

**Synthesis of the work****Analysis and Forecast of the Youth Inclusion on the Labor Market  
Determining Factors in Romania and their Impact on the Social and  
Economic Development of the Society**

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In the EU, young people represent, according to Eurostat statistics, one-fifth of the total population. Even though modern Europe currently offers unprecedented opportunities to young people, however, they are faced with some challenges (aggravated also by the economic crisis) related to education and training and access to the labour market.

Unemployment among young people is very high, standing at 21.8% in 2010 and at 21.9% in 2011. In this context, reaching the objective of an employment of 75% for the population aged 20-64 years old specified in the “Europe 2020” strategy requires an improvement of the measures/transition pathways of young people to the labor market.

The issue of social inclusion of young people was always present on the political agendas, but only in the last two decades it has got a particular importance. In the European context, since 1988 so far specific programs have worked such as “Youth for Europe”, but the first strategic document dedicated to young people, “The White Paper on Youth” was released in 2001. It proposes collaboration between the Member States of the European Union towards a move to some sectors, namely: participation, information, voluntary work, understanding and knowledge of youth.

For the period 2010-2018, the directions of European action in the field of youth were collected in the strategic document called “Youth-Empowerment and Investment” (“EU Strategy for Youth-Investing and Empowering. A renewed open method of coordination to address youth challenges and opportunities”), which concerns policies relating to young people in Europe in terms of education, employment, social inclusion, civic participation, entrepreneurship, etc.

The main goals pursued by the European Youth Strategy are: (i) to provide access for youth to education and the labor market, ii) civic engagement, social inclusion and solidarity.

Among the main objectives laid down in the “Europe 2020” Strategy are: (i) at least 40% of the population aged 30-40 years to have completed tertiary education or equivalent by the year 2020, ii) to reduce early school leaving to 10%, iii) raising the level of literacy at reading for the population 15 years of age, but also a digital literacy that young people of 15 years need to hold to meet the challenges of the knowledge society.

Low participation of young people and vulnerable groups in the labor market was seen as one of the main challenges in the short and medium term by the National Strategy on Social Protection and Social Inclusion, 2008-2010, as well.

At the level of our country, “the National Development Plan 2007-2013” (NDP)

proposed by the Government determines the issue of integration of young people in the labor market as one of the action priorities, as a result of the unemployment rising among them. Government document put the young people integration on the labor market in close correlation with the education system's ability to provide relevant skills and qualifications adapted to the market.

In the context of a growing level of unemployment, young people are dealing harder to find a job, and many of them might decide to extend or to resume his studies. This could represent an investment for the future, with the condition to obtain the appropriate skills. However, the reality is that many young people are not participating neither in the world of work, nor in that of the studies.

Among *the advantages of using young labor force in building the new society of knowledge*, the following may be listed:

- employment of young people on sustainable jobs ensures consistency for the economic development and the growth of the capabilities of the local and national markets;
- promoting young people on attractive jobs (new jobs created on the IT technology and the theory of knowledge) leads to productivity growth and prospects of at least maintaining the level of competitiveness of economic agents (market-specific);
- the young people labor market, through its performance, supports the growth of the sustainable economy;
- employment structure, based on the young labor force component, at least stable if not growing, and on a higher level of training than the average in the labor market, leads to sustainable economic growth;
- structural unemployment among young people, whether it is based on a shortage of classic, historical jobs, is the most serious problem of the current labor market; if the structural deficit of young labor force on crafts and professions is based on the equivalent unemployment to new professional specializations generated by the educational process, in order to create sustainability in economic development, the absorption of foreign direct investment is needed, based on the introduction of higher generations of technology, comparable with those already existing in the business environment;
- unemployment among young people is given by a growing component of salary motivation. Inadequate remuneration of prospective jobs is slowing down the economic development, thereby undermining the foundations of sustainable growth;
- the true unemployment of the young labor force in Romania is higher than those registered, because young people are more flexible and adapt to the "requirements" working environment on at least two directions:

(a) in the conditions in which they claim the principle to employ to the corresponding profession acquired through school, they would seek corresponding jobs through migration/mobility to other markets (EU, extra EU);

(b) when the internal mobility factor is excluded for various reasons, the significance of correlation between professional profile upon graduation and that of the place of employment is lost, the workplace being determined by the earnings.

In both cases, national sustainable growth potential goes in a negative sense because it loses the added value corresponding to vocational training.

- sustainable development not only attracts and leverages the potential of young labor force, but also the need to update their experience, because in today's society, but especially in the future, the average length of knowledge degradation decreases in a greater proportion than the ability to adopt the initial education.

In a knowledge-based economy, the ability to innovate at all times is the key to success in business. International statistics indicate that in the global top of the most-innovative companies there are Apple, Facebook and Google, companies with excellent

financial results. But all of these companies have a huge number of young employees, the average age of employees being 33 years at Apple, 26 years at Facebook and Google's employees at an average of 31 years.

Also, young people are equipped with knowledge regarding new media tools and virtual environments, indispensable tools for the labor market in the future. Technology of online video, blogs, podcasts and software that enables interactivity are tools that support productivity, when used effectively.

The European Commission considers that young people are the most threatened category of the European market, and the risk of being marginalized is increasingly higher. This has immediate consequences, but also implications on the medium and long term. The deepening crisis on the labor market can affect much a big part of a whole generation of young people, affecting employment, productivity and social cohesion, both in the present and in the future.

In 2020, the pupils and the students of today will be at the beginning of their career, having to face at least 30 years of professional life, some of them with occupations that today don't exist, and some with professions that may be endangered.

Therefore, improving the capacity of education and professional training (EPT) has become a necessity in order to meet the changing needs of the labor market. But, in order to integrate the needs of the changing labor market in providing long-term EPT, a better understanding of the sectors and the emerging powers and changes that will affect existing occupations is also required.

If it is taken into account the economic and political developments of the decade 2010-2020, in particular in the perspective of the strategy "Europe 2020", then at the national and the EU level, the Copenhagen Declaration of 2002 should be given a fresh impetus, as the Copenhagen process is an integrated part of the strategic framework "education and training 2020".

The work "**Analysis and forecast of the youth inclusion on the labor market determining factors in Romania and their impact on the social and economic development of the society**" presents in the first chapter a brief characterization of the labor market at EU level and an analysis of the youth labor market in Romania, compared to the EU-27 or other EU countries.

At the moment, over 5 million young people are unemployed across the EU. Between 2008 and 2010, this number has increased by one million.

This means that one of five young people on the labor market may not find a job. The unemployment rate among young people (over 20%) is two times higher than for the total working population and nearly three times higher than the rate for the adult population. In some countries, this rate reaches up to 40%. Within the same country, the situation can significantly vary from one region to another. In addition, certain categories of young people (including women, disabled young people, and young people coming from migrant backgrounds) are particularly exposed to the risk of unemployment, long-term unemployment, early school leaving or inactivity.

Permanent job loss during the crisis has disproportionately affected young people, who are overrepresented in the category of temporary contracts. Although temporary contracts can constitute a first step towards more stable employment forms, this can create segmented labor markets, young people being stranded in the lower segments of them, with less training on the workplace, lower levels of payment and poor prospects in terms of employment and long-term career. The difficulties on the labor market also have a negative impact on young people between 25 and 29 years with higher education, for who is harder to find a job suited to their qualifications.

The issues that young people encounter on the labor market have significant

consequences on the level of their livelihood, their families and on the national and international communities whose members they are. The most significant effects of young people's inactivity are: the risk of poverty, inability to play an active role in the development of the society.

The high level of unemployment among young people leads to the lowering of the chances of employment of individuals in general, but also to the decrease of the opportunities for economic development, both nationally and globally.

Unemployment among young people has increased also in 2012 in the developed States. At the end of the semester I 2012 in Greece, most young people (55.5%) did not have a job, and the percentages were almost as high in Spain (53,1%). The unemployment rate among young people in Portugal reached 38.6% and in Romania has reached 23% (Eurostat Statistics).

The consequences of unemployment among youth directly affect the level of fluctuation of temporary personnel in the labor market. The accumulation of experience is reflected at both the individual level and in the development of the labor market at the national level.

A high level of unemployment also contributes to increase poverty and lower living standards, such as medical, nutritional, cognitive and psychological. As to young people get older and settle their own families, their failure to accumulate both economic capital, and social capital can be passed to their children.

In accordance with Business Europe (Executive Committee, 2/16/2012, "*Creating opportunities for youth*") in the first quarter of 2011 there were 24 million young jobless in the European Union, and employers have reported 2.2 million jobs available, of which over 1 million in Germany and 450,000 in the United Kingdom.

"The high level of unemployment among young people has dramatic consequences for our economies, for our societies and, in particular, for young people. Therefore, we must invest in young Europeans now", said László Andor, EU Commissioner for employment, Social Affairs and inclusion<sup>20</sup>.

For companies, young people are an asset, since they satisfy the quality by consumers, as well as the innovators, a category that influences the public opinion and have knowledge in technology. As employees, young people offer to the business environment information directly related to their generations tastes and preferences, promoting at the same time employers' products and services.

In Europe in general and in Romania in particular, extending the schooling is a long-term phenomenon. Increasing life expectancy, the number of years that a young person spends in the formal education system is today at an average of 17 years, far higher than in the last decades of the 20<sup>th</sup> century. In this context, the second chapter of this work deals with the main issues of the educational offer at the European Union level and in Romania: general education vs. specialized education, training education (accumulation of knowledge) vs. the education for the job market of the future, skills and attitudes to promote professional insertion performance of young people on the labor market. Also, there are analyzed the mechanisms for increasing the offer's adaptability to market demand.

About 50% of European young people complete their education and enter the labor market on a path of education and training, heading towards a wide range of jobs, both in industry and in services.

Analysis of data concerning the educational drop-out rate of 18 to 24 years young

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<sup>20</sup> European Commission, press release, Brussels, December 5<sup>th</sup>, 2012, *the Employment of young people: the Commission proposes a package of measures*

people highlights the high levels, especially among those from disadvantaged backgrounds, but decreasing in 2011 compared to 2000, and a low correlation between skills acquired and labor market needs and the system of quality assurance in education and training of young people in accordance with the European model.

Compared to 2000, in Romania there was a significant decrease in the number of people who leave the education system with a low level of education. The value of this indicator in Romania for 2008 is 15.9% when it registered the lowest value in our country and the closest value compared to the European average EU-27 - 14.9%. In 2009 and 2010, this indicator grew in Romania up to 18.4% and then decreased in the year 2011 at 17.5%. Reducing the rate of early leaving education and training system is formulated as a goal also in the Romanian Tax-budgetary Strategy over the medium term. Material incapacity remains, in the case of many children, the primary reason that causes leaving the education system.

Spending on education can help a rapid economic growth<sup>21</sup>, increasing productivity, contributing to the people's personal and social development, as well as to the decrease of social inequities. The percentage of total financial resources allocated to education is one of the key choices made by Governments in each EU country.

In order to meet the challenges that young people face in the labor market, a series of policies of employment and work have been drafted at national and European level. In *the chapter three* of this work there is presented a series of youth employment policies in some EU Member States. Also, there are analyzed also strategies on improving youth employment policies at European level and in the development regions of Romania.

The current economic recession has imposed and is imposing EU governments to strongly intervene on the labor market, especially in the field of youth employment. In the paper there are also presented a series of best practices within the European Union countries to minimize unemployment for young people and their employment opportunities on the labor market, as well as some of the advantages of using the young labor force in achieving the objectives set out in the "Strategy 2020" and the European Strategy for Youth.

The implementation of national strategies for lifelong learning remains a challenge for many Member States, including as regards the development of flexible learning journeys to allow citizens to move from one level of education to another, and to draw also other categories of citizens who are not part of the classical pattern of pupil/student.

The percentage of young workers is decreasing in almost all Member States. This situation reflects a decline in the birth rate, but it may also indicate that educational activities are becoming increasingly more widespread and longer-lasting. In addition, young workers are more vulnerable to economic recession — employers react to economic pressures by reducing the employment of new young workers.

However, a successful integration of young people into professional life is essential for society and businesses, as well as crucial for the juveniles themselves, for their own control over their lives, health and well-being.

Distribution by activity sectors shows that, in the EU-25, the highest proportion of young workers can be found in the hotels and restaurants sector (22.7%) and in commerce (16.3%). The hotels sector is on the first place in terms of employment of young workers in 20 of the 25 Member States and in third place in all Member States.

This distribution has important implications on the safety and health of young workers, given the specific set of potentially dangerous conditions that characterize these sectors

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<sup>21</sup> The balance sheet for the future: 20 years of sustainable development in Europe, Eurostat, European Commission over, the Best days of their lives? [http://epp.eurostat.ec.europa.eu/cache/ITY\\_PUBLIC/2](http://epp.eurostat.ec.europa.eu/cache/ITY_PUBLIC/2)

(including low wage, seasonal or temporary activities, precarious working conditions and physical demanding work). Within the EU-25, young workers were mostly employed as workers in the field of services (5.2 million), followed by other craftsmen and workers assimilated (3.6 million). Officials (2.7 million), technicians and associate professionals were tied for third place (2.7 million), followed closely by unskilled occupations (2.5 million). This professional distribution shows slight difference between Member States.

Youth employment is found, at the level of public policy, at the crossroads between employment policies, social inclusion policies, educational policies and policies for youth. Given the nature of multi-dimensional approach to youth employment, social inclusion approach of this age sector represent a great challenge for the public institutions, young people, being, in fact, the engine for sustainable economic development.

Based on the analysis of national and regional policies with regard to the issue of social inclusion of young people, the need for coordination of structural and regional/local levels in the development of employment policies is felt. Correlation between educational level and the demand on the labor market can only be made through a careful analysis of the needs and the socio-economic challenges at the local level so that the skills and knowledge acquired by young people to be reflected in an increased level of employment. There are currently two types of measures: those related to information and counseling on labor market and training-conducted by LABOUR OFFICES and subsidies to employers who hire certain vulnerable groups (under law 76/2002).

Specific measures relating to the linking of the education system with the requirements of the labor market were not included in the law on unemployment insurance system and employment stimulation, and the law on education (version 2010) specifies that upper secondary education may be organized according to the requirements of the labor market at regional, district or local level.

All programmatic documents concerning employment were drawn up prior to the year 2007, in the context of economic growth and the integration of Romania into the European Union.

At the local level in Romania, LABOUR OFFICES (LO) draw up annual plans for employment and training in accordance with the public policy strategy. These plans should, naturally, follow the plan of budgetary appropriations from which LOs benefit, but instead, the planning calendar, in practice, is not coupled directly with budget allocations, the latter being made later than LOs' service schemes. The consequences are that the proposed indicators are either supplemented (without being related to budgetary supplements) or lowered (jettisoned developed centrally, without taking into account the capacity and the real needs of the territory).

The economic and social situation was discussed with Member States in preparation for the European economic governance semester 2012. Thus,

- different Member States could use more EU funds available, including rescheduling and expediting implementation, to create programs to support young people more widely, focusing on combating early school leaving and to improve employment opportunities. This is particularly important for those Member States where unemployment and precariousness among the young are very high.
- the use of EUR 1.3 million in ESF technical assistance to support the establishment of programs such as the apprentice through the ESF, and an amount of EUR 3 million in ESF technical assistance which will focus, inter alia, on the establishment of new programs to support young entrepreneurs and social entrepreneurs.
- the definition by the Member States of measures aimed at young people in preparing their programs for the next period of ESF.

In terms of supporting the transition from school to work for young people, the adoption of measures and policies is needed, including:

- Member States, in cooperation with the social partners, should pursue a substantial increase of apprenticeship opportunities existing in the EU and to ensure that they offer young people opportunities in terms of experience and specific training, acquired in the workplace, thus facilitating the passage of more stable employment forms. An increase of at least 10% in the EU by the end of 2013 would provide a total of 370000 internships apprenticeships more<sup>22</sup>.
- the social partners should consider, depending on each case, together with the authorities of the Member States, the most appropriate ways of implementing the specific objective of “promoting more numerous internships apprenticeship and better quality”, in the context of their autonomous agreement regarding “the inclusion favorable labor market” (2010).
- substantially strengthening the support for mobility of students in higher education and those who perform training courses. Directing more funds to investments in businesses could achieve a 30% increase in the number of placements, aiming to achieve a minimum of 130,000 of placements in 2012 within the framework of the Erasmus and Leonardo da Vinci programs.
- in the first half of 2012, the Commission launched a campaign with a budget of EUR 1.5 million, which will propose to raise the awareness of enterprises in connection with Erasmus and Leonardo da Vinci placements and encourage the potential host-businesses to receive European interns.
- in 2012 the Commission presented a framework to support the delivery and achievement of high quality internships, including a comprehensive view on the stages at EU level, in order to increase transparency regarding the conditions to perform internships throughout the EU.
- intensify efforts to implement youth guarantee, ensuring that, four months after the end of the school, young people either work or continue the education or attend (re)training classes, paying particular attention to young people who leave school early and to other vulnerable young people. It was released in the year 2012 a preparatory action for “Measures designed to enable young people to implement the initiative *Youth on the move*”, focusing on guarantees for young people, with a budget of EUR 4 million.
- investing a significant part of the budget of EUR 6 million for social innovation in innovative projects, aimed at young people in disadvantaged areas and situations.
- strengthening the budgetary allocation for the European Voluntary Service to provide at least 10,000 volunteer opportunities in 2012.

It also outlines the necessity of forming a stock of highly qualified/ educated human capital and to adapt those with average skill at performing manufacturing methods, to a culture of continuous learning and the flexibility of supply and learning certification. There is insufficient material and technical basis for quality assurance in education, in particular for modern technological fields required on the labor market.

Development of knowledge-based economy also lead to changes in labor market requirements: there are required new skills and abilities. Therefore, in order to maintain the

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<sup>22</sup> In early 2012, the Commission shall submit a comprehensive study on the offer of apprenticeship training in the EU. Currently, approximately 40% of students in upper secondary education cycle in the EU carries out professional training apprenticeship type experiences. However, less than half of them are dual training, combining theory and practice in the workplace.

competitive position of Europe, reforms of the education systems and vocational training are essential. Future jobs require people with high-level qualifications. Elements of the economic impact of the knowledge-based society on the labor market are presented in *Chapter 4* of this

Despite unprecedented opportunities offered by modern Europe, young people are faced with some challenges - worsened by the economic crisis – related to the educational and training systems and the access to the labor market. Unemployment among youth is unacceptably high, standing at 21%. In order to achieve the objective of the employment work of 75% for the population aged 20-64 years of age, the transition of young people to the labor market must be radically improved.

By the year 2020, it is estimated that 35% of jobs will require high level qualifications, combined with the adaptability and innovation, compared to 29% at present. This means with 15 million more jobs requiring high-level skills. An increasing number of jobs require digital skills, but the EU's economy suffers from a shortage of highly qualified personnel in the field of ICT (information and communication technology). In the EU, less than one person out of three has higher education (31.1 per cent), compared to over 40% in the USA and more than 50% in Japan. The EU has a smaller proportion of researchers in the labor force than its competitors. The main objective of “Europe 2020” Strategy is that by the year 2020, at least 40% of the population aged 30-40 years to have completed tertiary or equivalent education. Too many young people leave school early, which leads to increased risk of becoming inactive or unemployed and live in poverty, as well as to increase the economic and social costs. Currently, 14.4% of the EU population aged between 18 and 24 years old have completed lower secondary education and does not follow other education or training programs. The EU's aim is to reduce early school leaving to 10%. Furthermore, Europe must strive for the literacy - 24.1% of the population aged 15 years has obtained poor results in terms of literacy to lecture/reading, this proportion increasing in recent years.

In 2011, in Romania, 68% of young people between the ages of 25-29 years have been part of the active population, representing the lowest percentage in the studied period 2002-2011 for this category as well. There was a decrease of 3.5% this percentage compared with 2002, when there was a rate of 71.8% out of this category.

Even if young people today are fewer in number and better educated than their predecessors in the previous generation, there are still difficulties in entering the labor market. Many of those who were hired often have unstable jobs. There are several reasons for this, such as the disparity between the skills acquired in education and labor market requirements, as well as the general conditions of the labor market. In difficult times, companies will downsize recruitment programs, available places being mostly for qualified experts.

There are also made estimations on the impact of new economy on the process of schooling and education in Romania.

The method of approach allowed the authors, together with the formulation of conclusions to be drawn with purely scientific feature, to provide some useful information from the practical point of view. In this way the work manages to overcome the rigidity of the usual bureaucratic arbitrariness in specific literature devoted to the same topic.