

# THE MAGNITUDE AND TRENDS OF YOUTH UNEMPLOYMENT WITHIN THE REGION: HOW CROATIA IS RANKED?

Maja Vehovec

*Faculty of Economics, University of Rijeka, Croatia*

E-mail: [maja.vehovec@ri.htnet.hr](mailto:maja.vehovec@ri.htnet.hr)

## **Abstract:**

The problem of youth unemployment is one of the most challenging problems of EU countries. Many academic researches (O'Higgins, 2003; Carolo, Pastore, 2002) addressed the importance of youth unemployment as well as EU administration is providing guidelines for decreasing the youth unemployment and easier transition from education to work place. Across all EU countries young people confront many of the same labour market problems like adults but they are more sensitive to changes in economic conditions. The rates of unemployment among young people tend to be higher than those among the adult population. This tendency is significant for most EU countries where the youth unemployment rates are two to three times higher than adult rates.

In the 2003, Croatian government started to prepare and negotiate its first National employment action plan, which was adopted in the second half of 2004. One part of this plan was devoted to the youth unemployment problem. Youth unemployment shares characteristics of overall unemployment in Croatia but at the same time have specific issues and needs. The aim of this paper is to fill the gap in systematic and detailed analyses on youth unemployment and youth employment policies in Croatia.

Croatia has highest rate of youth unemployment amongst former transition countries and is ranked in top positions with Bulgaria, Slovenia and Poland. High youth unemployment and lack of employment opportunities for young people lead to low-productivity activities, social exclusion and poverty. In the past ten years youth unemployment in Croatia has been falling actually and relatively to adult unemployment. There are different reasons for this. One is a better macro economic situation following emergence from political isolation and an economic recovery after 2000 so that there are more jobs available in developing parts of the economy. Another is the use of active labour market policy targeted at young people. A third is the size of youth cohort, which is decreasing so that the number of young people entering the workforce is diminishing. Regardless of mentioned factors, the youth unemployment rate is double the EU average. In terms of gender youth unemployment in Croatia follows the EU average pattern. Young people are not stuck in long term unemployment. They have better ratio of unemployment exit to employment within first year of unemployment in comparison with adults. Although reallocation of young people is higher than for adults it is possible to find ways to improve this frequency. These include educational and training policy, arrangements for the transition from school to work, more effective support from labour market institutions and active employment policies and greater labour market flexibility.

**Key words:** young people, youth unemployment, active labour market policies