

YOUTH UNEMPLOYMENT IN THE EU AND ROMANIA - CHALLENGE OF EUROPEAN AND NATIONAL POLICIES

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Abstract

The development prospects of the economy of any state are closely related to the character of the labour market, the degree of employability, the level of performance and labour productivity. In other words, a country's economy is directly reflected in the way the labour market evolves in terms of typology and especially in terms of unemployment rate. As a relevant indicator of the level of development and of the balance of the economy, unemployment and implicitly the unemployment rate are in this context, key elements of regional and national strategies, with direct consequences on the level of life quality and of sustainable development of the economy.

We note that unemployment in both European and Romanian countries is still a challenge to be solved, with different features depending on the political, social, demographic and economic context of each Member State. Romania is, thus, one of the countries with an emerging economy, in which the labour market has mainly a different character, with frequent oscillations of the employability rate and, consequently, with a high level of instability of the economy in the medium and long term. In the same context, with a special role in the labour market, we identify the category of young people that represents a challenge for the European policy, both in terms of educational and professional level and in terms of employability rate.

Keywords: *unemployment, youth unemployment rate, European policies, sustainable development*

JEL classification: *J13, J23, J64*

1. Introduction and context of the study

Regarding the labor market and employment, we can say that, at the level of all European states and not only, there are initiatives, institutions, policies, strategies and legislative frameworks related to the employment of the adult population but also of young people, as a whole. Both Romanian and international legislation address the issue of the unemployed, especially of the young population, proposes concrete measures, but which, on the other hand, requires time to see the expected results.

It should be noted that the division of the single market into several segments leads to a better identification of the categories of unemployed who can be found at a given time on a given market. "Labour market segmentation is based on the general conditions of existence and manifestation of the contemporary real economic systems" [1].

Thus, youth unemployment, as a national and European issue is today, a constant concern of all institutions involved, and in this context, we note that the level of youth unemployment in Romania, although different from that of young Europeans, is high, thus, favouring their international migration for a well-paid job, but not always in the field of graduate studies. From a conceptual point of view, we mention that the labour market is a market with an imperfect competition, which must have a certain flexibility, able to lead to greater competitiveness and to systematically and favorably influence economic growth. [2]

In fact, we also specify the fact that the job offer consists of all the people able to perform a job for themselves or for others, respectively employees, and all those looking for work. [3]

At the same time, the job offer is formed in time, after the educational process takes place, and not only theoretical training is needed, but also practical training, experience having an essential role in increasing the employment opportunities. Also, the labour supply may or may not satisfy the labor demand, depending on the demands of the employers.

In the short term, the demand for work is invariable, as the creation of new jobs requires time but also a series of resources, and the content of labour demand is given by the "need for workers in different trades and professions, in a certain geographical area and time interval" [4].

Moreover, the demand for work is "the need for paid work, which manifests itself in a competitive economy at a given time or over a certain period, expressed by the number of existing or available jobs" [5].

The two essential elements of the labor market - labour demand and labour supply - are influenced by the level of wages, and "its growth stimulates interest in employment and, therefore, the size of labour supply. However, the labour demand is inversely proportional to wages, in the sense that increasing wages means increasing the cost of employment, forcing economic agents to reduce their employment and to adopt another way of combining factors of production, less expensive" [6].

In conclusion, the creation of a balance between these two elements favours the financial-monetary market and not only, because the entire national economy is affected by the existing imbalances between the two components of the labour market [7].

Although the free market system theoretically offers changes in the structure of the labor market, the possibility to seek economic independence for all citizens, the change of the political, legal, cultural and institutional environment and the unstable economic situation diminish the chances of insertion into the labour market of all categories of unemployed.

Therefore, the complexity of the labour market mechanism suggests that there are not always people who lose their job unintentionally or who do not have the ability to identify a job, and that the unemployed have a greater opportunity to join those in need [8].

In this context, it is also important to note that the response to unemployment over time, to the great recession and to subsequent events associated with the European debt crisis, has been extremely heterogeneous across Europe. In fact, in 2014, the unemployment rate reached its highest levels, and in most countries, especially those in southern Europe, youth unemployment was highly concentrated, with youth unemployment rates above 40%, more precisely, 4 times older than the other age groups [9].

2. The employment of young people

As the previous situation reflects, youth unemployment is not only a problem, but also a challenge for each state and its representatives. This is because, due to fluctuations on the labour market in recent years, the youth unemployment rate has exceeded the expectations, which is why the European Union has called on the Member States to find rapid solutions to this problem.

It is important to emphasize that the consequences of unemployment must not be neglected, as young high school, post-secondary and university graduates easily lose confidence in their own efforts to migrate, hoping for a better life. Some even give up continuing their studies, motivating that school does not quickly provide them with a well-paid job and a certain social status and implicitly a high level of living.

It should be noted that at European level, youth unemployment is a priority for all Member States of the European Union, young people needing encouragement, attention and integration into the labour market in order to start a family.

Thus, for the previously institutionalized youth, entering the labour market is particularly important for a successful transition to adulthood. Being employed does not only provide them with a source of income, but the workplace also provides them with a source of social integration, increases their self-esteem and feelings of responsibility, and helps them build and maintain certain conventional identities.

On the other hand, the impossibility of making a successful transition to the labour market is associated with an increased risk of involvement in criminal behavior. Unfortunately, the employment prospects of young people are low for several reasons. One of these would be that they come from disadvantaged family backgrounds, with few economic and social resources. Another reason is the lower level of education, some dropping out of school. Thus, young people may experience difficulties due to stigma associated with delinquent behaviour and prior institutionalization [10].

Therefore, one of the targets set by all EU Member States is to ensure that young people are guaranteed that, within a maximum of 4 months after completing their studies, they will have a job or be assigned to retraining programs in order to be able to work on one of the vacancies.

In order to highlight the way in which important changes have taken place on the labour market at the level of the EU Member states, but also at the level of Romania, it is necessary to highlight the relevant changes that have taken place in the last period of time. Thus, in the period 2010–2014, youth unemployment in the EU had oscillating trends, being a period of increase for 2010-2013, followed by a decrease for the period 2014-2017 (Table no. 1). Compared to the average unemployment rate in the European Union, the unemployment rate in Romania is slightly higher, the upward and downward trends being the same.

Table no. 1. Unemployment rate among young people aged, 15 to 24

Year	Romania (%)	UE (%)
2010	22,1	20,6
2011	23,9	21,2
2012	22,6	22,6
2013	23,7	23,0
2014	24,0	21,6
2015	21,6	19,7
2016	20,6	18,1
2017	18,3	16,2

Source: data taken from the site www.anofm.ro, April 2018, processed by the author

Table no. 2. Unemployment rate among young people in the Member States of the European Union, May 2017

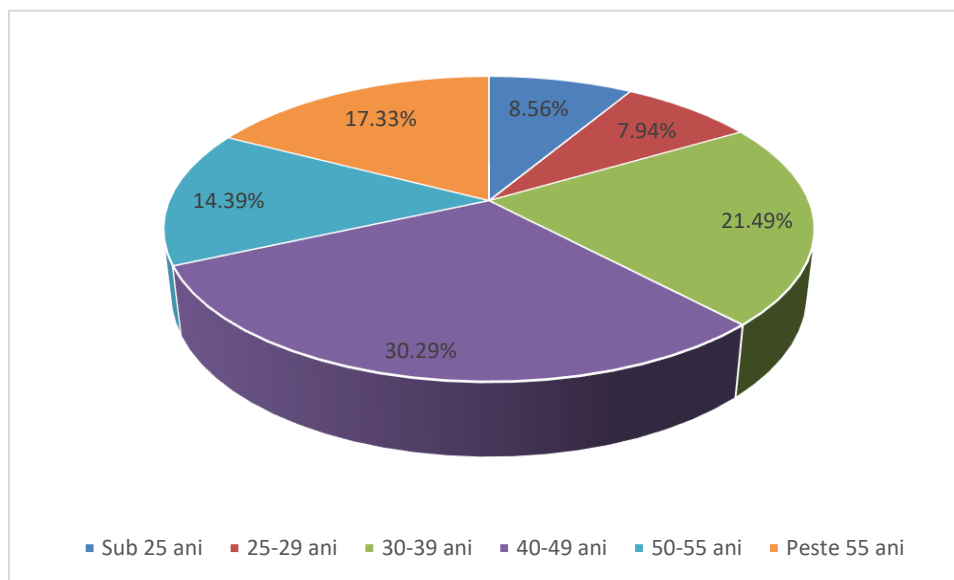
State	Unemployment rate
Greece	43,7%
Spain	36%
Italy	31,5%
Cyprus	25,1%
Croatia	24,5%

Portugal	22,2%
France	21,7%
Finland	18,7%
Latvia	17,9%
Euro zone	17,7%
Slovakia	17,1%
Sweden	16,9%
Romania	16,8%
Belgium	16,3%
European Union	16,1%
Polonand	14,1%
Luxembourg	14,1%
Lituania	13,8%
Irland	13,7%
Great Britain	12,4%
Slovenia	12,1%
Bulgaria	11,8%
Hungary	10,7%
Denmark	10,4%
Malta	10,0%
Austria	9,7%
5,*%) Holland	7,4%
Germany	6,6%
Estonia	6,5%
Czech Republic	5,8%

Source: data taken from the site <http://www.statista.com>, April 2018, processed by the author

For Romania, the detailed unemployment situation in 2017 is presented below. Thus, the age distribution of the unemployed registered at AJOFM at the end of May 2017, is shown in Figure 1.

Figure 1. Distribution of the unemployed by age category, as of May 31, 2017



Source: data taken from the site www.anofm.ro, April 2018, processed by the author

Out of the 367,161 unemployed registered at ANOFM on May 31, 2017, 30.29% fall into the age category 40 - 49 years, 21.49% in the category 30 - 39 years. A lower percentage is represented by those who are at least 25 years old and at most 29 years old - 7.94%. The most difficult to insert on the labour market are, most likely, the unemployed who are over 55 years old and those who fall into the group of 50-55 years old, whose percentage is quite high 17.33%, respectively 14.39 %. It should be noted, however, that unfortunately, even if they were retrained, employers would be reluctant to hire young people, one of the reasons being that age no longer allows them to easily assimilate certain information and develop new skills, such as digital or foreign language.

Table no. 3. Distribution of the unemployed by age categories, as of May 31st, 2017

Age Category	No. of unemployed	Unemployment rate
Under 25	31.415	8,56%
25 – 29 years	29.160	7.94%
30 – 39 years	78.916	21.49%
40 – 49 years	111.205	30.29%
50 – 55 years	52.847	14.39%
Over 55	63.618	17.33%
Total	367.161	100%

Source: data taken from the site www.anofm.ro, April 2018, processed by the author

At the level of May 2017, 31,415 unemployed people under the age of 25 were registered (8.56% of the total), decreasing compared to April 2017 (a decrease of 2,507 people in the number of unemployed), but also compared to May 2016, with 7,828 fewer unemployed (Table 2.19), which is a visible progress of our country in placing young people on the labour market.

Table no. 4. Statistical indicators of youth unemployment in May 2017

Age Distribution	Current Month	Percentage values	Previous month	Percentage values	Current month differences compared to previous month	Percentage changes current month compared to previous month	Current month previous year	Percentage values	Current month differences compared to the same month previous year	Percentage changes current month compared to the same month year
Under the age of 25	31.415	8,56	33.922	8,91	-2.507	92,61	39.243	9,56	-7.828	80,05

Source: data taken from the site www.anofm.ro, April 2018, processed by the author

Out of the 169,910 long-term unemployed, registered by ANOFM at the end of May 2017, 15,925 are young people under 25, who have been unemployed for at least half a year (Table 5). The number of long-term unemployed under the age of 25 decreased by 1,183 people compared to the value recorded in May 2016.

Table no. 5. Statistical indicators on long-term unemployment in May 2017

	Current month	Percentage values	Previous month	Percentage values	Current month differences compared to previous month	Current month changes compared to previous month	Current month previous year	Percentage values	Current month differences compared to the same month last year
Long-term unemployment	169.910	46,28	175.737	47,02	-5.827	0,13	194.044	36,46	-24.134
Under 25 (unemployed for over 6 months)	15.925	50,69	15.951	47,02	-26	99,84	17.108	48,03	-1.183
Adults over 25(unemployed for over 12 months)	153.985	45,86	159.786	46,06	-5801	96,37	176.936	34,58	22.951

Source: data taken from the site www.anofm.ro, April 2018, processed by the author

The available data show that out of the 367,161 unemployed registered by ANOFM as of May 31, 2017, 31,415 are young people under 25, of which women are less than half - 11,180. Out of the total number of young people with primary, secondary and vocational education (23,678), only 845 receive an unemployment benefit of 75%. The number of young graduates of high school and post-high school education is 6,931, and the number of those with a university education level is 806. Not all unemployed young people are compensated, out of the 31,415 unemployed non-compensated being 22,695, ie 72.24%. However, no one questions how young unemployed people manage to make a living without compensation, who are constantly looking for a job, but who have to face the demands of employers, sometimes impossible to be fulfilled by graduates.

Table no. 6. Distribution of registered unemployed by trainig levels in May 2017

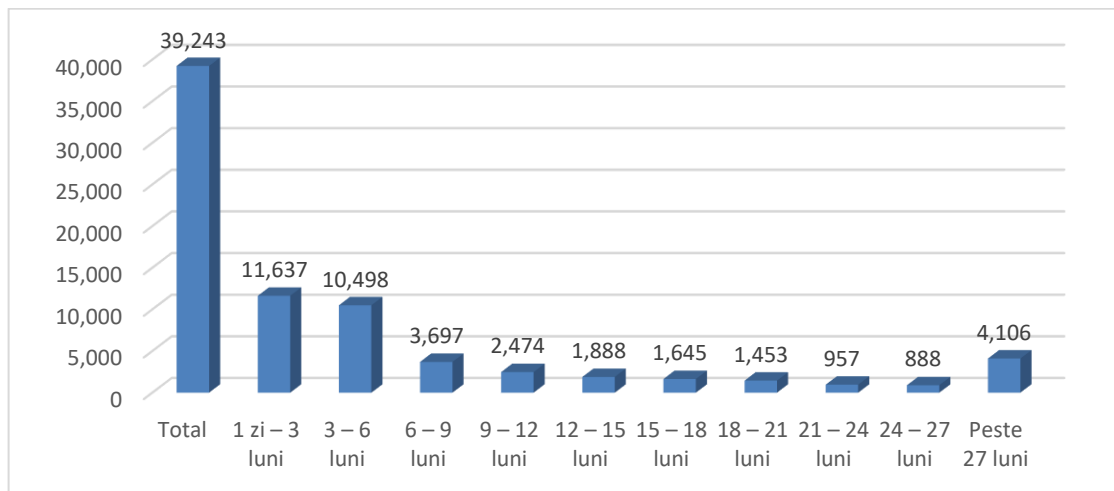
Indicator	Total	Under 25 years
Unemployed (total)	367.161	31.415
women	150.907	11.180
All forms of compensation:	67.676	2.976
- with primary, secondary and vocational training level	302.299	23.678
- unemployment benefit recipient (75%)	34.835	845
- of which women	14.609	400
-unemployment benefit recipient (50%)	288	138
- of which women	114	45
- uncompensated unemployed	267.176	22.695
- of which women	101.666	6.999
- with high school and post-high school education level	49.492	6.931
- unemployment benefit recipient (75%)	23.503	1.063
-of which women	12.899	501
- unemployment benefit recipient (50%)	682	568
-of which women	318	215
- unpaid unemployed	25.307	1.063
- of which women	12.272	2.541

- with university training level	15.370	806
- - unemployment benefit recipient (75%)	8.115	221
- of which women	5.047	125
- unemployment benefit recipient (50%)	253	141
- of which women	156	96
- unpaid unemployed	7.002	444
- of which women	3.826	258

Source: data taken from the site www.anofm.ro, April 2018, processed by the author

The distribution of the unemployed under 25 years of age is shown in Figure 2. respectively 10.46% of all young unemployed people have been unemployed for over 27 months, and 29.65% have recently become unemployed, for a maximum of 3 months.

Figure 2. Distribution of the unemployed under the age of 25 after the period of unemployment, in May 2017



Source: data taken from the site www.anofm.ro, April 2018, processed by the author

Analyzing the statistic data showing the number of registered unemployed by the period of unemployment (Table 7.), we find out that the total number of unemployed registered by ANOFM, more than 27 months ago, represents about 25 percent of the total number of unemployed. Although discrimination in the labour market has often been discussed, the number of unemployed women is lower than that of men.

Table no. 7. Distribution of registered unemployed by the period of unemployment

	Total	1day-3 months	3 - 6 month	6 - 9 months	9 - 12 months	12 - 15 month	15 - 18months	18 - 21 months	21 - 24 months	24 - 27 months	Over 27 months
Total	367.161	69.088	60.344	39.446	34.203	18.301	16.619	12.944	10.573	13.469	92.174

women	150.907	30.441	25.698	17.523	14.190	7.222	6.475	5.121	4.304	5.222	34.711
men	216.254	38.647	34.646	21.923	20.013	11.079	10.744	7.823	6.269	8.247	57.463
Under the age of 25	31.415	8.751	6.739	3.185	2.645	1.948	1.848	940	681	723	3.955
women	11.180	3.423	2.472	1.303	926	642	626	316	229	203	1.040
men	20.235	5.328	4.267	1.882	1.719	1.306	1.222	624	452	520	2.915

Source: data taken from the site www.anofm.ro, April 2018, processed by the author

The unemployment situation among young people under 25 is not at all satisfying and it only brings disadvantages to Romanian society, because young people represent the future of any society and must be encouraged to work, especially since they can quickly assimilate the information needed to carry out any activity responsibly.

Conclusions

Unfortunately, the employment prospects of young people are low for several reasons. One of these would be that they come from disadvantaged family backgrounds, with few economic and social resources. Another reason is the lower level of education, some dropping out of school. Thus, young people may experience difficulties due to stigma associated with delinquent behaviour and prior institutionalization [10].

At the same time, given the fact that young people represent the future of each state, there is a constant need for programs to reduce the youth unemployment rate and a need for job creation. Thus, the correlation of education with the requirements of the labour market, as well as, the effective realization of internships in multinational companies, will increase the chances of young people to integrate into the labour market [11].

In the short term, a key political priority is to provide high support, especially to young people who are most at risk of losing contact with the labour market. In two thirds of OECD countries, school graduates are not eligible for unemployment benefits unless they have worked for a certain period of time (from four months in France to one year, in general). However, they can benefit from social assistance in case of social exclusion, from the age of 18 (25 in France, Luxembourg and Spain).

As a consequence, the labour market in Romania has changed a lot in the recent years, currently confronting us with the phenomenon of external migration and unemployment, especially among young people. In 2016, 2,887 work permits were issued, an increase of 14.8% compared to 2015, when 2,535 permits were issued.

Also, a need identified at national level is to ensure the provision of the necessary work in certain sectors or occupations that cannot be fulfilled by Romanian workers. To this end, the 2017 action plan was part of the project for the implementation of the National Strategy for Immigration (2015-2018) which establishes the monitoring of local labour markets by competent authorities, in order to identify the deficits and provide a market share for the labour market.

In fact, migration has been one of the key problems in Romania since the early 1990s, being partly responsible for the demographic decline. Various estimates indicate that between 3-5 million of Romanians are currently living and working abroad. If we take the more optimistic figure of 3.58 million, published by the UN (2017), emigrants represent approximately 18.2% of

the population. In addition, the Romanian population decreased from 22.8 million in 2000 to 19.6 million in 2017, with a responsible external migration of over 75% of this decline.

Mobility in Romania has also faced the opening of borders with a phenomenon of mass exodus of labour from the country, generating a series of questions among specialists:

- what are the consequences of this huge exit for the Romanian economy?
- does the migration phenomenon bring more harm or more good to Romania?

The answers to these questions may be crucial to Romania's long-term development.

Romania's EU accession and enhanced integration into the EU labour market in the 2000s strengthened the EU's position as the main destination for migration, and between 2000 and 2010, Romanian migration abroad tripled from around 1.1 million to about 3.4 million, showing not only the impact of EU membership but also the magnitude of the phenomenon, which leads to a situation with multiple social and economic implications, increasing the risks of marginalization and exclusion for the children with one or both parents working abroad and, consequently, having negative implications for labour market.

Thus, the most targeted measure at government level is to provide financial support to unemployed youth, to help them find a job. In accordance with the “principle - reciprocal obligations, young jobseekers must be actively looking for jobs, as they have the obligation to participate in employment and training programs. The training programs for young people are designed especially for low-skilled people, their role being to contribute to the strengthening of skills and to improve their chances of finding a job ”.

At the same time, governments should not underestimate the difficulties of implementing a policy based on the acquisition of skills in the first place, especially for disadvantaged young people. At present, international statistics show that, in times of economic crisis, young people are the most disadvantaged, because the lack of qualification and experience generates difficulties in meeting the quantitative and qualitative objectives of employers.

The labour market is in crisis, the number of people with a new job is declining, the labour market crisis is affecting men more than women, but women's wages are still lower than men's at the same level of work. A significant percentage of full-time employees have had a stagnant wage recently and those who have earned more money in the last year have been judges, senior civil servants and doctors.

Consequently, the European Union must make full use of its employment potential to meet the challenges, such as, an aging population and a growing global competition. Policies to promote gender equality will be needed to increase labour force participation, thus increasing the economic growth and the social cohesion.

Thus, an "agenda for new skills and jobs" is needed to prioritize the modernization of the labour market, to stimulate people to develop their skills throughout the life cycle, so that there should be a real balance of supply and demand of the labour force, including taking into account labour mobility.

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