

YOUNG PEOPLE AND THE LABOR MARKET IN ROMANIA

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Abstract: EU seeks to ensure economic development is accompanied by social progress. At the same time promotes adherence to core labor standards, rules considered as an integral part of human rights. Support defend equality, non-discrimination and promote equitable economic system.

A dynamic, knowledge-based jobs requires that Europe must develop to face competition from new emerging economies. This requires investment in science and education and employment policies work. Employment policy, social inclusion and social affairs is the responsibility of both the European Union and Romania.

Weak institutional capacity, poor quality and a low degree of coverage of employment services employment, inadequate level of basic skills acquired during compulsory education and a high rate of early school leavers, the mismatch between the skills provided by the education system and requirements of the labor market, the difficult transition from education to work, the low rate of participation in lifelong learning and adult education, plus an insufficient level of business investment in training are just a few issues a negative impact on employment.

JEL classification: E20, E24

Key words: labour market, market economy, human capital, manual work

1. INTRODUCTION

An old saying says that young people are the future. That they can bring change and that they can also decide the destiny of a country. After integration into the EU, a labour market danger is the well prepared workforce migration. So, one in four people (respectively 27%), takes into consideration to look for a job abroad in the next three years. Moreover, only 21% of young people believe that they can be professionally realized easier in Romania than in other countries. The mirage of work abroad affects approximately one-quarter of young professionals. In general, they consider that they have more opportunities abroad than in Romania⁴⁸.

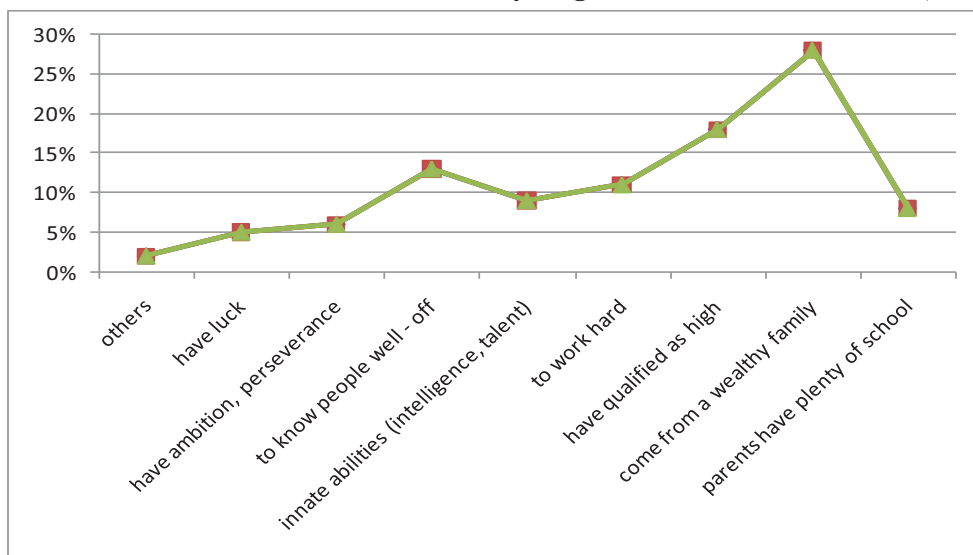
⁴⁸ The Ministry of labor, family and equal opportunities Directorate programs and workforce Strategies, National Observatory of Employment and training of the workforce, the report "current problems of the young population in Romania", Bucharest, May 2007

According to the secondary analysis of the surveys data: "the youth's situation and expectations. 2004 Diagnosis and 2006 Diagnosis ", carried out on a sample of 1.219 people and respectively of 1.103 people aged from 15 to 29:

"Work is not seen by young people as an important path of success in life in Romania. Only 11% of the interviewed people consider work as the first condition for succeeding in life, in Romania. The most important condition for a young man to succeed in life, in Romania is that he/she must come from a wealthy family. This lack of confidence in labour's ability to ensure welfare in Romania is a premise for work motivation erosion

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Conditions that matters most for a youngster to succeed in Romania (2004)



Source: *Andra-Bertha Sănduleasa, - INCSMPS, The attitude of young people in Romania to work, the session of scientific communications 2007*

Figure no. 1

2. LABOUR MARKET IN ROMANIA – FACT OR FICTION?

According to the report of the MINISTRY OF LABOUR, FAMILY AND EQUAL OPPORTUNITIES PROGRAMS DIRECTORATE AND WORKFORCE STRATEGIES "Current problems of young population of Romania" from May 2007:

- Employers' and the relevant social partners' involvement is very limited in terms of planning the academic education.

- The links between universities and industry/employers are very weak, unlike the practice in the professional and technical education.

- For facilitating the professional insertion, European instruments, such as the european CV and the Europass have been adopted.

- From the perspective of higher education relevance for labour market requirements the following difficulties can be mentioned:

- ✓ The system is not correlated to the dynamic labour market needs;

⁴⁹ *Andra-Bertha Sănduleasa, - INCSMPS, The attitude of young people in Romania to work, the session of scientific communications 2007*

- ✓ The absence of clear equivalences between the University and training criteria (skills-based and formal) on the labour market;
- ✓ The absence of systematic analysis and studies on the correlation between the university training offer and the labour market requirements both quantitatively (tuition figure is not based on an analysis of the evolution of demand) and structurally (on domains and skill levels);
- ✓ The use of narrow educational packages (over 270 degrees) caused numerous analogies, non-optimal financial resources utilization, difficulty in defining adequate teaching standards, and hindered the graduates' proper integration on the labour market;
- ✓ Inconsistencies in the strategy development to strengthen the partnership with the economic and social environment. Partnerships with the business community are insufficiently developed.

- The biggest problem confronting graduates of higher education is related to the "lack of experience". The companies, however, begin to drop this condition and offer jobs as long as young people go through several internships during college.

A recent report of the World Bank, EDUCATION POLICY NOTES, tells us that, for the most part, the current state of Romanian education is due to the political class' lack of will. And in the absence of urgent and coherent measures, young graduates will thicken the unemployed or will search "the lure of foreign countries". One in five young people under 25 years old in Romania has chosen in recent years of crisis, to go abroad, according to a recent study of Eurostat. About the same percentage applies to Polish. Unfortunately, there are no longer very many offers abroad, and the competition increased due to young people in southern Europe.

In 2012, in just the first three months of the examinations completion, 12,000 graduates in addition to last year were submitted to the National Agency for employment. And according to the National Institute of statistics, nationally, 180,000 young people aged from 15 to 25 are, today, without a job. Most of these have a medium level of education and come from specialist schools and theoretical highschoools. Past experience shows us that it is no laughing-matter with serious consequences of unemployment. The lack of a job leaves deep marks on the lives of everyone, confidence on the future and on personal success. And among other direct costs poverty, hopelessness and low expectations may be included. Arts and crafts school liquidation virtually cancelled any chance of many young people to get to know a job, given the fact that the theory is not enough to penetrate the job mysteries. Although in specialty programs there are tutorial classes and practical training classes, it remains at the discretion of the specialized or practical training teacher to carry out those hours in school workshops or at the trader. Mostly the trader is reticent in terms of receiving students in the unit, he/she was not motivated to complete these hours. It is a good initiative to try to set up the vocational schools, I could say a breath of oxygen to revive education for young people's qualification in the desired jobs, for the job grasp. Among the factors that delay the young people's insertion on the labour market we can include the lack of public information and professional relations. It means that most of the young graduates do not have any information about how labour market really looks like. And they choose their future careers superficially or according to some ideals in disaccord with reality. We also speak of communication skills lack, about uncertainty in themselves, about the employers' dishonesty, but also about the lack of experience. In 2011, according to a

report recently published by Eurostat⁵⁰, EU-wide, two-thirds of active population was represented by people who performed non-manual work, while the remaining third performed manual work. In Romania, 60% of the active population performed manual work, and only 40% non-manual work. Furthermore, if we only analyse the qualified active population, who performs a non-manual activity, the percentage of active population is of 23.1% in Romania, 39.1% in the EU, and 43-44% in France and Germany.

Employed persons 15 and older by sex: composition by occupation (main job), 2011

Table No 1

Table 3: Employed persons 15 and older by sex: composition by occupation (main job), 2011 (in %)

	Total				Men				Women			
	Skilled non manual	Low skilled non manual	Skilled manual	Elementary occup.	Skilled non manual	Low skilled non manual	Skilled manual	Elementary occup.	Skilled non manual	Low skilled non manual	Skilled manual	Elementary occup.
EU-27	39.4	27.1	24.0	9.4	38.2	17.0	36.8	7.9	40.8	39.1	8.8	11.2
EA-17	39.7	28.2	22.2	9.9	39.2	18.1	35.1	7.7	40.3	40.4	6.8	12.5
BE	43.8	27.3	18.8	10.1	43.9	17.9	31.5	6.7	43.6	38.4	3.7	14.2
BG	29.9	28.6	31.7	9.8	24.9	20.2	43.9	10.9	35.2	37.5	18.7	8.6
CZ	36.8	24.8	33.0	5.4	35.6	13.4	47.7	3.3	38.4	39.8	13.5	8.3
DK	44.3	28.8	16.3	10.7	42.4	18.8	28.0	10.8	46.4	39.8	3.4	10.5
DE	43.1	27.6	20.6	8.7	42.2	17.3	33.8	6.7	44.2	39.6	5.3	10.9
EE	41.6	18.8	30.6	9.1	35.3	9.0	48.3	7.4	47.7	28.3	13.3	10.7
IE	40.1	30.7	20.3	8.9	38.5	16.6	34.5	10.4	42.0	46.8	4.2	7.1
EL	30.2	32.1	30.5	7.3	27.4	26.8	40.4	5.4	34.1	39.7	16.0	10.1
ES	32.0	31.8	22.8	13.3	31.9	21.8	37.0	9.3	32.2	44.0	5.6	18.3
FR	44.7	26.9	18.4	10.0	46.6	15.4	30.2	7.8	42.6	39.4	5.6	12.4
IT	34.9	28.8	26.0	10.4	33.4	19.8	37.9	8.9	37.0	41.6	8.8	12.6
CY	34.3	28.0	20.2	17.4	34.5	19.3	34.5	11.8	34.2	38.4	3.2	24.2
LV	38.8	20.6	26.1	14.5	31.7	10.3	42.7	15.2	45.7	30.5	10.0	13.8
LT	43.0	18.1	31.2	7.7	34.6	10.3	47.5	7.5	50.9	25.4	15.8	7.9
LU	56.4	20.6	15.4	7.5	55.2	15.8	25.6	3.4	58.0	27.0	(2.2)	12.8
HU	35.8	23.8	31.7	8.7	30.3	15.4	46.7	7.6	42.2	33.5	14.3	10.0
MT	38.3	31.3	20.4	10.0	38.0	22.8	27.6	11.6	38.8	47.2	7.0	7.0
NL	46.8	29.1	15.9	8.1	48.4	16.8	25.8	8.0	44.9	43.3	3.5	8.3
AT	37.8	28.8	24.9	8.5	39.4	16.1	38.3	6.2	36.1	43.4	9.3	11.2
PL	34.7	21.2	37.2	7.0	28.0	14.1	52.5	5.5	42.8	29.8	18.6	8.8
PT	29.4	24.7	34.1	11.8	29.4	17.0	47.7	5.9	29.4	33.4	18.8	18.4
RO	23.1	17.1	49.3	10.6	19.5	11.6	58.5	10.4	27.3	23.8	38.1	10.8
SI	42.2	20.7	28.6	8.4	35.5	15.0	42.3	6.3	49.0	27.4	12.7	10.9
SK	36.0	23.4	31.8	8.8	29.9	14.1	47.9	8.2	43.6	35.1	11.7	9.5
FI	43.6	26.4	23.7	6.3	42.6	13.3	39.3	4.7	44.7	40.3	7.1	7.9
SE	47.4	26.9	20.7	5.0	45.1	15.4	35.2	4.2	50.0	39.4	4.7	5.8
UK	45.7	29.6	15.1	9.6	47.1	16.5	26.1	10.4	44.2	44.6	2.5	8.7
IS	48.4	24.5	21.7	5.5	41.3	16.4	36.9	5.4	56.1	33.2	5.2	5.6
NO	46.8	29.9	19.0	4.4	47.4	17.4	32.0	3.2	46.1	44.4	3.8	5.7
CH	49.1	25.6	20.9	4.4	50.3	15.3	31.7	2.6	47.7	37.9	7.9	6.5

Source: EU statistical office - Eurostat

- In terms of added value, manual work cannot be compared to automated work, regardless the level of preparation of employees who provide manual work. If the majority of those who work provides activities with a reduced added value, the wages

⁵⁰ EU statistical office - Eurostat

do not have how to be similar to those in Western countries, where the majority of those who work perform activities with a high added value.

- According to the previous mentioned report, Romania manages well in "the labour force's degree of qualification " chapter – 72,4% of those who are working are qualified persons, compared to an average of 63% in the EU, Germany and France. On the other hand, however, the performed type of work decisively influences the added value generated by an employee (qualified or not), and the fact that Romanian workers primarily perform manual work is not likely to support high levels of payment.

- The type of work performed by the active population depends on the employers, not on employees. Most multinational corporations transfer in Romania "labour intensive" activities, respectively activities whose final price of sale to customers depends a lot on the wages of those who perform those activities. It rarely happens to transfer automated production lines in Romania, simply because their transfer from the West to the East determines only minor reductions of total costs of production.

- From the 4.3 million employees, less than 1 million work in multinational companies, 0.9 million for the State, and the rest in Romanian companies, many of those being poorly capitalized without know-how and with a very low labour productivity. Basically, the sustainable growth of wages cannot take place without significant investments in advanced production equipment, in research and development, in employees' training, but too few Romanian companies have the money for this.

For the actual age, tertiary sector development, combination of national strategies with other local and regional strategies, as well as removing any obstacles in the free initiative way, are extra conditions, without which the balance on labour market can't be insured⁵¹.

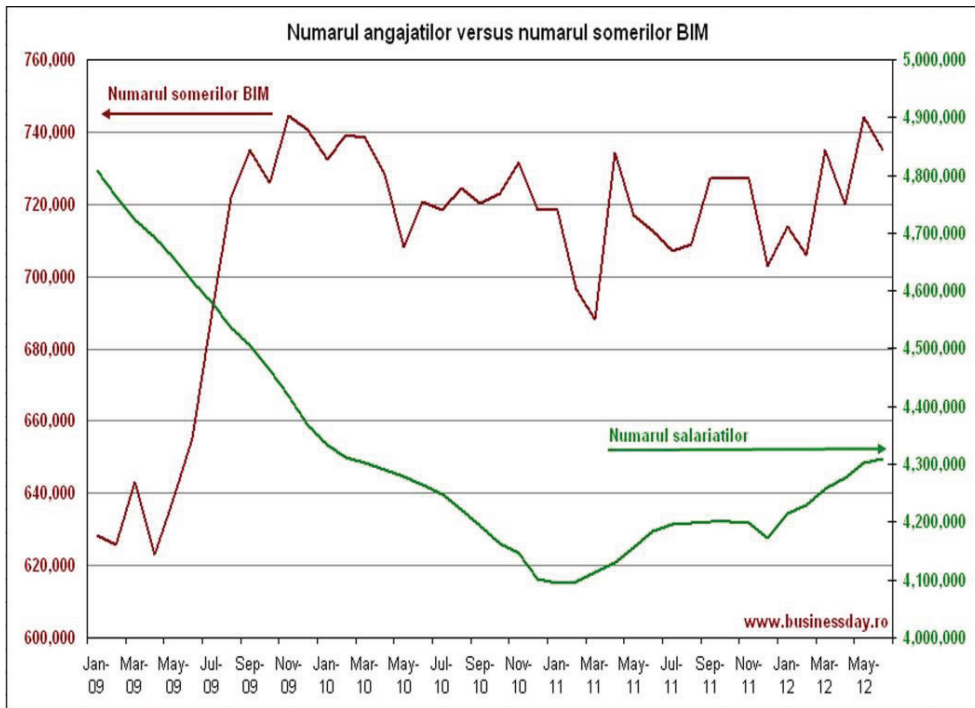
According to the INS in June (2012), the number of employees declared by employers has increased by 8.800, the growth recorded in the latest 12 months reaching thus 125.500. In the private sector, the number of employees has increased in the last year by 151.400, and in the public sector has fallen by 25.900. On the economic level, the number of employees began to grow in February 2011, but it should be noted that, at the same time, the number of unemployed also continued to grow, meaning that the economy cannot produce enough new jobs to absorb both the old unemployed and the young new entrants on the labour market. Between February 2011 and June 2012, the number of employees increased by 214.000 (the highest rate of growth after the Revolution), and the number of the unemployed reported according to the ILO methodology increased by nearly 39.000.

The number of employees versus the number of BIM unemployed

■ The number of BIM unemployed

■ The number of employees

⁵¹ Ghe Pirvu, Macroeconomics, Universitaria Publishing House, Craiova, 2004, p.206



Source: National Statistics Institution june 2012

Figure no. 2

3. CONCLUSIONS

Romania, in the employment area, within 2012-2014, continues to take into consideration the idea of reaching the national increase in employment rate up to 70% for the population in the age group of 20 to 64 in 2020, in the context of the Europe 2020⁵² Strategy. Through "The workforce employment program", the National Agency for employment implements an integrated set of measures for stimulating employment in accordance with the labour market opportunities and requirements for persons looking for a job, to which 5%, i.e. 249,4 million lei from the unemployment insurance budget are allocated for 2011.

General objectives of the Workforce Employment Program

- Facilitating the transition from unemployment to employment;
- Increasing employment and promoting social inclusion;
- Strengthening the professional skills of people who search a job;

Specific objectives of the Workforce Employment Program

- combating the effects of unemployment;
- vulnerable groups, social inclusion on the labour market;
- high degree of adaptability of the workforce to labour market requirements;
- ensuring equal opportunities on the labour market;
- keeping a low level of unemployment in the conditions of continuing restructuring by increasing the employment quality and workplace safety, simultaneously with the creation of opportunities for vocational training adapted to job market requirements.

The measures provided for implementation through the Workforce Employment Program

- offering free services of mediation on vacancies or newly created job;
- offering free information and professional advice services to people looking for a job;
- stimulating the readmission in work by granting allowances for the unemployed people enclosed before the unemployment expiration;
- stimulating labour mobility;
- organizing training courses for persons looking for a job;
- providing free consulting services and assistance in starting an independent activity or starting a business;
- granting subsidies to employers for people's employment belonging to disadvantaged categories or those with a more difficult access on the labour market;
- providing customized accompaniment to young people with social marginalization risk.

Aimed to increase young people's rate of participation in the labour market the Government adopted during the first part of 2011 a legislative project concerning the stimulation and development of micro-enterprises belonging to young entrepreneurs, beginners in business – starter business in debate in Parliament.

At the same time the law No. 106/2011 for amending and completing Law No. 279/2005 concerning apprenticeship at work was approved.

LABOUR AGENCY also included "Special Program for pupils and students" in the employment program for 2011.

The real remedy⁵³ for diminishing real unemployment cannot be only the process of creating new jobs. This assumes that unemployment remains mainly a result of the way in which social reproduction process evolves. The production continuous diversification, modernization and renewal correlated to the workforce appropriate training, constitute reliable ways to limit unemployment. Investment in production must be correlated to that in a person, in his/her professional preparation and training.

The Romanian State should understand that it has to amortize investments in human resource also through the measures they will adopt further to motivate young graduates to remain in the country and to contribute to the welfare of the country that has prepared them.

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