YOUTH LABOUR MARKET. MOBILITY, CAREER DEVELOPMENT, INCOMES. CHALLENGES AND OPPORTUNITIES

Vasile Valentina  
Institute of National Economy- Romanian Academy of Sciences  

Vasile Liviu  
Institute of National Economy- Romanian Academy of Sciences

This paper presents the main characteristics of the youth labour market, with a special view on mobility, career development and incomes. The paper is substantiated by and continues the researches of the authors on the topic of labour force mobility and on the one of adaptability, respectively on youths’ beahviour on labour market (with particular consideration of young graduates) highlighting the factors that adjust choices regarding taking up a job, career advancement, labour motivation, professional and personal satisfaction opportunities which are provided by the labour market at local level, in country and abroad. Quantitative and qualitative indicators are presented about Romanian youths’ labour market within the European context during the transition period. The impact of the crisis on youths’ labour market is analysed, highlighting the challenges and opportunities, the particularities of the newly created jobs and especially the knowledge, skills and competencies requirements (KSC). The authors propose both the improvement of the systems of indicators for defining the potential and presence of youth on the labour market, the economic and social impact of external mobility of young graduates and an integrated scheme of policy measures for promoting adaptability and performance integration on Romanian labour market of youth. Particular attention is paid to presenting policy instruments for halting/diminishing the brain drain and brain shopping phenomena by promoting an attractive (professionally and monetary) supply for employment in Romania’s local economy. The authors succeed in highlighting the functional links between the education market (labour force supply) and labour market (employment demand of the business environment) underpinning the requirement of integrated management of labour potential in the years preceding studies’ finalization and up to the post-insertion years by multi-criteria analysis models and graduate career tracking programmes. Correlative measures are suggested for policies, procedures and monitoring instruments of youths’ adaptability on labour market, as alternative to external migration/mobility for labour.

Keywords: labour market, education market, young graduate adaptability, labour mobility, career development

JEL classification: J40, I20, J61, I25

1. Introduction

Youth employment is much more volatile than the one of mature labour force. Youth labour market is characterised by opportunities’ deficit for decent employment, diminishing jobs, employment precariousness (increases in the number of part-time jobs, temporary employment) and wages’ reduction. Young people are faced also with increased difficulties on entering the labour market, considering that also during the economic expansion period there were already issues related to the creation of new jobs for them. The lack of employment perspectives in a decent job on entering the labour market affects/compromises their path on labour market and career development. Additionally, unemployment among young individuals presents specific vulnerabilities – higher sensitivity to the variations of
economic activity, difficulties in creating new jobs for youth, longer duration of the unemployment period, and easier entry on the informal labour market, which turns into a true refuge, particularly for graduates. Experts’ estimations appreciate that an increase in total unemployment rate by 1 per cent is accompanied by an employment diminishment among youth of about 1.1 – 1.8 per cents, and Romania is one of the EU Member States with the highest unemployment rate of youth and its increase is expected (about 3 times higher than the general unemployment rate). The crisis “generates” precarious jobs for youth, which are weakly remunerated very often under their skills’ level, triggering loss/depreciation of competencies, or long-term unemployment and discouragement, hence increased poverty incidence.

Considerable numerical and structural gaps are present on labour market between supply (outcome of education for vocational training) and demand (job requirements on the national labour market), which are amplified in some fields by the free movement of labour force (attractiveness of some better paid jobs, not necessarily in the same training field), so that a significant deficit emerges for skilled staff in fields such as constructions, industry, services, including here health care ones, while on the European labour market our citizens deliver preponderantly low/un-skilled labour. On the education market, the curriculum adjustment and the range of skills on professions and fields of sciences has low flexibility, remaining behind as considered from KSCs demanded on labour market, and the link between school and business environment is erratic, punctual, or inexistent in most field (lack of cooperation for practice, internship, etc. and the system of scholarships provided by the business environment among graduates is strongly unbalanced tending to being inexistent). The difference between the demand on labour market and the supply of labour from among the graduates is strongly imbalanced, in most cases a period of training is necessary for labour market insertion of the graduates (either on the job or by courses provided by authorised institutions for adult education on the LLL market, and by courses of the National Council for Adult Training - NCAT).

In the current paper we intend to highlight the fault lines between the educational system and the labour market and to present an integrated system of instruments and support mechanisms for dynamic balancing of the labour demand and labour supply represented by the insertion of young graduates.

II. Literature review

Youth adaptability on labour market, their professional insertion and the KSCs deficit are issues widely debated by experts, particularly as outcome of the propagated effects on long term which they generate. Young people enter the labour market unprepared, without practical skills, their theoretical knowledge is either outdated or incomplete, and their basic competencies – generic and specific – are weakly developed (Vasile, V., 2009). The transition from school to active life and labour integration of youth represents an essential issue with a strong economic and social impact as it is also an important measurement of the external efficiency of the educational system (Vasile, L., 2011). The concerns in order to promote (performance) employment of youth, and the efforts of integrating young people on the local labour market were intensified during the period of crisis, and at EU level were realised a series of studies and researches of the various aspects regarding this issue (EU, 2011). Additionally EU 2020, integrates in the development targets both young generation’s participation to education to a share of 40%, and a diminishment of early school leaving under 10%, which are performances difficult to reach by Romania (from 16 % in 2008 the intention is to increase to almost 27% in the case of the share of graduates of tertiary education aged
from 30-34 years and also from 15.9% in the same year to reduce to 11.3% the rate of early school leaving). At the same time, EC, by “Youth on the move” proposes in 2010 a number of 4 priorities for lowering youth unemployment: support for professional insertion and career development; support for youth in risk situations; promoting a support social network and sustaining entrepreneurship and self-employment. Increased concerns are shown also at national level by supporting the absorption of structural funds for priority objectives that support youth (adaptability to the labour market, post-doctoral studies, etc.), as well as by developing topical surveys (NIS, 2000, 2009). We still can remind the topical studies realised by various other institutions, based on projects financed with domestic funds, or international ones, yet these provide only for a partial, fragmented image related to the issue of youths on labour market (Nicolescu, L 2002, Săpătoru D Caplanova A & Slantcheva S, 2002)

As result, there is no relevant information source that would aid the education system to permanently adjust/adapt the educational profile to the requirements of the business environment (of the graduate career tracking program at national level), and the market allows just for punctual regulation on short-term by CVT courses especially, which does not solve the issue of the anticipative character of the educational system against the labour demand expressed by the real economy. The outcomes of the survey repeated in 2009, associated with the reform measures on both markets (education and labour) allow for formulating some conclusions/partial outcomes and may represent milestones for defining the framework for improving the communication relationships/channels between the two systems/markets. Moreover, there are neither systematic studies nor even a national databank for monitoring the socio-professional insertion of graduates on labour market in the first years by highlighting the dysfunctions in forecasting educational content, and an adequate system of indicators that would allow for evaluating the impact of the university system on the Romanian economy and society is non-existent, as well. Only fragmented studies are made at the level of individual universities, without an attempt of aggregating the outcomes. The requirement of such approaches and the first national initiatives were rendered concrete in developing a methodology and working instruments regarding monitoring studies of insertion on labour market for higher education graduates from Romania (MECT, 2008), which were applied for the first time by means of a pilot project initiated within SOPHRD (Damian, R.M., 2011). The questionnaire developed on this topic is applied to a restricted target-group represented by graduates of state- and private higher education institutions after one year, and then after five years since graduation, but only for the universities involved in the implementation of the study.

III. Youth labour market. Main characteristics and development

In the context of the economic transition process, the labour market from Romania was faced with important changes, shown in the diminishment of the active and employed population, in the increased unemployment among young individuals and growth of long-term unemployment, in the limited capacity of the economy to create new jobs and to ensure stimulative work remuneration in accordance with performance and importance of supplied work, by the lack of attractiveness of the jobs for young graduates, particularly for those finishing tertiary education. As result, labour mobility increased especially external mobility of workers, and the stock of migrant population is estimated currently to total almost 4 million persons (in the registered and unregistered economy). Labour market reform and the changes in the human capital management model from
Romania have known a sinuous development, much delayed as compared with the demands of the economic and social environment. This issue was left on a secondary plane, as it was considered that the regulations on the other markets will generate the required changes to ensure labour market functionality. **If we consider the requirements of an efficient labour market**, as support for sustaining competitiveness, we may appreciate that the labour market after two decades of reform/adjustment and a period of economic growth of about 8 years: a) **does not ensure an efficient allocation of human capital** within the economy, nor its performance use; b) **the remuneration system is rigid in relation to performance and work involvement**, and does not stimulate to a sufficient extent the additional effort, in particular for the public sector; c) **mobility on fields of activity is relatively low**, even for common professions of the national economy due on one hand to the rigid recruitment and selection systems of the staff (the criterion of experience is defining in most cases), and on the other hand due to the high differences in the remuneration on branches and fields of activity (especially with respect to the bonuses and advantages system (bonus for the importance of the branch, stability bonus, etc.)); d) **opportunities' equalities in career advancement and remuneration** albeit stipulated in regulation documents and development strategies of human resources, the practice shows frequently derails thereof. Hence, we cannot consider efficiency and flexibility on labour market as support factor of competitiveness (the seventh pillar “labour market efficiency”, Global Competitiveness Report 2009-2010), and as positive input to increasing economic growth and sustainable human development, to retaining young graduates on the national labour market and decreasing migration propensity. During the entire transition period is recorded a diminishment in the size of labour market associated with higher flexibility but on the background of increasingly stronger **de-correlation** under the quantitative and qualitative aspect between labour demand and supply, especially on the labour market segment specific for young graduates. Low concerns exist for the efficient allocation of labour force at local level, by stimulating through active measures internal mobility for labour. The concentration of investments in high-density population urban areas and the lack of instruments for supporting internal mobility for labour (living and/or transport conditions) triggered increasingly stronger decoupling under quantitative and qualitative aspect between demand and supply for labour at regional/local level. **Temporary migration for labour** is preferred by working-age household members, particularly the young individuals aged up to 35 years, instead of territorial mobility of the household or commuting. Very often deficits are encountered on some markets and labour force surplus on trades/professions on others, the differences being covered rather by external migration flows (emigration of Romanians to Western Europe, Israel or Canada, and immigration from the East on the local labour markets, especially the ones in Moldova and in the central region of the country). Unfortunately, to a large extent, such balances are made due to the informal market, the benefits being partial both for employees (wages but without social insurance), and employers (lower costs but without instruments for long-term incentives for performance and labour involvement), and also for the society (reduced contributions to social funds and unpaid taxes). **The crisis period generates significant changes on labour market**, in the opinion of social partners, disruptions and atypical developments, non-performance and actual restrictions in the way of economic turnaround. The previous economic growth is proven as unsustainable and the Romanian economy drops by more than 7% in 2009 and yet another about 1.5% in 2010. The
constriction of economic activity triggers considerable unemployment in the private sector but also personnel reductions in the public sector, but on administrative criteria of diminishing personnel expenditures (budgetary corrections are operated uniformly on ministries). The number of governmental agencies are reduced by half, yet ministerial structures increase, reductions are made in education, health care and research strictly on economic reasoning, without defining the medium- and long-term needs both for quality and efficient educational and health services, as well as for technological progress within the business environment, as solution for exiting the crisis and economic turnaround. The European principles of supporting continuing learning and stimulating the generation of RDI outcomes applicable within economy are acknowledged as necessary, yet unsupported in practice, employment is practically blocked by the lack of demand from the business environment and administrative layoffs within the public sector. Unemployment increases, the active measures on labour market are even more downsized (the level from the period of economic growth varying around 2% in total unemployment fund, for instance) and employees participation to CVT decreases dramatically (Romania was placed on the last position in the EU with a participation to CVT courses of about 1,3% in the last 2 years).

*Unemployment among youngsters* is higher than the average, about 2-3 times, and higher for men. Young people are predominant among unemployed who never worked and they represent a third of the long-term unemployed.

The youth labour market is different as challenges and restrictions, being more vulnerable to migration “attractiveness”. Young individuals represent the most mobile segment of migrant population, especially for external migration. Aspirations about incomes and professional career and the relative independence from family (single, or without children) make them be more open towards jobs at longer distances, if they satisfy expectations. On the other hand, the situation of youth on labour market is difficult as they are regarded a vulnerable group: they have more difficulties in finding a job due to lack of working experience (in Romania only a small share of the young are employed during their university studies and only few, by exception, during the period of upper-secondary studies). In the last years, e-jobs mobility and increasing part-time employment already during the period of study have attenuated the pressure on insertion unemployment rate.
The youths employment model is defined by the following characteristics: part-time jobs, contracts on determined periods of time, high mobility from one job to another in the first year after finalising studies, diminished wages towards the legal limit for the graduated level of studies, dual employment, or only within the informal economy, low perspectives of access to a career in the first years, practical competencies and skills deficits triggering inclusively employment in inferior jobs to the training received in school. All these aspects define a non-performance and weakly stimulating model for stability, career advancement and personal development. At an employment rate of the working-age population (15 to 64 years) of about 60% in Q3 2009, were employed 26% of the young individuals (15 to 24 years of age). The highest employment level is among graduates of higher education (84.6%) for the same period and decreases to about 45% for those with the lowest training levels (NIS, 2009). As fields, youngsters aged 15-24 years are employed preponderantly in constructions, trade, hotels and restaurants, and those from the age group 25-34 years of age in real estate transactions and trade. Men are best represented within all socio-professional categories, partially justified also by the fertile life span of women and hence the lower share of participation to labour market.

The activity rate and the employment rate for youths aged 15-24 years is lower than the national average, due to: reduced population cohorts (as result of demographic decline), to extended education period, to poor employment attractiveness provided by the market and to the national employment model which does not promote youth employment during the period of studies, save by exception.

Consequently, the two rates are placed about 20 pp under the general average. At the same
time, against the Lisbon objectives, the working-age population employment rate in 2008 places Romania at a distance of 11 pp (70%), and for the women at a distance of 7,5 pp (60% objective).

Secondary education graduates have an employment rate varying on averages around the national values, the employment rate in the rural area being in reversed proportion to the education level in the case of pre-university levels of study, and the opportunities provided by the rural area being in (paid or unpaid) activities developed in agriculture. Estimates (CEDEFOP, 2008) show that up to the year 2015, approximately 30% of the jobs shall require higher education and almost 50% at least upper-secondary education with a significant decrease of the jobs requiring a low skill level. Professional insertion of a graduate is strongly influenced by the attended school, the field of study, the economic development level of the region, the firms/companies in whom he/she effected internship or worked during studies, the recruitment firms where he/she sustained interviews, on the attended conferences and trainings, etc. Occupational guidance already during high-school of youngsters towards the professional profile and choice of university training in relationship to the intended trade/profession for career development, correlated with gained aptitudes and competencies, but also with the demand on labour market trigger a higher employment rate of graduates and less time searching for a job “adequate/corresponding” to individual aspirations. From this perspective, employment opportunity is in reverse proportionality to the sum of self-imposed restrictions of the graduate. This is also the reason why for young individuals (15-24 de year) the long-term unemployment rate (unemployment of 6 months or over) was, for instance in Q3 2009 of 10,4% , and the incidence of long-term unemployment among youths of 46,9% (at an average unemployment rate of 6,8% per total and of 22,3% among those aged between 15-24 years). Women have an unemployment rate by approximately 30% lower as compared with men. However, they register an enrolment rate in high-school, respectively tertiary education significantly higher than the one of men, a situation which explains the lower employment rate which is specific to them (Vasile V., 2009).

**Share of the young unemployed at the half of the year 2009**

![Graph showing unemployment rates for different countries](image)

*Source: Eurostat on-line database*
If we refer to action methods on the labour market, the youth is more incisive and resort to direct and modern methods in searching for a job, take more risks at an interview and the negotiation of working conditions and incomes. Between finishing school and taking an activity at the first significant job, 74.1% have searched a job using active methods (direct contacting of employers or of the decision factors responsible with hiring 37.9%). The insertion rate of tertiary education graduates is lower against the average situation per total youth who are hired and particularly in the first year after graduation, due to the fact that an university graduate will search longer and have higher expectations with respect to the workplace – under the aspect of the professional profile of the workplace and of the provided remuneration level (very often much lower than graduates’ expectations). Even though the state grants tax facilities on employing youths (for instance, the employer will receive for a 12 months period the minimum wage on economy) due to the complementary conditions (including the obligation to remain on the job for at least 2 years) and of the high mobility of youths in search for the right job corresponding to their professional aspirations, the share of those resorting to these facilities is very low. On medium- and long-term, job security for youths with tertiary education is relatively higher, but also the opportunities for mobility based on employment advantages are more. In general, young graduates are considered on insertion on the labour market as having the disadvantage of lacking experience, yet the advantages are net superior: potentially high productivity, adaptability and acceptance of novelty, theoretic knowledge, so as to be considered “relatively cheap”, as lack of experience diminishes the level of the insertion wage towards the minimum legal limits. The hampering lack of experience can be relatively easily dealt away with by training on the job, which depending on trade and skills level attracts lower or higher continuing training costs. Yet, these costs are absorbed on medium-term by individual outcomes and performance, if there is employment motivation. Job motivation and satisfaction are very important components for graduates and youths in general, and therefore they turn easier into unemployed and search for a relatively longer period of time an adequate workplace. Consequently, the unemployment rate for the age group 25-34 is closer to the average one, which leads to the idea that youths after graduation have a short period of feverishly searching a job, with frequent changes and alternating unemployment and employment periods, until succeeding to find a job or to migrate for employment outside the country.

IV. Ways of diminishing discrepancies between demand and supply on youths’ labour market. Milestones for an integrated balance model for insertion employment

Youths on labour market remain a disadvantaged group, and as risk are considered: a) for the society as unemployment on local/national market and their migration as brain drain/brain shopping lead to waste of resources due to the non-valued investment in education done in the country and loss on medium- and long-term average of GDP and diminishment of natural increase; b) for the labour market, in event they fail to get employment according to their training profile and in a professionally and financially attractive job. The profile of the young worker is defined on a hand by education (knowledge and theoretic competencies, especially), occupational flexibility, availability for LLL and, on the other hand, the attitude (to work, job, professional career, status on labour market: employed, self-employed, etc.); geographic mobility. The size and balance on labour market are defined by the medium- and long-term trends: demographic decline by delays
in family grounding and in the decision to have children, mobility for career and incomes – geographic or virtual – employment volatility, entrepreneurship development and self-employment, lower elasticity by unemployment, increase in the stock of incorporated education and permanent updating by LLL, gender convergence on trades, professions, specialisation fields, including at managerial level and presence in the political life, the interest for developing a successful professional career.

An integrated model for ensuring mobile balance on labour market presupposes at least three components: education for labour market as integral part of LLL, defining the business environment demand by means of KSCs and ensuring a social network of stimulating employment on local/national market. For each component a number of indicators for quantitative measurements can be defined and then weighted/adjusted with the qualitative variables resulting from dedicated surveys (graduated track survey and labour market for youth questionnaire).

The selected variables were of 3 up to 6 for each component depending on the demanded training level for the job and scarcity of the specialists. In the case of a job for a tertiary education graduate, as minimum quantitative indicators were defined: a) for the education for labour market component were considered the number of graduates on specialties, the aggregated index of generic competencies and the KSCs index specific to the profession and hierarchical level of the job; b) for defining the labour demand within the business environment was considered the specific demand of similar jobs, workplace stability and the substitution index of the professional profile; finally, for c) social indicators of stimulation, at least at the comparative level of wages and additional wage packages can be considered the geographic indicator (defined by the rural/urban environment) and the local development level (GDP/area inhabitant or the development lag against the national average). Balancing the values of aggregated indicators on each component indicate the compatibility state and attractiveness of employment for youths, while the imbalance situations points out the migration risk – brain drain/brain shopping or the employment option by substitution (another professional profile but for which minimum competencies are proven for taking up the job). The job experience variable non-specific to young graduates and the advantages of the employer from insertion employment are considered in operating selection of equivalent candidates (IEN, 2010). Albeit in the incipient stage of developing and testing on youth market, this algorithm allows on one hand for guiding the educational system to curricula adjustment and focusing learning outcomes on KSCs demanded on labour market, and on the other hand in guiding employers towards recruitment from the local market or from the national/international market, as well as to the association with the development on variants of employment of the e-work type for some trades/professions and, respectively jobs. The current developments and dysfunctions on the youth labour market, particularly during the period of crisis when the volatility elements were more prominent, support the need of developing ex-ante and ex-post management mechanisms of potential (youth) labour force employment by combining counselling and professional guidance with internship periods and graduate tracking management, employer/alumni engagement strategies, industrial relations development and stimulative wage package, LLL, career development model, etc.
V. Brief conclusions
The labour market, respectively the business environment is more exigent in the case of the young labour force which enters labour market after graduation. Youths have more difficulty in finding a job corresponding both professionally and monetary, the reason why both employment fluctuations from employment to unemployment and vice-versa, and longer periods of unemployment are an important barometer of permanent education system’s reform in Romania. Moreover, information about vocational training programmes or for on the job adjustment may provide information about dysfunctions and correlations’ lack between the education system and demand on labour market, while the following might be considered as the most significant ones:
- Youths entering on labour market after graduation of secondary or tertiary education live preponderantly in the urban area, and men are more numerous; accessibility of higher education is better for those in the urban area, opportunities closer to the beneficiary and, very often, financial restrictions are the most important.
- The shares of their employment and unemployment against the age group to which they belong has not underwent significant changes, just as the passage rate to higher education which improved but not to a significant share and, unfortunately, did not generate a proportional improvement of graduates’ education quality, but to the contrary.
- Still the diploma is more important than proven skills and knowledge, in particular for the public sector. The business environment becomes gradually increasingly rigid from this viewpoint and requires evidence on hiring of professional competencies’ certification, and in their absence, employment is made on a job requiring inferior training and/or the knowledge deficit is compensated by CVT on the job.
- The activity rate decreases, young individuals on one hand postpone entering the labour market, and pursue several educational tertiary paths (often in completely different fields) or continue their studies for masters/docorate or, on the other hand after graduation (or early leaving) are active on the black market, or migrate for employment in low skilled jobs, inferior to gained education.
- The main reasons of early school leaving are still of current concern, respectively the high cost of schooling (especially for those from the rural area) and/or associated with the need of working for incomes (dependency on families with low incomes or other types of difficulties). An important reason of failing to finalise studies is represented also by the inefficiency of the evaluation/certification systems on graduation which consider inflexible evaluation schemes and less adjusted to the practical finality of education – knowledge verification instead of competencies certification, etc.
- The lack of a flexible, coherent and accessible to all system for continuing training, including by certification/continuation/ and/or transition from the formal to the informal and non-formal system.
- Another issue which is difficult to measure but is particularly relevant under the aspect of compatibility between education market and labour market, between the chosen profession and competencies for practicing this profession in performance conditions is represented by the analysis “first significant job” – under the aspect of professional profile and search duration.
- Finally, another important aspect of individual performance during active life is represented by the informal education related to the behaviour on labour market and professional development. The example of parents and extended family members may define to a significant share the labour market behaviour of young graduates and their professional path. Failure to acknowledge such aspects in a systematic way and their analysis affect the feedback processes within the educational
process, maintaining dysfunctions and gaps between education market and labour market, rendered concrete, finally, by loss of human capital, of investments in education, loss of potential value added as result of non-performance work or giving up work after graduation. The relatively high level of this youths’ unemployment rate emphasises the necessity of a closer link between the educational and vocational system and the labour market. Finalising and applying methodologies of monitoring young graduates insertion for various educational forms (vocational, upper-secondary, tertiary) is a priority, just as the development of more flexible and efficient systems of organising internship for students. Last but not least, a more careful analysis is expected with respect to the competencies which Romanian employers regard as important for the success of their companies and the adjustment of the educational and vocational supply to them, periodical update of occupational and vocational training standards, and of the educational curriculum in close dependency to the change dynamics on labour market.

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