

# WASTE OF LABOR RESOURCES - NEET PROBLEM IN SPAIN AND POLAND IN INDIVIDUAL REGIONS

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***Abstract:** The article addresses the issue of underutilization of labor resources in Spain and Poland from a regional perspective. Spain has been struggling with a high level of unemployment for years, which exceeds the average unemployment rate in European Union countries. A particularly difficult situation is observed in the group of young people finishing their education and entering the labor market. The lack of prospects for finding satisfactory employment generates a number of problems and, as a consequence, may result in exclusion from the labor market and long-term unemployment. Data for individual autonomous regions of Spain and Polish voivodeships were used to analyze the problem of wasting labor resources, with particular emphasis on young people.*

***Key words:** labor market, unemployment, professional activity rate, NEET*

***JEL codes:** J13, J24, J64*

## **1. Introduction**

Nowadays, when analyzing the situation on the labor market of individual regions, we increasingly have to face the challenge of distinguishing groups on the labor market. Often, the basic categories indicating working, unemployed or economically inactive are insufficient. The attention of some researchers is directed to groups bordering on the above-mentioned categories, e.g. people who are underemployed or potentially professionally active (Grotowska-Leder & Serafin-Juszczak, 2014).

One of the many deepening problems is undoubtedly the NEET phenomenon, which concerns young people who are unemployed and at the same time outside the area of education and training (Serafin-Juszczak, 2014). In the European Union, this phenomenon requires

attention and comprehensive actions and interventions in this area, because the scale of the problem has been dangerously high for almost a dozen years (Krause, 2016). Due to the lack of clear data on the NEET phenomenon, it is extremely difficult to estimate how large a group we are dealing with in individual regions today. First of all, it should be noted that the NEET group includes young people who do not study or work, and do not undertake any form of further training (Kobylińska et al. 2016). Such people are often supported by their own parents. It should be noted, however, that not engaging in the sphere of work or education may be both a conscious decision of the individual, as well as a necessity resulting from the family situation, the current situation on the labor market or other (Serafin-Juszczak, 2014). From a macroeconomic perspective, the NEET problem is highlighted as one of the most serious problems of the modern market economy (Balcerowicz-Szkutnik & Wąsowicz, 2017). The social problem in question affects young people in the European Union to varying degrees. The article analyzes the regions of Poland and Spain, and the comparison of selected indicators allowed to identify differences and similarities in the area of employment of young people in these countries.

Economic growth and development is possible thanks to the activities of people who have appropriate qualifications, knowledge and experience (Węgrzyn, 2023). It is a person with a unique set of features and skills that is often the deciding factor in the possibility of implementing innovative ideas. It is worth pointing out here that an economy that does not have the appropriate number and quality of staff in its resources must focus on industries that currently do not guarantee gaining or maintaining competitiveness (Bossak & Bieńkowski, 2004). Hence, the statement about the need for lifelong learning, i.e. promoting continuous improvement and improvement of qualifications, has become common. At the same time, we are currently observing, to varying degrees, many problems on the labor market in the European Union, including: the phenomenon of wasting work. Traditionally, the population on the labor market is divided into professionally active, unemployed and professionally passive (Kunasz & Mazur-Wierzbicka, 2013).

The topic of unemployment was further defined by the LAMAS (Labor Market Statistics) group as part of Eurostat research (Kunasz, 2014). Three additional groups have been distinguished, which are similar to the group of unemployed people, i.e. underemployed, professionally inactive people looking for a job but not ready to take up a job, and the third group, i.e. professionally inactive people who are ready to take up a job but are not looking for a job. The first group includes all employees who are employed part-time but are willing and

ready to work more. The second and third groups form the so-called group of potential labor resources. In labor market analyses, such people are included in the professionally active group, although their potential is not fully used. The three groups mentioned and the unemployed constitute an unused potential labor resource (Strawiński, 2013). Only an in-depth analysis taking into account the problem of wasted labor resources allows us to obtain a full picture of the labor market under study. Particular attention should be paid to the situation of young people on the labor market who do not work, leave education prematurely and do not undergo training (Bonnard, 2020).

The NEET problem and its consequences are often more harmful than the effects of unemployment, taking into account both social and macroeconomic issues. Long-term inability to find employment or long-term unstable employment situation sometimes causes young people to become completely professionally inactive. This affects the entire economy, but above all it causes countless problems for every individual. Young people who do not yet have professional experience and, as a result of early withdrawal from education, do not have a full education, face many problems that they have to face today, but will also face in the future (Andrade & Jarvinen, 2017). It is worth noting that the NEET group includes both people who consciously give up work and study, but there are also those for whom this choice is a necessity. Taking effective actions aimed at professional activation of the discussed group requires a thorough identification of the expectations, needs and experiences of each of the subgroups constituting the NEET group (Skórska, 2016).

The article analyzes the NEET index for the European Union countries and two individual countries selected for the study: Spain and Poland. Information on the NEET rate was obtained from Eurostat. The NEET index is the ratio of the number of young people classified as NEET to the total number of young people.

## **2. The NEET problem in the European Union**

The problem of wasting labor resources, especially in the context of young people, is very complex. The NEET group includes people who are not working, not in training or studying, i.e. people who finish their education prematurely.

The European Foundation for the Improvement of Living and Working Conditions distinguishes five groups within NEET:

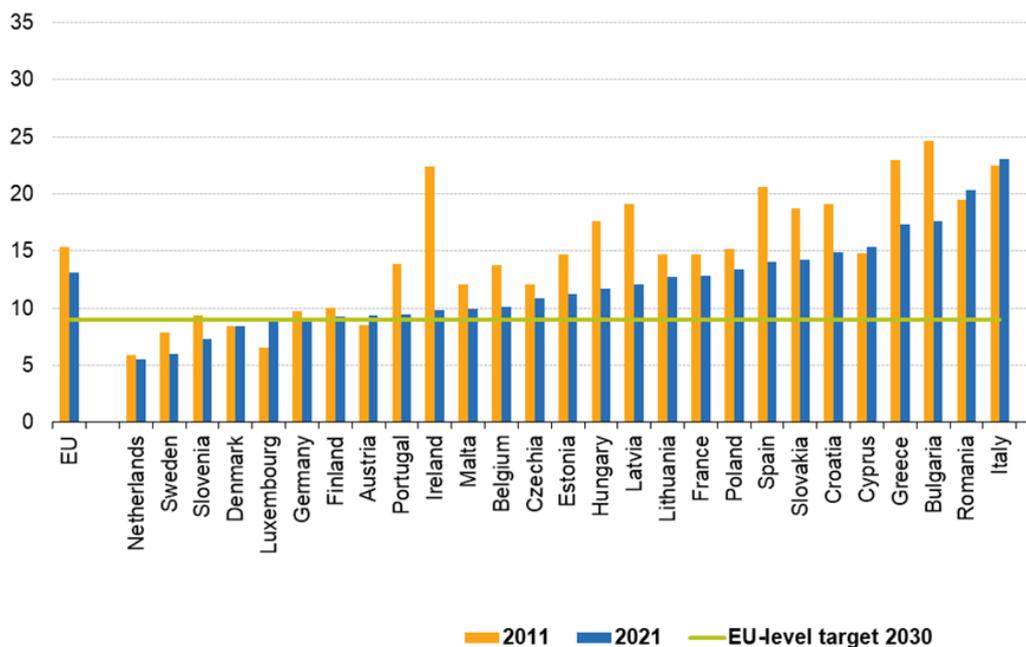
- a) unemployed people, who constitute the largest group and are both short- and long-term unemployed;

- b) people who quickly started a family and therefore have numerous responsibilities, as well as young people suffering from illnesses or disabilities;
- c) young people who have abandoned the possibility of education and are not looking for work while having no restrictions on taking it up, as well as people who lead a socially unacceptable lifestyle;
- d) young people who make an effort to look for a job or education, but at the same time set sufficiently high requirements that a given activity must meet to make them want to take it up due to the sense of high social status and/or skills they have;
- e) people who decide to devote their time to traveling, pursuing their passions or developing their artistic talents.

The analysis of the above groups allows us to conclude that the factors that determine inclusion in NEET may be of different nature, e.g. economic, social or individual. This is also confirmed by research conducted by the European Foundation for the Improvement of Living and Working Conditions (Eurofound, 2011). What unites the above subgroups of people belonging to NEET is, above all, young age, lack of employment and thus living at the "expense of others" (Krause, 2016).

Chart 1 shows the NEET rate in individual European Union countries and the average for all these countries in 2011 and 2021.

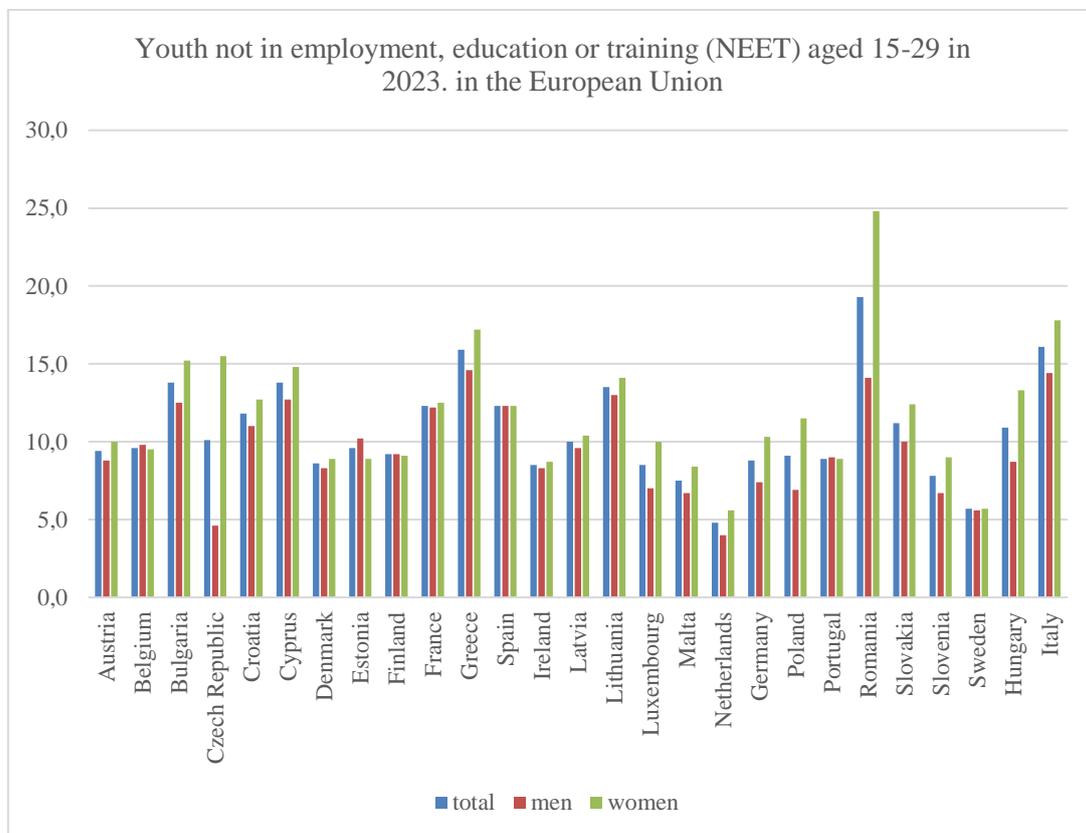
**Fig. 1** NEET rate in percentage in European Union countries in 2011 and 2021.



Source: (www1)

The biggest change can be observed in Ireland, Bulgaria, Greece and Spain. In each of the countries mentioned above, the percentage of young people not in education, training or employment compared to the rest of the youth decreased significantly. However, in five countries, i.e. Luxembourg, Austria, Romania, Italy and Cyprus, the number of young people from the NEET group increased in the analyzed period. Additionally, the chart shows the target level by 2030 set by the European Union with a green line (www2). Several countries have already achieved the target of having the percentage of young people not in education, training or employment below 9 percent.

**Fig. 2** NEET level in individual European Union countries in 2023.



Source: Own study based on Eurostat data (www3)

Data presented by Eurostat show that the group of countries where the NEET problem is most severe includes, among others: Italy, Romania, Greece, Bulgaria, Lithuania, Cyprus, Slovakia and Spain. The situation is particularly interesting in Romania, the Czech Republic, Poland and Hungary, where the difference between the NEET level among women and men is significant. According to Eurostat, in Romania almost every fourth young woman aged 15-29 is not in education, training or work. Perhaps this is the result of certain cultural conditions,

lack of appropriate support or lack of employment prospects for women. There is also a surprisingly high level of NEET among women in the Czech Republic, where the NEET rate in this group is 15.5. For comparison, the NEET rate among men in the Czech Republic is 4.6. In the European Union countries, we can note very large differences between the NEET levels. Sweden and the Netherlands are countries where the situation of young people is definitely the most favorable. Perhaps this is due to the appropriate level and direction of education at an early stage of learning, which results in a good fit to the contemporary needs of the labor market.

### 3. NEET in Poland and Spain - Results and Discussion

Compared to Spain, Poland has a slightly better NEET rate. It is worth noting, however, that the situation in Spain has significantly improved over the last dozen or so years (Salvà-Mut et al. 2018). Analyzing the research results, we can note that in 2014, the NEET level in Spain was the third highest result in the European Union (Skórska, 2016).

The NEET problem became more pronounced during the COVID-19 pandemic, although it stabilized quite quickly in many countries. The dynamically changing situation on the markets caused by the outbreak of the pandemic led to numerous layoffs, especially of less experienced, young employees (Rahmani & Groot, 2023). The change in the NEET rate between 2019 and 2020 was visible throughout the European Union, also in Poland and Spain. Currently, analyzing data from 2023, we can observe that the situation of young people in many European Union countries has improved slightly. The table below presents the results of the NEET indicator on an annual basis from 2019 to 2023 in percentages in individual autonomous regions of Spain and in Polish voivodeships. The presented results concern a group of young people between 15 and 29 years of age who did not work, study or receive education.

**Tab. 1** Young people neither in employment nor in education and training by sex and NUTS 2 regions.

| <b>Young people neither in employment nor in education and training by sex and NUTS 2 regions in Spain and Poland</b> | <b>2019</b> | <b>2020</b> | <b>2021</b> | <b>2022</b> | <b>2023</b> |
|---|-------------|-------------|-------------|-------------|-------------|
| <b>Euro area – 20 countries (from 2023)</b>   | 12.7        | 14.1        | 13.1        | 11.6        | 11.3        |
| <b>SPAIN</b>  | 14.9        | 17.3        | 14.2        | 12.7        | 12.3        |
| <b>Andalucía</b>  | 19.0        | 21.9        | 17.3        | 14.8        | 15.4        |
| <b>Aragón</b>   | 11.6        | 14.6        | 9.8         | 10.7        | 10.1        |
| <b>Canarias</b>   | 19.9        | 23.2        | 19.8        | 14.2        | 13.9        |
| <b>Cantabria</b>  | 13.1        | 13.7        | 7.8         | 11.0        | 8.4         |
| <b>Castilla y León</b>  | 12.0        | 14.5        | 11.8        | 11.9        | 10.9        |
| <b>Castilla-La Mancha</b>   | 15.1        | 18.0        | 14.6        | 13.2        | 11.4        |
| <b>Cataluña</b>   | 15.1        | 18.2        | 15.3        | 13.4        | 12.7        |

|                                   |      |      |      |      |      |
|-----------------------------------|------|------|------|------|------|
| <b>Ciudad de Ceuta</b>            | 22.8 | 26.8 | 24.3 | 18.4 | 15.1 |
| <b>Ciudad de Melilla</b>          | 27.5 | 27.3 | 24.4 | 21.5 | 18.5 |
| <b>Comunidad Foral de Navarra</b> | 9.0  | 12.9 | 12.0 | 11.8 | 10.2 |
| <b>Comunidad De Madrid</b>        | 10.6 | 13.0 | 10.2 | 9.7  | 10.2 |
| <b>Comunitat Valenciana</b>       | 14.8 | 15.8 | 14.6 | 13.0 | 11.4 |
| <b>Extremadura</b>                | 20.0 | 20.4 | 17.0 | 13.8 | 12.6 |
| <b>Galicia</b>                    | 12.3 | 13.4 | 10.3 | 11.3 | 9.8  |
| <b>Illes Balears</b>              | 15.6 | 21.4 | 16.5 | 15.2 | 15.3 |
| <b>La Rioja</b>                   | 11.5 | 11.3 | 11.3 | 12.3 | 10.9 |
| <b>País Vasco</b>                 | 8.8  | 12.1 | 10.9 | 9.4  | 8.0  |
| <b>Principado de Asturias</b>     | 17.1 | 16.8 | 13.2 | 13.7 | 14.0 |
| <b>Región de Murcia</b>           | 15.4 | 15.2 | 14.6 | 13.9 | 14.8 |
| <b>POLAND</b>                     | 11.4 | 12.3 | 13.2 | 10.7 | 9.1  |
| <b>Dolnośląskie</b>               | 11.0 | 12.0 | 11.8 | 13.9 | 8.6  |
| <b>Kujawsko-pomorskie</b>         | 13.7 | 13.7 | 12.4 | 12.0 | 9.9  |
| <b>Lubelskie</b>                  | 13.7 | 17.9 | 15.0 | 11.7 | 10.3 |
| <b>Lubuskie</b>                   | 14.4 | 13.5 | 15.1 | 10.3 | 11.3 |
| <b>Łódzkie</b>                    | 10.7 | 9.9  | 12.7 | 9.5  | 11.1 |
| <b>Mazowiecki regionalny</b>      | 13.0 | 15.0 | 16.8 | 10.4 | 9.9  |
| <b>Warszawski stołeczny</b>       | 3.5  | 5.6  | 4.6  | 4.7  | 4.4  |
| <b>Małopolskie</b>                | 9.7  | 10.5 | 11.5 | 9.1  | 7.1  |
| <b>Opolskie</b>                   | 12.4 | 13.7 | 12.1 | 10.6 | 9.8  |
| <b>Podkarpackie</b>               | 14.4 | 15.3 | 16.6 | 14.5 | 15.8 |
| <b>Podlaskie</b>                  | 11.5 | 13.3 | 13.0 | 9.6  | 7.2  |
| <b>Pomorskie</b>                  | 10.7 | 12.6 | 10.7 | 11.9 | 8.5  |
| <b>Śląskie</b>                    | 9.5  | 11.3 | 14.6 | 9.8  | 7.7  |
| <b>Świętokrzyskie</b>             | 15.7 | 14.3 | 14.4 | 11.3 | 11.5 |
| <b>Warmińsko-mazurskie</b>        | 17.4 | 14.4 | 15.6 | 14.5 | 10.1 |
| <b>Wielkopolskie</b>              | 9.7  | 10.3 | 10.9 | 9.3  | 9.3  |
| <b>Zachodniopomorskie</b>         | 15.9 | 16.5 | 15.8 | 12.0 | 9.3  |

Source: Own study based on Eurostat data (www4)

Analyzing the data in the table above, we can observe that the overall NEET level for Spain in 2023 (12.3%) is close to the average for European Union countries (11.3%). In turn, for Poland, the NEET rate in 2023 was 9.1%, which proves that it is possible to achieve the assumed level of 9% by 2030 if the downward trend of the analyzed indicator continues. The regions of Spain and Polish voivodeships for which the NEET rate in 2023 was higher than 15% are: Andalusia, Ciudad de Ceuta, Ciudad de Melilla, Illes Balears and the Podkarpackie. In Spain, Andalusia and the Balearic Islands are regions where the tourism sector is strongly developed and the industry is much less developed. For years, both of these regions have had the highest unemployment rate in Spain (Rodríguez-Modroño, 2019). In turn, Ciudad de Ceuta and Ciudad de Melilla are independent cities located in Africa, which belong to Spain and at the same time differ significantly from the autonomous regions of this country located on the

European continent. Therefore, they do not constitute an appropriate point of reference when analyzing the situation on the labor market. In turn, in Poland, the voivodeship for which the NEET index is the highest is the Podkarpackie, which is characterized by, among others, relatively young age of the population and the largest percentage of the population living in rural areas throughout Poland (Mazurkiewicz, 2021). Analyzing the lowest values of the NEET indicator for individual regions and voivodeships in the two countries studied, we can observe that there are definitely more areas with the indicator below 10% in Poland than in Spain. The most favorable result in 2023 in Spain was recorded by the northern autonomous regions, i.e. País Vasco (8.0%), Cantabria (8.4%), Galicia (9.8%). In Poland, 10 out of 16 voivodeships recorded a NEET rate lower than 10%, which indicates that young people in Poland are doing slightly better on the labor market than young Spaniards. In turn, the regions and voivodeships that obtained a result lower than 9%, apart from País Vasco (8.0%) and Cantabria (8.4%), include Małopolskie (7.1%), Podlaskie (7.2%), Śląskie (7.7%), Pomorskie (8.5%) and Dolnośląskie (8.6%). The lowest result in the presented Table 1 was achieved by the Warsaw region, however, it should be remembered that this region was separated from the Mazowieckie for statistical purposes (www5). Lowest NEET rate 4.4% in 2023. indicates that young people in large cities find it easier on the labor market than in smaller towns.

The sources of differences that occur between the studied countries may, on the one hand, concern the general situation on the labor market in these countries, the level of adequacy of education to the requirements of the modern labor market, or may have a cultural background. An attempt to identify the causes of the NEET problem in various countries and regions seems to be an appropriate direction for further research in this area. Understanding the reasons for young people giving up education, training and work could be a source of information for institutions and people responsible for preparing labor market programs aimed at activating young people.

#### **4. Conclusions**

Persistent long-term unemployment at a high level indicates the low effectiveness of aid activities that should counteract unemployment and exclusion on the labor market, but are ineffective among young people (Balcerowicz-Szkutnik & Wąsowicz, 2017). Therefore, research on this topic is extremely important because the effects of wasting labor resources due to the NEET problem affect the lives of individuals and entire societies.

Further analysis and research in the context of NEET could focus on the differences in the labor market situation between men and women. Searching for the causes of disproportions in the NEET level by gender in some countries could be an interesting starting point for further analyzes of the current situation on labor markets in the European Union countries. Moreover, young people give up education and work for various reasons, hence an attempt to define the reasons and verify them in different countries would allow us to better understand their motives. Another interesting direction for further research would be an attempt to verify and compare the NEET indicator in large agglomerations and smaller towns in the European Union. The results of such research would allow for the formulation of conclusions about the existence of a relationship or lack of a relationship between the place of residence and a possible tendency to prematurely drop out of education, give up training and not take up employment.

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