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## **ДЕТЕРМИНАНТЫ ПОЛОЖЕНИЯ МОЛОДЕЖИ НА РЫНКЕ ТРУДА**

*Аннотация.* Основной целью статьи является рассмотрение факторов, определяющих положение молодежи на рынке труда. Гипотеза статьи: относительно высокий уровень безработицы среди молодежи определяется как факторами спроса, связанными с работодателями, так и факторами предложения, связанными с молодежью. В статье охвачены критерии определения социальных групп молодежи, детально рассмотрены термины «молодежь» и «выпускник». Детерминанты экономического положения молодежи на рынке труда разделены на две группы: связанные с предложением либо со стороны спроса на рынке труда. Представлены современные теории рынка труда, для объяснения положения молодежи на рынке труда. Впоследствии представлены статистические данные относительно трудовых ожиданий молодых людей и безработицы. Показаны результаты опросов общественного мнения относительно ожидаемой заработной платы, проведенных среди студентов в Познанском университете экономики и бизнеса в Польше, а также в Иркутской области в России. Проанализирован уровень безработицы среди молодежи в России и Польше в 2008-2017 годах.

*Ключевые слова:* молодежь, рынок труда, безработица, ожидания, заработная плата.

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## **DETERMINANTS OF THE SITUATION OF YOUTH IN THE LABOUR MARKET**

*Abstract.* The main purpose of the article is to consider demand-side and supply-side determinants of the situation of the youth in the process of the economic activation. The hypothesis of the article is following: relatively high unemployment level among the youth is determined both by the demand factors connected with employers and by the supply factors associated with the young people. The structure of the article is as follows. In the beginning the criteria of defining the social groups at the young age were covered and the terms: “the youth” and “graduate” were conceptualised in detail. Next the determinants of the economic situation of the youth in labour market were classified into two groups: either connected with the supply or with the demand side of the labour market. Afterwards contemporary labour market theories were presented to explain the relatively worse situation of the youth in the process of economic activation. Subsequently statistical data on earning expectations of the young people and unemployment were presented. The results of public opinion surveys about the wage expectations carried out among students in the Poznań University of Economics and Business in Poland, but also in the Irkutsk region in Russia were shown. In turn, the youth unemployment rate in Russia and Poland in 2008-2017 were pictured and analysed. At the end recapitulation was presented.

*Keywords:* the youth, labour market, unemployment, expectations, wages

### **Introduction**

The major goal of the paper is to consider demand-side and supply-side determinants of the situation of the youth in the process of their economic activation. The pondering has the theoretical and empirical character. The hypothesis is as follows: the relatively high youth unemployment rate is determined both by the demand factors connected primarily with employers and by the supply factors associated with the young people. The spatial scope embraces Russia and Poland. The time extend refers to the years 2008-2017. The period of analysis starts from the global economic crisis time up to the most recent up-to-date statistical data.

The remainder of this article is structured as follows. At first the criteria of defining the youth and the essential terms were conceptualised. Then the demand-side and supply-side determinants of the economic activation of the youth in the labour market were discussed. In turn contemporary macroeconomic discrimination theories were interpreted to explain the relatively worse situation of the young people and the graduates when entering the labour market. Subsequently statistical data were analysed. The results of public opinion surveys carried out among students of the Poznań University of Economics and Business in 2007 and 2013 were shown. Afterwards the analysis turned to the youth unemployment rate in Russia and Poland in 2008-2017. Recapitulation was presented in the last section.

#### Conceptualisation of the youth group

There are various criteria of defining the youth group. The demographic parameter is connected with the age ranges and used by the statistical offices. The age ranges differ among various statistics offices. The legal criterion is used in juridical acts, especially within the labour code, where the age of discretion and potential economic activation are presented in detail. According to the type of economic activity we may distinguish: the economically active and non-active, the employed, the unemployed, the learners. These groups are not separate because a young person may be economically active and an extramural student as well. The stage of education is the next parameter according to which we can mention the graduates who are often regarded as one of the most problematic group in economic activation.

Generally in literature we use various notions as the youth, graduates, the young people, the young generation [Kryńska and Poliwczak 1999, p. 9]. In the context of crossing the border between education and labour market the term of graduate is very important. In the narrow sense graduate a person who has received a degree or diploma on completing a course of study, in a university, college, or school (usually until a year after finishing a school) [Cambridge Dictionary 2018]. In the broad sense we use the notion of the youth which means people at the age range of 18 through 25 (27 — the university level). This group comes across some difficulties in the process of the economic activation. Because of the problems in the labour market we may maintain that graduates and the youth face discrimination which is understood as unequal treatment according to the young age. Therefore discrimination may be considered as one of many barriers of the economic activation. Among symptoms of discrimination against the youth we observe higher level of the unemployment rate among them in comparison to the generation in total [Kalinowska-Sufinowicz 2017, p. 179-181].

It is worth noting that economic activation is comprehended as incorporating the individuals to the labour force. We can also claim that the youth is in the process of crossing from the education system to the labour market. This process is determined by demand-side and supply-side factors in the labour market.

#### Demand-side determinants of situation of the youth

Demand-side factors of the situation of the youth in the labour market pertain mostly to employers and functioning of the companies. Their strategies in the employment sphere are crucial. Among the relevant aspects we may state: the rules of recruitment, selection, adaptation, trainings, and displacements. The situation of the graduates strongly depends on employers' beliefs about them. It is related to the entrepreneurs' experience in employing the young people in their past. If it is positive then usually the employers' attitude is also beneficial to the group of the young people. But if they have rather negative experience then they may avoid employing the youth to their companies. The single trade union's interests, technology and work organisation affect the chances for being employed by the youth. The rules of functioning of labour market play also the important role. Companies work differently according to the socio-economic system, but also legal regulations pertaining graduates in the country [Reszke 1991; Kalinowska-Sufinowicz 2013, 2016].

#### Supply-side aspects of the graduates' economic activation

Supply-side determinants of the graduates' economic activation relate primarily to the youth. First of all, socio-professional and demographic traits are pivotal in the process of the economic activation. The situation of the young people differs according to the level and the profile of education in the context of the adequacy to the regional and local labour markets. Headhunters point to the existence of the distinction between hard and soft skills among the young people with the pressure on their stress resistance (or rather lack of this quality). The major variable is professional experience of the youth or rather the lack of work experience. If we add the frequent unrealistic graduates' expectations for the earning level, the type of contract, and work character we obtain the severe reasons for the relatively high unemployment rate among the young people in many countries all over the world. Moreover the graduates lack of a professional self-consciousness. They oft-times don't know who they want to be in their future professional lifetime. The situation of the youth in the labour market

is also determined by the graduates' traits. In globalised world the knowledge of foreign languages is often the key to get a job. The positive feature is that the youth usually are characterised by high aspiration, creativity and imaginativeness [Reszke 1991; Kalinowska-Sufinowicz 2013].

#### Contemporary labour market theories and the youth

The difficult situation of the youth may be the result of discrimination against them in the labour market. The chosen contemporary labour market theories may explain the reasons of higher unemployment among young people.

The prejudice models were presented by G. Becker in his doctoral thesis, titled *The Economics of Discrimination*, published in 1957 [Becker 1971]. According to Becker's models employers, employees or consumers have a taste for discrimination. He analysed discrimination against the black Americans, but he mentioned that the prejudice models may be applied also to the other discriminated groups. The employers have a taste for discrimination against the youth [Becker 1971, p. 39-42]. It may be manifested in an avoidance of employing the young workers. In the result we observe the higher level of unemployment among the youth. In turn employees may avoid situation in which they have to interact with the youth [Becker 1971, p. 55-58]. The main reason may rest in the lack of experience among the youth and the possible vision of doing double work by the "old" employees (their own and after the young person). The consumer discrimination manifests in the customer-facing industries. It exists because the consumers prefer dealing with the highly experienced workers to the beginners [Becker 1971, p. 75-81]. We can imagine being served by a dentist who starts his/her work and who is the experienced one. Most of us will naturally choose the last one.

Human capital theory were developed by G. S. Becker, C. Goldin, J. Mincer, S. Polachek and the others [Polachek 2004]. Human capital is understood as the stock of skills, knowledge, embodied in the workforce [Każmierczyk 2011, p. 51]. This stock may be either developed or depreciated. When the young people are unemployed then their human capital depreciates. Furthermore, the graduates have no chance to perpetuate their knowledge and to develop their skills.

In concordance of the idea of dual labour market, presented by M. J. Piore and P. B. Doeringer in 1971, and developed also by D. Gordon in 1974, the labour market is divided into two sectors: the primary and the secondary one [Cain 1976/2001, p. 1222-1223]. The primary market offers jobs with high earnings, good working conditions, employment stability, equity and significant chances for advancement. The secondary market has jobs which relative to these in the primary sector are less attractive. These jobs are incident to low earnings, poor working conditions and very little opportunity to advance. Individuals are segregated into two sector of the labour market. The youth find usually a job in the secondary market.

The theory of statistical discrimination was explicated by L. Thurow (1974), D. Gordon (1974) and R. Edwards (1975). The phenomenon of statistical discrimination is the result of the fact that employers do not have perfect information about the potential productivity of a candidate applying for a job. Having various abilities to predict the real productivity of the young people, the employers assume that the youth are less productive in comparison to the older candidates. It may affect the fact of accepting or non-accepting a young candidate for a job [Adnett 1996].

#### Statistical data

Wage expectations. The relevant barrier of a successful economic activation of the youth is not realistic expectation of high salary at the first job. According to the results of surveys carried out among students of the Poznań University of Economics and Business in Poland in 2007\* and 2013\*\* the wage expectations differed significantly in comparison the reality of the regional and national labour market (compare figure 1).

It is worth noting that The Polish Agency for Enterprise Development [PARP 2012] published Study of Human Capital in Poland, but also Deloitte in 2013 [Deloitte Polska 2013]. These results of public opinion surveys held in Poland confirm the conclusion about too high wage expectations among young people. In turn according to the results from 2012 presented by С. Чернышов the young people in the Irkutsk region in Russia put the high level of earning on the first place even before the consistency of the speciality of their first potential job and their education path [Чернышов 2012].

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\* In 2007 the research sample consisted of 181 students (of 211 students embraced with the survey).

\*\* In 2013 the research sample was made up of 206 students (among 227 students involved in the survey).

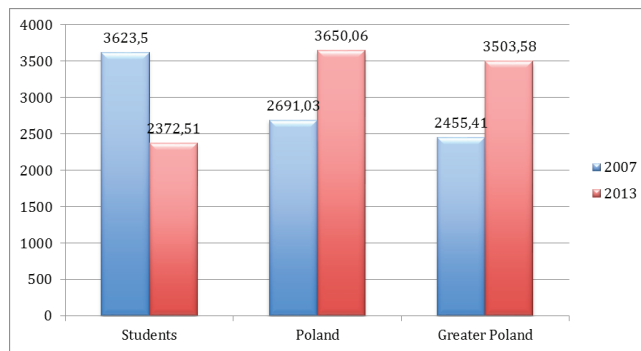


Figure 1. Wage expectations among students and the average earnings in the Polish and Greater Polish labour market in 2007 and 2013 (gross value, in PLN). Addendum: In 2013 — among students: minimum expectations. Source: [Results of own surveys; CSO 2014]

Unemployment rate

The most relevant challenge the youth face in the labour market is the problem with finding a first job. The unemployment rate among the youth is significantly higher than the corresponding ratio characterising the total population. The discrepancy is observed either in Poland or in Russia (compare figure 2).

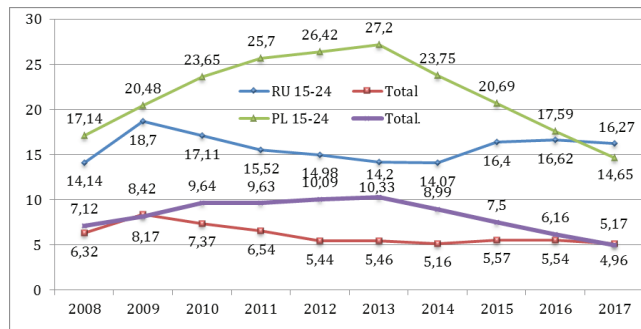


Figure 2. The youth and total unemployment rate in Russia and Poland in 2008-2017. Source: [Statista 2018]

The analysis may be also continued using the relation between the youth unemployment rate to the total unemployment rate in particular countries. According to this relation we may claim that the situation of the youth in the Polish and Russian labour market is relatively worse in comparison to the total population. It may be caused either by the supply-side determinants connected with young people or the supply-side determinants. The phenomenon of discrimination against the graduates may also play a considerable role in the process of their economic activation and entering the labour market.

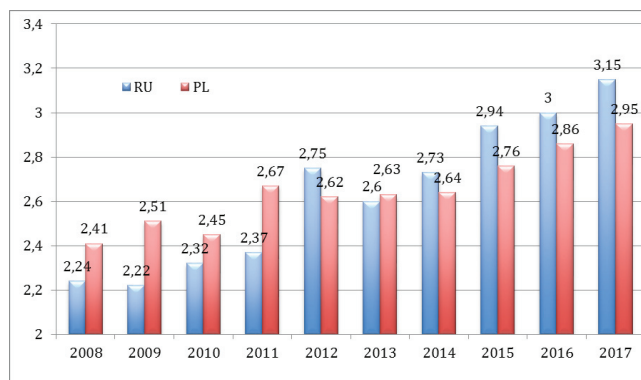


Figure 3. Relation of the youth unemployment rate to the total unemployment rate in Poland and in Russia in 2008-2017. Source: Own calculations based on: [Statista 2018]

### Recapitulation

The situation of the youth in the labour market is determined by various factors. We can divide them into following groups. The first group consists of demand-side determinants where we may primarily enumerate: employers' strategies in the employment sphere and their beliefs about graduates, rules of functioning of labour market. The second group of factors are accounted for supply-side determinants in which essentially such elements play the crucial role as: socio-professional and demographic traits of graduates, their professional experiences and wage expectations. It is worth noting that the difficulties in economic activation of the youth may be explained using the labour market discrimination theories. In this part of the paper prejudice models, human capital theory, the idea of dual labour market and statistical discrimination were generally interpreted in the context of situation of the youth. The labour market discrimination theories explain the situation primarily based on the employers' attitudes but also on the graduates features.

Statistical data show on the one hand that the wage expectations among young people are unrealistic and too high in comparison to the conditions of the labour market. On the other hand at least the twice (even three) higher level of the youth unemployment rate in comparison to the total population was observed either in Russia or in Poland in the years 2008-2017. The situation of the youth is unfavourable and what is worse it was continuously worsening in both analysed states.

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