

# **The European approach on youth employment. Survey on the ease of finding jobs among the Romanian students in economic sciences**

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## **Abstract**

*The young people unemployment rate is critical at both the EU level and in Romania at the actual moment. The main cause of this situation is considered to be the inadequacy of the educational system at the requirements of the labour market. In this respect, we conduct a survey among the Romanian students in economic sciences on the ease of finding jobs. The results support this idea. The students consider that the information received in universities will not be of great help in conducting their activity as employee, and the period of training is deemed necessary.*

**Keywords:** youth unemployment rate, survey, Romania, European Union

**JEL codes:** C83, J21, J64

## **1. Introduction**

The idea of a lost generation (Bivand et al., 2011) is frequently raised as regards the situation of the youth on the European Union labour market. With unemployment rates reaching between 58.3% in Greece and 7.9% in Germany in 2013, it is clear that the European Union (EU) is confronting a significant problem. The youth represent a source of talent, creativity and work capacity that risk not to be harnessed due to a lack of correlation between the needs of the labour market and the skills provided by the educational system, the lack of measures in supporting youth on the labour market and so on.

Romania also is having difficulties in absorbing young people on the labour market. The Romanian Agency for Assurance of Quality in Higher Education emphasize that 80% of the graduates in Romania are working in domains not related with their area of studies. All these indicate a dysfunctional system. In this paper, we conducted a survey among the Romanian students in economic sciences, in order to find their perception on the ease of finding jobs.

We had three main objectives:

- ▶ To establish the situation of the youth on the labour market both at the EU and Romanian level.
- ▶ To identify the measures taken at European level to integrate young people into the labour market.
- ▶ To find the perception of the Romanian students in economics on ease of finding a job.

The rest of the paper is divided according to these objectives: in the second part, we present the unemployment situation in the EU and Romania, in the third part we present the measures taken for

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tackling youth unemployment at the EU level and in the fourth part we describe the sample and the results of our survey. In the last part, we present our conclusions.

## 2. The unemployment situation in the EU and Romania

There are three targets in the Europe 2020 strategy that regards the situation of the youth on the labour market: 75% of the 20-64 year-olds to be employed, at least 40% of 30-34-year-olds completing third level education and reducing school drop-out rates below 10%. Individual member states opted for different targets, as in the case of Romania. The both European and Romanian targets and the levels achieved are presented in Table 1. The only target already accomplished is the one regarding the reduction of the school drop-out rates for both Romania and the EU.

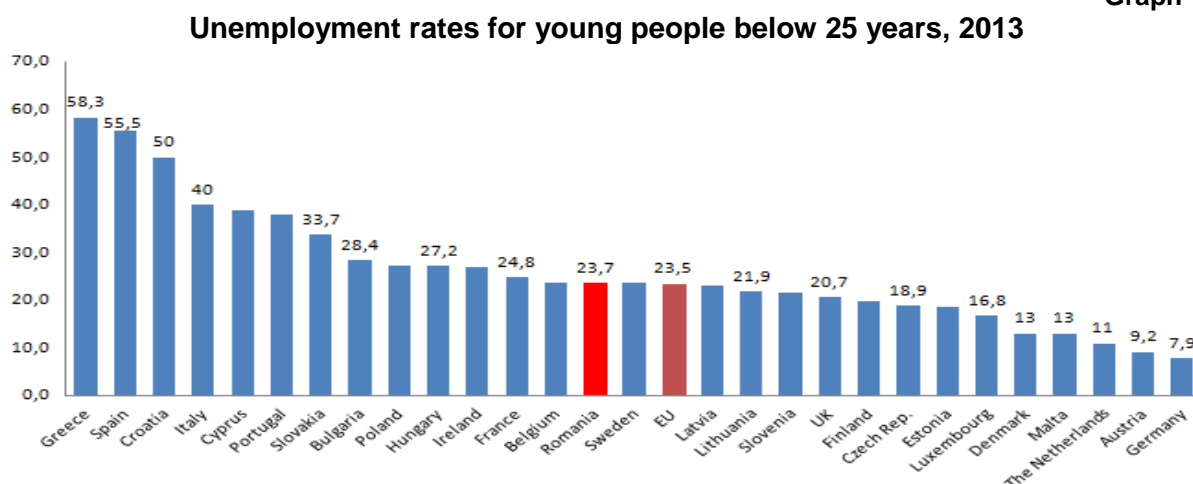
**Table 1.**

Targets of the Europe 2020 strategy in EU and Romania		
	European Union	Romania
<b>Employment rate (% for the age group 20-64 years)</b>		
Target	75%	70%
Achieved level (2013)	68.4%	63.9%
<b>Tertiary educational attainment (% of the age group 30-34 years)</b>		
Target	40%	26.7%
Achieved level (2013)	36.9%	22.8%
<b>Early leavers from education and training (% of the age group 18-24 years)</b>		
Target	10%	11.3%
Achieved level (2013)	12%	17.3%

Source: European Commission (2014f) and Eurostat

This attention paid to the youth is welcomed under the auspices of high unemployment rate registered among the young people (see Graph 1). In 2013, more than 58% of the young people below 25 years was unemployed in Greece, 55.5% of the youth in Spain was in the same situation, while half of the youth in Croatia were jobless. The youth unemployment rate boomed after the economic crisis. Almost one in four young people in the whole EU are not employed (the unemployment rate reaches 23.5% in 2013). The situation is almost similar in Romania, were 23.7% of the young people under 25 years do not have a job. The best positioned are Germany, with an unemployment rate of 7.9%, followed by Austria (9.2%) and the Netherlands (11%) in 2013.

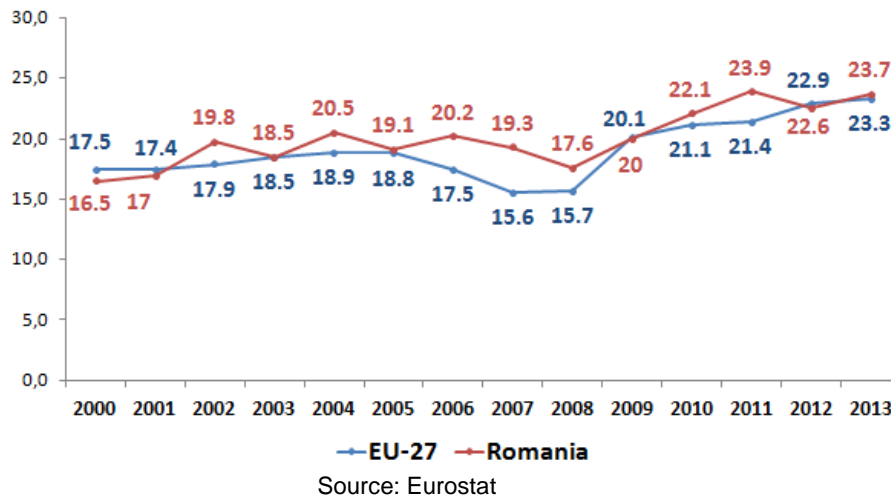
**Graph 1.**



Source: Eurostat

The unemployment rate among young people in Romania was only in three years below the one registered at EU level since 2000 (see Graph 2). This means that, even if Romania has an unemployment rate almost similar with that of the EU at this moment, our country does not have the experience in reducing the youth unemployment rate.

**Graph 2.**  
**The evolution of the unemployment rate among young people aged under 25 in Romania and the EU-27**



### 3. Measures taken for tackling youth unemployment at the EU level

Multiple studies were carried out in order to emphasize the causes of the high unemployment rate among the young people. Several authors considered this problem in their studies, such as Garcia (2011), Gorlich et al. (2013), Eichhorst and Neder (2014), Lanning and Rudiger (2012) and Mourshaed et al. (2014). Among the main causes, we emphasize the following ones:

- The lack of concordance between the skills required by the private sector and those provided by the educational system. According to Mourshaed et al. (2014), 74% of education providers in Europe felt that graduates are prepared for the labour market, compared to 38% of the young people and 35% of the employers.
- The lack of experience face by the young people finishing their studies.
- A higher probability of voluntary resignation, which leads to reluctance in hiring and training for the young people.
- The labour legislation which encourages the temporary employment contracts for young people. Therefore, young people are the first affected by dismissals during the recession periods.
- The poor macroeconomic performance of the EU member states.

In order to tackle such types of problems, there were several measures taken at the EU level in the last years meant to enhance the youth employment (European Commission, 2014a). Romania is also part of these types of initiatives.

In April 2012 was launched the **Employment package** focused on the creation of new jobs. The package consists in mobilising funds for creating new jobs but also investing in developing skills, facilitating the employment and so on (European Commission, 2014b).

**The Youth Employment Initiative** is dedicated to youth aged 15-24 years that are neither employed, nor enrolled in education or training programs. The Initiative has a budget of 6 billion euro.

**The youth Guarantee** is part of the Employment package. It is meant to support the young people below 25 years old who lose their job or who do not find a job. These young people receive an offer of

employment, of continuing their education or of having an apprenticeship stage in four months since their registration at the employment agencies in their countries (European Commission, 2014c).

**The European Alliance for Apprenticeships** was also launched in 2013 with the aim to support member states in reforming their apprenticeship systems and proposing apprenticeship schemes (European Commission, 2014d).

Also, important amount of funds are allotted for youth employment: 68% of the **European Social Fond'** budget is dedicated to projects in which young people can be target groups.

**The EURES portal** gained in importance for signalling the available jobs in the EU. Actually, the portal has 1.2 million job vacancies, according to European Commission (2014e).

## 4. Survey on the ease of finding jobs among the Romanian students in economic sciences

### 4.1 Description of the sample

The target group was formed by students in the final years of economic studies in undergraduate and master studies in international economics. We obtained 187 valid responses. Our sample was composed as follows:

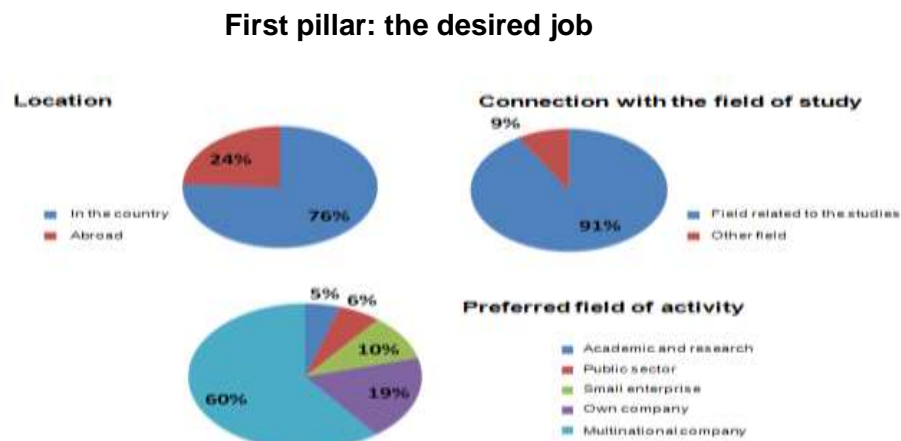
- As regards the studies: 63% of the students were undergraduates, while 37% were following master courses.
- As regards their provenance, 79% were living in the urban areas and only 21% in rural areas.
- As regards the gender, two quarters of the sample was represented by females (74%) and 26% by males.
- As regards the previous employment experience, 68% were already employed on permanent or temporary basis, while 53% already had the experience of an internship programme.

### 4.2 Analysis of the survey' results

We divided the answers in three pillars: the desired job, the perceived difficulty in finding a job and situations that may positively influence the activity of finding a job.

As regards the first pillar, over three quarters of the students are interested in having a job in Romania; only 24% are interested in going abroad. The result is totally in contrast with the one obtained in the Survey conducted by SmartDreamers, during 1-10<sup>th</sup> of July, 2013, on a sample of 1,500 young people, of which 500 aged between 18-24 years and 1,000 aged between 24-30 years (Paul, 2014). In the mentioned survey, 78% of young people were determined to go abroad in searching for better revenues. Their main reason was that, by going abroad, it would be easier to save enough for buying a house or a car, or to start a business. An overwhelming majority (91%) of students in our survey is interested to work in a field connected with their domain of study. Also, 60% of students would choose to work in a multinational company, while 19% would prefer to conduct their own business. 10% are interested by small enterprises, while 6% would choose the public sector and only 5% the academic or research field. The results are graphically presented in Figure 1.

Figure 1.

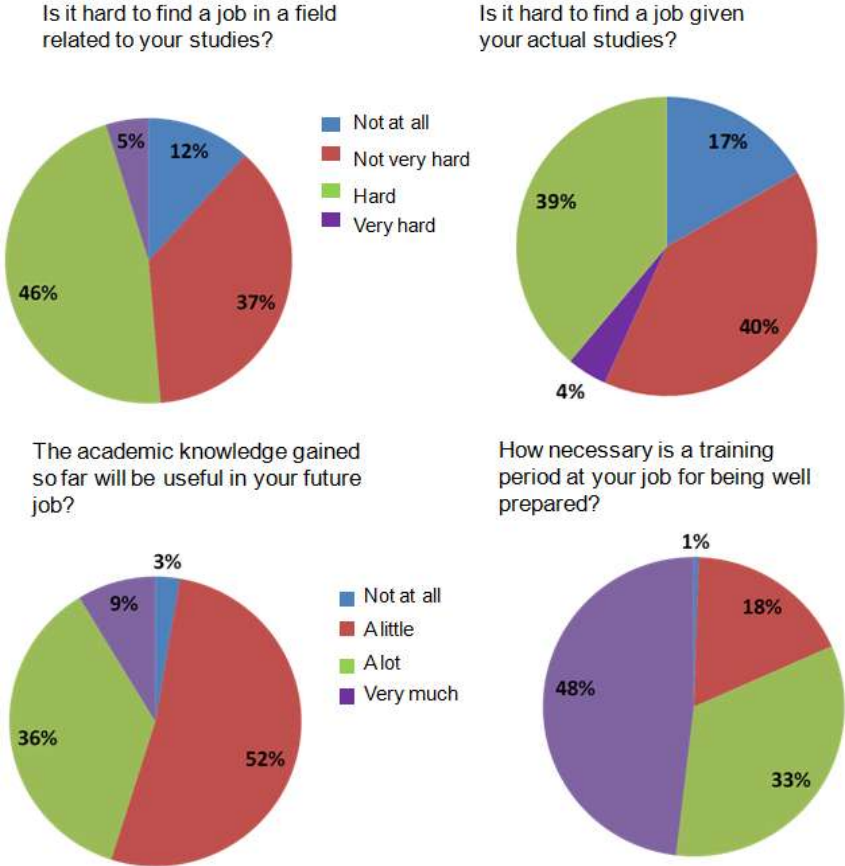


When asking about the difficulty of finding a job in a field related to their studies, the opinions of the students are almost equally divided. 49% consider that is not at all or not very hard to find such a job, while 51% consider that is hard and very hard to have a job in a similar area. The level of studies conducted until the moment of our survey is sufficient for 40% of students to easily find a job, while for other almost 40% of the students, the level of studies is not enough in order to be employed. For completing our understanding regarding this question, we also asked if the academic knowledge would be useful in their future job. Interestingly, only 9% of the students surveyed consider that the information would help them very much and 36% a lot. For 52% of the students, the academic knowledge is not considered to be enough at their future workplace. Also, a high majority (48) think that the training period is very much needed in order to be well prepared for conducting the requested activities, to which is added other 33% of students which responded that the training period is a lot needed.

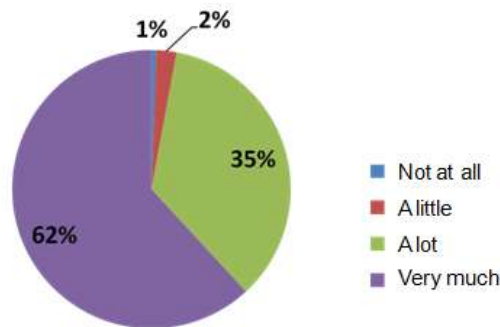
62% of the students believe that the government must provide incentives for the creation of jobs for young people and other 35% consider this type of activity is needed a lot. The results of the second pillar are presented in Figure 2.

Figure 2.

**Second pillar: the perceived difficulty in finding a job**



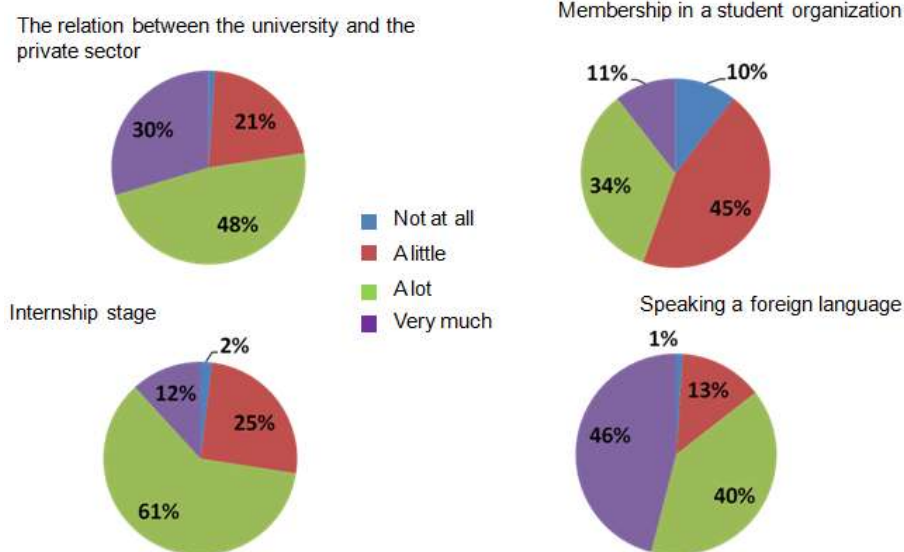
To what extent do you consider that it is necessary for the government to provide incentives for the creation of jobs for young people?



Finally, we asked the students about the activities they could be implied in, in order to find jobs easier. Most of them consider that speaking a foreign language is very much helping, followed by a strong connection between the university and the private environment. Between the activities which count a lot in finding a job, the most important is having an internship stage, the relation between the university and the private sector and speaking a foreign language. It seems that being part of a student organization is not that important, as can be seen in Figure 3.

Figure 3

### Third pillar: situations that may positively influence the activity of finding a job



## 5. Conclusions

The unemployment rate for the young people in the EU is critical. Although there are several measures taken at the EU level that must be applied in all the member states, their effectiveness is not yet proven. Romania is among the countries criticized for its lagging in reforming the system or in taking the necessary measures as regards the apprenticeship system or the reestablishment of post-secondary schools; in short, in a faster adaptation of the education system at the labour markets requirements.

The results of our survey on the ease of finding jobs among the Romanian students in economic sciences support this idea. Although they consider that they can find jobs with the acquired knowledge,

the students consider that this information will not be of great help in conducting their activity as employee. In these circumstances, the period of training is deemed necessary. The government intervention for supporting the job creation is required by the vast majority of young people (97%). The main tools that can influence an easier finding of a job are mastering a foreign language and a permanent relation between the university and the private sector.

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