

Young Employees' Situation in Labour Market: Formation of Needs and Expectations

Laura Pilukiene
Vilnius University
Faculty of Economics
Department of Business
Sauletekio al. 9, LT-10222
Vilnius, Lithuania

Summary

Young workers' integration into the labour market is associated with a number of issues analysed both in the scientific literature and in practical activities of business enterprises. Due to the changing conditions of the labour market, business managers are increasingly facing the problems related to young employees' motivation and fulfilment of their needs and expectations in order to ensure the quality and effectiveness of their work. On the basis of the above considerations, the aim of this article was raised to assess young people's (18-23 year-old students') situation in the labour market in the context of their expectations and needs.

Keywords: employee needs and expectations, labour market, wage, motivation, student, young employee

JEL Classification: J30, J31.

1. Introduction

The analysis of problematic issues regarding human resources, workers' motivation and the satisfaction of their needs and expectations should be a continuous, ongoing process in almost all economic activities of existing business enterprises. In today's market, the ability to select and apply appropriate means of motivation is a particularly important foundation for successful operation of each business, since employees, whose expectations are dissatisfied, experience tension suppressing their incentives and desire to achieve their personal goals, as well as the objectives set by the company. It is appropriate to point out that each person is an individual (in respect of the age, gender, education and other aspects) who has individual expectations and needs resulting from his background, therefore different means should be applied to satisfy and motivate individual employees in business enterprises.

The problem is that it is not easy for a company to retain and motivate its employees, especially young ones, who are constantly looking for new challenges and opportunities. It should be noted that different business enterprises benefit from young people for a number of features, like easy absorption of innovations, quick response to changes and the absence of fear of change, which is often characteristic of older workers. Taking into account the above conditions, *the aim* of the present article is: to assess young people's (18-23 year-old students') situation in the labour market in the context of their expectations and needs.

Tasks:

- 1) to assess the theoretical aspects of young employee' motivation, as well as fulfilment of their needs and expectations, in a business enterprise;
- 2) to distinguish the peculiarities of young employees' motivation in business enterprises;
- 3) to compare the working and non-working students' expectations related to tangible earnings;
- 4) to distinguish the problematic aspects of the formation of students' monthly salary expectations.

The object of the research – the needs and expectations of young employees working in business enterprises.

Research methods. Systematic analysis of scientific literature based on a comparative method and the method of synthesis, a questionnaire survey of the students of the university and the statistical processing, systematization and analysis of the results thereof.

Statistical empirical processing of research results by using the package of statistics analysis software *Microsoft Office Excel, IBMSPSS Statistics 19, IBM SPSS Amos 22* helped in identifying the connection and dependence between separate factors.

2. Peculiarities of Young Employee Motivation, Formation of needs and Expectations: Theoretical Aspects

In today's labour market, under the increasingly intensifying competitive conditions, business managers need to create an environment conducive to the most efficient use of professional skills and abilities of the staff. Business enterprises must develop an appropriate motivation and remuneration system based on the assessment of the needs and expectations of human resources and a possible perspective of motivation process improvement (Marcinkeviciute, 2006). It is important to note that neither the scientific literature nor practical activities of enterprises have yielded a unified system of human resource motivation factors, which would be suitable to meet different expectations and needs of a staff consisting of different people, in respect of the age, gender, education and other criteria, employed in various economic activities. In order to prevent human resource dissatisfaction related to the fulfilment of employees' needs and expectations, business enterprises must provide clear and understandable motivation and remuneration systems providing scientifically-based conditions for the calculation and differentiation of remuneration (Tamasauskiene et al. 2008). This can be achieved by considering all the factors influencing human resource motivation and remuneration, which determine both workers and business enterprises' bargaining power, thereby reducing the dissatisfaction resulting from the differentiation of remuneration in business enterprises (Vamvakidis, 2009).

In particular, a lot of issues, discussed both in scientific studies and in the context of practical activities of business enterprises, stem from the young people's situation in the labour market, their motivation to work, as well as the perception of their needs and expectations. A quarter of a century ago, Cyrus A. Altima Jr. et al (1973) highlighted the fact that an employee's satisfaction with his job depends on his age, i.e., persons under the age of 26 are the least satisfied with their current job, especially in respect of the opportunities for self-realization, their responsibilities in a company and the respect shown to them by the employer and the team. The above factors are specifically relevant to younger employees, as older ones consider job security one of the most important motivating features. It could be claimed that specifically the age, which determines employees' approach to their job in their current life cycle, is one of the main criteria forming their needs and expectations. As Braziene et al (2014) state, it should be emphasized that in a certain stage of young person's life (during the period of transition between the education system and labour market), a fair and reasonable business managers' approach is particularly important when negotiating on the employer and employee's interests. At the beginning of the cycle of his integration into the labour market, the individual does not have a strong bargaining power due to his undeveloped skills and lack of work experience.

The situation of young people in the labour market, according to Berzinskiene and Rudyte (2008), is related to external environment factors, such as the general demand for employees in the country. When looking for a job, young people are facing a number of problems arising from shortages and surpluses of certain professions in the labour market, as well as non-escalated expectations for remuneration and a relatively small part of the human capital accumulated.

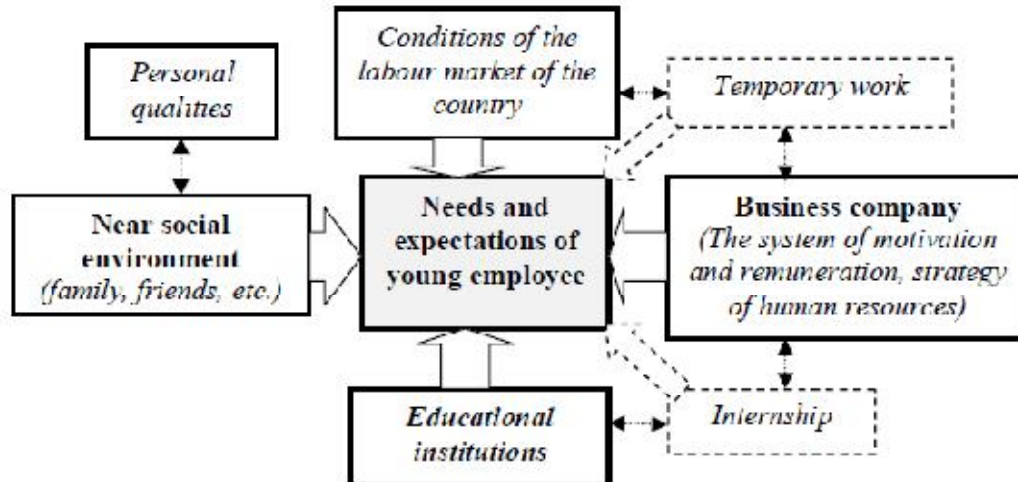
The length of employees' service and related abilities are particularly emphasized in practical activities of an enterprise, i.e., when developing a motivation and remuneration system in the enterprise, a strong focus is placed on employees' practical skills and work experience. This is confirmed by Balvociute and Skuncikiene (2008), who shed the light on the general trends of the relationship between employees' education, remuneration and the length of service. The results of Laud's (1984) study showed that tangible benefit is more important for those workers whose work experience in a business enterprise is longer. The opposite situation is reflected in least experienced employees' opinion – at the beginning of their career, employees feel more valued when they are trusted, given greater powers and more advanced functions. This aspect highlights another advantage of employing young people who are recent graduates.

It should be emphasized that business enterprises which due to above circumstances are not able to pay young people (having no work experience, still studying at education institutions) higher salary meeting their expectations for remuneration, should pay attention to other elements of the motivation process which can be especially important for younger workers in particular. Some of those indirect, intangible aspects of employee's motivation are the elements of a business enterprise's internal environment.

Shanks (2007) identifies the following factors of motivation: creating a favourable and pleasant working atmosphere, encouraging people to freely express their views; giving clear and meaningful work assignments; ensuring competence development, as well as providing employees with career and progress opportunities, i.e., a business enterprise must strive to create favourable conditions and opportunities for workers to use their knowledge and skills in order to achieve both individual and enterprise-wide goals. This idea is also confirmed by Blau et al (1981), who analysed the reasons for which young aged individuals (in respect of their gender and racial features) change their jobs and found that a clear perspective of a higher salary, as well as existing opportunities for learning and skills development, motivate employees to work in the relevant workplace. General culture in a business enterprise should bring together and unite all employees, allow them to feel free, show their initiative and creativity, as employees' well-being at work results in greater staff efficiency and motivation to work. It should be noted that the above-mentioned intangible elements of motivation process are particularly important to those young people who are usually full of ambition and initiatives and try as much as possible to show their knowledge and skills in order to strengthen their position in the business enterprise, take up senior positions and, in the future, get a remuneration meeting their needs and expectations. Actually, the main reasons for young employee change is not only the young people's drive and desire to change, but also the low satisfaction with the current job, which is most linked to the elements of the internal environment of a business enterprise (the discrepancy between the nature of the work and the requirements for the job; inadequate conditions of work organization and remuneration; general health of an employee; stress at work; violations of labour discipline and so on). The overall structure of human resources in a business enterprise is also very important. It was noticed that the more employees in a business enterprise have similar education, the higher salary they get, i.e. the size of a salary depends on the size of the enterprise, as well as on the separate groups of employees, formed in the internal environment (Barth and Dale-Olsen, 2011).

According to Blau et al (1981), the current stage of young employees' life cycle is strongly linked to family creating, which also affects their job change, especially where women are concerned, who are more motivated by the existing pay (satisfying their needs and expectations) than, for instance, the opportunity created in an enterprise to learn and develop their skills, resulting in higher salary in the future. It can be argued that the creation of favourable working conditions may help not only to motivate young aged employees, but also to reveal their creativity and initiative, which is advantageous in the process of business activities development. It should be also emphasized that in today's market one of the young aged employees' advantages is faster adaptation to changes in the business environment. This is confirmed by Koeniger et al (2007) who also emphasize that technological development or external technological environment, leading to the existing composition of the labour force by age, influences the situation in the labour market and the process of employee motivation.

Another factor to be emphasized is that in the labour market, young aged people are often associated with the process of temporary employment. According to Feldman et al (1994), temporary workers, employed in a business enterprise for a limited period of time, are identified as persons seeking a greater labour flexibility and a better balance between working hours and their personal life. For a young employee, a short-term job offer is a way to keep the acquired skills, practice them and even gain new skills. This is supported by Houseman (2001), who states that temporary employment is an alternative and appropriate way to gain work experience, which is especially important for a person who is studying or has recently completed his studies. According to Wilder (2013), there are many negative aspects associated with temporary employment, such as minimal job security, lower salary, but many other above-mentioned things, received from the enterprise by a young aged employee, can compensate for the disadvantages of temporary employment. Wheeler and Buckley (2001) state that those employees who do not have any or very low opportunities to get a permanent job are hired by the employer on a temporary basis. The hired employee, within a certain period of time, gains new work experience and skills that can lead to a permanent employment proposal in the future. To summarize the results of the analysis provided in the scientific literature, systemized factors affecting the formation of young aged people's needs and expectations are given in Picture 1.

Figure 1: Formation of Young Employee Needs and Expectations: Influence Factors

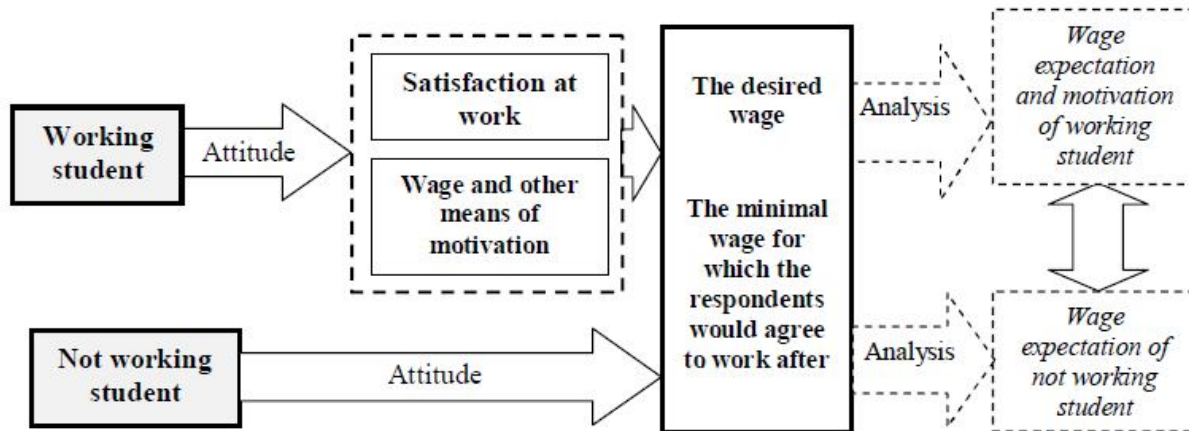
Source: created by the author. The figure is based on the data provided by analysis of scientific literature

To sum up the results of the analysis of the theoretical provisions, the conclusion could be made that young aged people's motivation to work, as well as the formation of their needs and expectations for remuneration, are related to a number of external environmental factors, such as the labour market situation and the cost of living in the country, as well as with the process of human resources management in a particular business enterprise, especially the system of motivation and remuneration and the formation of internal culture in that enterprise. When hiring young employees, business enterprises shall necessarily draw attention to the young aged persons' attitudes, character traits and lifestyles, in order to motivate them properly. Considering the above circumstances, the results of an empirical study are presented below, demonstrating students' situation in the labour market and the salary they expect to earn after completion of studies, in order to meet the employees' needs and expectations and achieve business objectives.

3. Methodology of Empirical Research

A low level of research conducted in Lithuania on the issues related to the formation of young aged employees' needs and expectations, as well as a small number of practice-based studies, led to consider the issues presented above in order to assess young persons' situation in the Lithuanian labour market, their needs and expectations. The present article analyses the young employees' (18-23 year-old students') situation in the labour market and the formation of their labour motivation in the context of the fulfilment of their expectations. This paper, the basis of which is an empirical study, develops a number of issues, such as the tangible benefit and other means of motivation provided for working students in the workplace; the monthly salary that working students desire to get (as well as the minimum monthly salary, for which they would agree to work) which is compared with a monthly salary expected by non-working students (as well as the minimum monthly salary for which they would agree to work); young workers' job satisfaction, the variable pay and other indirect benefits they receive. Picture 2 shows the empirical research model revealing the problematic aspects of the issue discussed, in order to achieve the objective raised in this article.

Figure 2: Model of Empirical Research

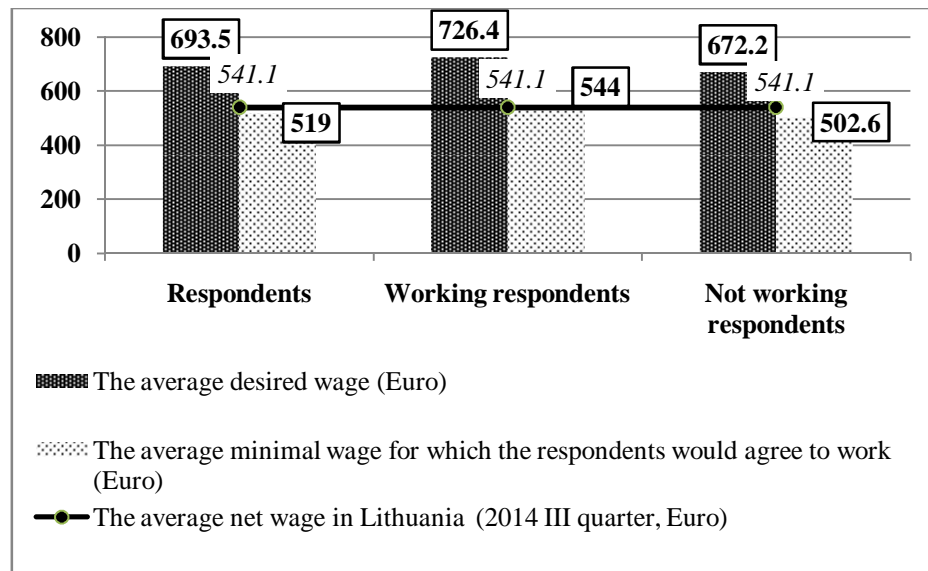


Source: created by the author.

The method chosen for the present research is a sociological survey of students, which was carried out using a tool – a questionnaire prepared on the basis of guidelines for questionnaire design, in order to get detailed answers to the questions. In order to reflect both employed and unemployed students' opinions about the expectations for remuneration, the questions were given to students of different ages: from the first to the final year of studies. In September 2014, 152 respondents, including first-year (77 respondents) and fourth-year (75 respondents) students were interviewed by questionnaire (brief profile consisting of closed-end questions). Additionally, in February 2015, third-year students (52 respondents) were surveyed. In total, the article examines 204 persons' answers, which are divided into two groups: the responses given by students that are currently working and non-working students' responses.

4. Students' Situation in Labour Market and Wage Expectations: Empirical Research Results Analysis

To carry out the analysis of student survey results, in the first place it is appropriate to give a general summary of the responses of all respondents. Then, separately, the responses of students in two isolated groups (employed and unemployed) should be analysed. Finally, the results of the responses given by employed students only should be conveyed. The questions asked in the survey questionnaire seek to highlight studying and currently employed or studying and unemployed people's approach to the monthly salary they desire to get, and the minimum monthly salary, for which they would be agree to work after finishing their studies. The employed students had to answer more questions relating to the remuneration and motivation at their current workplace in order to highlight young people's situation in the Lithuanian labour market on the basis of the aspects of tangible and intangible benefits received by the respondents. Figure No.1 provides the average of the monthly salary desired and the average of minimum monthly salary, for which respondents would agree to work after graduation. All respondents' desired net average salary for work according to the speciality (doing a job related to their studies) after graduation is 693.5 euros, which is almost 22 % more than the national average net monthly salary (compared with the third quarter of 2013, according to the data provided by the Department of Statistics under the Government of the Republic of Lithuania). The majority of the respondents (51%) stated that they would like to get a salary in the range of 650 to 800 euros.

Figure 3: The Desired Wage and the Minimal wage for which the Respondents would Agree to work

Source: created by the author. The figure is based on the data provided by questionnaire research

The lowest average monthly salary for which the respondents would agree to work after graduation (practicing their professions, doing a job related to their studies) is almost 519 euros. The majority of the respondents (62.7%) indicated that they would agree to work for a minimum salary ranging from 360 to 500 euros, i.e., students tend to work for less than the current average net monthly salary (541.1 euros, according to the third quarter of 2013) existing in the country.

The analysis of the indicators, showing the desired monthly salary and the minimum monthly salary for which the respondents would agree to work after graduation, which were distinguished depending on whether the students are currently employed (60.8% unemployed and 39.2% employed students were questioned), reveals some differences. A comparative analysis of the responses given by the employed and unemployed students shows that the average of the employed respondents' desired salary (after graduation) is slightly more than 726 euros, while the average salary desired by the unemployed respondents is over 672 euros (see Picture 3). The small difference (54 euros or 7.4%) between the average salary desired by different groups of respondents indicates that all of the students critically and realistically assess their abilities and opportunities in the labour market, taking into account the current situation in the country. A similar situation can be seen in students' in two distinguished groups (employed and unemployed) attitude to the minimum salary for which they would agree to work after finishing their studies. The analysis of the unemployed students' answers shows that the latter desire a minimum average salary amounting to 502.6 euros, while currently employed respondents wish to earn a little more than 544 euros a month.

It should be noted that both the employed and the unemployed students' desired monthly salary averages are higher than the national average net monthly salary in the third quarter of 2013 (the employed respondents' desired average monthly salary is 25.5% above the national average monthly salary, the unemployed respondents' desired average monthly salary is 19.5% above the national average monthly salary). Comparing the minimum monthly salary for which students would agree to work after graduation with the average net monthly salary in the country, it appears that currently unemployed students after their graduation would be willing to work for a salary of about 503 euros, which is 7% less than the national average net monthly salary that was in the third quarter of 2013. The analysis of the employed students' present job satisfaction shows medium evaluation - 3.29 points (where 5 points represent the complete satisfaction and 1 point shows complete dissatisfaction). It means that currently employed students are indifferent to their present work as they feel neither strong satisfaction nor dissatisfaction. Therefore, it can be concluded that business enterprises have not yet developed a proper employee motivation system that would increase the loyalty of their employees.

The relationship between the employed respondents' job satisfaction and their salary has not been found, since an employed student's average monthly salary is also nearly 394 euros ((even 80.1 % of the employed respondents stated that their salary ranges from 300 to 362 euros, i.e., they earn the established minimum monthly salary (which is 300 euros since 01/01/2015) or slightly higher than above-mentioned national minimum monthly salary)). The dominant indifference to work and the low salary show the undetermined relationship between these variables. It should be noted that the previously discussed employed students' desired salary (the average of which is 726.4 euros) is almost twice as high as their current salary, i.e., the desired salary is about 332 euros higher than the salary earned by workers while they are still studying (the respondents' average monthly salary is 394 euros). As a result of the above mentioned circumstances, it would be appropriate to highlight other elements of remuneration applied in respect of students – the direct variable pay and the indirect payments or additional benefits received by students (see Table 1).

Table 1: Structure of Working Students' Wage

Variable component of wage	
<i>Don't get variable wage</i>	47,5 %
Reward for the results of individual and teamwork of the employee	25,0 %
Annual premium (holiday premium)	20,0 %
Rewards of individuals selling	13,8 %
Measures of intrinsic value	
Social insurance programme: life insurance, accident insurance, pensions	56,3 %
Additional services and privileges include that means like car and fuel, membership in clubs and unions, and other	50,0 %
Organization and remuneration of trainings, apprenticeship, work internship	33,8 %
Discounts for company products	26,3 %

Source: created by the author. The table is based on the data provided by questionnaire research

Most of the employed students (47.5 %) involved in the survey stated that they do not get any variable pay, i.e., studying persons agree to work for a minimum (or slightly higher) salary without a variable pay. It is assumed that students want to gain experience and develop certain skills necessary for their operating activities in order to become more competitive in the labour market when they start looking for a better-paid job after graduation. The students receiving a variable pay indicated its elements, such as irregular bonuses for successful completion of tasks / implementation of goals, also, annual bonuses or commissions from individual sales. As for the indirect benefits or additional benefits obtained in the workplace, most of the working students (56.3 %) indicated various products offered by insurers and then provided to the employees by the company, as well as organisation of recreational activities (e.g. membership in sports or other clubs) and celebrations for employees at the expense of the company. Almost 34 % of the employed respondents indicated a number of additional benefits, such as organisation of professional training and traineeships, paid by the company. However, none of the respondents mentioned a payment (or partial payment) for education or provision of student loans as an element received from the company.

5. Conclusions

Based on the literature and the results of a questionnaire survey analysis, the following summarizing conclusions can be made:

1. Each employee's motivation to work in a particular business enterprise depends on his expectations and needs satisfaction level, which is closely related not only with working conditions created in the workplace, but also with the individual's own personal qualities, as well as the overall situation in the labour market.
2. The results of theoretical and empirical studies, described in various sources of scientific literature, evaluating young aged employee's situation in the labour market or integration into it, as well as all the issues associated with the above mentioned problems, are quite similar. Summing up the results of the analysis given in the scientific literature, four groups of factors affecting the formation of a young employees' needs and expectations can be distinguished: the surrounding social background and personal characteristics, the business enterprise's internal environment factors (the motivation and remuneration system, the company's culture), the environment in academic institutions (acquired knowledge and skills, internship) and the situation of the country's labour market.

3. To summarize the results of the empirical research conducted by the author, it can be seen that the students after graduation would agree to work for the national average monthly salary (i.e., the minimum salary for which the students would be willing to work after completing their studies is approximately as high as the average monthly salary in the country). On that basis, it may be asserted that young people critically and realistically assess their abilities and opportunities in the labour market; they understand the current economic conditions in the country.
4. Although the students' involved in the research desired average monthly salary is about 22 % above the national average monthly salary, it cannot be stated that their expectations are unreasonable. It is appropriate for business enterprises to employ a young person paying him the minimum salary, for which he agrees to work in real time, and create favourable conditions for the employed person (design a career plan for a certain period of time) to obtain the desired salary in the future.
5. The results of the empirical study have highlighted the slight differences between the employed and unemployed students' desired salary after graduation, i.e., the salary for which the unemployed students would like to work after completing their studies, is lower. These findings suggest that unemployed students understand that the criteria, such as the length of service or work experience, are very important in determining a salary to be paid to the employee.
6. A comparative analysis of the minimum salary (for which they would agree to work after graduation) indicated by the employed and unemployed students revealed the existing disparities between the two groups of respondents: the unemployed students after completion of studies agree to work for a salary which is slightly lower than the national average salary. The minimum salary for the work after graduation indicated by employed students is very slightly above the national average net salary, so it may be asserted that young aged persons are realistic about the labour market situation and its possible changes.
7. Further research directions can be related to the remuneration and measures of motivation applied in respect to employed students according to the economic sectors in which they work and the difficulties of young people's integration into the labour market. The necessity of research on the factors, like temporary employment or internship, influencing young people's situation or integration into the labour market, their needs and expectations, is also worth to mention.

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