

## THE EDUCATION – AN IMPORTANT FACTOR ON UNEMPLOYMENT AND PROFESSION

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**Abstract:** In this article I intend to explain how a good education system influence the unemployment. The relationship between unemployment and the level of education is obvious: the rate of unemployment decreases as it passes from a lower level of education to a higher, respectively, as they get older. The education contributes to revenue growth to an individual and it is strongly correlated with the reduction of poverty, illiteracy and income inequality. This article contains information on the labor market insertion of young graduates.

To perform this analysis I used statistical data available to the National Institute of Statistics of Romania and on other sites in the field. The occupational structure analysis indicates some changes in the last 10 years in Romania and also in the European Union. It is true also, that the crisis had a dramatic impact on economies and labour markets and Romania is experiencing a general decline of the number of jobs available. The higher education graduates find jobs harder which corresponds to the skills acquired in college, so they end up accepting jobs for which they are overqualified, or another jobs in a totally different field.

**Keywords:** educational process, labor market, population, development

**JEL classification:** I21, I25, J64

### 1. Introduction

There are people who believe that “only work and work is the source of freedom and happiness”. A very true statement because only through work we can assist in the development of a state, unifying the relationship between man and society, to enrich the material and moral condition of the population, the development of education, and the list goes on with many answers. To be able to work, the man needs an education, preparation to cultivate himself not only for school but also for life. Learning not only provides science, solidity and erudition for a man, also makes him apt for society, putting his ideas in order and guarding from mistakes and prejudices. All the people need education because “it ennobles all occupations, making them all alike honest, uplifting all our feelings and thoughts.” [1]

The educational system has increasingly placed more in public services, whose dynamics is resulting from a compromised state public (when we say public we refer to parents, children, educators, etc..), and with other sectors of society . After the moment in which during centuries the educational system has been dependent on the Church (in Europe and in other regions), education is then monopolized by the state, standing at the crossroads of some important interests and it can't be isolate by evidence mutations arising in employment, services and finance fields.

Along the time principles of education have changed, now education is vital for any economy because, on the one hand, the educational relationship between man and society become more complex and, on the other hand, the current society needs workforce well trained professionally in the globalization context. [2]

Work is the factor of production that has the power to set in motion the other factors of production thus leading to their transformation into economic goods. Many researchers have brought into discussion the importance of this factor of production. So, Keyns defines work as “one that produces everything”. For Adam Smith the labor is “unique source of wealth of nations”, and for Marx is “the only source of value or more precisely the substance of itself; the goods, as exchange values, are only measures determinated by time work solidified, crystallizations of work.

To highlight the importance of education and labor, along the time many researchers have shown interest to show that there is an interdependent relationship between these processes.

“Global research ( . . ) has established unequivocally that education increases individual incomes; that it is positively correlated with macroeconomic growth; that it is strongly correlated with reductions in poverty, illiteracy and income inequality; and that it has strong complementary effects on the achievement of ( . . ) lower infant and

child mortality, better nutrition, and the construction of democratic societies. The expansion of educational opportunity (...) in most societies is far easier to implement than the redistribution of other assets, such as land or capital. In short, education is one of the most powerful instruments known for reducing poverty and inequality and for laying the basis for sustained economic growth, sound governance, and effective institutions .” [3] A. Inkeles suggests that "modern society" can not exist without adequate personal attitude which is, an overwhelmingly proportion, the result of education. [4]

Present at the G-7 Summit in Köln, Prime Minister Tony Blair speaks in the House of Commons (21 june 1999) about the need for education for the development of the world economy. Also, here was adopted the Charter on Aims and Ambitions for Lifelong Learning to attract the world's attention on education “training and endowment for all people to survive and thrive in the future economy based by knowledge. Education and lifelong learning are the passport to success in today's global economy, not only for our countries (most developed) but everywhere, all around the world.” [5]

## 2. Education level of population

Romania is a developing country, the population is poorer than in developed countries and this directly influences the level of education of the population. Often parents can not afford to pay schooling of children, reaching eventually to drop out. Fortunately, in our country even if the income is far below the limit comparing with other EU countries, young students continue their studies with the hope that after graduation they will be able to find a job more easily corresponding to the areas that are specialized.

In each state, the educational system must be accessible to all, regardless of financial status or level of education. This can be an important factor in reducing inequalities and preventing marginalization. Lifelong learning should be accessible not only to people with a good financial situation or a certain status, with higher level of education, this form of training is necessary of all.

The following table presents the data collected from Eurostat regarding the number of people who have graduated different levels of education.

Table no.1 Education level of population in Romania comparative with European Union

Indicator (%)	Zone	Classification ISCED 97	2004	2005	2006	2007	2008	2009	2010
Population (15-64 years) according level of education	European Union	Pre-primary, primary and secondary education - levels 0-2	37	34	33	33	32	31	31
		Highschool and vocational education - levels 3-4	41	45	45	46	46	46	46
		University - levels 5-6	20	20	20	20	21	22	23
	Romania	Pre-primary, primary and secondary education - levels 0-2	35	33	32	31	30	30	30
		Highschool and vocational education - levels 3-4	56	58	58	59	59	59	58
		University – levels 5-6	9	9	10	10	11	11	12
Occupancy – level of education	European Union	Rata de ocupare - total	65	64	65	65	66	65	64
		Pre-primary, primary and secondary education - levels 0-2	51	48	49	49	48	46	45
		Highschool and vocational education - levels 3-4	70	69	70	70	71	69	68
		University - levels 5-6	83	83	83	84	84	83	82
	Romania	Rata de ocupare - total	59	58	59	59	59	59	59
		Pre-primary, primary and secondary education - levels 0-2	40	40	40	40	41	42	43
		Highschool and vocational education - levels 3-4	66	64	65	64	64	62	62
		University – levels 5-6	85	84	86	86	86	84	82

Source: [www.eurostat.com](http://www.eurostat.com)

It can be seen that in the analyzed period 2004-2010 in the European Union an average of 33% of all adults have completed at least one primary or secondary school. 45% of persons had graduated a Highschool and vocational education and 21% university studies.

Looking at the Romania we see that, in the last three years, 30% of population had graduated pre-primary, primary and secondary education. To chapter university graduates, Romania had a disadvantage, comparative with the European Union in our country few people have graduated a university, only 10%. The future number of people and the qualifications they hold (supply) is largely predetermined by demographic development and education and training decisions already made, although most young people, aged 15-24, are still in the process of acquiring qualifications.

The first indicator is the evolution of the number of educational institutions. According to the data collected by the National Institute of Statistics of Romania (Table no. 2), in the last 11 years the number of schools dropped sharply, reaching as today to have 70% fewer than the educational institutions in the academical year / 2002-2003. [6]

**Table no. 2 Number of educational institutions in the period 2002-2013**

School / academic year	Number of educational institutions
2002-2003	23679
2003-2004	18012
2004-2005	14396
2005-2006	11865
2006-2007	8484
2007-2008	8230
2008-2009	8221
2009-2010	8244
2010-2011	7588
2011-2012	7204
2012-2013	7069

*Source: National Institute of Statistics of Romania, Statistical Compendium, 2008, 2009, 2010, 2011, 2012, pp.36-37*

### 3. The relationship between leavel of education and occupation

The education and occupation are two indicators of the way in which a society is structured. Also, there are two factors that contribute to the sustainable development of a country. The role of education in providing access to the labor market (employment) is reflected by increased employment opportunities for the educated population. People with high levels of education have better opportunities on the labor market, materialized in higher rates of employment. [7]

Below is is presented through statistical data, the relationship between the level of education of the population and its occupation. The available data on the Public Opinion Barometer (May 2003), shows the occupational structure in Romania, the changes occurred at this level and the relationship between the level of education and occupation.

**Table no. 3 The relationship between leavel of education and occupation (%)**

Occupation in 2003	Without school	Primary education	Professional education	Highschool	Post-secondary education	Academic education
Unit leaders, business owners, entrepreneurs	-	6,5	23,9	21,7	17,4	30,4
Intellectual occupations	-	-	2	13,3	6,1	78,5
Technicians or foremen	-	-	2,4	19,5	70,7	7,3
Official in administration	-	8,9	4,4	51,1	20	15,6
Service and sales workers	-	6,3	21,3	51,3	11,3	10,1
Military frame	-	-	-	50	28,6	21,4
Craftsmen and mechanical	-	10,6	63,2	21,1	5,3	-

repairers						
Farmers with qualification	5,2	56,6	26,9	6,1	4,3	0,9
Unemployment	-	14,6	37,7	33,3	7,7	6,9
Housewife	4,6	45,4	30,8	15,4	2,9	1
Laborers in agriculture	5,9	45,1	43,1	2	3,9	-
Qualified workers	-	11,5	46,1	36,1	5,6	0,8
Unqualified workers	1,6	25	40,6	25	6,3	1,6
Pensioner	3,6	53,5	16,8	10,8	8,6	6,7
Other	-	19,1	19,1	31	14,3	16,6
Pupil/Student	-	33,3	6	55,3	-	-

Source :Public Opinion Barometer, May 2003

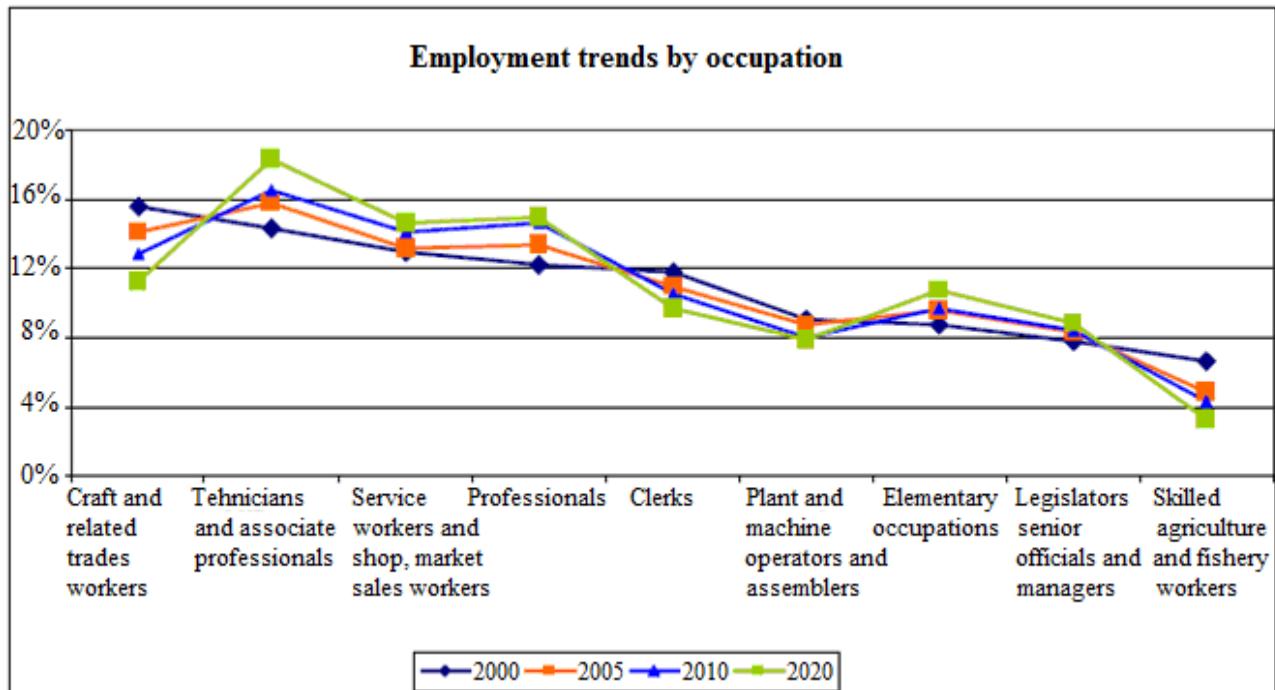
From the data presented it can be seen that between the level of education of the population and its occupation are an interdependent relationship. The highest percentage is attributed to intellectual occupations and management positions, people who exercise these functions are university graduates short or long term (78.5% and 30.4%). In terms of post-secondary studies we observed that technicians and foremen holding a percentage of 70.7% and are followed by the staff of the military with a percentage of 28.6%. Those who have graduated high school have administrative occupation (51.1%), trade and services (51.3%), military staff (50%).

Skilled workers (46.1%) and unskilled workers (40.6%) are graduates of professional education complementary or apprenticeship and some of them have 10 years of compulsory education (high school level I). The persons who have completed only primary education are farmers or working in agriculture (56.6%).

As more as a person invest in his education as higher it increases the chances of having a job in categories legislators, senior officials and managers and specialists with intellectual and scientific occupations, technicians and officials. This suggests the importance of investment in education. As easy the acces of education, culture, information and other similar sources is, as probable became the fact that you can achieve a lower level of education and thus a proffesion with a higher prestige and better earnings.

Changes in the structure of occupations and skill requirements mean that we have to adopt less linear approaches to learning and work. Sound labour market information, guidance and counselling that considers people's skills portfolios, skills development at the workplace and (more) formal flexible learning paths that take existing skills into account need to complement one another. In short, Europe should give greater emphasis to bring the world of education and work together, to increase utilisation of skills and stimulate employer demand. [8]

**Figure 2. Changing of occupational structure, European Union, 2000-2020**



Source: European Centre for the Development of Vocational Training, Skills supply and demand in Europe, Publications Office of the European Union, Luxembourg 2010, page 92

According to data gathered from Cedefop we can observe that the main trends of the last period tend to continue in the next 10 years. It also estimates a significant change in labor demand for skilled workers, which implies that in the future the jobs will become more intensive regarding the knowledge and skills. The predicted increase are expected for occupations that require well-qualified workers that carry out activities nonmanuale. If in 2010 nearly 40% of the employed population represent a higher level (knowledge and skills intensive), such as managers, professionals and technicians in 2020, the share is expected to increase to more than 42% in the European Union. The modifications are related to the changing sectoral structure, globalization and technological progress, which may dislodge more routine occupations (Cedefop, 2010).

#### 4. Relationship education - unemployment

The labor market is defined by Abraham Frois as "all economic relations on the employment and the use of labor and ensuring social protection on the holders of this special commodity." [9] In our country labor demand has experienced a continuous growth as the country's industrialization, the intensity of this increase knowing significant changes from one period to another. During the transition to market economy labor demand has decreased. [10]

The correlation between education and the labor force is not independent of labor market conditions, not limited to the level of education of the people. Differences arise from aspects of human labor. Individuals decide how much and how intensively to work. Environment affects their behavior, including incentives that they are experiencing [11]. For many of us unemployment can be a traumatic situation. The job loss could mean changing the destiny of a family, and especially the future of children who need financial support from their parents to finish a college.

Education plays a very important role in reducing long-term unemployment both through initial training, equipping the workforce with the ability to cope with change, retraining and through lifelong learning.

Also, we can say that the unemployment rate regarding the size and dynamics is inversely proportional to the level of education: decreases as the level of education increases and inversely. Individuals with an adequate training have all the chances for integrate into the labor market, to find a job that fits with the field graduated. A country that succeeds to minimize the unemployment prove a efficient macroeconomic policy and that has used optimal means for absorbing labor force remaining without a job. A society as faster is advancing, as more gets down the chances that a person could receive a job.

Regarding the number of unemployed in Romania it has grown according to data on the website of the National Agency for Employment. Below are presented on the regions the rate of unemployment and also the number of unemployed existing on 30 June 2012.

**Table no. 3 Number of unemployment \* and rate of unemployment on regions in Romania at 30 June 2012**

Region	Total	in which women:	in the total coming from the private **	Rate of unemployment - total	Rate of unemployment - female
North-East	65.752	27.240	17.649	5,02	4,43
North-West	47.407	21.800	18.370	3,86	3,74
South-Muntenia	70.195	30.303	22205	5,55	5,19
South-East	54.620	23.605	14.186	5,04	4,72
South-West Oltenia	60.090	25.137	15.917	6,55	5,94
Center	55.468	24.854	18.629	5,09	5
Bucharest-Ilfov	23.872	12.746	15.184	1,92	2,06
Total	404.114	178.398	135.748	4,49	4,23

*Source: National Agency for Employment*

\* Register at territorial agencies for Employment.

\*\* Employers with private capital or private shareholders holding more than 2/3 of the capital

South Muntenia region recorded the highest number of unemployed in the country, thei are in number of 70 195 people. The second place is occupied by the North East Region with a total of 65 725 unemployed and is followed by the South West Region with a total of 60.090 unemployed. The last place is occupied by Bucharest-Ilfov Region where the number of unemployed exceeds 20 000.

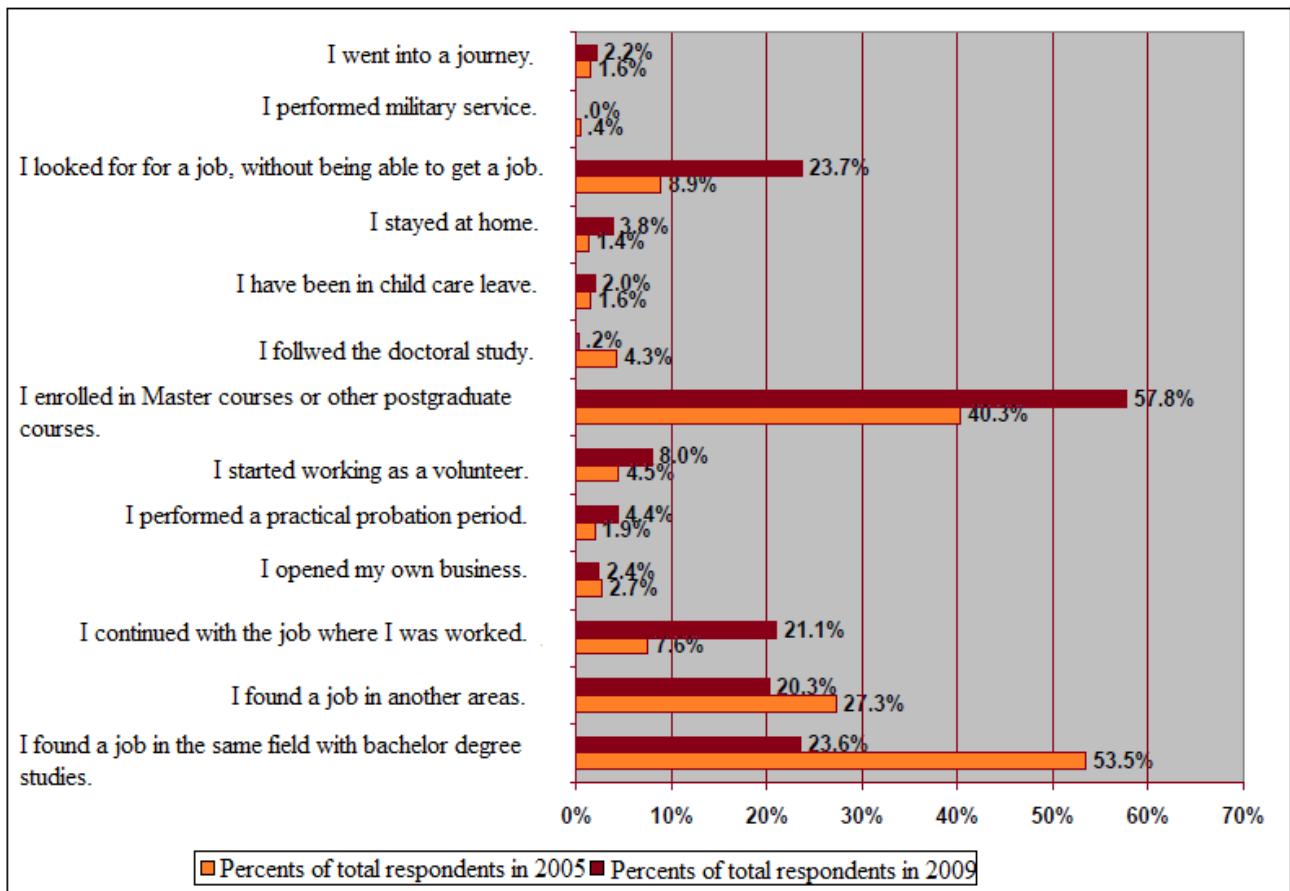
Regarding the proportion of women among the unemployed these are in number of 135.740 persons in the total of the country. The female unemployment rate reaches highest in the South West region to almost 6%, and is followed by the South Muntenia region with a rate of 5.19%.

The high unemployment among young people compared with other age groups, and the fact that the time necessary to find a job is reduced as the level of education is higher, confers a greater importance on the diploma to beginning of the career than during the career. But, holding a graduation diploma of an education forms, even if is higher, does not guarantee that you have a job, only increases the chances to have a job. [12]

Alarming increase in the level of unemployment associated with a decrease in employment will constitute issues of special interest that require solving.

I continue the paper with some informations collected from the *Institutional Report regarding the results of monitoring labor market insertion of graduates in higher*, elaborated by Alexandru Ioan Cuza University of Iasi. Here are presented the student responses regarding the continuation of studies and finding a job after graduation. [13]

This report contains important information and prefigures in the first instance any future educational policy. Their purpose can only be beneficial in a potential balancing supply and demand in the labor market. The answers of graduates were:



Source: *Institutional Report regarding the results of monitoring labor market insertion of graduates in higher*

From the previous chart we can see that the number of graduates who found a job in 2005 was double that of 2009, which shows the critical situation that Romania is experiencing. The economic crisis that Romania is experiencing has led to a general decline to the number of jobs available. University graduates find more and more difficult jobs which corresponds to the skills acquired in university, so they end up by accepting jobs for which they are overqualified, or jobs in a totally different field.

Which is good, in my opinion, is that in 2009, 57.8% of graduates chose to complete their license studies with the master, which shows that in present the graduates know the importance and the need for improvement in a certain field and this can be done only through education. What is more important is that after graduation their master studies, the graduates find a job which are corresponding with their specialization but the recession which passing through our country is an obstacle for students who in most cases they end up to to receive the unemployment benefit (which otherwise is very small and is granted for a period of 6 months).

Also, this report notes that some employers appreciate more the licence studies than the master studies and they don't distinguish between studies done in a state or private university. Employers believes that harmonization of the labor market with educational offer is primarily the responsibility of faculty and then of the students. Graduates and employers are agree that the practical training in faculty remains low.

## 5. Conclusion

From this paper it can be seen that at this moment a high level of education is a protective factor against unemployment. Education is an ornament in times of prosperity and a refuge in times of distress (Aristotel), through it ensuring the prerequisites necessary to ensuring the prerequisites exceeding adverse situations on the labor market. Also it can be seen that education is the key element in the economical growth of a country, even if we were and we are in economic crisis, education has always manifested as a major factor for development and economical growth.

Unfortunately, in this moment, Romania is one of the countries where unemployment among young people and not only here is very high. In finding a job the most of the graduates are facing with a lack of experience. But,

the graduates of a form of education are not all debutants on the labor market. There are studies showing that during graduation the students and also pupils pursuing occupational activity (in total of 48.8% students, 16.7% had a full time job or part-time job). Of course, this can be an advantage for them because they have acquired an experience which for many of the young is a minus sign in finding a job. The continuous increase of the unemployment level, associated with a decrease in the employment will constitute problems with particular interest that must be resolved.

I conclude by saying that the relationship education - labor market is permanent and follows the man since the entry into the structures of institutionalized education, and people need to prepare for the jobs which are rapidly changing due the dynamic developments in technology and work organization.

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