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Contact to corresponding author: u.kobylinska@pb.edu.pl, Bialystok University of Technology, Wiejska 45A, 15-001 Białystok, Poland Received: 27 April 2017; Revised: 4 September 2017; Accepted: 23 September 2017

Urszula Kobylińska

Bialystok University of Technology, Poland

Ewa Rollnik-Sadowska *Bialystok University of Technology, Poland*

Joanna Samul Bialystok University of Technology, Poland

Young people on the labour market in Poland — the point of view of the employer

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Keywords: young people; labour market; Poland; unemployment

Abstract

Research background: The article presents the problem of youth unemployment from the perspective of employers in Poland exemplified by the research results conducted in Pod-laskie province. The unemployment rate of young people in Poland in the age range 15-29, reached 14.2% in 2015. For comparison, at that time the average for the EU was higher by almost two percentage points, and the decline compared to the year 2013 was lower than in Poland. It turns out that higher education in Poland has lost its importance in the process of hiring staff. Employers are increasingly less likely to look at the educational background of candidates, as they focus more on their experience and specific skills.

Purpose of the article: The purpose of this article is to present the results of re-search regarding the diagnosis of the situation of young people on the labour market in Poland from the perspective of employers. In particular, there were competency gaps and other reasons for not recruiting young people which have been identified.

Methods: Two types of research were carried out with employers from Podlaskie province: quantitative, using CATI/CAWI and qualitative, using the technique of IDI. Quantitative research was carried out on a sample of 346 respondents. A qualitative study was carried out among 16 companies registered in Podlaskie province.

Findings & Value added: Among the reasons for not employing young people which were most often mentioned by the entrepreneurs in quantitative research there were financial reasons. During the interviews, employers indicated the reasons for not employing young people such as "lack of appropriate qualifications," "specific skills" or simply "practical preparation for work." Employers were asked about the competence gaps of young people, and they pointed out that they lack experience, initiative and entrepreneurship, as well as learning skills.

Introduction

The attention of policy makers at European, national, regional and local levels is now firmly focused on the fact that in 2015 more than 6,6 million young people (aged 15–24 years) were neither in employment, education nor training in the EU (European Comission, 2016). The EU youth unemployment rate is more than double of the overall unemployment rate (19% compared with 9% in August 2016) and represents big differences between countries: there is a gap of about 30 percentage points between the Member State with the lowest rate of youth unemployment (Germany at 6.5%) and the Member States with the highest rates, Greece (44.2%), Spain (43%) and Italy (40.1%) (Eurostat, 2016).

The human capital of young people is a significant element of labour force for European markets. This is mainly because of demographic changes and the strong ageing of European society. On the one hand, Europeans are living longer and healthier lives, and subsequent generations can benefit from longer life spans (Rollnik-Sadowska *et al.*, 2016, p. 346). Globalization causes significant changes in the labour market. Greater individualization of work is noticeable, self-employment is increasing, and people are increasingly working part-time (Bendit & Han-Bleibtreu, 2008, p. 32; Matwiejczuk & Łaut, 2011, p. 4).

The following article takes up the issue of youth unemployment and the problem of the mismatch of skills and qualifications of the youths to the labour market needs. The purpose of this article is to present the results of empirical research regarding the diagnosis of the situation of young people on the labour market in Poland from the perspective of employers. In particular, competency gaps and key reasons for not employing young people have been identified.

The structure of the paper is as follows: the authors start with an analysis of literature in the area of the situation of young people on the labour market, both in Poland and in Europe. Subsequently, research methods of descriptive statistical data analysis are explained. The next section indicates the results of research covering the situation of young people on the labour market in Poland in the opinion of entrepreneurs, especially: the reasons for not recruiting young people, their competence gaps and expectations of entrepreneurs from the labour market institutions in Poland. The final section presents discussion of research results and conclusions. The authors indicated the information on the limitations of the carried out research as well as the implications and recommendations regarding both practice and policy making at the governmental level.

Theoretical background

Socio-demographical change, technological advances, and the impact of the Internet have created major challenges for today's societies and companies. Individuals have to rapidly confront changing data and learn how to keep up with them. In order to function well in this "new" diverse world, the need for adaptability is no longer a choice. It is vitally necessary that individuals develop competencies in a wide range of fields, which will allow them to adapt to the evolutions and changes. To conclude, solely mastering certain skills is not enough anymore and many employers report difficulties in finding suitably skilled workers (Global Agenda, 2014, p. 12).

Instead of paying attention to narrowly defined skills and qualifications, companies are placing more importance on the candidates' personal qualities and attitudes which cannot be recognized through conventional diplomas and certificates. The workforce is expected to show flexibility, entrepreneurship qualities, personal responsibility, adaptability, innovation, creativity and in general a self-directed and a self-motivated attitude (see Richman *et al.*, 2008, pp. 183–184; Casner-Lotto & Barrington, 2006, pp. 7–9).

Recent studies look at the importance of work experience in more detail. The analyses relate to a large empirical labour literature on the returns to experience, seniority, and job tenure, initiated by Topel (1991, pp. 145–176.), Carlsen (2016, pp. 39–49). Researchers are also focused on generational differences and very different priorities of different generations who are on the labour market (Krahn, 2014, pp. 92–112; Worth, 2016, pp. 601–616; Haiyan, 2015, pp. 147–168).

Precariousness and precarious work, broadly associated with high levels of labour insecurity, are prominent themes in recent employment relations research (Cambell, 2016, pp. 314–332; Standing, 2011; Vosko, 2010; Vosko *et al.*, 2009). Researchers have produced a rich and expanding literature that describes dimensions of precariousness and forms of precarious work, and its incidence and trends in advanced capitalist societies (Kalleberg, 2011, pp. 271–288; McKay *et al.*, 2012). Although most studies are descriptive, some explore causes, highlighting how employers, within a framework of labour regulation, introduce labour-use practices that reduce costs and shift risk onto individual employees (Frade & Darmon, 2005, pp. 107–121; Rafferty & Yu, 2010).

In the context of the theoretical considerations it may be noted that higher education has lost its importance in hiring staff. Employers are increasingly less likely to look at the education of the candidate. Specific skills and experience from young workers are required (Jeruszka, 2011, pp. 2–3).

Initiatives within the framework of labour market policy in Poland are often limited to the supply side of the market. They consist of the implementation of activation programs for selected groups of the unemployed or providing financial support to maintain a certain level of income. Much less action is focused on the support of entrepreneurs who create new jobs. The demand for labour is essential for the labour market. It affects the size and profile of employment and unemployment, which is why state action aimed at supporting entrepreneurs in creating new jobs is an important part of labour market policy (Dietrich, 2012, p. 31; Rollnik-Sadowska, 2016, p. 319).

Research methodology

The purpose of this article is defined as an assessment of the situation of young people on the labour market in Poland, in Podlaskie region, from the perspective of employers. The study involved the companies established in Podlaskie province. Two types of research were carried out with this group of respondents: quantitative, using CATI/CAWI, and qualitative, using techniques of IDI. Quantitative research was carried out on a sample of 346 respondents from Poland (Podlaskie region). The research was carried out in the fourth quarter of 2016. The following simple statistical measures were used to interpret the study of quantitative results: measures of central tendency — mean and tables of cardinality.

In relation to the companies, a fixed amount-random selection of respondents was adopted. Due to the fact that the region is dominated by small enterprises employing up to 10 people (they constitute 96.1% of all non-public sector entities), this criterion was rejected as a differentiating condition. It was assumed, however, that it should take into account the selected sectors of the economy of the region, characterized by the greatest number of operators or employing the greatest number of employees. According to the assumptions of research, respondents represented 6 branches, in at least 45 companies in every industry (see Table 1). Most of the surveyed companies represent the following sectors: services (22%), trade (16%), other sectors (15%). Subsequently, construction (14%), agriculture (13%). The least-represented industries include transportation (11%) and industry (9%).

As indicated in Table 1, the majority of respondents (69%) were micro enterprises, with under 10 employees, followed by companies employing between 10–50 employees (19%), while 7% of respondents employed 51 to 250 people. The smallest group (5%) were large enterprises, with more than 250 employees. In the sample, there were companies that employ young people in the age range of 15–29 years. The largest group of respondents (70%) indicated that they employ 30% of people aged 15–29. Further, 17% of researched units represented the employment of young people in the range of 31–60%, while only 8% of respondents declared youth employment over 90%.

In order to deepen the results of quantitative research, qualitative research using the methodology IDI was carried out (in July-August 2016 individual in-depth interviews among 15 representatives of companies operating in the market of Poland.

The situation of young people on the labour market in Poland in the opinion of entrepreneurs — results

Reasons for not recruiting young people

Among the reasons for not employing young people which were most often pointed out by the respondents were financial determinants (see Table 2). On average, the respondents complained about the high cost of doing business (3.74), generally high labour costs (3.71), the high cost of creating a new job, or too high salary expectations of candidates (3.7). In fact, high labour costs are the reasons for which employers generally are not willing to hire new employees, not only in the specified age range. On the other hand, the greater mobility of young people and better education results provoke high salary expectations, which is why some young Poles have trouble finding and taking a rewarding job (Sedlak & Sedlak, 2015). The less important reasons for not employing young people were lack of appropriate permissions, qualifications or skills (below 2.7). It would seem that these are the key arguments in favor of not employing people without proper training. It is difficult to meet all the requirements regarding the qualifications, competence and experience. Therefore, those who possess all the qualities sought are for the company a very valuable resource. On the other hand, in a situation of severe staff shortages, employers will have to change their attitude and also recruit people who require further training. This will open better employment prospects for people who so far have had trouble finding it.

As indicated in Table 2, employers in the least paid attention to aspects such as the lack of appropriate education (2.98), the so-called unemployed "difficult youth" (2.82), no license of the required category (2.5), or the lack of foreign language skills (2.65). Just these skills seem to be mastered by today's young people and will naturally become today's "standard". And not in any profession they are needed and desired by the employer. The reverse situation occurred in the case of in-depth interviews with employers. During the conversation the most often mentioned reasons for not employing young people were "the lack of appropriate qualifications," "specific skills" or simply "practical preparation for work".

Competence gaps of young people

Employers from Podlaskie region also responded to the issue of missing qualifications and skills of young people. As shown in Table 3, most respondents indicated young people's lack of experience (more than 80% of answers "definitely yes" and "rather yes"), which is not really a surprising result, as encroaching on the professional path (when beginning their careers), young people often have only theoretical knowledge, gained at school without any way of practicing or testing it in real-life conditions.

In-depth interviews among entrepreneurs emphasized even further the lack of experience as a major barrier to employment for young people.

They expressed such opinions as "young people definitely lack experience, qualifications and skills (...) does not have educated people in the respective directions, because these are the people who need practice to gain knowledge in a tangible adequate to reality" (co-owner of a small service company); "what you see in relation to young people, is shortcomings of technical knowledge. Even if they have possess higher education diplomas, they do not have practice, experience, practical ability to work on the devices; outside the formal foundations manual skills are required ..." (representative of a large manufacturing company in the food industry). Subsequently, young people lack initiative and entrepreneurship (60%), but also learning skills and specific professional qualifications (over 50% of responses). The employers also pointed out during the interviews the approach of young people to work, often deprived of own initiative and commitment. There were comments such as: *"basic deficit is the lack of initiative and creativity, young people in general are not interested in any-thing, no initiative at all"*.

On the other hand, looking the other way, in terms of qualifications/ skills of young people now entering the labour market, employers recognize their competence, communication in foreign languages and education as elements which are "features" now characterizing a young man looking for work. Here are a few comments of employers in this matter: "young people distinguished by such features as the ability to use a computer, adapt faster than the elderly" (co-owner of construction company). The abovementioned advantages of young people are an argument for them to seek better paid work in other labour markets outside Podlaskie region, in the country or abroad.

Expectations of entrepreneurs to the labour market institutions

The surveyed employers also gave their opinions about the forms of support from labour market institutions that were used in the employment of young people over the last three years. The most popular form of financing costs turned out to be internships for employees (42%), subsidizing the costs of training employees (24%), reimbursement of the costs of creating workplace (23%) (see Table 4). During the qualitative research, respondents also pointed to the abovementioned instruments as the most recognizable from the labour market institutions' offer. Less known instruments of labour market are: preferential rates/tax breaks (4%), loans for creating workplace (8%) or allowing young employees financing from the Labour Fund (e.g. post-graduate studies).

As indicated in Table 4, employers who have used the most popular forms of support, regarded these instruments as satisfying. In particular, they expressed their satisfaction with the internship funded by the employment office. Undoubtedly, the benefits from this support are felt by both sides — the employer obtains a "free" worker and the young person participates in the form of activation that allows them to gain work experience.

Financial instruments of support are the most appreciated by employers. Respondents to the survey most frequently indicated as effective reimbursement of the costs of creating workplace (4.42), reimbursement of costs associated with hiring an employee to 30 years of age (social security contributions) (4.3), financing costs of employee internships (4.23) and employee training (4.16). Employers in Poland incur high labour costs when hiring workers under an employment contract (the contributory expense of the employer with a workforce of employees under an employment contract is approx. 21% of gross salary).

When asked the question about preferred future forms of assistance offered by labour market institutions that would encourage employers to employ young unemployed people, the majority of respondents, just like in the previous question, also pointed to financial instruments (see Table 4). The respondents positively evaluated solutions such as the reimbursement of costs associated with hiring an employee to 30 years of age (social security contributions (4.18), reimbursement of the costs of creating workplace (4.05), financing costs internship employee (4.04). The use of these instruments may considerably relieve employers of labour costs. Rarely preferred, in the opinion of entrepreneurs were forms of support such as the loans for creating additional workplace (2.84), dissemination of job advertisements issued by the employer (3.21).

In order to deepen the analysis of research results, discrepancies in the assessment of the actual use of labour market instruments by employers in relation to the preferences of their future use were also examined (both those employers who used a given labour market instrument, as well as those who did not use it). The results are shown in the figure (see Figure 1). As can be seen in the figure, the assessment of the usefulness of instruments of labour market institutions among those entrepreneurs who did not use them before is lower than among those who used them.

In the group of employers who used the instruments, a large difference means positive expectations and attitudes towards a given instrument, and thus indicates the potential and willingness to use it more intensively in the future (e.g. supporting to find employees with specific qualifications, allowing to young employees financing or funding from the Labour Fund). In other cases, it can be said that the actual state coincides with expectations and despite positive experiences in the use of the given instruments, there are no other special expectations of them. In the group of employers who did not use instruments, the small difference between their assessment and the assessment of employers who used the instrument means that their perception of a given instrument is close to its actual assessment. In principle, this applies to all instruments except the variable "Loans for creating additional workplace". This instrument is definitely less well-perceived than others.

In the case of open-ended question asked during the interviews: what more support would an employer of labour market institutions expect, the demands which frequently appeared were, for instance, "greater involvement of labour market institutions," "greater financial support for the implementation stage of a young person to work", "reducing labour costs" "reactivation of vocational education schools", "internships funded by the state" (...) With high probability, in the following years employers will still be interested in previously used forms of assistance from labour market institutions.

Discussion

The presented research results from Poland in the terms of youth unemployment correspond with the results of research conducted in this field in other parts of Europe. Taking into account the research on the situation and the causes of unemployment among young people, e.g. in Belgium, as well as in Poland, the most common reasons are: lack of professional training, mismatching, minimum wages and employment regulation (Gruber & Wise, 2010, p. 57). In particular, the results of research in the area of support forms for employing young people preferred by employers from other parts of Europe are also dominated by the financial instruments. According to studies in France, the United Kingdom, Belgium and Sweden, temporary wage subsidies for employers hiring young people seem to be a reasonable instrument. Among others, also Spain has activating instruments to subsidize wages and training for employers at its disposal. This approach uses a crucial element on which the success of a dual apprenticeship system critically depends. It is "true" professional experience on the (primary) labour market. In this way, young people are brought to firms' needs and accumulate knowledge, skills and qualifications that can hardly be learned otherwise. However, temporary wage subsidies in countries with strongly segmented labour markets offer little chances for acting as a stepping stone into permanent employment — in particular if training elements are missing or neglected in practice (Dolado et al., 2013). Also Spain, like Greece, Portugal, the United Kingdom or Ireland, supports young founders. Furthermore, today many countries are establishing or developing programs to promote regional mobility and to assess and recognize non-formal qualifications that where gathered on-the-job (Eichorst at al., 2013, pp. 13–14).

Conclusions

The results of the research presented above do not cover all the issues in terms of employers' expectations towards young employees, and are only a contribution to further analysis in this area. They show only selected results of research carried out among employers of the Podlaskie province in order to know their opinion on the situation of young people on the labour market. To summarize the point of view of the employers from that region in respect of young people in the labour market and the support of labour market institutions in their employment, the following conclusions can be made:

- Among the reasons for not employing young people, which were most often pointed by Podlaskie entrepreneurs there were financial reasons: the respondents complained about the high cost of doing business, and excessive salary expectations of candidates. In fact, high labour costs are the reasons why employers generally are not willing to hire new employees, not only in the specified age range. During the interviews with employers the most often mentioned reasons for not employing young people were "the lack of appropriate qualifications," "specific skills" or simply "practical preparation for work."
- Employers asked about the competence gaps of young people indicated that they lack not only-experience, initiative and entrepreneurship, but also learning skills and courses. In the opinion of employers, academic knowledge is less appreciated. More valuable is the experience acquired during previous periods of employment. A new job often requires learning a wide range of issues from scratch, but gained experience simplifies and speeds up the process, which in the eyes of the employers is undoubtedly an advantage. Employers frequently emphasized that young people who enter the labour market simply lacks experience.

On the other hand, young people, from the perspective of the employer, possess competence like knowledge of foreign languages or computer skills.

In the opinion of the employers the young people's approach to life and work seems to be a problem. As pointed in the surveyed, " young people do not want to work, they are very demanding and have high salary expectations."

- There is a relatively high awareness of the support of labour market institutions in employing young people. The surveyed employers frequently learned about the possible forms of assistance in hiring young people from the Internet, from friends, and only subsequently directly from labour market institutions. Undoubtedly, the importance of the Internet and electronic communication in the field of employer-public institutions will increase, as employers become Generation Y, active in every area of using digital technologies.

- The forms of assistance preferred in the future which can be offered by labour market institutions to support unemployed young people turned out to be financial instruments. With high probability, in the following years Podlasie employers will still be interested in previously used forms of assistance from labour market institutions (i.e. Internships, reimbursement of the costs of creating jobs, retrofitting jobs).

As indicated earlier, the presented research results do not fully cover the analysis of the problem of young unemployed people on the labour market in Poland. Further analysis should be deepened for other regions in Poland, as the situation does not necessary look identical in each province. In addition, the limitation of the presented research results is the insufficient identification of employers' awareness of the attitudes and values of young people from the Y generation, and how they could contribute to provide more lasting relationships with young employees.

To sum up, it would be advisable to recommend Polish policymakers to facilitate the transition from education to work and activate young people on the labour market. In this context, a double system of apprenticeship established for example, in Germany, is a very desirable solution. It would also be necessary to strengthen active labour market policies addressed to young people at the national and local level, ensuring the evaluation of their effectiveness. In addition to measures to improve employment rates, it is also necessary to take into account the quality of jobs and employment conditions for those benefiting from the support of public employment services. The introduction of new, flexible forms of employment should be popularized, which would ensure a gradual increase in the durability of employment, while at the same time constituting an attractive alternative for civil law contracts for employers. It is also necessary, through the public employment services and other labour market institutions, to promote the legality of young people's work and disseminate knowledge about various forms of employment, employers' and employees' obligations, as well as the advantages and shortcomings of individual solutions.

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Annex

Trade	Services	Trade	Construction	Agriculture	Insdustry	Transportation	Others
N=364 100%	22%	16%	14%	13%	9%	11%	15%
Number of employees	fewer than 10 employees		10-50 employees		51-250 employees		above 250
N=364 100%	69%		19%		7%		5%

 Table 1 Characteristics of the surveyed companies

Table 2. The reasons for not employing young people, in the opinion of entrepreneurs

The reasons for not employing young people, in the opinion of	Average (geole 1.5)*		
entrepreneurs	Average (scale 1-5)*		
High cost of doing business	3.74		
High labour costs	3.71		
Too high salary expectations of candidates	3.70		
High costs of jobs creation	3.70		
The necessity of training / apprenticeship to work	3.60		
Lack of financial support from the state labour institutions	3.50		
Lack of knowledge of the industry	3.42		
Lack of motivation to work	3.42		
No work experience	3.40		
Low demand for products in the region	3.22		
The bad economic situation of the region	3.21		
Lack of required personality traits	3.19		
Lack of professional qualifications	3.15		
The lower loyalty of young people to the employer	3.13		
Lack of social skills relevant to the position held	3.09		
No learning skills	3.04		
The fear of reduced performance	2.98		
Lack of adequate education	2.98		
It is not profitable for companies to hire such a person	2.90		
Prolonged exposure outside the labour market	2,86		
The unemployed belonging to the so-called difficult teens	2.82		
No additional skills required for the workplace	2.70		
Lack of knowledge of foreign languages	2.65		
No license of required category	2.50		

* (the 1-5 scale was used, where 1 means disagree, and 5 strongly agree)

Competency gap	Strongly agree	Tend to agree	Hard to say	Tend to disagree	Disagree
Experience	42%	39%	8%	8%	3%
Initiative and					
entrepreneurship skills	22%	38%	21%	16%	3%
Learning ability	19%	37%	22%	17%	5%
Personal					
characteristics	17%	35%	27%	16%	5%
Courses and rights	17%	38%	21%	17%	7%
Education	14%	29%	18%	30%	9%
Communication in					
foreign languages	11%	22%	28%	26%	13%
Cultural awareness					
and expression	16%	25%	34%	20%	5%
Social competences	14%	31%	33%	16%	6%
Mathematical and					
technical competence	11%	29%	32%	22%	6%

Table 3. Competency shortages of young people in employers opinion

Table 4. Forms of support, which were used by employers over the past 3 years and assessment of their effectiveness and the possibility of using it in the future

Forms of support	% Response YES	Efficiency (average of answers on a scale 1-5)	Forms of activation for employers to employ young people in the future*
Financing employee's internship	42%	4.23	4.04
Subsidizing employees' training	24%	4.16	3.49
Reimbursement of the costs of creating workplace	23%	4.42	4.05
Dissemination of job advertisements issued by the employer	18%	3.35	3.21
Supporting to find employees with specific qualifications	16%	3.33	3.4
Reimbursement of costs associated with hiring an employee to 30 years of age (social security contributions)	16%	4.30	4.18
Allowing young employees financing or funding from the Labour Fund (e.g. post-graduate studies, obtaining professional qualifications)	11%	3.55	3.93
Loans for creating additional workplace	8%	4.00	2.84
Preferential rates / tax breaks	4%	3.60	3.88

* (the 1-5 scale was used, where 1 means disagree, and 5 strongly agree)

Figure 1. Discrepancies and overlaps in the actual assessment of employers who used and did not use a given labour market instrument in relation to the preferences of using it in the future

