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Neet Generation’s Analysis from the Managerial and Economic Point of View

Traditionally, a country’s economic development and growth has depended on its youth. It represents about a third of the working-age population in emerging and developing economies [1]. For example, in Ukraine in 2019 the share of people aged 15–24 years in the working-age population was 7,6 %, 25–29 years old – 12,2 %, and 30–34 years old – 15,3 % [2].

Young people between the ages of 15 and 24 belong to Generation Z, which succeeded Generation Y in the late 1990s. And today they are namely who are more related to the NEET (young people not in employment, education or training) generation – a group of young people who do not have a permanent place of study or work, who do not participate in professional training and are not looking for them.

The concept of NEET youth is relatively recent in public discourse: it was first used in 1999 in the UK Government’s Social Exclusion Commission Report *Bridging the Gap: New Opportunities for Children aged 16–18 without education, work or training* [3]. This social group has attracted the attention of European researchers since the late 1980s, when it became clear that its representatives receive unemployment benefits, but refuse to undergo vocational retraining for further employment [4].

Recently, for a more detailed analysis, Eurostat recommends the calculation of the share of NEET representatives for the age group from 15 to 34 years.

At the beginning of the XXI century, NEET has grown dramatically. In 2012, their share in the total number of European youth averaged 13 %, depending on the country: for example, in Ireland, Italy and Spain – 17 %, and in Luxembourg and the Netherlands – about 7 % [5].

According to the House of Commons of the UK Parliament, in 2016 the proportion of youth aged 15–29 years classified as NEET in OECD countries ranged from 5,3 % (in Iceland, minimum) to 28,2 % (in Turkey, maximum) [6]. In Kazakhstan, it was at the level of 9,3 % (2016) [7] (Ashimhanova, Ayupova, Kajdarova, Kaliev, 2017), in Estonia – 12,5 % [8].

In 2018 and 2019, in Europe, the number of NEET youth is on average 14,7 % of the working-age population aged 15–34, with some variation across countries. To a large extent, this indicator

depends on the total number of unemployed youth, for example, the maximum number of NEET in Italy (25,5 %), Greece (24,2 %), Spain (17,9 %); the minimum – in Norway (7,9 %), Sweden (6,9 %), Iceland (4,5 %) [9].

The growth of NEET worsens the macroeconomic situation in the countries due to the increase in the proportion of young people among the unemployed, which means their economic inactivity. As you can see, in less developed countries the youth inactivity rate is almost twice as high as in the average developed country. Were nothing else to change, bringing youth inactivity in these economies down to what it is in advanced economies and getting those inactive young people into new jobs would have a striking effect [1].

However, it is not only the economic aspect of the problem that causes concern, but also the dropout of NEET from the process of accumulating human capital, which can seriously affect the social status of the representatives of this group [10].

Depending on the length of time they have been in the NEET group, young people can experience various social consequences. Firstly, this is a decrease in the chances of further stable employment. Lack of a habit of daily permanent work is the reason for the replenishment of informal or self-employed economic groups by representatives of NEET. Second, difficulties in building a professional career can subsequently lead to low income and poverty. Thirdly, long-term social and individual lack of demand can lead to problems with the physical and mental health of the individual [11].

With a high degree of probability, the identified problems will not be limited to the age stage of adolescence and youth and will smoothly flow into further periods of a generation's life.

What about the reasons why youth becomes NEETs, in 2016 study on the diversity of NEETs Eurofound provides a new categorisation into seven subgroups in order to better understand the composition of this group of young people. Each of these groups is made up of a mix of vulnerable and non-vulnerable young people who are not accumulating human capital through formal channels, whether voluntarily or involuntarily [12].

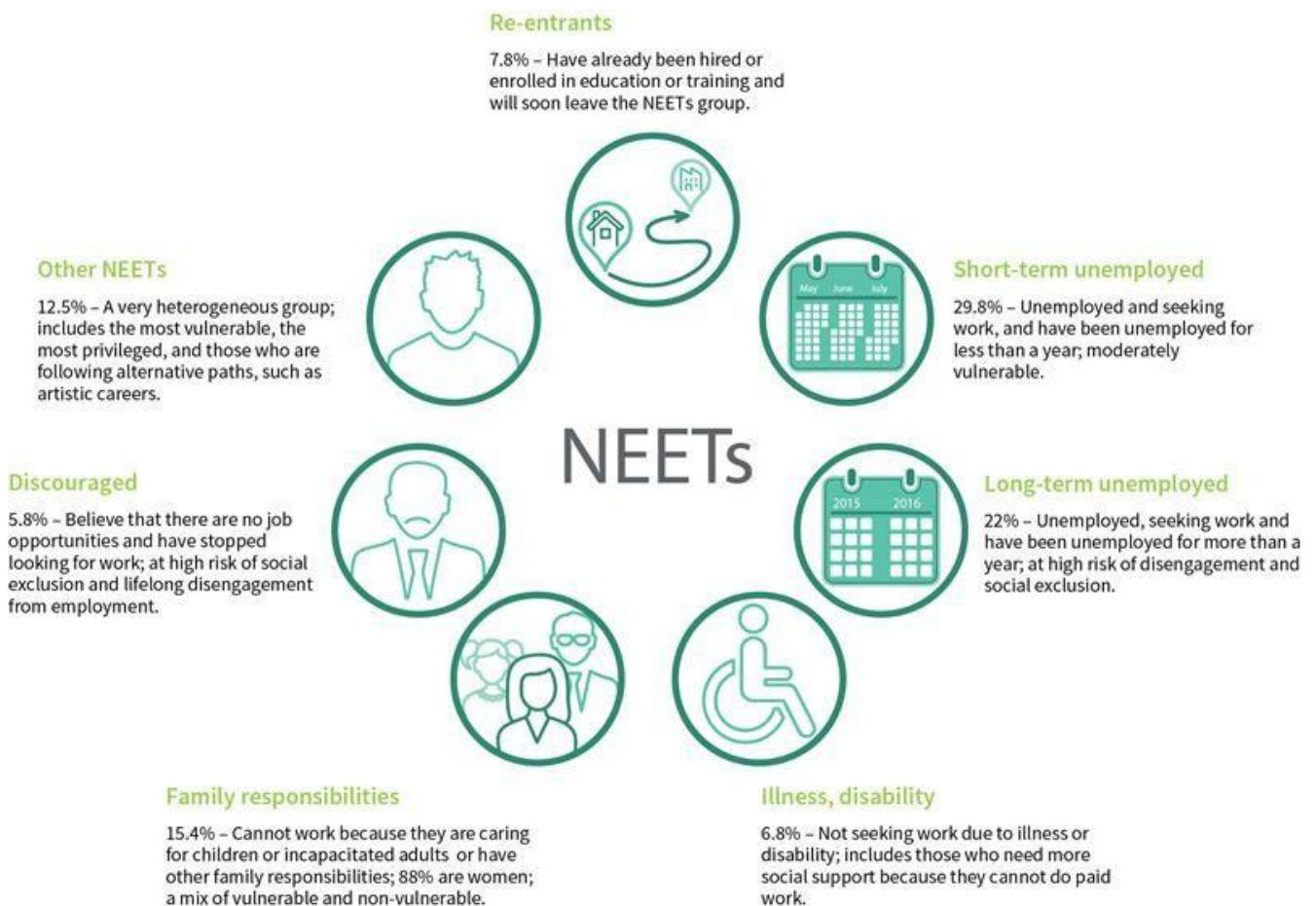


Fig. 1. Categories of NEETs by Eurofound [12]

In addition, International Monetary Fund in its 2019 research concluded that high youth inactivity is associated with lower levels of trust [1].

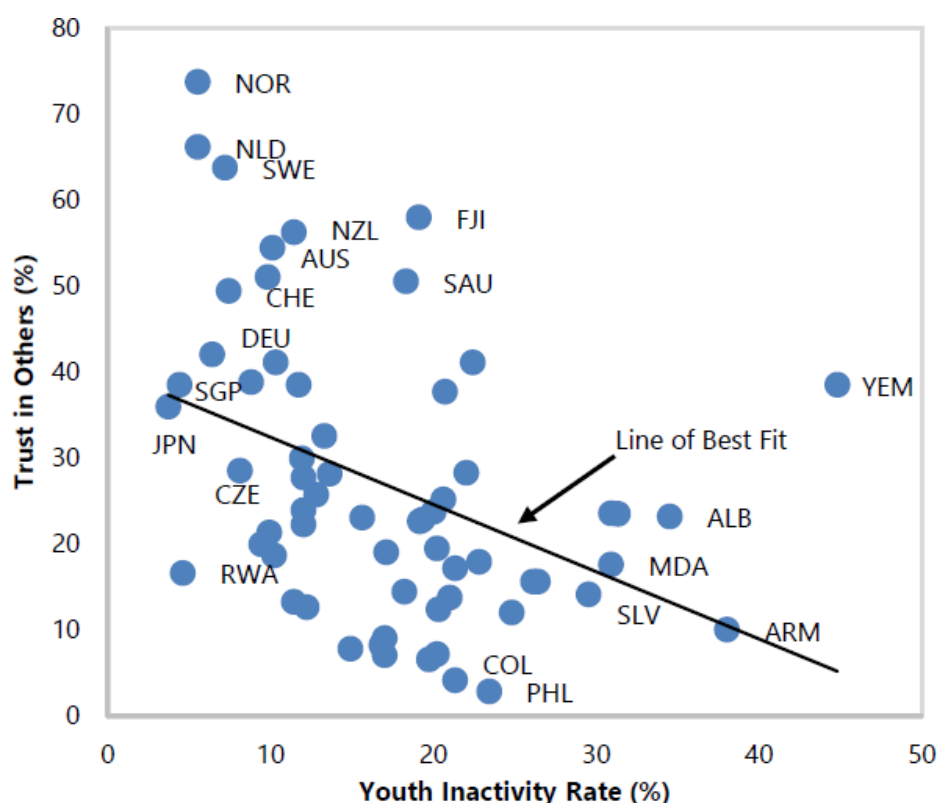


Fig. 2. Trust in Society and Youth Labor Markets [1]

To conclude, in this situation there is a high probability that it will be a low quality of the NEET's human capital both at the starting moment and at the subsequent stages of its formation. To prevent this problem, we should pay more attention to the factors of education and health as they are the main components of the human capital's forming [13].

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