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JOBS FOR YOUTH – IS THERE A LABOUR MARKET FOR YOUTH IN ROMANIA?

Empirical study

Keywords

*Youth unemployment,
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Abstract

Romania is one of the European countries characterized by high rates of unemployment for youth aged 15-24 (21.7% in 2015) and long transitions of graduates from school to the world of work. Several policies were developed in order to facilitate the entrance of youth on the labor market, but with limited outcomes. The present paper aims to analyze the job opportunities for youth on the Romanian labor market in order to understand the demand-side opportunities and barriers. We use the data from a national representative survey among companies carried out in 2015 and we focus the analysis on the job vacancies for youth and the skills required, as well as on employers' satisfaction on the skills and knowledge of newly hired graduates.

1. Introduction

The topics of youth transition from school to work or youth employability are very present on the agenda of public authorities, schools and universities, as well as civil society dealing with youth vulnerabilities in society and economy all over European countries. Policy papers, or research oriented papers investigate the length of transition and the factors influencing it with the aim of formulating policy recommendations. The issue of youth unemployment is important from many points of view: brain waste, youth migration looking for better employment prospects, waste of public investment in the education of youth, potential social cleavages and decreasing of intergenerational social solidarity, decreasing the trust in society, economy and the role of different institutions, etc.

Young people are better educated today, education systems seek to meet labor market challenges and yet, economies fail to provide attractive employment opportunities for youth.

There is a wide range of difficulties that youth have to face on the labor market such as: unemployment, underemployment, discouragement, opportunities and payments within the informal sector, possibilities to work only in low-skilled jobs or temporary job or under poor working conditions (ILO, 2011).

Factors influencing youth unemployment are analyzed both by microeconomics and macroeconomics approaches.

One of the most important factors linked not necessarily with unemployment but rather to the level of unemployment rate among youth or generally among inexperienced workers is the statutory minimum wage. Research carried out in Romania shows that, on a long term perspective, the negative impact of increasing the minimum wage on youth employment is even higher among young female (Roman, Popescu, 2014). Other studies point out that increasing minimum wage practically pushes youth towards informality, companies becoming more reluctant in creating new jobs (EAPN, 2014, Davidescu, 2012).

Also, factors such as low school-leaving age, skills mismatches coupled with poor economic environment could lead to high unemployment rates (Pisica, Vasile, Dobre, 2015). Nevertheless employment protection legislation, the pressures of trade unions to strengthen it coupled with poor social security provisions or active labour market programs have an important role to play in explaining the youth situation on the labor market (ILO, 2011).

Also, when it comes to individual features, factors such as the lack of work experience, lack of access to formal recruitment channels, lack of job searching behavior, as well as lack of availability

for territorial mobility could explain, in certain contexts, the high unemployment rates among youth and their difficulties in accessing labor market (ILO, 2011).

Other papers targeted on explaining youth unemployment in Romania find that poverty level influence the level of education and employment opportunities for youth (Patache, 2015, Boaja, 2011).

Most of the papers dedicated to youth employment in Romania analyzed various causes from micro and macro perspectives, but with paying less attention to the quality of employment prospects available for youth on the Romanian labour market. So, the aim of this paper is to analyze the characteristics of the jobs that usually companies open for youth and inexperienced workers on the Romanian labour market in order to better understand why, when it comes to youth, the supply and demand meet higher difficulties.

2. Youth employability

As shown in Figure 1, the unemployment rate for youth remains high (21.7% in 2015) even if the economy has started to recover after the recession period. Also, the long term unemployment rate for youth (even if on a decreasing trend) still rates up to 8.1% in 2015. What is more worrying is that the probability to be unemployed is almost three times higher for youth as against total active population and same goes for long term unemployment rate. Generally, the evolutions evidenced in Figure 1 point out that, irrespective of the economic cycle, youth remains one of the most vulnerable groups on the Romanian labour market. More detailed analysis shows that those aged 15-19 y.o. are even more vulnerable, with an unemployment rate up to 34.2%. (Zamfir, Mocanu, 2016). On the other hand, more than 60% of youth worked part-time involuntary in 2014 (Rimbu, 2016).

According to Eurostat statistics, the job vacancy rate in Romania is rather low compared with EU average, being up to only 1.1% in 2015, this being the most important proxy for the low capacity of national economy to generate new jobs (Zamfir, Mocanu, 2016).

When it comes to job openings, companies usually prefer to recruit experienced workers, even if sometimes newly graduates are better qualified and in accordance with the changing skill needs. The involvement of companies in organizing apprenticeships, traineeships or student jobs is also the lowest in Romania among all EU countries (European Commission, 2014), thus students and graduates have minimum opportunities to gain practical skills. The practical skills and participation to traineeships positively influence the employment opportunities of youth (Mocanu, Popescu, 2015).

One of the most important causes for the difficult access of youth on the labour market is considered to be the potential mismatch between acquired skills through education and required skills by the word of work. As we will see below, in fact, the labour market is open for youth usually for low skilled jobs, so the data from skill needs survey seem to deconstruct this argument which is very present in the national policy papers.

3. Data

In order to reach the aim of the paper we use the dataset from a national representative survey among companies with respect to their skill needs carried out in May 2015. The survey was run under the project SOPHRD/180/4.1/S/155259 and covers 1664 companies with at least 10 employees from all counties and all economic sectors in Romania. Several proxies are used for skill needs: structure of employment, employee turnover, skill shortage (job vacancies) and skill gap (satisfaction regarding the skills and knowledge of different categories of employees) as well as anticipated skill needs on short term.

In order to analyze the jobs available for youth we use the following items from the questionnaire: (1) whether a specific job vacancy is open for inexperienced workers and (2) the level of satisfaction regarding the newly graduates recruited from 2014 cohort.

4. Findings

4.1. Job openings for inexperienced workers

All companies were asked to assess the importance of the previous working experience at the level of their recruitment practices by indicating whether a specific declared job vacancy is open also for inexperienced workers and to rank different skills and knowledge that they could expect from the job applicants.

When we analyze the recruitment practices of companies we have to bear in mind that an employer, by filling a job vacancy, aims to solve a more or less pressing problem existing in the company, but also he/she has in mind a vision on medium and long term with respect to the role that the applicant could have within the company.

For almost half of the job vacancies, employers do not ask for a specific previous working experience. Also, taking into account that the job vacancy rate among surveyed companies was up to 3.5%, we could say that labour market looks, at this moment, quite promising for youth and inexperienced workers. The degree to which companies ask for previous working experience varies a lot among Romanian regions (see Table no. 1). The higher the vacancy rate, higher the willingness of companies to recruit workers without previous working experience. This result confirms the theory with respect to job competition and supply-demand

equilibrium, in regions with low demand the competition among applicants is high and employers look to recruit better experienced workers.

Industry is the economic activity most open to recruit inexperienced workers and among industry branches, manufacturing is the one recruiting most new entrants on the labour market. Even if to a lesser extent, services are also open to inexperienced workers, and in-depth analyses on branches reveals that Financial intermediations and insurances and Activities for administrative and support services recruit more inexperienced workers (see Table no. 2).

By size, large companies are the most important recruiters of inexperienced workers, maybe because skills needs are more difficult to be overlooked in organizations characterized by higher work specialization and more transparent recruitment practices (see Table no. 3)

Job vacancies open for inexperienced workers are more likely to be found in OG 3 (technicians) and OG 8 (operators and assemblers) and OG 9 (unskilled workers) (see Table no. 4). Large shares of job openings for inexperienced workers are in fact for those with low or even with no level of qualification. Irrespective of the level of education required, the labour market for youth seems to consist mainly in low skilled jobs, generally unattractive for youth from the point of view of the working conditions, advancement opportunities and wage packages. The structure of job openings is, to a certain extent, in accordance with the structure of the whole economy, mainly developed in low value added sectors and activities and looking for unskilled and low paid workers.

The analysis on the level of education required for recruitment is even more relevant, pointing out that the large majority of job vacancies opened for inexperienced workers are in fact requiring low levels of education (58.2% of job openings for inexperienced workers) or upmost medium education (33.0%) (see Table no.5).

In average, job vacancies are open for 3.42 months, this emphasizing the relatively high speed for filling the openings in the surveyed companies. As the demand is rather low, the pressure exerted by the supply leads to a high dynamic of the labour market. The job vacancies open also for inexperienced workers are characterized by higher average duration – 4.33 months. One possible explanation could be the fact that difficulties in filling the job vacancies urged companies to extend their recruitment pool also to inexperienced workers. Another possibility is that available job vacancies are characterized by poor working conditions and are less attractive to applicants.

Employers were also surveyed on the perceived reasons for which job vacancies are still open and unfilled. The more important reason for which job

openings for inexperienced workers are still available are, according to employers' perceptions, the lack of applicants and the poor working conditions and unattractive wages (see Table no. 6).

Another very important insight on the features of job openings for inexperienced workers is about the importance of different skills and knowledge required for recruitment. Findings evidenced by Table no. 7 are quite puzzling. For all types of skills and knowledge, their importance in the recruitment of inexperienced workers is lower. The ICT skills record the lowest importance in recruitment, even if these skills are more developed among youth than among any other age group. So, practically the economic environment does not take advantage from the skills and knowledge that youth acquired formally or informally.

4.2. Satisfaction with respect to skills and knowledge of the graduates recruited

At national level, 15.5% of surveyed companies recruited graduates from 2014 cohort. As Table no. 8 shows, recruitment mainly focused on those with higher education. But when it comes to level of satisfaction with respect to graduates skills and knowledge, we find out that higher the education, higher the level of satisfaction. Also, almost 1/3 of employers declared themselves as dissatisfied with respect to skills and knowledge of the graduates with low level of education (see Figure no.2).

5. Conclusions

The analyses carried out reveal that the jobs available for inexperienced workers, where youth are likely to be found, are rather unattractive and characterized by poor working condition. Even if a large share of job vacancies are open for inexperienced workers, practically, mainly jobs requiring low level of education are accessible for young people. Also, most of the available jobs do not aim to take advantage from the skills and knowledge acquired by young generations.

Patterns of recruitment seem to change apace with the economic growth, with an expansion at the level of activities with low value added that cannot meet the youth expectations. So, inactivity, discouragement and long term unemployment among youth can also be explained by the low capacity of the economic environment to generate quality jobs, and the situation seems to remain the same on the short run. In order to be successful, the policies targeting youth in order to increase their employability have to be coupled with measures aiming to increase the job generating capacity of the Romanian economy. If no steps will be made with respect to this condition, no significant changes of youth unemployment rate should be expected.

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Appendices 1

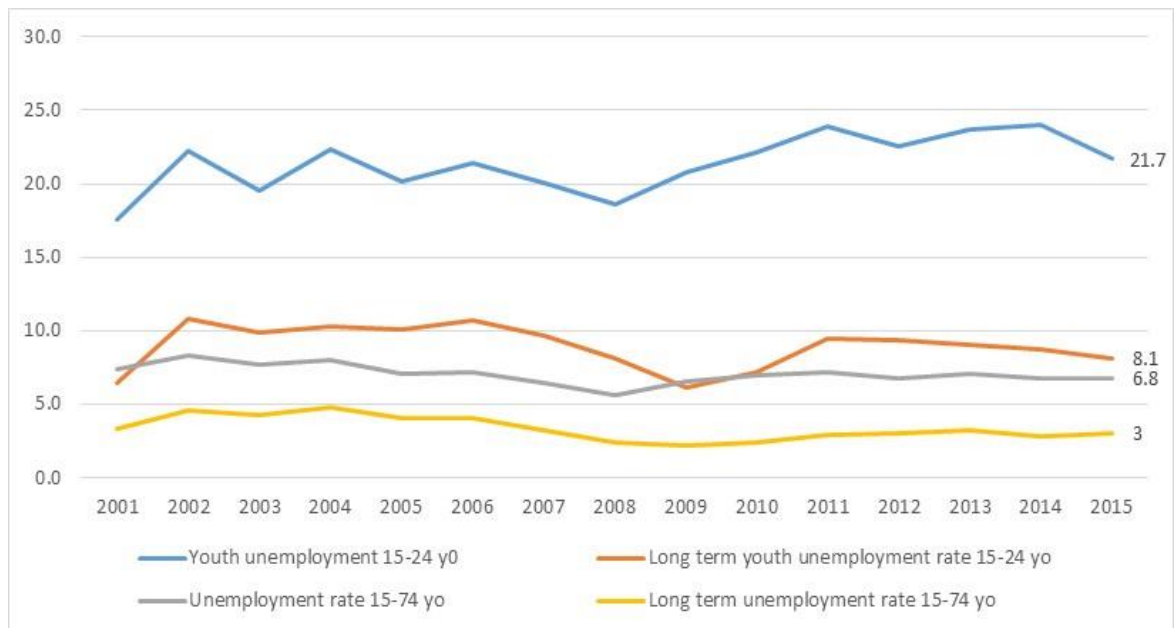


Figure 1. ILO youth unemployment rate and long term youth unemployment rate and ILO unemployment and long term unemployment rate (%)

Source: Eurostat

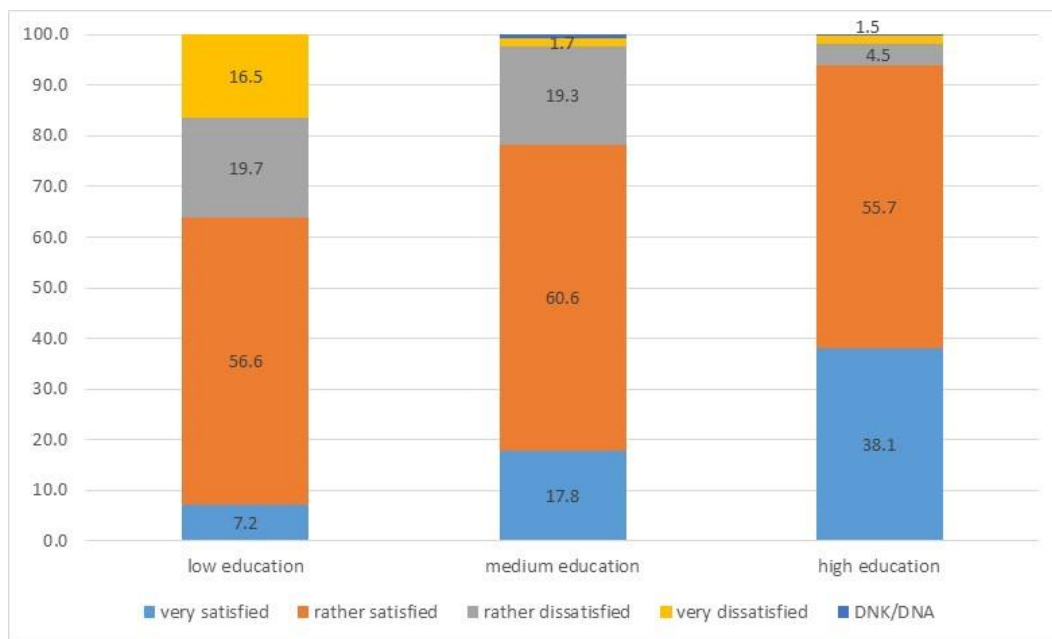


Figure 2. Level of employers' satisfaction with respect to skills and knowledge of recruited 2014 graduates by level of education (%)

Source: survey data, NSRILSP, 2015

Appendices 2

Table No.1

Job vacancy rate and the share of vacancies opened for inexperienced workers among Romanian companies (%)

	National	SW	W	BI	SE	S	NW	NE	Centre
job vacancy rate	3.5	2.4	5.7	2.8	2.1	1.9	5.6	3.7	4.1
% of openings for inexperienced workers	50.8	49	59.8	36.7	44.2	28.2	55.8	62	65.6

Source: survey data, NSRILSP, 2015

Table No.2

Structure of job vacancies open for experienced and inexperienced workers by economic activity (%)

	Experienced workers	Inexperienced workers	Total
Agriculture	3.5	2.4	5.7
Industry	50.8	49	59.8
Construction	1.6	1.4	1.5
Services	37.6	51.3	44.5
Total	13.4	8.5	10.9

Source: survey data, NSRILSP, 2015

Table No.3

Structure of job vacancies open for experienced and inexperienced workers by size class (%)

	Experienced workers	Inexperienced workers	Total
Small (10-49 employees)	52.3	32.9	42.5
Medium (50-249 employees)	30.1	16.3	23.1
Large (250+ employees)	17.6	50.8	34.4
Total	100	100	100

Source: survey data, NSRILSP, 2015

Table No.4

Structure of job vacancies open for experienced and inexperienced workers by major occupational groups (%)

	Experienced workers	Inexperienced workers	Total
OG 1 (managers)	4.8	1.1	2.9
OG 2 (professionals)	21.6	13.9	17.7
OG 3 (technicians)	7.7	7.9	7.8
OG 4 (clericals)	3.6	3.1	3.4
OG 5 (services and sale workers)	10.1	6.4	8.2
OG 6 (skilled workers in agriculture)		0.2	0.1
OG 7 (craft and skilled workers)	34.6	27.0	30.7
OG 8 (operators and assemblers)	14.9	16.7	15.8
OG 9 (unskilled)	2.7	23.6	13.3
Total	100	100	100

Source: survey data, NSRILSP, 2015

Table No.5

Structure of job vacancies open for experienced and inexperienced workers by level of education required from applicants (%)

	Experienced workers	Inexperienced workers	Total
Low education (up to 10 classes)	38.6	58.2	48.6
Medium education (high school & post-secondary)	31.2	33.0	32.1
High education (university & post-university)	28.9	7.3	17.9
Total	100	100	100

Source: survey data, NSRILSP, 2015

Table No.6
Structure of job vacancies open for experienced and inexperienced workers by reasons for which the jobs are still unfiled (%)

	Experienced workers	Inexperienced workers	Total
No applicants to jobs	13.9	15.2	14.6
Applicants which did not met the job requirements	36.6	19.6	27.9
Applicants refusing working conditions and wages	12.0	17.8	15.0
Other	0.5	0.8	0.6
DNK/DNA	5.4	10.9	8.2
Not applicable for vacancies opened for less than 1 month	31.5	35.7	33.6
Total	100	100	100

Source: survey data, NSRILSP, 2015

Table No.7
Importance of skills required for recruitment (average values on a scale from 1 – lack of importance to 7 – very important)

	Experienced workers	Inexperienced workers	Total
Character/personality features	5.7	5.3	5.6
Theoretical skills specific to occupation	5.9	4.3	5.5
Practical skills specific to occupation	6.3	4.7	5.9
Transferable skills	5.2	4.3	5.0
ICT skills	4.5	3.5	4.3

Source: survey data, NSRILSP, 2015

Table No.8
Structure of 2014 graduates recruited by level of education as against structure of total staff by level of education

	2014 graduates	Total staff
Low education (up to 10 classes)	26.9	34.2
Medium education (high school & post-secondary)	31.3	47.4
High education (university & post-university)	33.4	18.4
Total	100	100

Source: survey data, NSRILSP, 2015