

LABOR MARKET INTEGRATION OF HIGHER EDUCATIONECONOMIC GRADUATES

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Transition from school to work is a major research topic in the last. The main reason is related to the fact that after graduating finding a job is difficult and more often the graduates occupy vulnerable positions.

In Romania, one year after graduation, the insertion rate is 60,9% for university graduates and 35% for those with secondary education. This paper examines the process of insertion of higher education graduates in the Romanian labor market, focusing on economic profile graduates and using a national survey conducted on a sample including the 2003, 2005 and 2007183 promotions.

Keywords: labor market, insertion, youth unemployment

JEL: J01, I23

1. Literature review

The process of integrating young people into the labor market it is not smooth, in nowadays being accompanied by a period of turbulence and uncertainty. Young people are a great resource for the development of society, but this potential is not fully exploited because of the labor market inefficiency. According to the report published by the EU (2008), the youth position on the labor market is difficult not only in Romania but across Europe.

Currently, young people aged between 15 and 24 represent 18% of world population (1,2 billion, the United Nations World Report, 2007). Although the overall situation of young people has improved, there is growing concern that many of them cannot prosper. Inability to help young people reach a healthy adulthood may lead to their exclusion and marginalization.

The transition from school to work means the process of insertion/integration of graduates, of young people leaving the education system, on the labor market. Specialists believe that young people transition from school to work has become more protracted and difficult now than it used to be several decades ago (OECD, 1996, 1998). Currently, youth transition to work has become more complex, fragmented, extended, with a highly individualistic accent, depending more on personal skills for negotiating (Cartmel et al., 2002). Accordingly to an OECD (1998) study youth integration is not smooth, being often accompanied by a period of turbulence and uncertainty.

It is widely accepted that labor market integration of young people play a decisive role in

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determining their economic and social welfare and their future development. In this direction, the concept of transition from school to "decent work" was developed (ILO 1999 definition: *productive work in conditions of full equality of liberties, security and dignity, while labor rights are adequately protected and valued, together with the widest coverage of full social security schemes*).

Bucker (2008) considers that uncertainty regarding the evolution of labor productivity is an important factor that slows down the process of integrating young people into the labor market and that is why education plays an important role.

Labor market flexibility plays an important role in the process of absorption of newcomers. This shows its ability to respond to changes occurring in the economic and social environment. Relations between labor market and other markets are made difficult by the labor market rigidity. Labor market flexibility is a necessity arising from new developments in the labor market such as the euro adoption. Several European countries have found a way to reconcile stability, flexibility and security and to create more jobs without sacrificing work quality (Denmark, Finland, and Italy). Countries with high flexibility have higher employment rates especially among the youth and faster conversion rate of temporary employment into permanent employment (in the last three years, approximately 65% of temporary job became permanent in Denmark, and 55% in the Netherlands).

In 2008 EU made an analysis on the young people integration in the labor market and divided the EU countries into four groups according to the youth labor market functioning and their major inconveniences. In this case we had: a) *friendly* labor markets which is characterized by high employment levels among young people (Austria, Denmark, Sweden, Finland, Netherlands, England), b) rigid labor markets (France, Belgium, Germany, Luxembourg and Slovenia), c) split labor markets (Greece, Italy, Portugal, Spain and Poland), d) major dysfunction between the training and the labor market (Czech Republic, Estonia, Hungary, Lithuania, Lithuania, Slovakia, Cyprus, Malta, Romania and Bulgaria).

2. Methodology and database

The data used was obtained as a result of studies conducted under the research contract no.91-020/2007 PN-II *Partnerships in priority areas, Determinants of labor market insertion of higher education graduates*, coordinated by the National Scientific Research Institute for Labour and Social Protection (NSRILSP), in which the authors have participated as members of the AES research team (consortium partner). The methodology used for data collection consisted of a survey at the national level in the second half of 2009. 2100 youth who graduated in 2003, 2005 and 2007 were interviewed.

3. General characteristics of economic education graduates

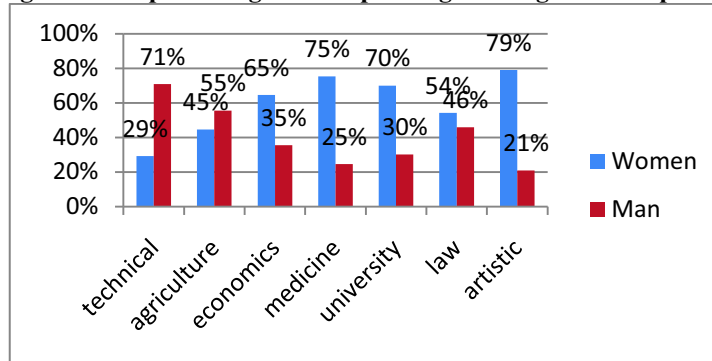
Choosing the right major is very important for successful integration in the labor market. According to the 2009 ARACIS (the regulatory authority for higher education in Romania) report, the most important four factors determining the preference for a certain college are: *interest in the field, desire to know, wish to have high income, and wide public prestige that the university enjoys*. In relation to these factors, economic higher education occupies a privileged position, given the fact that during the 2008-2009 (and beyond) academic year most youth opted for economic sciences (32,4%), university-pedagogic sciences (29,3%) and technical sciences (19,7%). Preference for economic education becomes even more obvious when higher education is done in the public sector, where most students are enrolled for economic (44,3%), university education (26,3%) and juridical education (24,6%), according to the National Statistics Institute. As for the influence of family environment in choosing the career, matching the education level of parents with those of their children provide important clues (according to National Institute of Statistics). Thus, it was observed that 87,4% of young people from families with higher education

background have a similar educational level. Among young people whose parents had an average educational level, 67% also had secondary education and only 21% higher education.

Depending on the graduated profile we can say that: for medicine graduates, the head of the family is, at a 47% rate, a faculty graduate, the same situation is found for the artistic and technical field (23% and 22% respectively). For other profiles, including the economic section (31%), the head of the family is a high school graduate. We can say that education level of parents greatly influence their children education level.

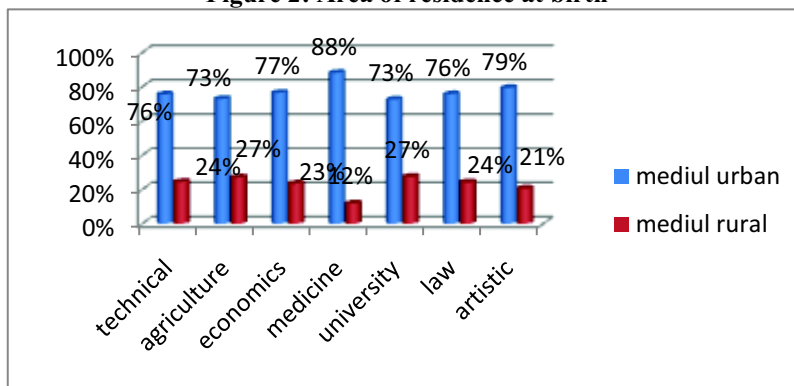
Regarding the respondent gender, it can be seen in the figure below that men specific fields are technical and farming. Economic profile graduates are largely (65%) female (Figure 1).

Figure 1: Respondent gender depending on the graduated profile



Most respondents live in urban areas (76%), which mean that access to education can be influenced to a large extent by the individual background. For the economic field only 23% came from rural areas (this being one of the lowest percentages in relation to the graduated profile, Figure 2).

Figure 2: Area of residence at birth



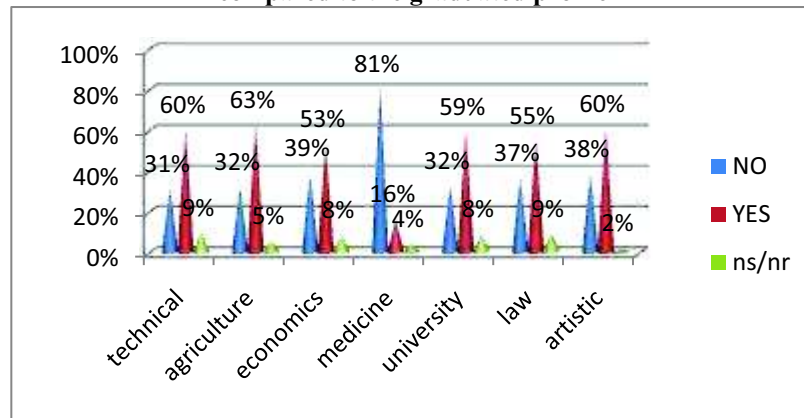
The participation in permanent education programs to complement the knowledge gained is relatively small. Thus about 1/8 of the investigated graduates have attended postgraduate courses (304), of whom the vast majority (86,5%) are master graduates. It is noted the increasing in the number of those attending postgraduate courses as a result of the Bologna process implementation. The post graduate profile may be presented in some defining lines:

- Graduates of university studies (30,7%), economic studies (27,6%), technical studies (17,0%), legal studies (9,5) and medicine studies (8,9);
- Faculty graduate – 92,9%;
- Public education graduate – 77,5%;

- Daily frequency graduate – 82,3%.
- First faculty graduate – 99,2%.

Analyzing respondents' opinion on occupational mobility, territorial and job stability there is a greater tendency to occupational mobility and territorial mobility than on external mobility. Of course, this desire is associated with a higher salary. However, surprisingly, the dominance came from those who prefer the job security and lower pay than an unsafe workplace and a higher salary. The authors interpret this situation by the worsening economic conditions at the time of the survey. Depending on the graduated profile, those with a lower mobility are those who have graduated medicine, due to the fact that they can change their occupation more difficult. The difference between those who want and those who do not want to change their occupation is the smallest for economic graduates (53% against 39%), due to close relationship between various opportunities offered by the labor market and employment benefits.

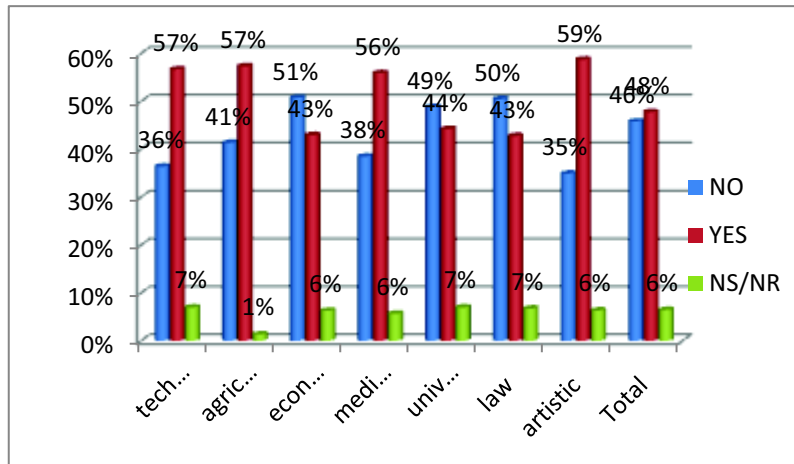
Figure 3: Structure of graduates who wish to change their occupation for a better job compared to the graduated profile



Regarding external mobility, 48% of the respondents would leave the country for a better job, while 46% would not. We believe that the small difference between the two options is given by the inertia of the social and cultural (including language) environment change and the narrow specialization of the Romanian labor market (which would indicate poor market integration in relation to that of the EU).

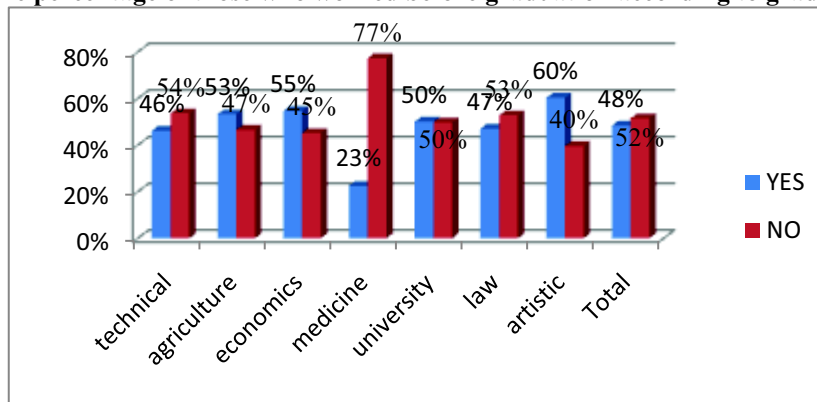
Analyzing the same problem, but depending on the area completed (Figure 4), it is noted that the vast majority of economics, law and university graduates would not want to go to another country, while other graduates would be willing to leave the country. This situation shows us that the first fields of studies are too much customized to the requirements of the Romanian labor market, while the other fields are more universal, having a bigger opening to the EU labor market (Figure 4).

Figure 4: External Migration depending on the graduated profile



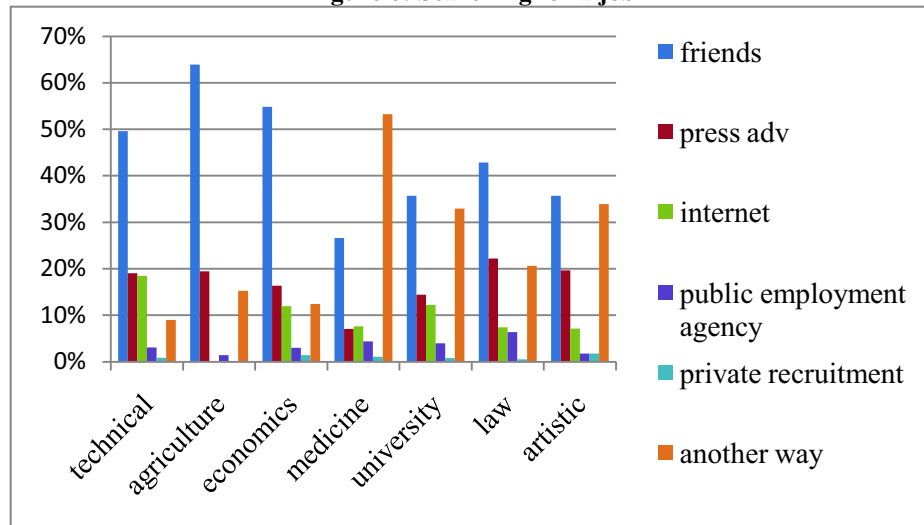
An important factor for the young graduates insertion in the labor market comes from professional experience. From the chart below we see that 52% of the respondents had worked before graduation. Compared with the graduated profile, we find that the medical graduates (77%) and those in the artistic field (60%) did not work while the economic graduates (55%) have worked. Young people want to work mainly because they need money (due to increased economic and social needs), because they wish to impress or show that they can take care of them.

Figure 5: The percentage of those who worked before graduation according to graduated profile



Regarding the way of job searching, most of the respondents used their acquaintances, friends (44%). From the figure below we see that economics graduates have the same trend, the difference being made only by medical graduates who have appealed mainly to a different way than the one listed in our questionnaire. This might suggest the existence of certain functional rigidities on the Romanian labor market. These rigidities are compounded by large disparities between residential environments in relation to the origin of higher education graduates, indicating an underdevelopment of the rural potential.

Figure 6: Searching for a job



4. Conclusions

Young people insertion in the labor market appears to be more difficult today than in the near past. This causes unemployment and partial unemployment among young people to be a global problem. Young people represent 25% of the global population of working age but totals 43,7% of the total unemployed - almost one out of every two unemployed is aged between 15 and 24 years.

There are many who blame the labor market rigidities for this situation as there are opinions that young people are excessive hedonism victims. Beyond the possible explanations, the phenomenon is quite serious since the youth are the main source of renewal for society and economy, the traditional promoters of progress. If the phenomenon tends to confirm on the medium and long term, than even the development of human society is in danger.

Romania is part of this trend of difficultly integrate the young people into the labor market. However, the success rate of higher education graduates is quite good (60,9%) compared with that of the high school graduates (35%). Choosing the economic profile has become the rule, this being even more evident for public education. This rationale is supported both by the family environment (due to secondary education domination among the graduate's parents) and the multitude of benefits and opportunities offered by this profile. However, the economic profile graduate is less mobile in changing the career and external migration. Mostly women, but moderate compared with the artistic profile, academic and medical graduates, the economic graduate has previous experience in the labor market than average, he comes from urban areas, rely on friends and acquaintances to acquire a job (but not as much as those from agricultural profile) and he is not so decided in changing the job.

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