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Comparative analysis

Youth unemployment in Czech Republic update 2019 - 2021

Author: Arnold Ponesz, EPIC non-profit

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Introduction

Positive conclusions from the preliminary analysis of the Czech youth labour market and overall labour and economic situation have suggested that Czech Republic has one of the best positions in the entire European Union to integrate young people to the labour market. This state however cannot be taken for granted, especially in situations like the unexpected pandemic or other global crisis, which could dramatically change the position. Czech Republic is among the countries which have had closed schools due to the governmental pandemic measures for the longest time (Seznam Zprávy, 2021), which suddenly might change the position of the Czech Republic as the youth labour market leader in the near future when this impact will be measurable and observable. The International Labour Organization is referring to the present youth as a „lockdown generation“ (International Labour Organization, 2020).

According to data from European Commission (2020), one in six of young people have lost their job in the European Union and the rest who have been unemployed are able to seek jobs only in some business fields. Similarly as for other countries within the European Union, most of the attention was drawn upon how to break the coronavirus outbreak and the lockdown of businesses, schools and other institutions within the educational chain were put into standby mode and probably the biggest victims will become young people preparing for entering the labour market.

A specific issue caused mainly by the pandemic situation is the complete lockdown of the business and social activities, including schools, which has caused that the education has continued virtually. Subsequently, another very important specific issue caused by the pandemic situation is that the students attending especially vocational schools had no access to practical part of the education which will cause that these young people will not have competitive advantage in the labour market and the employers might logically rely on employees with experience, including the workers from abroad. Also, this practical part of education is very important in relation to establishing work habits because young people have their own views and expectations of the working environment and the reality is often different, causing difficulties to adapt.

The pandemic situation has affected the youth also because of the fact that young people are a significant part of a workforce working in hospitality businesses. Given that the pandemic measures had direct impact on closing gastronomy, accommodation and tourism facilities, young people working in these business sectors were suddenly put into position which did not allow them to work and gain experience (European Commission, 2020).

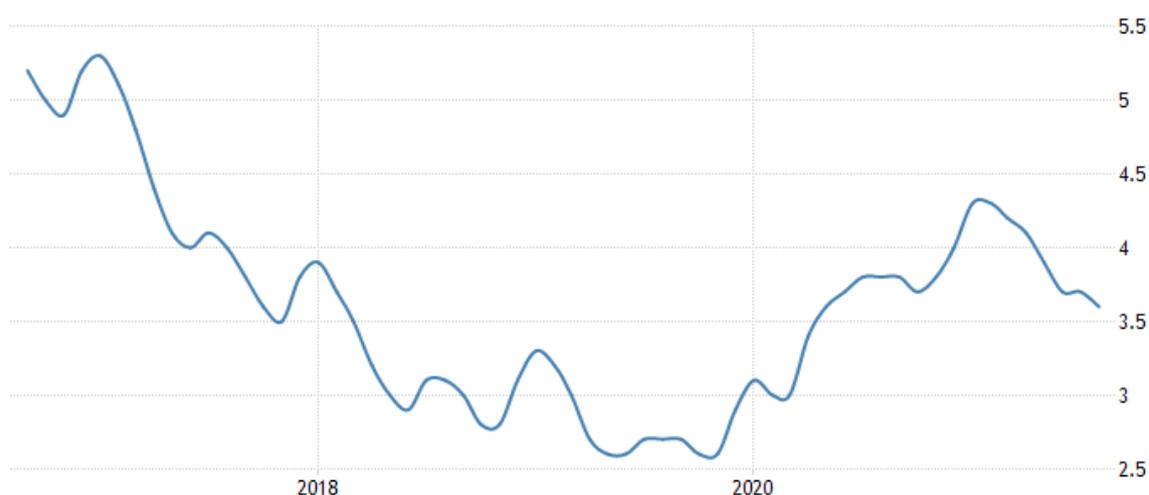
If we take into consideration the opinion of experts that the labour market will drastically change as some of the current work positions will vanish and new will emerge, those students now studying fields of studies which are at risk of vanishing, will not even have a chance to gather experience necessary for adaptation for the new era.

Until now, we are still not able to analyze properly and to full extent the real impact on the youth employment which the pandemic will cause, however the presumption is that the damages will be severe. Due to regional inequalities, access to education and unavailability of tools for virtual education, including Internet connection and devices, future generations of young people might suffer from unpreparedness and lack of competitive advantage on the labour market. Even if the situation of the youth employment would be plausible, meaning that the percentage of the youth unemployment would be lowering and that youth would possess the necessary skills to entry labour market as well as to adapt to changes, there can still be unexpected situations which would come up during a crisis such as the pandemic.

Youth unemployment

As similarly in other EUR countries, also the Czech Republic has experienced a certain rise in the unemployment rate which logically had impact also on the unemployment of youth. However Czech Republic still has the lowest unemployment rate in the European Union and the rate has risen to about 3,5% during 2021. (Úřad práce, 2021). The best ratings belong to Czech Republic also in the youth men's category between 20 and 34 years and at the same time the unemployment rate for this category for women is higher however the statistics do not take into account the maternity and parental leaves (Seznam Zprávy, 2021).

Figure 1: General unemployment rate in Czech Republic



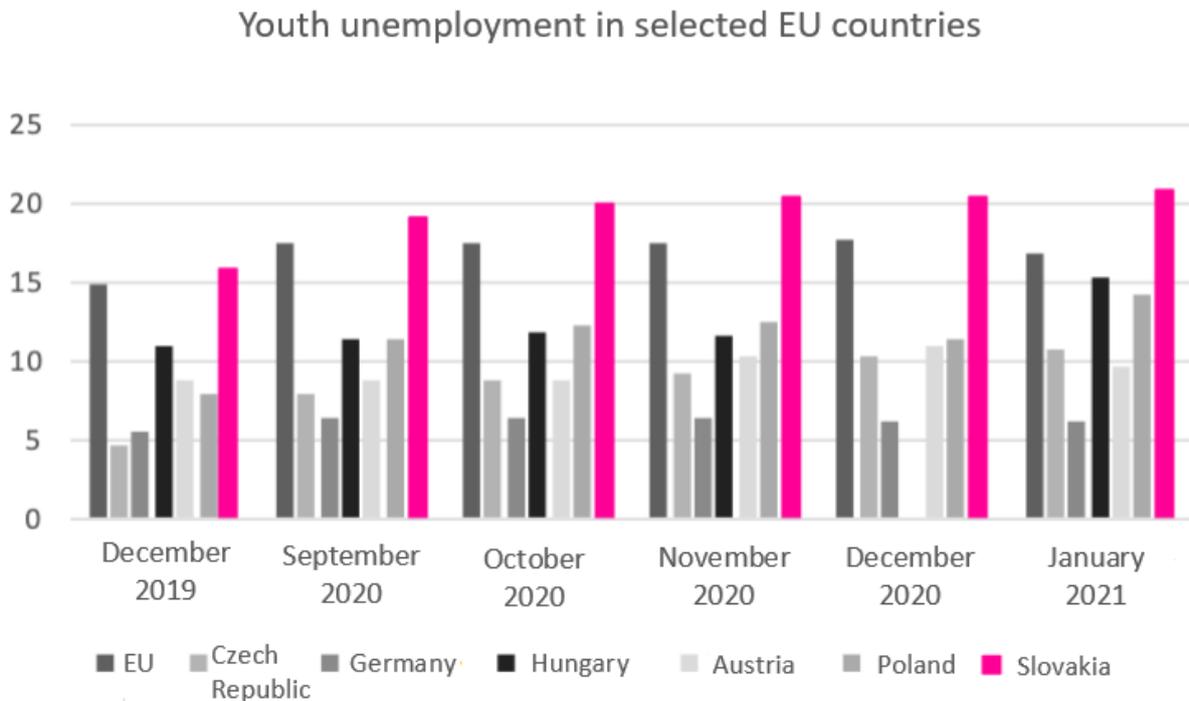
Source: *Tradingeconomics.com*

According to recent study (Beno, 2021), younger generations, especially the youth in the age range of 15-24 years, suffer the most from period of crisis. The covid 19 pandemic is not an exception. As explained previously, the higher unemployment rate in the younger categories of people is mainly caused by lack of experience. In the case of crisis situation, it is not only this. According to studies, younger people find it more difficult to cope with unexpected situations because they do not possess also personal lifetime experiences. According to job portal Profesia, the unemployment rate of people up to 24 years of age has dramatically risen by 30% compared to the data from last year (E15, 2021). Another statistics show that the unemployment rate of new high schools graduates from schools specializing in business, gastronomy and other services has risen almost twice as much in the past two years, however the numbers are not that dramatic compared to other European countries, and the percentage is about 6% (Čtk, 2021).

The impact in Czech Republic is not that dramatic, giving that the unemployment situation is among the best in the European Union, however the impact should not be undervalued in the future. Covid 19 pandemic had also direct impact on the young people in NEET category where the unemployment rate has risen in all measured categories by 1,2% in average in the EU (Eurostat, 2021).

The graph below shows a significant increase in youth unemployment also in Czech Republic.

Figure 2: Youth unemployment in selected EU countries



Source: Šimečka, Fishbone Vlčková, Šedovič (2021), Slovensko pre mladých – Riešenia po pandémie Covid-19

Note: The graph is displaying number of unemployed in thousands.

Note: Young people – up to 25 years

The graph below shows parallels with the global economic crisis in 2008, however the impact is not that significant.

Figure 3: Youth unemployment rate in Czech Republic, comparison with 2008



Source. *Tradingeconomics*

Legislation/Laws

The Czech Republic has introduced several socio-economic measures in order to prevent rise of unemployment. Some of the measures included program called Antivirus, which is more commonly known as *Kurzarbeit*, which is intended to compensate labour costs as well wage costs. Another measures included loan programs for entrepreneurs and businesses, extension of payments for sick leaves or remission of fines related to submitting tax returns (Office of the National Council of the Slovak Republic, 2020).

The Czech Republic has introduced an economic program which was intended to cover business losses and minimize the impact of the lockdown and has ended in the summer of 2021 (Covid portál, 2021) and based on the recent employment statistics, it can be concluded that the damages caused by lockdown were not that dramatic as in the economic recession of 2008.

In September 2021, the Ministry of Industry and Trade has introduced a complex National recovery plan, aiming to boost the socio-economic situation in the Republic and is divided into several pillars such as digital and green transformation, education and labour market, support of businesses or health and resilience of the citizens. In relation to the youth, the National plan counts with increase of digital knowledge and IT thinking of students. These measures are planned to help to integrate youth into the digital transformation and besides better preparedness for the labour market in the future, this step is also intended to increase innovation (Ministry of Industry and Trade, 2021). Furthermore, a general aim in the next years is to lower inequalities in access to quality education and to unleash the potential of all students, especially including the ones from disadvantaged regions and communities (Ministry of Industry and Trade, 2021).

Improvements in the educational system are further developed in a document called *Strategies of educational policies of the Czech Republic until 2030*, published in 2020, focusing on two main strategic goals, one of them being decreasing of social inequalities in education and the second being change of content of the education (Ministry of Education, Youth and Sports, 2020). One of the very important policy is emphasis on gathering vocational qualification and specific outputs include policies which would allow students, who have gathered practical experience but did not finish formal education, to recognize this gathered education, furthermore to increase the quality of practical education and support of career advisory at schools (Edu.cz, 2020). The aim of this initiative is not specifically tackling the issue of youth unemployment, however learning digital skills and change of education methods might help young students to become more competitive and better preparedness for the labour market. The fact that Czech Republic is among the countries which have had closed schools for the longest time, have emerged another governmental initiative called *National tutoring plan*, aiming to help to reduce negative impacts of online education (Edu.cz, 2021).

The Ministry of Labour and Social Affairs is aware of the disadvantage of young people and that the most common reason is lack of experience or insufficient education, therefore the *Strategic employment policy framework until 2030* is mentioning general measures such development of individual approach to disadvantaged people in the labour market including deepening of cooperation with other relevant institutions and organisations, effective targeting, networking and linking of tools and employment policies or capacity developments (Ministry of Labour and Social Affairs, 2020).

However specific and systematic measures or legislative actions aimed at keeping the employment of young people in general was not introduced since the breakdown of the covid-19 pandemic. The most relevant mechanisms rely on the Youth guarantee programme introduced by the European Union and their current extensions to minimize the impact of the pandemic. Partial governmental measures however have potential to reduce the negative consequences to youth employment.

The European Commission has launched a new package called Youth Employment Support (YES), which aims to give young people more opportunities for development. The emphasis of this package is to include youth employment policies into the green and digital transition. The European Commission has allocated 22 billion Euros on youth employment support and is now up to EU member states, including Czech Republic, to implement these investment opportunities. The member states are to enhance further the Youth Guarantee programs, implement vocational education and training which would be more attractive and would fit the green and digital economy, enhanced impetus for apprenticeships and additional measures supporting youth employment including start-up incentives, capacity building or young entrepreneur networks (European Commission, 2020).

Supporting mechanisms

The Employment department of the Czech Republic has introduced an initiative for supporting young job applicants (INICIATIVA) which is being realized from January 2020 and should continue until October 2022. The main aim of the project is to mobilize people with difficulties to be employed in the labour market, especially people younger than 30 years with cumulative disadvantages which affect their ability to be successful in the labour market. The project is specifically aimed at three regions with highest unemployment. The support includes entry interview based on which certain activities will be offered to the applicants, for example group consultations, motivational courses, emphasis on return to education process, requalification, trial jobs or mediated employment (Úřad práce ČR, 2021).

Recommendations

Czech Republic does not belong to the countries of European Union who are explicitly suffering from the high unemployment rate however the coronavirus pandemic has shown that unexpected volatilities can have immediate impact on youth employment. One of the very pessimistic outcomes of the pandemic is that students in Czech Republic spent the most days out of the education process due to the governmental measures aimed to reduce the spread of the virus. The inevitable result of missing classes for this long, especially for schools preparing students for vocational schools where the most important part of the education is the real practice which was not allowed during the governmental measures were valid, is that the young student will lose their competitive advantage in the labour market. For this reason, it is necessary and recommended to improve the virtual education processes, alternatively to prepare an educational plan which would include a combination of virtual and in-person education. To combine this and use experience from the ongoing project, an adaptation of a virtual job interview simulator trainings proved to be relatively effective and young people have shown positive responses.

The covid 19 pandemic has maybe showed also a new way of dealing with youth unemployment. Many countries, including Czech Republic, have experienced drastic governmental measures to stop the spread of coronavirus, resulting in many business fields, especially services, to use the option of home office. The pandemic situation has forced digitalization and use of digital tools in business to adapt quicker than expected. For this and for the future, young people could become the new leaders of the future, who can master the new digital challenges faster than more traditional and rigid employees. Therefore, teaching digital skills coupled with soft skills is another focused recommendation which could help young people to be prepared for new challenges and which could be beneficial also for the entire society as the youth of today is more resilient and more tech savvy.

According to many world class companies, skills which are the most desired or will be desired in the near future, are resiliency to stress, adaptability, team cooperation, critical and analytical thinking, creativity and problem solving. Giving that the young people are less rigid and used to changes than the older generation, their perspective to be successful in the future work placements is bright, in case they are provided the correct guidance (Kurzy.cz, 2021). Therefore another recommendation is directed to private companies organisations to support organisations who work with young people and help them to enhance competences of the future.

One of the recommendations which could be taken as a good practice example from other countries is career advisory, and especially online career advisory. Studies have shown that the services of career advisories provide young people guidance, information and experience which are not available in schools and the results is that young people are less vulnerable to leaving the education process (Euroguidance, 2020). A recommendation to transfer current career advisories to online environment and to enhance this practice has a high potential to mitigate consequences which have arisen from the current pandemic situation.

Recommendations for improving the youth unemployment situation to increase youth employment can be divided into several key levels:

1. Better connection and influencing employment and education levels in terms of national strategies and legislation
2. Connection of the area of employment and education
3. Cooperation with local employers during the education process
4. Better networking and direct cooperation among actors within regions, local structures, employers, self-government, public and state administration and NGO sector
5. Wide exchange of good practices on national and international level
6. Cooperation with the media on campaigns, publications, public awareness

There are also the concrete solutions, emerged directly as an outcome from the project activities, aimed to increase the youth unemployment:

- Preparation for the labor market as a field of study or school curricula
- Introduction of career counseling in schools
- Job tasting, job shadowing, dual education as new part of school curricula
- Reconciling education with the needs of practice - practical skills and experience - linking school and practice
- Cooperation between schools and employers
- Support for students' practical experience already during their studies
- Improving conditions for the employment of graduates and young people with disabilities
- Continuous raising of awareness of support mechanisms for the employment of disadvantaged young people
- Greater employer confidence in employing young people (also) with disabilities
- Support public awareness towards increasing employment of youth with disadvantages

Recent studies have shown that also in Czech Republic, the psychological health of young people, especially between 16 and 24 years of age is far from ideal, partly also because of the pandemic situation (Český rozhlas, 2021). Young people who have started a job and have experienced the unpleasant situation in businesses and have lost their job, need to rely on members of family or other sources other than state aid. From this, it can be recommended that an important part of the integration process, some kind of personal mentoring would be beneficial. One way of mentoring would be focused on guiding a young person to a desired path, gathering relevant skills and showing possible ways of gaining competitive advantage. Another way of mentoring would be focused on keeping healthy psychological state which is absolutely necessary for integrating a young person the work environment.

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