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EPIC non-profit Slovakia

# Comparative analysis

Youth unemployment in Slovakia update 2019 - 2021

*Author: EPIC non-profit Slovakia*

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# Introduction

Rather positive conclusions from the analysis undertaken at the beginning of the project in 2019, when some initiatives from the governmental, non-profit and commercial sphere have shown potential to boost the challenging issue of high unemployment of youth, which should also be one of the outcomes of this project to some degree, have been exposed to an unpredictable series of events caused by the coronavirus pandemic which caused that youth unemployment was not a subject of interest for about 1,5 years and will probably still cause further unprecedented damages. The International Labour Organization is referring to the present youth as a „lockdown generation“ (International Labour Organization, 2020).

An unplausible fact which is seen in correlation with the pandemic and youth unemployment is, that similar effects had the economic crisis in 2008, which suggests that governmental officials in Slovakia did not take effective measures to help young people in critical times despite a relatively recent experience.

A specific issue caused mainly by the pandemic situation is a complete lockdown of business and social activities, including schools, which had a very negative impact on young people from disadvantaged groups. General lockdown has caused that the education has continued virtually. Part of the students were however without access to online education, which in long term perspective will cause only further disparities in the labour market for the disadvantaged youth.

Another very important specific issues 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 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 this business sector 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.

Slovakia is among the European countries where the schools have been closed for the longest time (Denník N, 2021), meaning that the students did not gain only new knowledge, but also they were not able to gather practical skills, which causes that they are not able to gain any competitive advantage in the labour market.

The gap between the disadvantaged youth is becoming even more dramatic while the pandemic is still present. The realities of the Slovak education system have caused that the disadvantaged students, mainly those from less fortunate environments, were not able to adapt to the digital classrooms simply because of unavailability of technical equipment and internet connection (Poistenie.sk, 2021). This gap will most certainly develop further when the disadvantaged will lack the knowledge they should have developed currently. Therefore the group of disadvantaged youth which usually tends to be the most vulnerable, will not improve their situation during the pandemic.

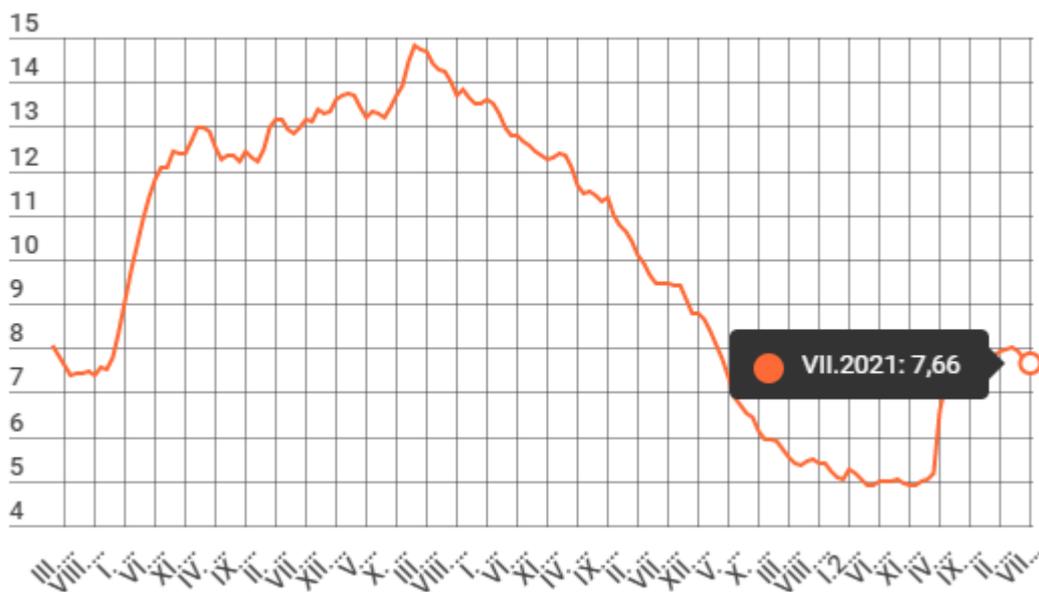
Even if the situation of the youth employment would be plausible, meaning that the percentage of the youth unemployment would be lowering and that youth would possess the necessary skills to entry labour market as well as to adapt to changes, there can still be unexpected situations which would come up during a crisis such as the pandemic. In this case the governmental counter measures were aimed to close the economy and in case of Slovakia this period of no „cash in“ for some of the business caused drastic personal cuts in businesses and the governmental economic support was not adequate, meaning logical rise of unemployment, including the youth. Youth however do not possess sufficient savings for the layover period. Some economic aid or social packages have been granted by the government for example for pandemic sick leave, pandemic aid for supporting a family member when ill, support aid to keep work placements. This however was not enough to keep the level of unemployment rate of youth at the same level and no aid was though specifically for youth. Furthermore, an economic analyses from the earlier times of the covid outbreakes have shown that conservative assumption is that the youth who are in today's educational process might lose up to 1% of net income due to the pandemic measures (MFSR, 2020), and the real value might be higher depending on duration of the pandemic.

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. Furthermore, statistics show that young people in Slovakia are less satisfied with the standard of living compared to the European average during the pandemic (Mladí info, 2020).

## Youth unemployment

Given that the covid pandemic has caused rise of general unemployment rate in Slovakia by more than 2% since 2019, in time of the beginning of the project, it had logically impact also on the youth unemployment rate and since this group of youth is more sensitive to economic volatility, the rise in unemployment has been more dramatic in comparison to the general population (Finweb, 2021).

**Figure 1: General unemployment rate in Slovakia**

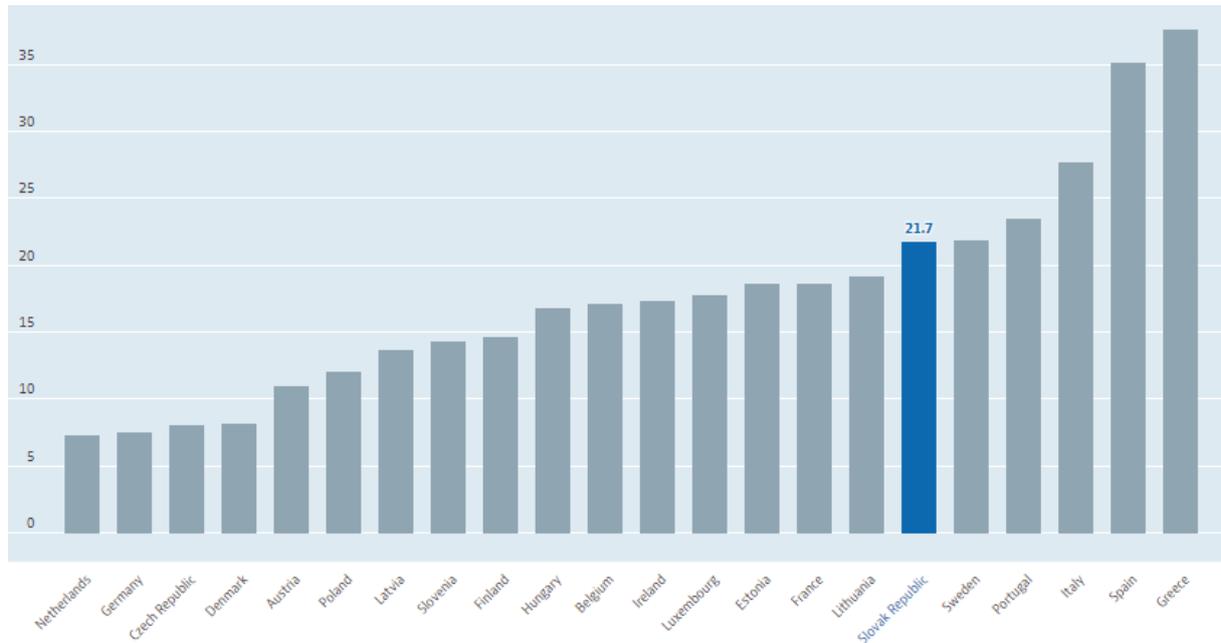


Source: Finweb

The unemployment rate in the age group of 15-24 years old has risen by more than 5% in the past two years (OECD, 2021).

**Figure 2: Unemployment rate in European Union 15 – 24 years old**

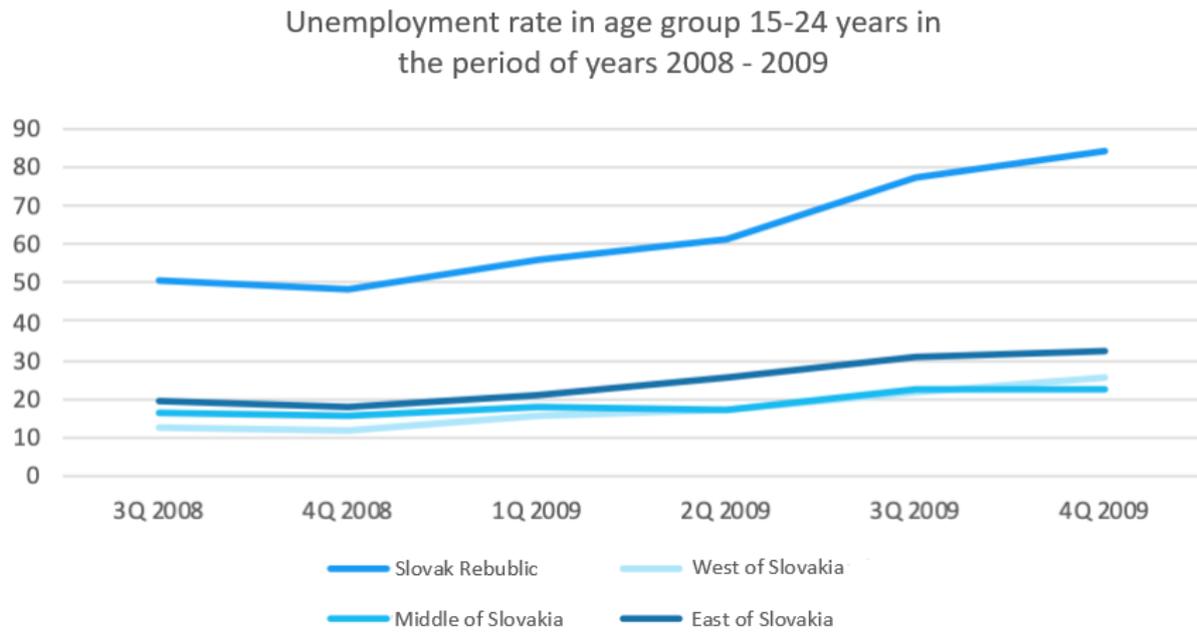
Unemployment rate by age group 15-24 year-olds, % of labour force, Jul 2021 or latest available



Source: OECD

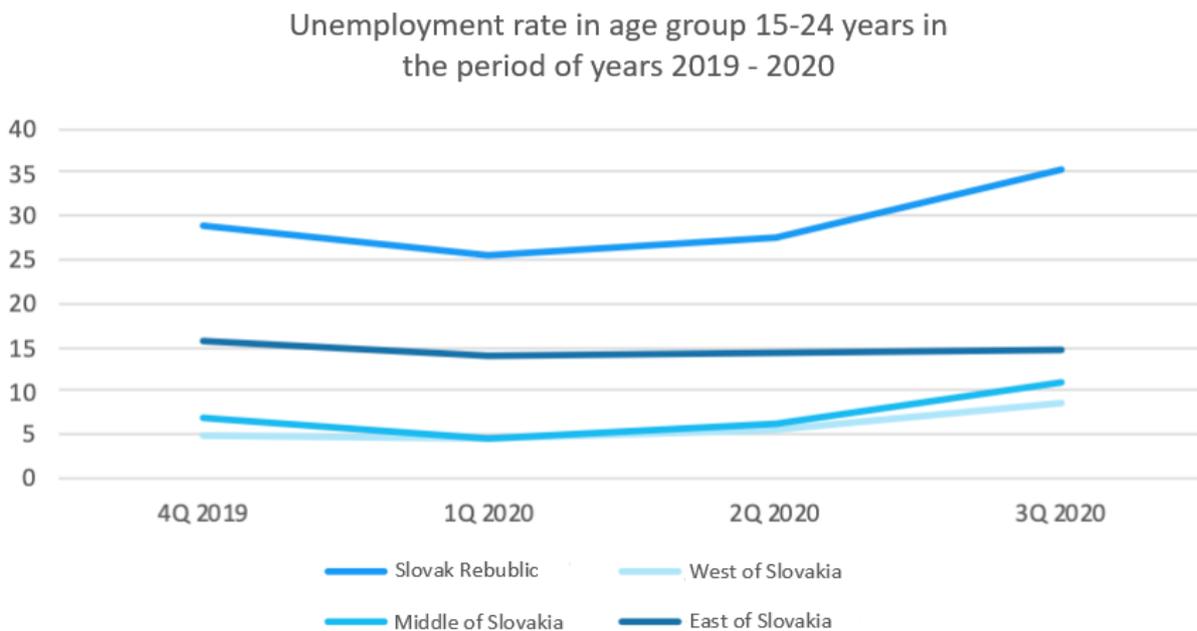
According to researchers and experts, there are parallels in rise of youth unemployment with the global economic crisis of 2008. The graphs below show parallel impact of the economic recession of 2008 and the current pandemic crisis. It is visible that the correlation of economic downturn has direct impact on the youth employment.

**Figure 3: Unemployment rate in the age group 15 – 24 years in 2008 - 2009**



Source: Šimečka, Fishbone Vičková, Šedovič (2021), *Slovensko pre mladých – Riešenia po pandémie Covid-19*  
 Note: The graph is displaying number of unemployed in thousands

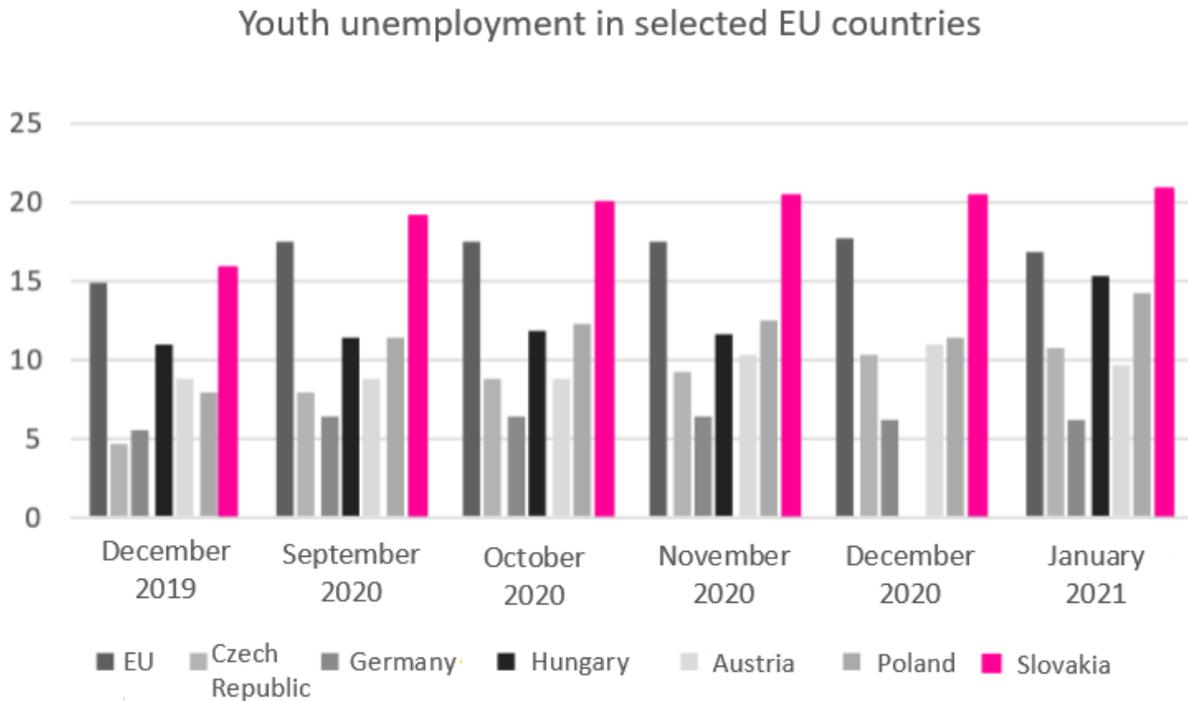
**Figure 4: Unemployment rate in the age group 15 – 24 years in 2019 - 2020**



Source: Šimečka, Fishbone Vičková, Šedovič (2021), *Slovensko pre mladých – Riešenia po pandémie Covid-19*  
 Note: The graph is displaying number of unemployed in thousands

The graph below shows that Slovak Republic is a country where difference of the impact of the pandemic has the most significant effect compared to the neighbouring countries.

**Figure 5: 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

Šimečka, Fishbone Vlčková and Šedovič (2021) also mention, that findings of the research lead by the Student council for higher education in cooperation with the Slovak accreditation agency for higher education show, that almost quarter of the students will need financial aid in order to continue their studies. Also, almost two thirds of the students have responded that pandemic has caused that they have lost at least partial income and half of the students have experienced more than two thirds of loss of income (Šimečka, Vlčková, Šedovič, 2021).

## Legislation/Laws

Young people who are already working after studies are still at the labour market for not a long time and often occupy unstable positions as part-time positions or internships. These positions are then logically the most vulnerable during the economic downturns. When the companies get rid these positions, young people tend not to have enough savings yet which could help them to financially survive unstable periods. Furthermore, it affects their contribution to the state social system.

Government officials in Slovakia have prepared several economic measures to help employers to keep work placements. Some of these measures included for example an aid to help cover rent for businesses, contribution to salaries, extended tax payment due dates or remissions of payments of social security contributions (Ministry of Economy of the Slovak Republic, 2021). However these measures did not cover student positions and part-timers, which essentially ruled out young people without permanent positions to keep their work placement. Also, the current rules state that only people who have worked for at least 2 years without interruption are entitled for social support in case of job loss. This economic aid package has been extended three times and was aimed at employees in standard employment and self-employed (Eurofound, 2020).

After the economic recession of 2008, the European Union has introduced the Youth Guarantee programmes, aiming at increasing youth employment by offering quality work placements after finishing formal education or support in case of loss of employment. The existing measures do not reflect adequately current needs for youth as they are not able to gain any relevant work placement due to governmental pandemic measures. The European Union, has however introduced an extension of Youth guarantee, called „Bridge to work placements“ which extends the applicability of young people up to 30 years of age, while until the covid-19 outbreak the programmes were available only to youth up to 25 years of age (European Commission, 2020). Other improvements to the Youth Guarantee include initiatives to provide more inclusive opportunities to the disadvantaged groups, focus on skills necessary for especially ecologic and digital transformation or individual counselling (European Commission, 2020).

A very complex document prepared by the Ministry of Finance of the Slovak Republic called „Recovery plan“ has been approved by the European Commission, which ensures an additional budget from the Commission to develop specific areas. Among areas such as green energy, renovation of buildings or judicial reforms, an important part of the document is dedicated to areas of education for 21st century and increase of performance of universities (Plán obnovy, 2021). These measures partially try to improve the educational process, especially focusing on digitalisation, which is crucial for integrating young people into the labour market.

## Supporting mechanisms

During the time of the project execution, Bratislava has become official location for the European Labour Authority after an election in 2019. The main mission of the Authority is to „help ensure that EU rules on labour mobility and social security coordination are enforced in fair, simple, and effective way, and makes it easier for citizens and businesses to reap the benefits of the internal market“ (European Labour Authority, 2021). The main tasks of the Authority includes facilitating access to information on labour mobility, facilitating cooperation and exchange of information between EU Member States, carrying out analyses and risk assessment on issues on cross-border labour mobility or mediating disputes between EU Members States on the application of relevant Union law. The Authority’s purpose is not particularly to tackle the issues of youth unemployment however it’s political strength might be impactful in delivering future solutions.

According to the International Labour Organization (ILO, 2020), the pandemic will have destructive and disproportionate effect on the youth employment and there is already presence of visible obstacles in further education, apprenticeship trainings, change of job and when entering the labour market. A positive message is that according to portal Mladí info (2020), some companies have opened many courses and webinars with valuable information free of charge. It is however hard to assess impact of such activities at the moment.

One interesting project which have emerged during the course of the project in Slovakia is a project called Amos Academy. The aim of the programme is to support and improve success of high school students including the students with special needs. The project provides a tutoring programme, tutoring support aimed at finishing the high school successfully and tutoring support to prevent premature leave of students from the educational system (Amos academy, 2020).

The Slovak Republic has not yet introduced supporting mechanisms specifically aimed at tackling youth unemployment during the pandemic.

## Recommendations

The following recommendations have been compiled based on current effects of the covid-19 pandemic, governmental measures and subsequent economic situation.

As the new emerging work positions are slowly but certainly coming to the front, it is necessary to prepare the youth for digitalization and work placements which require knowledge of digital technologies so that in case of vanishing current work positions, young people will have other perspectives in applying in the labour market.

According to experts, **one of the possible solutions could be a kind of controlled admission of students to particular school which would reflect the current needs of the economy.** It is therefore necessary to create a mechanism which will actively connect the educational institutions with employers as well as governmental analysts as nowadays the number of students in certain fields of study is not regulated.

It is also recommended that a similar mechanism of connecting the educational institutions with relevant partners in the labour market would be created as large number of the youth which graduated from the universities are not placed in positions in a field they studied.

An important recommendation is to pursue also systematic economic measures, **which would lower the price of work of young people, for example by lowering the tax burden, which could help not to reduce part-time jobs for students.** Also, lowering the given time of 2 years for young people to be able to receive social aid after losing job before this period would help to keep young people more financially independent. This could apply to young people to certain age, and who have graduated not less than 2 years before the loss of job due to the coronavirus. Another important economic recommendation is connected to the fact that the youth do not possess sufficient savings for the layover period in case of a sudden job loss, therefore some kind of governmental aid mechanism could be considered to help youth in the future which would allow them not to rely only on people in close relationships.

Another recommended solution would be to **extend the „Yount guarantee“ programs, which already exists, however they do not fully reflect consequences of the pandemic situation or whould not fully reflect consequences of other type of socio-economic crisis.** Also, many young people do not have knowledge of such available programs and therefore better promotion could help to guide young people on how to cope with loss of a work placement and finding a new one.

**The following recommendations** of possible measures how to tackle youth unemployment result from implementation of the project „Your career is waiting-get ready!“ and its related activities including the preliminary analysis of employment/unemployment of youth in 2019, comparative analysis of employment/unemployment of youth in 2021, delivery of „Job Interview Simulators“ and „Disability Awareness Trainings“ between 2019 and 2021, and opinions and views of relevant experts within the project conferences.

Recommendations for improving the youth unemployment situation and supporting tools/ activities to increase youth employment can be divided into several key levels:

1. Setting the employment and education strategies, legislation, key policies and/or concepts in the field of employment towards direct connection of education and work practice
2. Involvement of policy makers to improve the strategy of dual education and employment of youth with disadvantages
3. Improvement of cooperation between government and NGO sector aimed to improve youth skills, education and practice to get first job
4. Increasing dual education concept and bring it into practice
5. Cooperation between schools and employers during education process
6. Close cooperation among stakeholders at national, regional and local levels towards increasing employment of youth
7. Better networking among actors employers and educational structures, self-government, public and state administration and the non-governmental sector
8. Wide exchange of good practices on national and international level
9. Campaigns, publishings, dissemination activities and cooperation with the media

Some of specific solutions, which have emerged directly as an outcome from the project activities, is that the following actions could be considered helpful in reaching the goal of tackling youth unemployment:

- Involvement of career counselling and preparation for the open labor market in new school curricula, as a field of study
- Career counseling in schools - job tasting, job shadowing, dual education – new part of curricula
- Reconciling education with the needs of practice - practical skills and experience - linking school and practice
- Cooperation and connection of employers and schools in preparation of young people for the labour market
- Support for students' practical experience already during their studies and education
- 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 of intermediate labour market, sheltered workshops / social entrepreneurship
- Support for the process of de-institutionalization and transformation of social services for the development of supported employment and accessibility

Recent studies have shown that also in Slovakia, the necessity to engage young people, now shown by the young people who are not able attend schools, is extremely important for keeping the psychological health (Slovak Academy of Sciences, 2020). This applies also to young people who are not able get a permanent work placement and the psychological health is dropping own. 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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