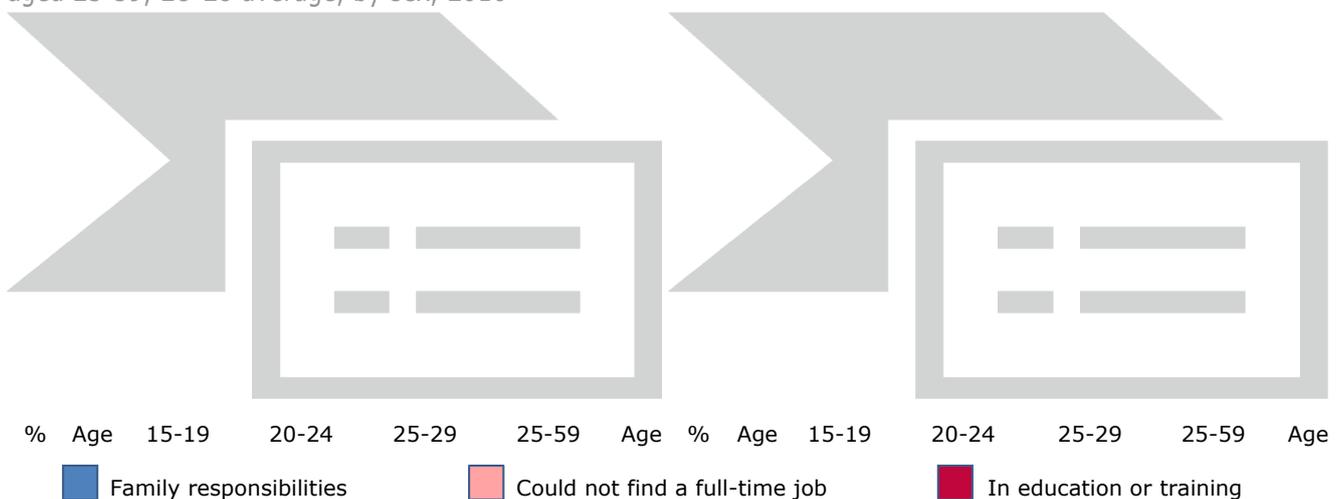
Looking at 20-24 year-olds, 34.9 % of women in employment work less than full-time, compared with 20.2 % of men. Figure 3-Q shows that in this age group, education and training was still the main reason for part-time employment. However, one in three employed males and females worked part-time because they could not find full-time work (this is defined as involuntary part-time employment and is analysed in detail in Figure 3-R).

In most of the countries where a high proportion of young people work part-time, the main reason is for study purposes.

Among 25-29 year-olds, only one in ten men works less than full-time. In contrast, in this age group, a quarter of employed females works part-time. Figure 3-Q suggests that the reasons for working less than full-time differ considerably between men and women in this age group. Among men, 45.6 % work part-time because they cannot find a full-time job, 30.9 % for educational reasons and only 4.2 % for family reasons. In contrast, 34.0 % of women aged 25-29 work part-time because of care duties – they look after children or incapacitated adults or have other family or personal responsibilities. In addition, 35.0 % of women work part-time involuntarily and only 14.8 % choose part-time jobs in order to study.

Patterns of part-time work become even more gender-oriented in the prime working age group, where 93.4 % of employed men hold full-time jobs compared to 69.9 % of women. Adult women work part-time mostly due to family duties, while the few men who work part-time primarily do so because they cannot find a full-time position.

**Figure 3-Q:** Main reasons for part-time employment among young people aged 15-29, compared to adults aged 25-59, EU-28 average, by sex, 2016



Notes: The category 'Family responsibilities' merges two categories: 'Looking after children or incapacitated adults' and 'Other family or personal responsibilities'. Omitted categories include: 'Own illness or disability' and 'Other'. For the 15-19 age group, the categories 'Looking after children or incapacitated adults' and 'Own illness or disability' are not available.

Source: Eurostat LFS [yth\_empl\_070] and [lfsa\_epgar]., data extracted on 15/09/2017

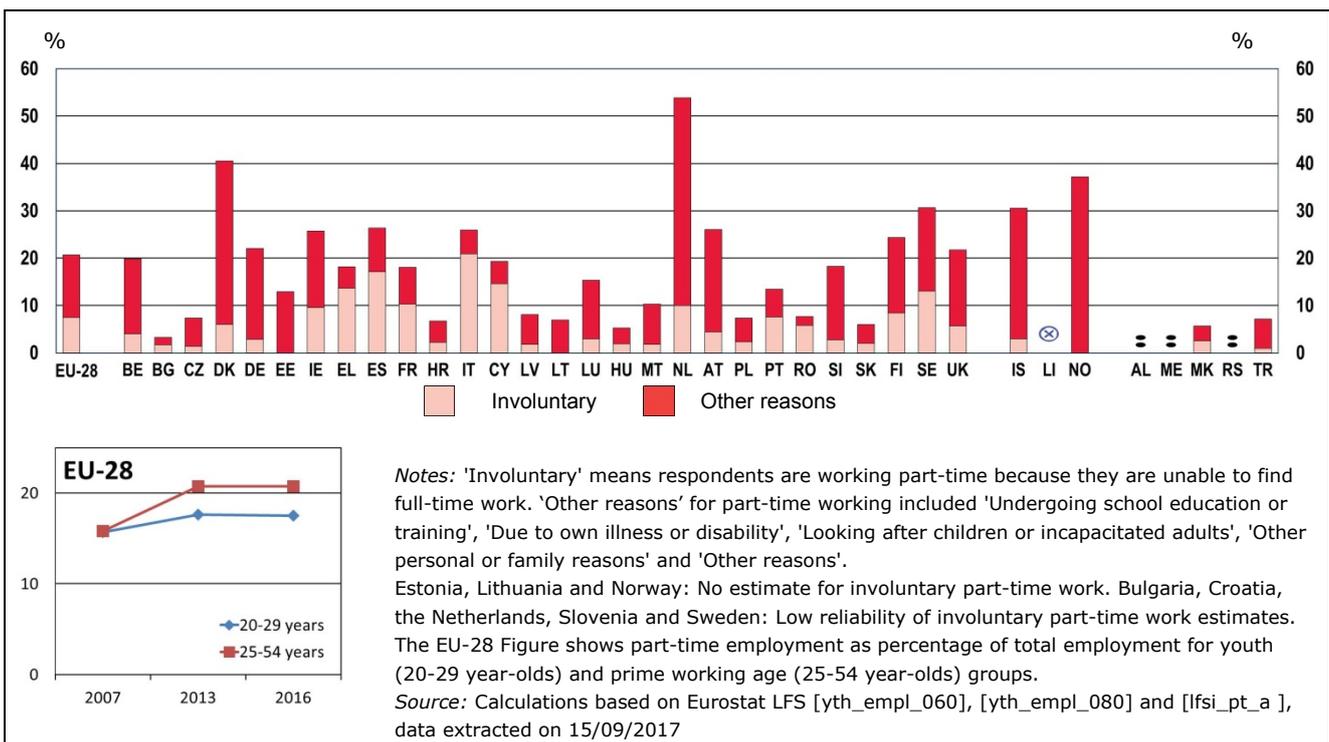
Figure 3-R shows that the level to which part-time jobs predominate in youth employment (20-29 year-olds) varies greatly in European countries. In the EU-28, on average, 20.7 % of all employed young people aged 20-29 worked less than full-time. The Netherlands stands out with a very high proportion of young people working part-time (53.9 %). Many young people are employed less than full-time in the Scandinavian countries (Denmark, Sweden and Norway) as well as Iceland (the proportion ranges from 30 % to 40 %). In contrast, part-time employment among young people is rather rare in most of the Member States that have accessed the EU

since 2004 (Bulgaria, Czech Republic, Latvia, Lithuania, Hungary, Poland and Slovakia), as well as the former Yugoslav Republic of Macedonia and Turkey.

As discussed earlier, there are various reasons for working less than full-time. Figure 3-R also indicates the proportion of involuntary part-time employment in the total employment of 20-29 year-olds. In the EU-28, 7.5 % of employed young people work part-time because they are unable to find full-time work. However, in most of the countries with a high prevalence of part-time youth employment, the percentage working part-time involuntarily is rather low. In Denmark, the Netherlands and Iceland, the majority of those who work part-time do so because of education or training commitments <sup>(48)</sup>.

The proportion of involuntary part-time employment is very high in Italy, where 20.9 % 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 80.8 % of all part-time positions filled by young people. The proportion is also very high in Spain: involuntary reasons account for 17.1 % of all jobs held by young people and 65.8 % of part-time jobs.

**Figure 3-R:** Part-time employment as a percentage of total employment among young people aged 20-29, including the percentage of involuntary part-time workers, by country, 2016



The proportions of youth and adult part-time employment were similar in the EU-28 in 2007 (approximately 16 %). The impact of recession was stronger on youth jobs: in 2013, 20.7 % of young employed people worked part-time, compared with 17.6 % of those aged 25-54. The proportion remained stable in both age groups during the recent years of economic recovery.

<sup>(48)</sup> Eurostat, 'Main reason for part-time employment – Distributions by sex and age (%)', online data code: lfsa\_epgar. Data extracted on 15/09/2017.

### Atypical working hours

In many sectors, for instance in retail, transport, agriculture, health-care or certain industries, specific working hours and rhythms are required: shift work, weekend work, evening work and night work. These so-called atypical working hours might be attractive for people who are trying to combine full-time studies and work. Moreover, accepting jobs during atypical working hours might serve as an entry point into employment for some young people.

However, working atypical hours for longer periods might entail negative consequences on the health and social life of employees. Working shifts has been shown to contribute to disrupted social relationships, while night work might be related to insomnia, stress, fatigue and irritability<sup>(49)</sup>. On average, in the EU-28, 38.3 % of employees work atypical working hours<sup>(50)</sup>.

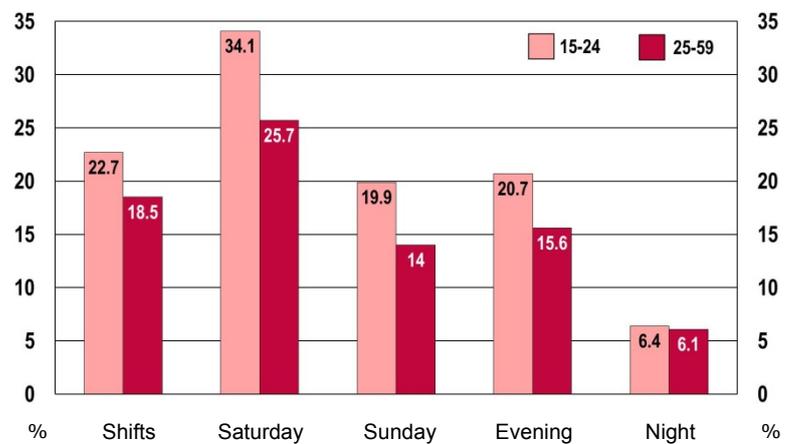
Figure 3-S indicates that the proportion of young people aged 15-24 working shifts, weekends and evenings was higher than that of older age groups (aged 25-59). One in three young employees worked on Saturdays

compared with one in four adult employees, and while around one in five young employees worked shifts, Sundays or evenings, the corresponding figure for adults was around one in six. Evening work was the least prevalent, and the difference in the proportions of youth and adult groups in this type of work was the smallest.

### Self-employment and entrepreneurship

Self-employed people work in their own business, professional practice, or on their own farm<sup>(51)</sup>. There are two main drivers for becoming self-employed: 'opportunity' entrepreneurs use self-employment in order to realise their business ideas, 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. The first group often tend to report the higher levels of happiness and job satisfaction associated with creativity, autonomy and flexibility, while the second group tend to have levels of job satisfaction similar to or lower than regular employees<sup>(52)</sup>. A recent study shows that only one in four 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<sup>(53)</sup>.

**Figure 3-S:** Proportion of young employees aged 15-24 working atypical working hours, compared with adults aged 25-59, EU-28 average, 2016



Note: 20-29 age category is not available in Eurostat database.

Source: Eurostat LFS [lfsa\_ewpshi] [lfsa\_ewpsat] [lfsa\_ewpsun] [lfsa\_ewpeve] [lfsa\_ewpnig]. Data extracted on 17/09/2017..

<sup>(49)</sup> Boisard (1990); Boisard et al. (2002).

<sup>(50)</sup> Eurostat, 'Employment at atypical working time as a percentage of the total employment, by European socio-economic group', online data code: lfsa\_eseatyp. Data extracted on 17/09/2017.

<sup>(51)</sup> Eurostat, 2017a.

<sup>(52)</sup> Baumol, 1990; Reynold et al., 2005; Blanchflower, 2000; Binder and Coad, 2013; Fairlie and Fossen, 2017.

<sup>(53)</sup> A 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. See Eurofound (2017).

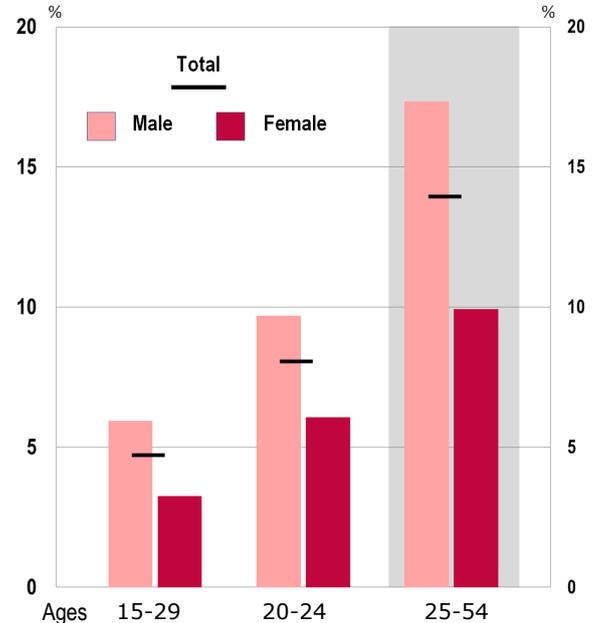
Although the self-employed population is a highly heterogeneous group, it is important to highlight that all these people share some common issues with respect to job quality<sup>(54)</sup>. On average, the self-employed generally have lower pay than the employed, especially those without employees. Furthermore, self-employment appears to provide lower levels of social security than many other forms of employment<sup>(55)</sup>. Often the self-employed work within the informal sector or become freelance when regular employment becomes scarce. Working conditions vary greatly, but most entrepreneurs tend to work longer and more atypical hours. Moreover, the potential for stress and health-related issues for the self-employed is often greater than for employees. Thus, self-employment might not be wholly beneficial for young people<sup>(56)</sup>, but unlocking the potential of youth entrepreneurship is still important so that those who have good business ideas and the right skills can set up and run successful enterprises<sup>(57)</sup>.

Younger people are far less likely than older people to be self-employed. In the EU-28, only 4.7 % of employed people in the age 20-24 group work in their own business (Figure 3-T). The proportion is higher among 25-29 year-olds (8.0 %), but it still remains considerably lower than the proportion of self-employed people in the prime working age group (13.9 %). Young people face greater barriers in starting their own business compared to other age groups: they have more difficulty in raising external finance because they lack savings and collateral; they may lack the right experience and skills to run a successful business; and they are often not sufficiently aware of entrepreneurship as an employment opportunity<sup>(58)</sup>.

There is a strong gender divide in the self-employment figures. The rate for men is almost twice that of women in the prime working age group (25-54) as well as among 20-24 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; family and tax policies that discourage labour market participation and entrepreneurship; as well as negative attitudes towards female entrepreneurs<sup>(59)</sup>.

Self-employed young people do not usually employ other people. Only 10.7 % of 20-24 year-olds who own a business have at least one employee. The proportion is higher for 25-29 year-olds (17.5 %), but still lower than that of the prime working age population (28.6 %) <sup>(60)</sup>.

**Figure 3-T:** Self-employment as a percentage of total employment for young people (20-29 year-olds) compared to the prime working age group (24-54 year-olds), EU-28 average, by sex, 2016



Source: Eurydice calculations based on Eurostat LFS [lfsa\_egan] and [lfsa\_egan], data extracted on 18/09/2017.

<sup>(54)</sup> Van Praag and Versloot, 2007; Binder and Coad, 2013; OECD/EU, 2017b.

<sup>(55)</sup> Considerable numbers of self-employed people exit before five years and many of these people do not have access to unemployment benefits. See OECD/EU, 2017b.

<sup>(56)</sup> Burchell et al., 2015; Hatfield, 2014.

<sup>(57)</sup> Eurofound, 2015.

<sup>(58)</sup> European Commission, 2017a.

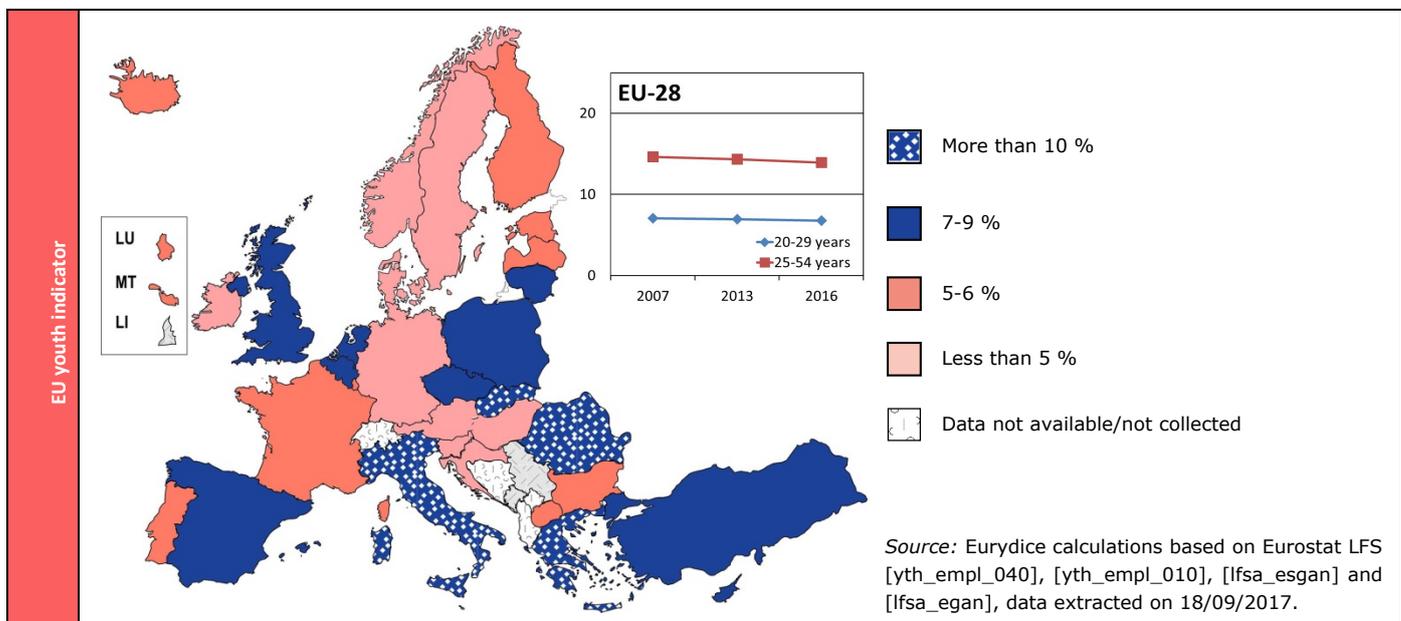
<sup>(59)</sup> Andersson Joona and Wadensjö, 2008; OECD/EU, 2017a; Wagner, 2007.

<sup>(60)</sup> Eurydice calculations based on Eurostat 'Self-employment by sex, age and citizenship (1 000)' (online data code: lfsa\_egan) and 'Employment by sex, age and citizenship (1 000)', (online data code: lfsa\_egan), data extracted on 18/09/2017.

Young people tend to start businesses in the service sector rather than in manufacturing-oriented sectors. This is probably because the barriers to entry are lower, capital needs are less and lower levels of business skills are required <sup>(61)</sup>. In the EU-28, young self-employed people are concentrated in the agricultural, construction and trade (wholesale and retail) sectors <sup>(62)</sup>. In some of these sectors (i.e. construction), forms of ‘bogus’ or false self-employment are widespread <sup>(63)</sup>.

The proportion of self-employed young people aged 20-29 is one of the EU youth indicators (Figure 3-U). The highest rates of self-employed young people are in Italy, where 14.6 % of the 20-29 year-olds in employment have set up their own business. In Greece, the rate is 13.6 %, followed by Romania (11.4 %) and Slovakia (10.9 %). In contrast, very few young people have their own business in Denmark, where only 2.6 % of the 20-29 year-olds in employment are self-employed. The rates are also very low (around 3.0 %) in Germany, Sweden and Norway.

**Figure 3-U:** Self-employment as a percentage of total employment for young people aged 20-29, by country, 2016



In the EU-28 on average, the self-employment rates for young people have been stable during the last ten years (varying between 6.8 % and 7.0 %). Comparing 2007 with 2013, the proportion of adults who work in their own business, professional practice, or on their own farm slightly decreased (from 14.6 % to 13.9 %). This might be related to the long-term structural decline of employment in the agricultural sector <sup>(64)</sup> – the sector that provides the highest levels of self-employment.

In several countries <sup>(65)</sup>, youth self-employment rates increased during the height of the economic recession and fell afterwards. This trend might suggest that young people set up their own business in order to avoid

<sup>(61)</sup> Rosa, 2003; Parker, 2009.

<sup>(62)</sup> OECD/EU, 2014; Eurofound, 2015.

<sup>(63)</sup> Eurofound, 2015.

<sup>(64)</sup> European Commission, 2015

<sup>(65)</sup> Belgium, Czech Republic, Greece, Spain, Latvia, Malta, Slovenia, Slovakia, Sweden and Iceland.

unemployment. However, in other countries <sup>(66)</sup>, the proportion of self-employed young people fell during the years of the crisis as well as afterwards.

People's stated intentions to start a business are analysed in order to reveal the entrepreneurial potential of a population. Figure 3-V shows that young people (18-34 year-olds) tend to express more entrepreneurial intentions than the older adult population (35-64 year-olds). In almost all European countries with available data, the percentage of the youth population who are latent entrepreneurs and who intend to start a business within three years is much higher than among adults. The proportion of young people who would like to set up their own business is especially high in Estonia, France, Croatia, Latvia, Slovenia and the former Yugoslav Republic of Macedonia. In these countries, more than 25 % of young people (who are not yet involved in any stage of entrepreneurial activity) declare they would like to start a business within three years. The proportion is also high (between 20 and 25 %) in Cyprus, Hungary and Portugal. In contrast, few people aged between 18 and 34 (less than 10 %) express entrepreneurial intentions in Bulgaria, Spain, Slovakia and the United Kingdom.

**Figure 3-V:** Proportion of young people aged 18-34 who would like to set up their own business compared with adults aged 35-64, by country, 2017



*Notes:* The Figure shows the 'Entrepreneurial Intention' variable: the percentage of the population (individuals involved in any stage of entrepreneurial activity excluded) who are latent entrepreneurs and who intend to start a business within three years.

2016 data for Hungary, Austria, Portugal, Finland and the former Yugoslav Republic of Macedonia.

*Source:* Age break down provided by the Global Entrepreneurship Monitor (<http://www.gemconsortium.org/data/key-aps>)

<sup>(66)</sup> Denmark, Germany, Ireland, Croatia, Italy, Hungary, Austria, Portugal, Norway, the former Yugoslav Republic of Macedonia and Turkey.

## CONCLUSION

Young people entering the world of work usually experience multiple and often protracted transitions between education, labour market and/or inactivity. On average in Europe, the cut-off point when more people are in the labour market than in education is age 22. People aged 15-19 are rarely employed and, where they are, it is usually in part-time student jobs, combining employment and education. In Europe, every other person aged 20-24 has a job. Three quarters of them work full-time. The activity rates of people aged 25-29 are close to those of the prime working age population. However, the proportion of unemployed young people in this age group (as well as those aged 20-24) is higher than that of the prime working age group.

In the majority of European countries, youth employment rates mirror those of the adult population. High proportions of young people are in employment in those countries where adult employment rates are high and vice versa. However, the quality of jobs and job security might differ. A much higher proportion of young employees have temporary or fixed-term contracts compared to the prime working-age population. Moreover, a higher proportion of young employees also work atypical hours (shifts, evenings or weekends). In contrast, few young people have set up their own business and even fewer employ others.

On average, in Europe, unemployment in both the youth population and the prime working age population has been decreasing since the height of the economic recession. Since 2013, there are 1.3 million fewer jobless young people in the EU. Young men and people with lower levels of education are suffering more from unemployment. However, in some European countries, especially in southern Europe, educational attainment and qualifications do not give as much protection from unemployment as they do elsewhere.