

## THE IMPACT OF THE COVID-19 PANDEMIC ON EU-27 NEET YOUNG PEOPLE

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**ABSTRACT:** *The health crisis and the economic one, generated by the first mentioned, have mostly affected youth aged 15 to 34. In the EU-27, 1.547 million young people aged 15 to 24 and another 990 thousand aged 25 to 29 lost their jobs between the fourth quarter of 2019 and the second quarter of 2020. The NEET rate (the share of unemployed youth in the labor market, nor in education and training, out of the total youth population) is a relatively new indicator that has gained increasing importance in the last two decades both in the approaches of international organizations and in the media. Recently, it has seen significant increase due to the Covid-19 crisis. The high rates of NEET youth represent a major challenge for every country, not only because of the risks of the "scarring effect", but also because of the negative effects of these statuses on future labor market outcomes for the individual, and the community and society in which they live. Assessing the economic and social consequences of NEET statutes plays an important role in developing policies for young people and in taking measures to increase their integration into the labor market and to encourage them to remain in education or training systems. This paper presents a brief analysis of the structure, educational and gender composition of NEET groups, in the period preceding the health crisis and under its impact.*

**Keywords:** *youth, NEET rate, youth unemployment, youth employment, crisis, impact*

**JEL Classification:** *I24, J13, J21, J64, J89*

### 1. INTRODUCTION

Young people aged 15 to 29 face the fact that they are living in an era of complete globalization and will have to cope with the responsibility of an aged population, in addition to the traditional challenges of stepping into adulthood.

According to Eurostat statistics at the European Union level, in 2021, only 62.9% of young people were employed, this being one of the lowest figures ever recorded by Eurostat. In Romania, in the same year, only 54.9% of young people aged 20 to 29 were employed.

In 2021, only 47.4% of the young people aged 15 to 29 were professionally employed. Unemployment among youth under the age of 25 had high values, standing at 16.6% in 2021, increasing by 1.5 pp compared to 2019, and for those aged 25 to 29 the unemployment rate was 9.8% with 0.7 pp over the value recorded in 2019.

According to the latest Eurostat estimates, in 2021, the percentage of youth in EU-27 who are not professionally employed, nor engaged in education or training reached 10.8% of the population aged 15 to 24 and 17.3% of the population aged 25 to 29. Like the

unemployment rate, the share of young NEETs varies significantly from one Member State to another: from 5.5% in the Netherlands to 23.1% in Italy and to 20.3% in Romania, for young people aged 15 to 29 years old.

The health crisis and the economic crisis, implicitly generated by the first one, have generated many challenges that young people have to face. Furthermore, the transition from school to employment will be more difficult for the new generation when entering the labor market, as it will be in competition with an increasing number of people who are already looking for a job, for a decreasing number of positions, at least in the short term.

## 2. THE NEET YOUTH AND THE COVID-19 PANDEMIC

According to the definition provided by the International Labor Organization (ILO) in 2020, a person can be classified as NEET if they meet the following two criteria:

- 1) not employed or inactive in the labor market;
- 2) did not participate in any training or skills development program four weeks before the survey.

The NEET concept has made it possible to raise awareness around the number of young people who have been discouraged or gave up any job search, as well as around the inactive people who may or may not have wanted to work, recognizing the difficulties they have faced and the need for specific actions. Given the importance and size of this category of population, the European Commission has developed indicators and a specific methodology for collecting data and calculating the number of NEETs in Europe since 2010.

The methodology created by the European Commission uses the International Standard Classification of Education (ISCED) to place young people of different age groups on education levels.

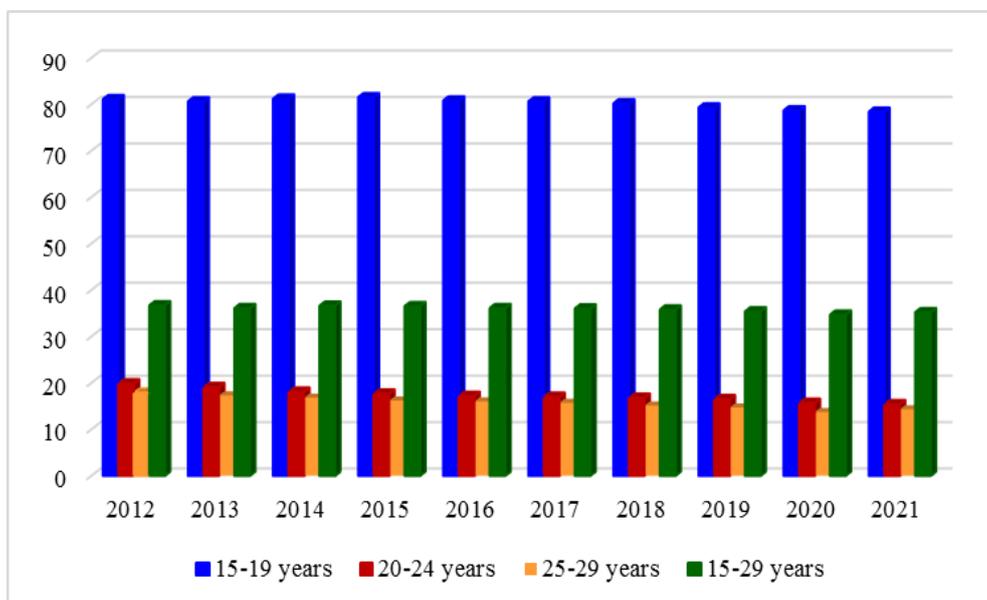
Among the most relevant risk factors for young NEET during the pandemic, we can list: the health restrictions, the migration context, the low level of education, the low income of the households, the teenagers whose parents were unemployed, the teenagers whose parents have had a low level of education, the teenagers with divorced parents.

A special category of NEET is the youth living in remote areas. They have a 1.5 times higher NEET risk than young people living in medium and large cities. They are also much more at risk of social marginalization than those in urban areas. NEET youth in rural areas face additional challenges compared to those in urban areas, due to: i) lack of adequate infrastructure, ii) high dropout rates, iii) high unemployment rates and, last but not least, iv) the process of depopulation caused by the migration of young people to rural areas (Mujčinović, et al. 2021; Simões, et al. 2021).

In order to increase the relevance of the analysis, but also to ease the identification of certain links between its partial conclusions, three areas of interest were taken into account: the degree of graduation of different levels of education, the percentage of employment, the geographical, socio-economic and age group characteristics.

The analysis of the diagrams in Figures 1 and 2 shows that NEET rates tend to remain low for the 15 to 19 age group, as most of them are still actively enrolled in education.

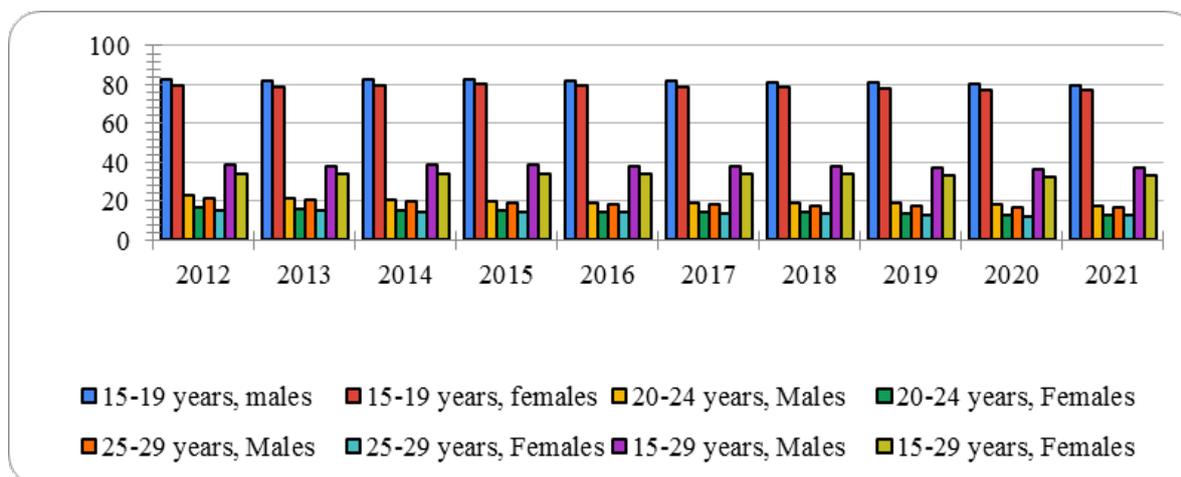
**Figure 1 The evolution of primary and secondary school graduation in the EU-27, of young NEET, by age groups**



Source: Eurostat statistics, *Young people by educational attainment level, sex and age, ISCED 0-2*, <https://appsso.eurostat.ec.europa.eu>

However, NEET rates are constantly increasing for each age group, so those aged 25 to 29 are the most affected (Figure 2).

**Figure 2 The evolution of high school and post-high school graduation in the EU-27 of young NEET by age group**



Source: Eurostat Statistics, *Young people by educational attainment level, sex and age, ISCED 3-4*, <https://appsso.eurostat.ec.europa.eu>

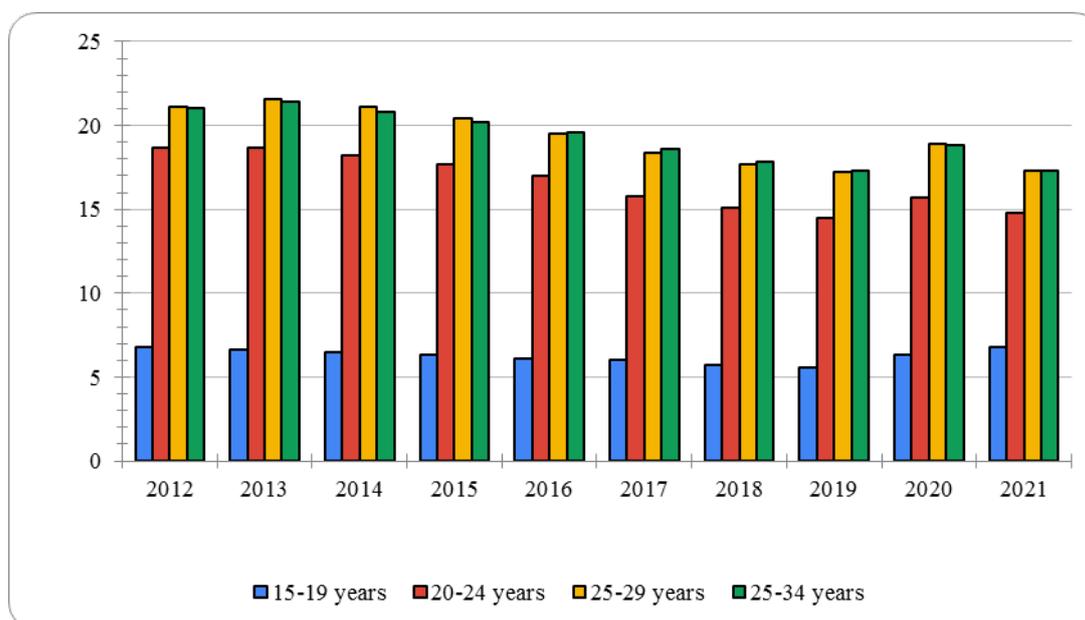
Another characteristic of young NEET is the fact that women, unlike men, have lower graduation rates in all 4-age segments, the biggest discrepancy of about 5 pp being registered in the age segment 20 to 24 years.

From the analysis of Eurostat statistics, it can be said that there is a number of factors that can determine this difference between genders, among which the following can be mentioned:

- conventions or social pressures, which tend to give more importance to the role of women in the family and the role of men at the workplace;
- career counseling, which can strengthen gender segregation and lead women to a relatively narrow range of occupations;
- labor market issues, such as: employers who prefer to hire young men at the expense of young women, young women who face difficulties in assimilating back to work after giving birth, the predisposition of young women to have poorly paid jobs, or precarious jobs.

For the period 2020-2021, Eurostat statistics indicate that there is an increase in the NEET rate in all age groups (Figure 3).

**Figure 3 The evolution of the NEET rate in the EU-27, by age groups**



Source: Eurostat Statistics, *Young people neither in employment nor in education and training by sex, age and labour status (NEET rates)*, <https://ec.europa.eu/eurostat>

Moreover, several international studies have indicated that the place of origin was one of the most important factors that differentiated and accentuated NEET trajectories during the pandemic and that they were more common in rural areas (Braziene, 2021).

When describing the last 3 years using the size and structure of this vulnerable group of young people by varying the NEET rate, the following reference ranges can be identified: 2019 versus 2020 = between + 0.7% and + 1.7%, and 2020 versus 2021 = between + 0.5% and -1.6%.

The NEETs are young people at the risk of poverty, social exclusion and mental health problems. Those who were already in this situation at the beginning of the pandemic were among the most vulnerable to the effects of travel restrictions, which took them even further away from work, either near their home or in other geographical locations. In addition, the opportunities for education and vocational training for young people were limited during the pandemic.

At EU-27 level the number of NEET young people aged 15 to 29 has risen to around 10 million in 2021 from 9.1 million in 2019 (to 13.1% of the youth population from 12.5%).

The impact of the health crisis on the youth labor market was strongest in 2020, when there was a decrease in the employment rate of about 2-3pp, regardless of the level of education

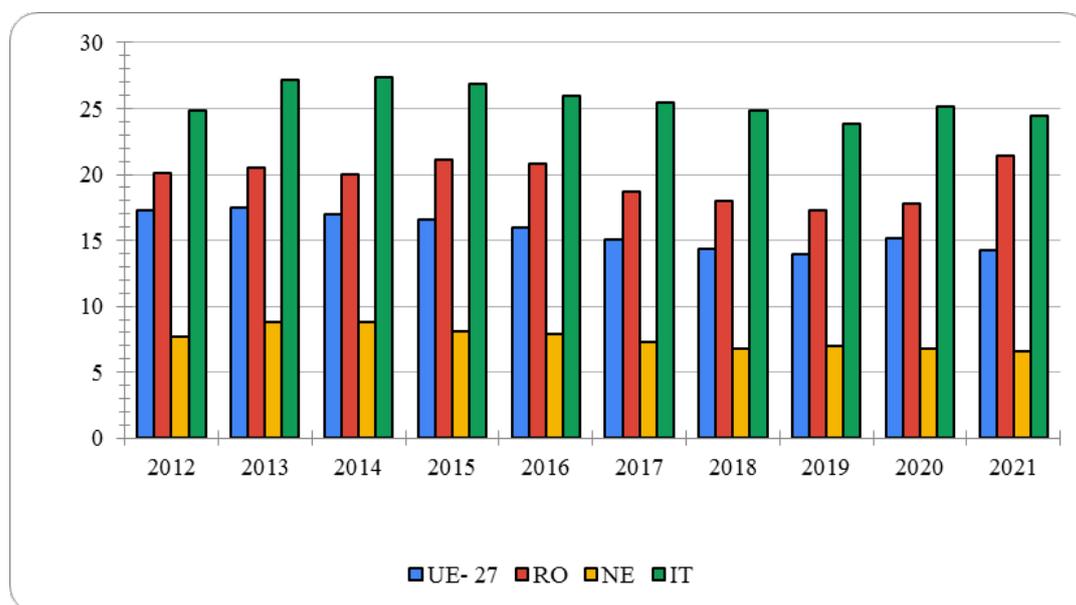
completed. This rate will start to increase in 2021, but only by about 1pp, and may follow the same positive trend in the coming years only if certain conditions are met: total restrictions liftoff, the return to the same pace of growth and the relaunch of support programs for the disadvantaged population categories. All these elements have diminished the chances of NEET young people entering the labor market.

The analysis of statistics over various periods of time, regardless of the economic situation, indicates that higher rates of NEET young people, aged 15 to 29, can be found especially among young people with a lower level of education.

Because of the pandemic, the total share of NEET increased in 2020 and registered slight reductions in 2021. The lack of data on the evolution of the number of NEET on the subgroups of this cluster does not allow the quantification of the impact of the pandemic on this vulnerable group and especially of the degree of insertion on the labor market. The aggregate data already available indicates that the NEET population structure changed during 2020 and 2021. Most likely the new NEET in 2020 were, as in the 2008-2009 crisis, primarily short-term unemployed youth.

The comparative analysis of the evolution of the NEET rate in Romania and the EU-27, highlights the fact that our country was below the EU-27 average for all levels of education, both in general and by age groups. Moreover, unlike other Member States, in 2021 Romania continued its decline on this indicator, instead of following an upward trend, even weakly positive, as other countries that registered in 2020 a high level of NEET rate (e.g. Italy) (Figure 4).

**Figure 4 The evolution of the NEET rate for young people aged between 15 and 34, in Romania, EU-27, Italy and the Netherlands**



Source: Eurostat Statistics, *Young people neither in employment nor in education and training by sex, age and labor status (NEET rates)*, <https://ec.europa.eu/eurostat>

The NEET rate for the 15 to 34 age group at EU-27 level in 2020 was 15.2%, higher than in the previous year by about 1pp, but returned to the value from 2019 until the end of 2021 (Figure 4). However, it is interesting to note that the value of the 2020 pandemic year is not the highest in the last decade, a sign that the inclusion and training strategies for the labor market of young people in the NEET category that have been implemented at Community level

have had a positive impact. There is a negative difference of 2.3pp between the value from 2020 and the one from 2013 (the highest in the analyzed period).

The Netherlands recorded during the pandemic the lowest level of NEET rate, of only 6.8% for young people aged 15 to 34. It also managed to continue its positive path in 2021 on this indicator, even if not substantially, to the value of 6.6%, thus following the general Community trajectory (Figure 4).

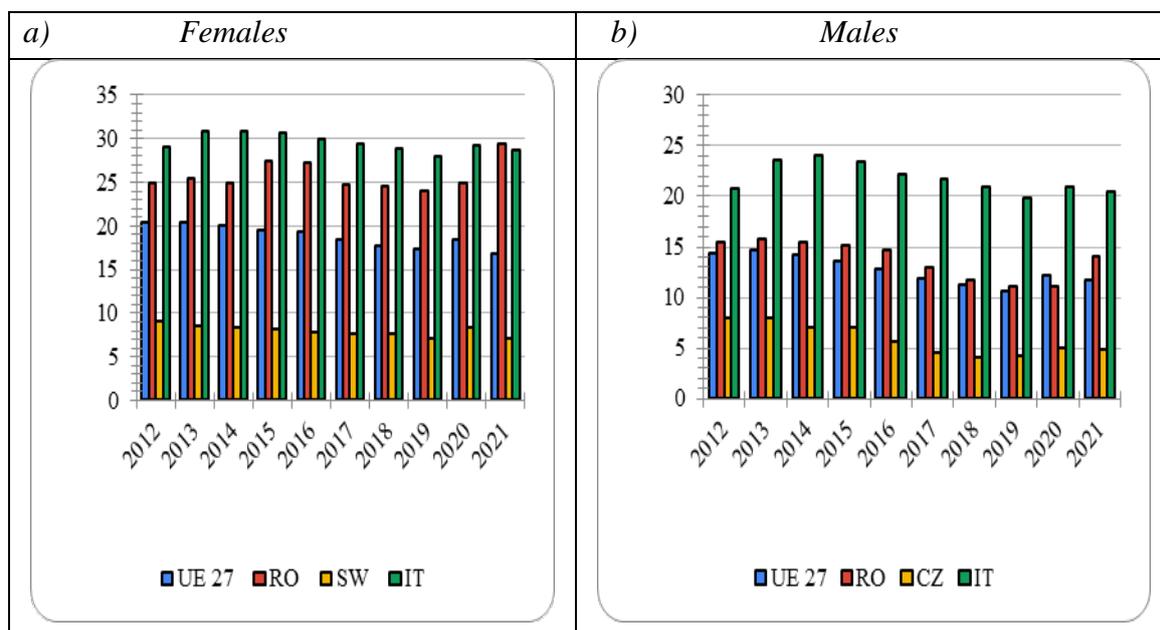
As for the last ranked, Italy, it has a route relatively parallel to the EU-27 average on the NEET rate indicator, but it is above the Community trajectory in the last decade by about 10 pp (Figure 4).

The NEET rate gap between Romania and the EU-27 is 3 to 4 pp. If in 2021, many Member States saw a slight reduction in this indicator, in Romania the NEET rate continued to increase by about 4pp, which brought it close to the level of 2015. This trend is different than most EU countries except Latvia, Luxembourg, Norway, where the decline was about 1 pp.

The analysis of the histograms in Figure 5 indicates that both at Community level and in each country, the percentage of NEET women is significantly higher than that of men (approximately 6 pp, annual average, considering the period 2012-2021) (Figure 5 a).

The socio-cultural climate, vocational counseling and the specificity of the labor market in each of the EU-27 Member States also generate these differences. If we analyze the impact of the Covid-19 pandemic on the gap between the NEET rate among young women and men, it results that the difference between 2019 and 2020 is only of 1.1pp in women and 1.5pp in men (Figure 5a and 5b).

**Figure 5 The evolution of the NEET rate for young people aged 15 to 34, by gender**



Source: Eurostat Statistics, Young people neither in employment nor in education and training (NEET rates), <https://ec.europa.eu/eurostat>

In the case of women, Sweden registered the lowest level of the youth NEET rate during the pandemic, 8.3% in 2020 and 7.1% in 2021. This result is not accidental, because Sweden ranked first in 2017 in terms of policies and measures for promoting women and women raising children. Also, this country has one of the most generous paid parental leave policies globally (Garcia, 2017). At the same time, it actively promotes gender equality in its education system and is one of the countries with the most educated population of women globally

(approximately 58% of women have completed some form of tertiary education) (Eurostat statistics).

When talking about men, the lowest level of NEET youth was recorded in the Czech Republic (5% in 2020, 7pp below the EU-27 average). One of the main reasons for the low number of NEET young men in the Czech Republic is that employment rates among women with children are low and maternal leave is long.

The highest level of NEET rate, both among young women and men, is in Italy (Figure 5), which also recorded high unemployment rates and NEET rates during the 2008-2009 economic and financial crisis.

The relatively low degree of insertion of young people, in general and NEET in particular, is the result of multiple factors. Among those, the following can be mentioned: i) ultra-protective social measures taken by some states, ii) poor performance of some national education systems to provide skills compatible with labor market requirements; iii) matching and assigning jobs, iv) poor management of the transition from the education system to the labor market, v) lack of specific skills of candidates (OECD, 2017; Puchkov, 2021).

Each person falling under the NEET youth category entails a certain cost and, therefore, this is not only a problem for the person concerned, but also for society and economy as a whole. The economic costs of NEET are only a part of the price that Member States pay for young people in this social category.

The negative consequences of NEET status are numerous and affect not only the individual and their family, but also society as a whole. Excluding young people, both from the labor market and from education or training systems, increases the risk of social exclusion of the individual, and reduces the likelihood of re-employment.

The low level or even the lack of income among NEET young people does not allow their participation in various activities and the purchase of various consumer goods. NEET young people are people who, by their status, are excluded from the relationships / social networks created at work or in the educational environment.

The lack of a job or failure to fit into an educational or vocational system severely affects a young person, both materially and emotionally. The direct effects of NEET status are highly visible and have a crucial impact on all facets of a person's life, from social to intimate, from family to friends.

The characteristics of a young NEET are the feelings of stress, panic, anxiety, frustration, anger, nervousness. All emotional states that the young person goes through due to a low or a complete lack of income have consequences both on their own person and in their relationship with the world around them. Interpersonal relationships are threatened by the behavior of the young NEET, who can seek refuge in many harmful activities.

A special role belongs to the moral and mental state, which affects the young person who has become NEET more than the economic side. There are complexities of no use for society and the family. At the same time, the prolongation of the NEET period, which generates the poverty of an important group of the young population, can lead to deep social conflicts.

The monetary and non-monetary barriers that young NEET face on a daily basis make them more susceptible to traumatic experiences. Trauma can turn into a general and resentful dissatisfaction with society as a whole and with the government, whether national and regional / local, or even perceived as "invasive" by regional or international superstructures (e.g., European Union, IMF, World Bank, etc.).

The pandemic has had a visibly disproportionate impact on the mental well-being of youth in general and NEET in particular, compared to people in other age groups.

The risk of depression was particularly high among young unemployed / inactive people, rising from 62% in April 2020 to 66% in July 2020 and reaching 83% in March 2021. Among those employed, the risk of depression was 56% (in March 2021), and for students 65%

(in March 2021). All these values are particularly high compared to those presented in social surveys conducted before the pandemic (when the average proportion of people in the EU-27 at risk of depression was 22% in 2016) (Eurofound, 2016, 2021).

Poor mental health of young people, and especially young women, can have a negative impact on their access to the labor market.

### 3. CONCLUSIONS

The COVID-19 crisis has severely affected vulnerable groups around the world, with stronger negative effects on young people compared other age groups.

Based on studies and research about the structure and size of NEET youth groups carried out in the years before the pandemic, a number of intervention policies and measures have been launched at both Community and Member State level. The measures aimed to support this vulnerable group of young people in the pandemic and especially increase their degree of insertion on the labor market. Local, regional and national projects aimed to bring this group of young people into education, training and employment. These projects focused on the following areas of interest:

- i) ways to prevent school dropout,
- ii) facilitating the transition from school to work,
- iii) promoting professional insertion,
- iv) financing and initiating training courses in partnership with employers, designed to provide young people with a minimum of experience before they can be inserted professionally.

The COVID-19 pandemic has had a significant impact on young NEET in general, but particularly on those living in rural areas, with disadvantaged backgrounds or from marginalized communities (they face additional challenges).

In this context, they need to become a priority in NEET support projects and aid schemes as soon as possible.

Also, in these projects, regardless of the environment from which young NEET come, more emphasis needs to be placed on initiatives to improve mental health, because motivation plays an important role in both personal and professional development.

As young NEET face a higher risk of exclusion and tend to be more vulnerable to economic and social change, the dropout rate will also increase, as will the unemployment rate.

In order to avoid a "lost" or blocked generation, it is important that decision-makers pay particular attention to young people in the recovery phase, monitor whether the policies currently implemented are sufficient, take proper action where appropriate, and not in lastly, adopt cross-sectoral measures to integrate mental health policies into education, employment and welfare systems.

Ensuring adequate and sustainable measures, coupled with adequate funding and adapted social services, is the only chance for these young people to integrate properly with other members of society.

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