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LABOUR MARKET ISSUES IN V4 COUNTRIES

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Abstract: The current article examines the labour market issues facing the Visegrad Group (V4) countries, comprising the Czech Republic, Hungary, Poland, and Slovakia. The study highlights that the main areas of concern are high youth unemployment, informal employment, poverty and social exclusion, and skill shortages. The results suggest that these issues are interconnected and significantly impact these countries' overall economic growth and development. Furthermore, the authors conclude that to address these issues, the V4 countries should invest in education and training, promote entrepreneurship and innovation, and implement social protection policies targeting vulnerable groups.

Keywords: labour market, youth unemployment, informal employment, education.

Introduction

The Visegrad Group, also known as V4, is an economic and political alliance of four Central European countries: the Czech Republic, Hungary, Poland, and Slovakia. These countries have experienced significant economic growth and political stability in recent years, but they also face some labour market issues. The current paper aims to examine the labour market challenges in the V4 countries. The main focus of the study is high youth unemployment, informal employment, poverty and social exclusion, and a shortage of skilled workers in specific sectors. We will also explore the causes of these issues and discuss potential solutions to address them. Despite the challenges, the V4 countries have made great strides in recent years; however, there is still room for improvement. Understanding the labour market challenges in these countries is crucial for addressing these issues and promoting sustainable economic growth.

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Literature Review

Labour market issues in the V4 countries have been the subject of numerous studies in recent years (Białowas et al., 2019; Čermáková & Jašová, 2019; Bieszk-Stolorz & Dmytrów, 2020; Zieliński, 2022). In general, the studies on labour market issues have focused on a range of issues such as youth unemployment (Tomić, 2018; Potužáková & Bílková, 2022; Sirkeci et al., 2018), informal employment (Julià et al., 2019), poverty and social exclusion (Cristea et al., 2020), and skill shortages (Malan et al., 2018). Moreover, the studies (Koišová et al., 2021; Durana et al., 2021) argue that the V4 countries lack skilled workers in specific sectors such as IT, engineering, and healthcare. It is partly due to a lack of investment in education and training and partly due to the emigration of skilled workers to other EU countries with better job opportunities. These issues are interconnected and significantly impact the overall economic growth and development of these countries.

However, there are also studies (Schwabe, 2021; Di Berardino, 2022; Privara, 2021) that point out some positive developments in the V4 countries, such as increased labour force participation, the reduction of long-term unemployment and immigration of skilled workforce. Furthermore, the literature also indicates that policies aimed at addressing these issues, such as investing in education and training (Robert et al., 2020), promoting entrepreneurship and innovation (Acs et al., 2016; Su et al., 2022; Privara, 2022a, 2022b), and implementing social protection and labour market regulation policies that target vulnerable groups (Szczepaniak & Szulc-Obłóza, 2020; Jasova & Kaderabkova, 2021) have been effective in addressing these labour market issues.

The literature review suggests that while the V4 countries have progressed in addressing labour market issues, more needs to be done to create sustainable solutions for these challenges. Further research is required to gain a more comprehensive understanding of these issues and to identify effective policies and strategies to address them.

Results

The V4 countries have experienced significant economic growth and political stability in recent years, but they also face some labour market issues. Up to 2013, the V4 countries, particularly Hungary, Poland and the Slovak Republic, had a relatively high unemployment rate. Moreover, in Slovakia, the unemployment was 14.1% exceeding the EU average of 11.6% (Figure 1). However, since 2014 the unemployment in all V4 countries has considerably decreased.

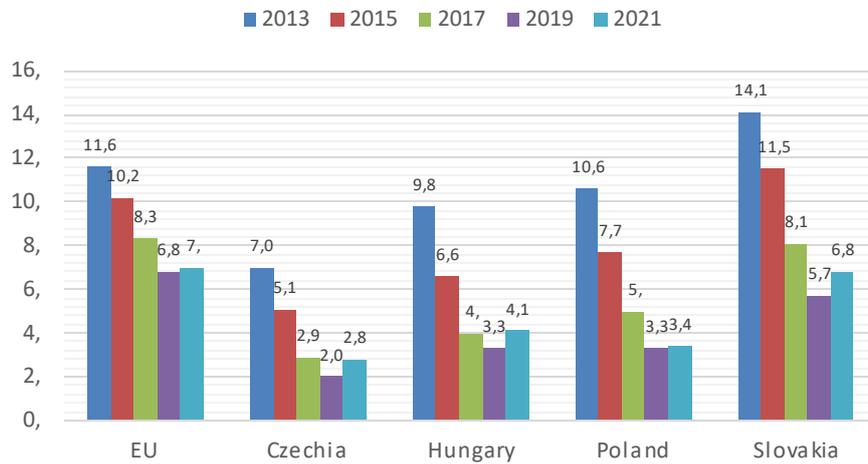


Figure 1. The unemployment rate in V4 countries and the EU average.

Source: Eurostat database

Despite the low unemployment numbers, a remaining major issue is the relatively high level of youth unemployment, particularly in Slovakia (Figure 2). According to Eurostat data, in 2021, the youth unemployment rate in the Czech Republic was 5.2%, in Hungary was 8.2%, in Poland was 7.2% and in Slovakia was 12.9% compared to the 13% EU average. Higher youth unemployment in some countries can be attributed to a lack of job opportunities and a mismatch between the skills of young people and the needs of employers.

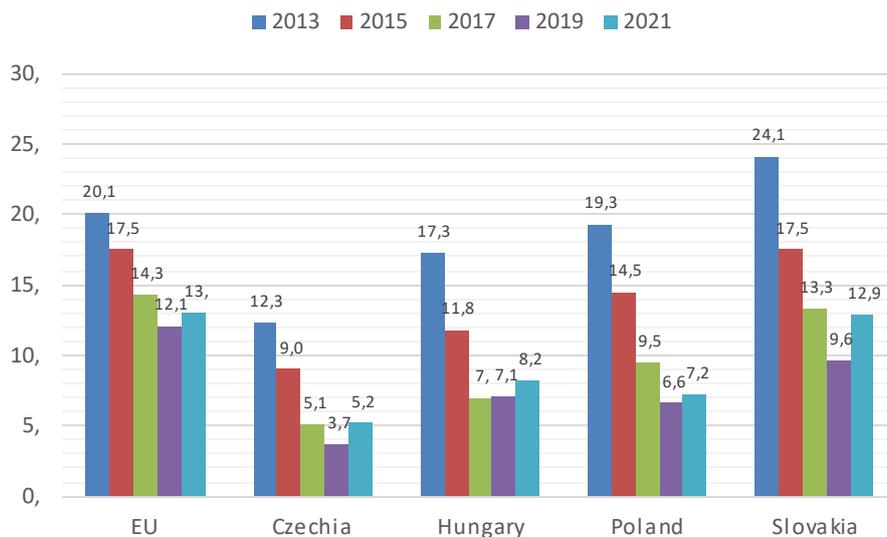


Figure 2. Youth unemployment rate (15-29 age group) in V4 countries and EU average.

Source: Eurostat database

Another issue is the high level of informal employment. According to ILO, in 2016, the percentage of informal employment in the Czech Republic was 36.8%, while in Poland was 20.1%. Except for the Slovak Republic, the other three countries have an informal economy higher than the EU average. It can lead to low wages, lack of job security, and poor working conditions for the individuals working in these types of jobs.

The following issue is the high level of poverty and social exclusion among certain groups in the V4 countries, such as Roma people, who are often employed in informal jobs and have low levels of education and skills. The Czech Republic and Slovakia have the lowest poverty rate equalling 10.7% and 15.6% in 2021, respectively (Figure 3). On the other hand, Hungary and Poland have relatively higher poverty (16.8% and 17.9%, respectively).

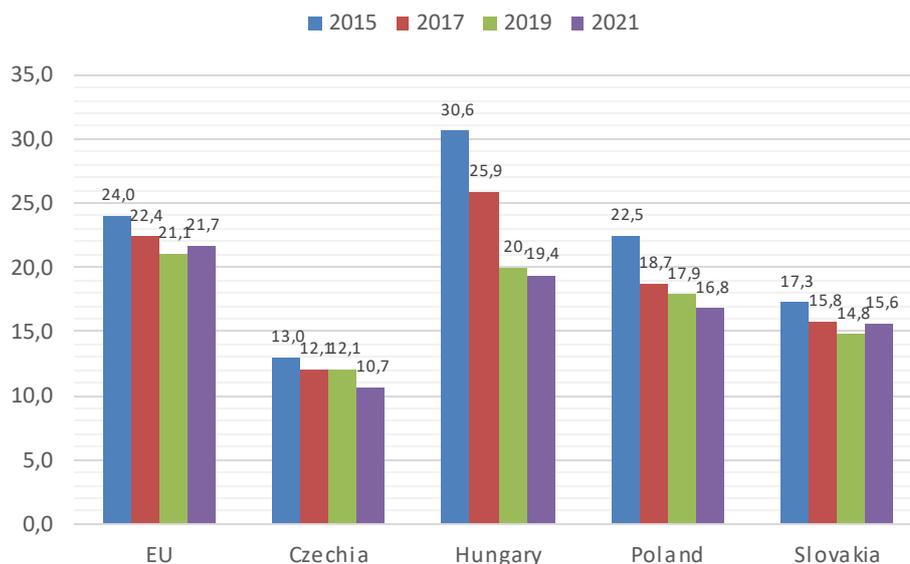


Figure 3. Persons at risk of poverty or social exclusion in V4 countries and EU average.

Source: Eurostat database

The V4 countries also face a shortage of skilled workers in specific sectors, such as IT, engineering, and healthcare. It is partly due to a lack of investment in education and training and partly due to the emigration of skilled workers to other EU countries with better job opportunities.

A lack of job opportunities, a mismatch of skills between the education system and the labour market, and limited access to education and employment opportunities for certain groups often cause the aforementioned labour market issues.



Conclusion

In conclusion, the V4 countries have made significant progress in recent years. However, they still face some labour market issues, such as high youth unemployment, informal employment, and a shortage of skilled workers.

To address these labour market issues, the V4 countries need to invest in education and training to ensure that young people and other groups have the skills required to meet the labour market demand. They also need to improve the quality and accessibility of social security and other benefits to ensure that people in informal employment have access to fundamental rights and protections. Additionally, the V4 countries should attract more foreign investment and promote entrepreneurship to create more job opportunities and spur economic growth.

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