



# Overview of the 2010 Youth Monitoring Yearbook “Youth and the Labour Market”

In this document you will find a short summary of the 2010 Youth Monitoring Yearbook. The full text of the Youth Monitoring Yearbook in Estonian is available at [www.noorteseire.ee](http://www.noorteseire.ee)

The Youth Monitoring Yearbook is an analytical and detailed publication on the situation of youth in Estonia. It reflects the most significant changes that have taken place in the lives of young people and creates a basis for knowledge-based policy formation in specific fields related to the lives of young people.

The 2010 Youth Monitoring Yearbook focuses on youth employment. It tackles issues regarding the access to the labour market; ensuring their employability; working conditions and labour market support measures.

The yearbook is divided into two parts. The first part provides an overview of the developments in young

people's lives in 2009 and 2010. Significant changes and developments regarding young people are underlined through the comparison of selected youth policy areas. This helps readers to familiarise themselves with the changes in the lives of young people in 2010 and enables us to evaluate the development trends in the most important youth policy areas. The second part of the yearbook takes an in-depth look at the entry of young people into the labour market, their coping in the labour market and the efficiency of support measures that address young people. Below is a short overview of the topics tackled in the yearbook.

The Estonian Youth Work Act states that young people or youths are people aged 7–26 years. As of January 1, 2010 there were 330 155 young people living in Estonia, which was 24, 6% of the total population.

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Young people are among the most vulnerable social groups when accessing the labour market. Employers often want employees to have prior work experience, which young people do not have. However, if due to their inexperience, they do not find a job, they enter a vicious circle: no work experience - no job; no job - no work experience. This problem is exacerbated by recession, when companies are looking for ways to save money and raise production efficiency. Therefore, as youth unemployment rose during the economic crisis, Estonia became one of the countries with the highest youth unemployment rate in Europe in 2010. Youth unemployment affects a person's development perspective to a large extent and raises their unemployment risk for the rest of their life. Therefore it is vital to find fast and efficient solutions to youth unemployment in order to avoid its negative effects in the future.

In 2010 there were an average of 23 400 unemployed young people aged 15-24. The last years have seen an exponential growth of the proportion of young people, who are not in education, employment or training. By the end of 2010 youth unemployment rate, i.e. the proportion of unemployed among young people actively participating in the labour market, reached 50%.

It was caused both by the general fall in employment brought about by the economic crisis, but also by the fact that people born during the baby boom of the Singing Revolution were entering the labour market. Long-term youth unemployment is also on the rise. However, there is also a positive trend: the activeness of young people has not diminished.

A factor that contributes a lot to becoming unemployed is a lack of specialist education (e.g., 36% of the unemployed young men have only basic education), but unemployment is also high among people entering the labour market for the first time (39% of the unemployed have either just graduated, do not have prior work experience or have dropped out of school), which shows that employers look for experienced staff with specialist training.

Therefore, it is important to ensure that young people had sufficient specialist education/training for accessing the labour market. The inclusion of work experience and traineeships in the learning process should also be valued more. The latter should be done increasingly in co-operation with employers in order to ensure that young people's education and training meet the actual needs of the labour market.

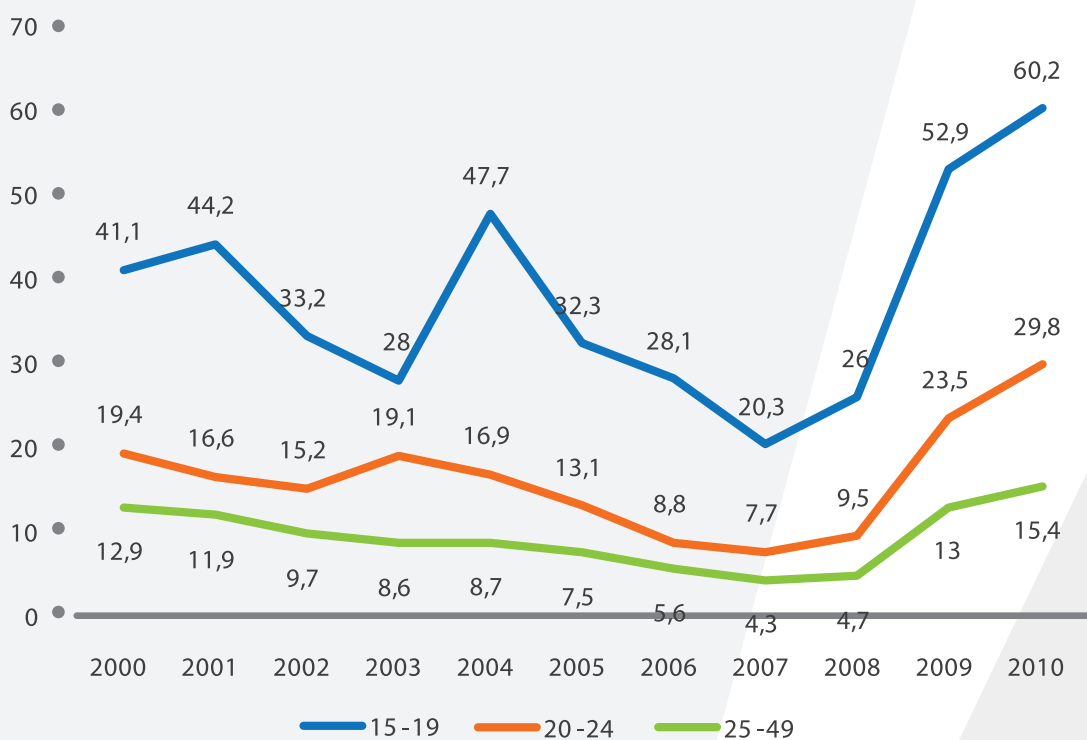


Figure 2. Unemployment rates by age groups, 2000-2010, %

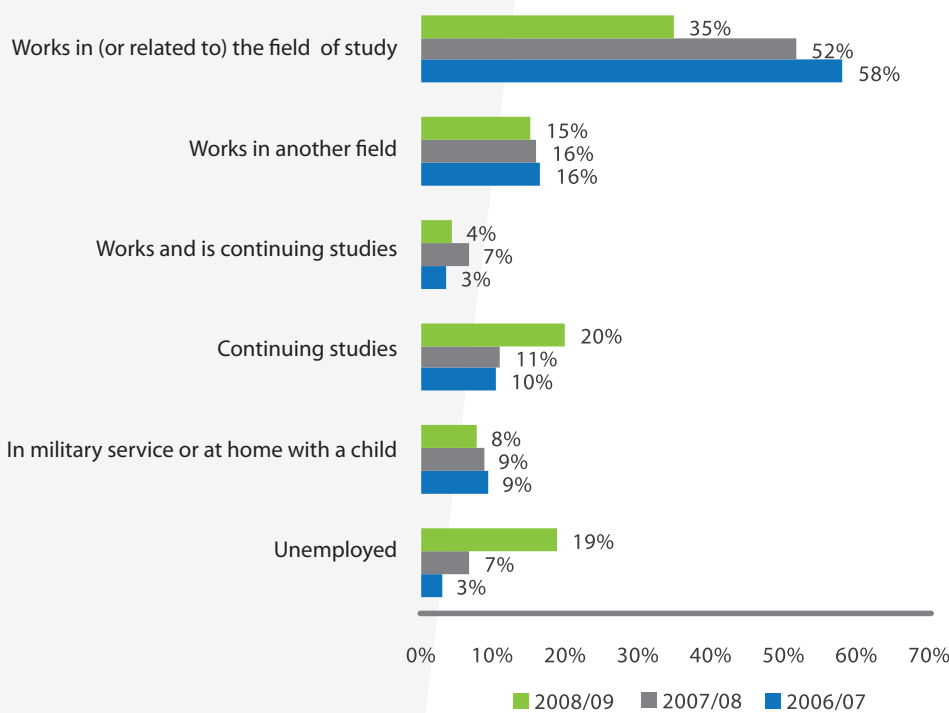
As having prior work experience is increasingly important in finding a job, one of the chapters of the yearbook is dedicated to combining university studies and work. Working during the studies is becoming increasingly popular among the young people in Europe in general and also in Estonia. Working university students have criticized higher education in Estonia for its excessive focus on theory and little emphasis on skills development during the learning process. Students decide to work while studying because the education does not meet their developmental needs, because they need work experience or due to financial reasons.

It is not worthwhile to restrain students from working while studying. Rather, it is better to facilitate a solution, where the positive impact of combining activities is preserved and the negative consequences are alleviated. For that reason the career education system should be developed further and harmonised at the upper secondary school level and during former education, so that students develop a clear understanding of the educational options, curricula and structure, study methodologies and outcomes. The study programs should be more flexible and offer both full and part-time study options. It is important to differentiate between the intensity and burden of the two latter categories and avoid unfavourable conditions being entailed in part-time study (e.g. being denied a student loan). The promotion

of traineeships, integration of professional experience into studies and tighter cohesion of students to the learning process through various measures of active learning would probably motivate students to participate in their studies more actively, enhance satisfaction and perceived benefit when entering the labour market.

An increasing number of employers admit that there is more and more demand for skilled workers, compared to unskilled workers. Young people without professional training face increasing difficulties at finding a job. As a result of complex automated production processes companies do not need so much labour force anymore; however, now they have higher requirements for employees' qualification. More and more attention is paid to employees' professional knowledge and their ability to apply it in actual work situations. Vocational education plays an important role in preparing young people for the entry into the labour market.

Nevertheless, it must also be taken into account that specialist education does not guarantee a job. Feedback provided by graduates of vocational schools six months after graduation shows that the proportion of graduates employed within the first six months out of all the graduates has fallen from 78% in 2007 to 54% in 2009. Professional jobs were held by only 35% of the graduates (see Figure 3).



**Figure 3. Employment of vocational school graduates six months after graduating, 2007-2009 (% of the total number of graduates)**

Source: Ministry of Education and Research, 2010

There is also the positive trend that due to recession the number of people continuing their education has increased. The outlook of the graduates of vocational establishments has predominantly deteriorated, yet the results of various curriculum groups vary greatly. For example, the graduates of architecture and urban planning, hairdressing and beauty care, forestry, audio-visual and other media have been relatively successful during the past three years. It is important to note that the graduates of these specialties also find a professional job more frequently compared to the average. The graduates of home service, construction and material industry (incl. carpenters and wood processors) are less successful than the average. Despite the lows experienced during the economic boom the agriculture industry can be expected to have more jobs in the future. On the one hand organic farming and the demand for it is on the rise, on the other hand its labour force is ageing and a generation change is expected. In the near future there will definitely be enough demand for skilled graduates of technology, who are able to use numerically controlled machine tools, set modern production lines and do electricity and metal works. Among the “softer”

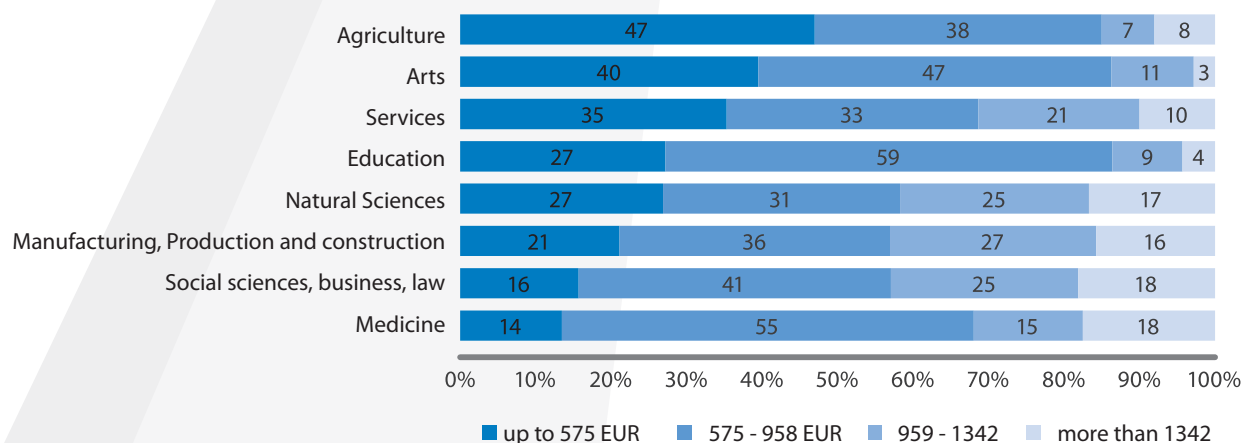
specialties social care and beauty care will be the safest bets for finding a job.

There has also been a lot of discussion about too many business managers and administrative managers being trained in Estonia. It is interesting to look at the employment of university graduates on the basis of this information. Examining the results of the graduates of 2009 entering the labour market it appeared that a year after graduation 80% of the graduates were working, which is a remarkably higher score than in vocational education. Only 5% of the graduates were unemployed on the basis of the questionnaire. Studies carried out by the University of Tartu confirm that people, who have been studying the specialties popular among students (business, social studies, etc.), are more successful in entering the labour market. Unlike in vocational education, the graduates of agriculture studies have difficulties at finding a professional job, which could be caused by low salaries of this industry. It is also remarkable that many graduates of science and engineering, manufacturing and construction do not hold a specialist job (see Figure 1).

**Figure 1. The proportion of graduates by their field of study agreeing with statements about why they do not have a specialist job (%)**

Field of Study	Did not find work in studied field	Was working in this position already during studies	Salary and other working conditions are better	No work in my field of studies near my place of residence	The current job is more interesting
Education	53	89	58	50	18
Humanities and arts	75	50	68	52	39
Social sciences, business, law	69	52	45	46	31
Natural sciences	70	43	67	55	36
Manufacturing, production and construction	84	52	40	46	45
Agriculture	91	46	73	73	36
Health and welfare	57	50	89	54	39
Service	90	66	46	62	34

Comment: the proportion of people that answered “agree completely” and “rather agree”



**Figure 4. Gross income in euros by field of study (% of employed graduates)**

The amount of future income largely affects the choice of the education establishment and specialty. The graduates of health and welfare, social sciences, business and law will probably have higher salaries; whereas the graduates of agriculture, humanities and arts will have below-average salaries (see Figure 4).

Thus, so far young people's decisions about higher education have been pragmatic and they choose specialties that guarantee them a job and a more likely higher salary. This should be taken into account by policy-makers: we need more engineers and technical scientists to guarantee the technological development of the economy, but we also need employers, who provide valuable graduates a job worthy of their training and an income respective of their contribution. Perhaps it is time to consider a more combined educational model that complements basic education of scientists by entrepreneurship education and management skills, which results in an enhanced capacity of scientists to apply their ideas and skills in the business context.

Besides employment and income young people also regard working conditions and environment as important. The chapter on young people's work life quality looks at ways Estonian youth can have a say about their working environment and views the extent to which Estonian employers take young people's opinion into account. Unfortunately it appears that young people have remarkably fewer possibilities to have a say about their working conditions or discuss their problems with their managers than their more senior colleagues. The young had especially little chance to influence the division of duties between employees; choice of work partners,

project deadlines and work schedules. Above all they could influence work speed, work methods and the order of duties. 25% of employed young people have felt being discriminated against at the workplace, which is 3% less than in the age group of 25-49 years. The largest number of problems is experienced in remuneration and recognition of work. The average salary of young people is often lower than that of employees aged 25-49 years, which again confirms that work experience is important for the employer (see Figure 2). The personal relationship with the direct manager/s, which is usually more clear-cut for people with longer work experience, is considered the main basis for discrimination. Age is also mentioned relatively frequently.

**Figure 2. Experiencing discrimination compared to other employees, by age groups, %**

	15-24	25-49	50-74
Remuneration	20	15	10
Promotions, career opportunities	8	5	2
Division of tasks	15	13	6
Sharing work-related information	5	12	8
Attitudes of colleagues or managers	8	11	4
Work recognition	19	9	6

Source: Statistics Estonia, study on working life

To some extent it is inevitable that young people are included less and have less influence on work-related decision as they, as a labour force, are just obtaining skills and practices and it takes time to become an expert. Yet, discrimination is not justified by any account.

If young people find it difficult to enter the labour market independently, they can also use a number of support measures offered by the Estonian government, which are designed to help them find a job more easily. The chapter addressing youth labour market services provides an overview of labour market services, which address youths, and the efficiency of the services. In Estonia the Unemployment Insurance Fund (Töötukassa), where a rising number of young unemployed are now turning to, helps young people through labour market services and subsidies. Whereas in 2006 only 12% of young unemployed turned to the Unemployment Insurance Fund, in 2009 this percentage rose to 46% (see Figure 5). Estonian Unemployment Insurance Fund



**Figure 5. Unemployed, who have turned to the Unemployment Insurance Fund, by age groups (%)**

Source: Statistics Estonia, calculations of the author

The Unemployment Insurance Fund has not developed labour market measures that specifically address youth, but some measures are more appropriate for the young unemployed than others. These services include career counselling, traineeships, salary subsidies and labour market training courses. Unfortunately it is not yet possible to assess, which services have supported youth the most at accessing the labour market and which service combinations work better than others. For that reason labour market services' efficiency must be regularly assessed and observed, which is not yet done. An important prerequisite for assessing the efficiency of labour

market services among young people is improving data accessibility – often there is no accessible information about how much and in which labour market services the young unemployed participate. Today this data is in the Unemployment Insurance Fund's registry, but it is not publicly accessible. At the same time access to such data is vital, so the necessary parties, which at present do not have access to the databases of Unemployment Insurance Fund, (organisations dealing with young people, officials in ministries who work on youth issues) would have an up-to-date overview of the decisions of young people regarding the use of labour market services. This would enable more flexible conclusions about the areas where young people need additional funding and which additional activities should be targeted at the youth.

Youth employment problems are often connected to education issues. There is a need for cohesive coordination between labour market measures and the education system. As young people's educational career cannot be considered terminated, it must be possible to move smoothly from education to the labour market and vice versa.

In addition to labour market services the protection provided by the Unemployment Insurance Fund through passive measures is important for young people. As the young often do not have prior work experience, they are not eligible for the unemployment insurance benefit, which requires prior experience. An alternative to this is the unemployment allowance, which is also frequently used by young people. However, the present rate of unemployment allowance is low and during periods of unemployment does not offer significant protection against poverty.

Besides labour market services and formal education an increasing role in youth employability enhancement is played by non-formal education or in other words, youth work. The employment topic of the Youth Monitoring Yearbook sums up the role of youth work at ensuring employability. Participating in youth work enables them to develop individual knowledge and skills, grow social capital and develop social networks. As the study on university graduates shows, personal offers and contacts play a significant role in finding a job. This shows the importance of network-based cooperation when accessing the labour market. Unfortunately, although youth work structures are well-developed in Estonia, there is not

enough information for drawing conclusions about the efficiency of youth work at enhancing employability. Therefore, we do not know whether participants of youth work are active young people, who would not have problems with accessing the labour market even if they had not participated in youth work, or whether participating in youth work helps risk groups access the labour market.

In conclusion it must be said that the best way to avoid youth unemployment is to ensure appropriate education with practical work experience to young people. The latter may be obtained both by working while studying and through curriculum traineeships. Unfortunately, it must also be said that although support measures and structures for the enhancement of youth employability have been sufficiently developed in Estonia, in the form of Unemployment Insurance Fund and non-formal education, we still do not know how efficient and appropriate they are for the target group of young people. In other words, it is not clear which measures and activities help young people prepare to enter the labour market better than others. We also do not know which kind of help the young are currently lacking.

