
THE EUROPEAN UNION'S APPROACH ON YOUTH UNEMPLOYMENT

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Abstract

Regarding public employment policy, the labor market is one of the most regulated areas in terms of legislation, given the fact that it integrates the qualitative factor "labor force" into the constantly changing competitive market and in the full technical process. In this respect, from a theoretical point of view, the labor market is the expression of the relation between supply and demand and is identified as the real need for wage labor that is formed at a given moment in an economy.

The objective of employment policies is to provide employment opportunities for all individuals who want to work in the labor market. It is also desirable to maintain the unemployment rate at the lowest possible level at that level of natural unemployment. The purpose of these policies is to provide jobs, labor market flexibility, integration and adaptability of workforce training.

Engagement is a new culture in terms of employment and refers to capability and adaptability to be hired, contributing directly to fighting youth unemployment and combating long-term unemployment. All these elements combined help us in shaping the aim of this research, which is to highlight the European strategy towards activating and attracting the youth towards the labor market and trying to keep them in the work field on the long run.

Keywords

unemployment, EUROPE 2020 strategy, development, education

JEL Classification

E24, J64

Introduction

The aim of this paper is to highlight the European strategy towards activating and attracting the youth towards the labor market and trying to keep them in the work field on the long run, especially after observing the at European level, the population with the age between 18 and 24 are under the pressure of a huge unemployment rate because they cannot find themselves targeted towards the needs of the employers. A secondary objective of this paper is to emphasize also the strong value had by education on the labor market. Regarding public employment policy, the labor market is one of the most regulated areas in terms of

legislation, given the fact that it integrates the qualitative factor "labor force" into the constantly changing competitive market and in the full technical process.

In this respect, from a theoretical point of view, the labor market is the expression of the relation between supply and demand and is identified as the real need for wage labor that is formed at a given moment in an economy.

Demand is expressed by the number of jobs. At the same time, it is necessary to distinguish between the need for work and the demand for labor as follows: labor demand comes from the companies employing, on a contract basis, workers specialized in different fields of activity at a certain labor price, called salary, on the other hand the demand on the labor market is constituted as a sum of individual applications (Aceleanu, Cretu, 2010). The demand for work is a derived claim, which is determined by the demand for goods resulting from the use of labor.

On the other hand, the offer of labor is the work that the members of the company can deposit in wage conditions. It is provided by the labor resources available on the market. The labor resources of a country represent the entire working-age population.

Literature review on Education and Youth Unemployment

The relationship between education and the labor market can be addressed from many perspectives: economic, social, political etc. Each of these perspectives highlights issues of interest to the field they represent. The economic perspective focuses on the effectiveness, productivity and quality of work provided by people with different levels of education and training. Sociologists are more interested in aspects of socio-professional mobility, occupational prestige, the impact of social origin, and the formal path of educational & socio-professional evolution of individuals (Neagu, 2015). Within these perspectives are included many theories, models of analysis, of which we will select only those that best reflect the situation in Romania and which respond to the objective that we targeted for this research paper.

Among the theories that fit into the economic perspective of addressing the relationship between education and the labor market in a globalized labor market, those that better respond to the objective we are proposing are the human capital theory, suitability or coupling theory, and the theory based on the model of the signal. Ever since its launch - in the early 1960s - the human capital theory, developed by the Americans Becker and Schultz (Becker, 1997) has raised the interest of both economists who are concerned with raising the quality and productivity of work, as well as of people interested in the impact of education on the socio-professional path of the individual. Through their research, T. Schulz and G. Becker have permanently changed their perception of education: education is not just a consumer good, but a good investment. Investment in education - usually measured by years of schooling, types of certified diploma & college specialization - bring both individual benefits (raising the standard of living of the population, improving the state of health and the family life of individuals, etc.), as well as social benefits (raising the quality and productivity of work, reducing delinquency, especially juvenile delinquency, increasing social involvement, etc.). In general terms, human capital theory argues that the higher the investment in education, the higher the individual and social benefits. Another aspect revealed by the two economists is that investment in education becomes more cost-effective if done early: investment in education is long-lasting - at least 10-15 years - and, in order to increase its profitability, the category of young population is best suited for this type of investment (Neagu, 2015). For various reasons, either of an objective nature (lack of information on the existence of a job offer, limited resources to look for a job or, in the case of employers, to organize a professional selection process), either subjective (lack of confidence) (Nauze e al., 2002) The supporters of the theory of adequacy or coupling (Jovanovici, 1979, Couppié, Mansuy, 2004), adopt the idea of a relationship between

education and the labor market and develop their opinion that these road mistakes are "corrected" over time: either the employees change their workplace closer to their level of training & professional training, or employers organize new recruitment sessions. Path-dependent mistakes are more frequent and have a longer duration, or, on the contrary, they are rare and resist for a very limited time depending on the level of socio-economic development of a country. The theory of adequacy is the one that is frequently called for when it comes to explaining the exceptional situations that a society is going through, such as the economic crisis we went through. Thus, job shortages specific to periods of economic crisis favor the multiplication of "road mistakes" among the job seekers (Angelescu, Stanescu, 1998). Also, these types of errors are more common among young people who are in the beginning of a professional career, but they are also the category of population who have more time to recover and enroll on a route according to their socio-professional interests.

Methodology on Reaching Unemployment Status Quo

The unemployment rate expresses the percentage of unemployment, being the percentage ratio between the number of unemployed and the active population.

Regarding the public policy in the field of youth employment in the labor market, the employment rate among young people is significantly high in Romania. Regarding the structure of unemployment by level of education, the unemployed without education and those with primary education have a significant share in the total number of unemployed registered in the ANOFM records (32.3%). The unemployed with secondary education level represent 30.20% of the total number of registered unemployed and those with university studies 5.03%.

Regarding the long-term unemployment at the end of 2018, 10,597 young people under the age of 25 who were unemployed for over 6 months were registered in the ANOFM (representing 27.29% of the total unemployed persons with the age under 25) and 117,639 unemployed adults over 12 months, the share of long-term unemployed adults in the total number of unemployed adults was 45.61%. The share of the unemployed registered in the Agency's records for more than 24 months out of the total number of registered unemployed is 27.91%, and those for more than 27 months registered are 26.09%.

The core target of employment policies is to provide employment opportunities for all individuals who want to work and be part of the labor market. It is also desirable to maintain the unemployment rate at the lowest level possible, almost near NAIRU, which is the natural level for unemployment. The end goal of these policies is to provide jobs, labor market flexibility, integration and adaptability of workforce training.

Engagement is a new culture in terms of employment and refers to capability and adaptability to be hired, contributing directly to fighting youth unemployment and combating long-term unemployment.

In this respect, active labor market policies aim to increase employment opportunities and improve the link between vacancies and the unemployed. The main actions of these employment policies are stated in the following situation:

- Training courses;
- Stimulating economic agents through economic and financial incentives;
- Encouraging investments;
- Providing business facilities.

Active measures target the employed population in order to predict the risk of unemployment. Adapting the workforce to the dynamics of the business environment reduces the risk of generating the unemployed.

On the other hand, passive policies envisage measures and actions to provide the involuntary unemployed with a certain type of income to ensure their daily living. This

income has a very important role in the economy because it fixes income that stimulates work.

Employment policies at the macroeconomic level directly influence the volume and structure of employment through the following tools (PCI, 2018, EC, 2018a):

- Tax policies - taxes, taxes and subsidies;
- Monetary policies - interest rates, foreign exchange, money supply;
- Wage Policies - Minimum Wage;
- Investments in public infrastructure.

Causes and Measures for Youth Unemployment

The transition from school to active life, the integration into the labor market of young people is an essential issue within a society.

Globally, 73 million young people are registered as unemployed. But according to World Bank data, the number could be higher, but meanwhile 620 millions of young people are not working, studying or not in training.

The reasons for the incompatibility of young people with the labor market are numerous and diverse, but among the most important are the following:

- inconsistency of training plans with the needs of the labor market (inconsistency between demand and supply in terms of skills, insufficient or even lack of extracurricular activities, and the small number of practical applications in school);
- the impossibility of finding a job in accordance with aspirations, because most young people think long-term and want to buy a home and start a family, and the "break" they take until finding a job can be long, what affects the individual in time;
- lack of counseling for career, life and gaining personal autonomy (young people are not prepared to assess, find a solution and act effectively in a risk situation, much less in a socio-professional failure);
- schooling costs may be too high for many families and so young people get early school leaving, which prevents them from acquiring a level of study that is compatible with market requirements;
- there is also a situation where the role of the school has diminished in the definition of professional careers, with the consequence of diminishing interest in the study, which again leads to a high rate of school dropout;
- not identifying, at the level of public policies, the most effective measures to ensure general access to education and implicitly the inclusion of vulnerable or vulnerable groups.

Measures for Better Insertion of Young People Into the Labor Market

Upon graduation, either at a lower or higher level, young people encounter different impediments in finding a porter to ensure their entry into the labor market, followed by adaptation to the specificities of this market. The biggest risk young people face is unemployment. Thus, in order to reduce this youth unemployment, the European Commission outlined certain measures that each state could use.

A first measure outlined by the European Commission is to support first professional experience and workplace training; apprenticeships and good quality internships should be developed here in order to enable young people to acquire skills and experience. Partners should help young people to get a job easier.

A second step is to get a first job. The Commission wishes to improve the access of young people to the labor market. To this end, Member States are invited to reform legislation on employment protection in consultation with social partners. In addition, the Commission

wants to promote the independent activities of young people in order to create their own businesses.

A third measure is to use the European Social Fund to improve young people's access to employment. A part of the Structural Funds, the European Regional Development Fund and the European Social Fund, amounting to nearly EUR 80 billion, could be used for education and for training and apprenticeship programs.

A fourth measure would be labor market mobility. As the Erasmus project was outlined in the university environment, the project Your first EURES job was created to support young people and employers through recruitment and job placement at the translation level. The Commission also intends to step up the European Voluntary Service over the past two years of the Youth in Action Program. A new body of European humanitarian volunteers should be set up.

A fifth measure would be to prevent early school leaving, which is reflected in the Europe 2020 strategy that uses policies to reduce early school leaving. It recommends a combination of prevention, intervention and compensation measures.

A sixth measure relates to the development of the necessary skills that the labor market needs. Thus, the European Commission recommends that Member States' budgets plan effective spending on education and training.

A seventh measure that addresses employers, refers to the existence of legislation that encourages entrepreneurs or those who want to develop new production capacities, especially capacities with new technologies. The salaries of these young people for a period are not taxable, according to the European policies regarding the inclusion of newly graduates in the workforce. Granting benefits in the form of training programs that could be carried out by professional training providers licensed under the law for which the unemployment insurance budget is provided, an amount representing 50% of the costs of training professional training for up to 20% of the staff employed. A final measure shapes the creation of a European labor market for young people through which they can freely circulate to work, study or attend training courses. Elaboration of social norms is favorable to citizens because it helps with the coordination of social security systems, components that are related to unemployment.

Europe 2020 Strategy – the Framework for Reducing the Gap between Education, Youth and Unemployment

The Europe 2020 strategy proposes three priorities that support each other: smart growth, sustainable and favorable growth. The first two development of an economy based on knowledge and innovation, but a more resource-efficient economy, and the favorable one is based on promoting a job-efficient economy.

As far as knowledge and innovation is concerned, education, training and lifelong learning need to be active because one quarter of all students have poor reading skills and one in seven young people abandons their goals of obtaining a undergraduate or bachelor degree. Also, only 50% have an average level of qualification, but insufficient to meet the needs of the market. Less than one in three people aged 25 to 34 has a university degree, compared with 40% in the US and over 50% in Japan.

Under this strategy, the EU needs to define the direction it wishes to pursue beyond 2020, and so the European Commission proposes that 75% of the 20-64 year-old population should have a job, but also the abandonment of school rate should be reduced to below 10% (EC, 2018a, 2018b).

Two years ago, the Commission developed the "Investing in European Youth" programme that actually works as an economic policy that has 3 directions for action (EC, 2018a, 2018b):

- *Better opportunities for access to employment:* The Commission wants to achieve this goal through a full and sustainable implementation of the Youth Guarantee on the ground, backed by the European Semester leading the reforms at national level. In order to facilitate the introduction of the Youth Guarantee, the Commission proposed to supplement the initial allocation of the EUR 1 billion youth employment initiative to accelerate the process in the years 2018 and 2019 for reaching the goal for 2020.
- Better opportunities through VET (Vocational Education Training): This was achieved by facilitating cooperation between Member States and supporting their efforts to reform education and training systems. The European Commission is particularly committed to creating better conditions for apprentices by proposing a quality framework for apprentices, by supporting Member States in setting up modern apprenticeship schemes and by introducing the new long-term mobility line for ErasmusPro apprentices in the Erasmus + program.
- Better Opportunities for Solidarity, Mobility and Participation in Learning: In this context, the Commission increased with EUR 200 million the Erasmus + budget by 2020. In order to encourage young people's participation in society and work solidarity, the European Commission included the young population of EU as key pillar of the European Solidarity Body.

Thus, at national level, each state was given the directive and also the means to (EC, 2018b):

- Make effective investments in education and training systems at all levels ranging from pre-school to university;
- Improve educational outcomes by addressing pre-primary, primary, secondary, vocational and university segments within an integrated approach that includes key competences and reduces early school leaving;
- Strengthen the openness and relevance of education systems through the establishment of qualification frameworks, but also by better targeting the learning outcomes to the needs of the labor market;
- Facilitate the entry of young people into the labor market through guidance, counseling and apprenticeship.

The Youth Employment Initiative (YEI) is one of the EU's main financial resources to support the implementation of youth guarantee schemes. It was launched mainly to support young people in regions with over 25% unemployment. But exclusively for young people not in education, employment or training, including long-term unemployed or those who are not registered as jobseekers (PCI, 2018). The total budget of this project is 8.8 billion euros for all EU Member States eligible for 2014-2020 and until now 80% of the allocated budget was contracted (EC, 2018a, 2018b).

Starting in 2012, the proportion of NEET (NEET describes the group of individuals that aren't in education, employment or training) young people has declined steadily from 17.2% to 14.3%, close to the pre-crisis period (2004-2008).

In 2017, 40.4% of those aged 18-24 reported that they are in education, 27.4% are in the workplace, and another 17.8% are in a combination of education and jobs. The remaining 14.4% of young people aged 18-24 in the EU were NEET.

In nominal terms, at EU level, 14.4% of young people not in education or training and / or employment represent about 5.5 million, the equivalent of the total population in Slovakia or Finland.

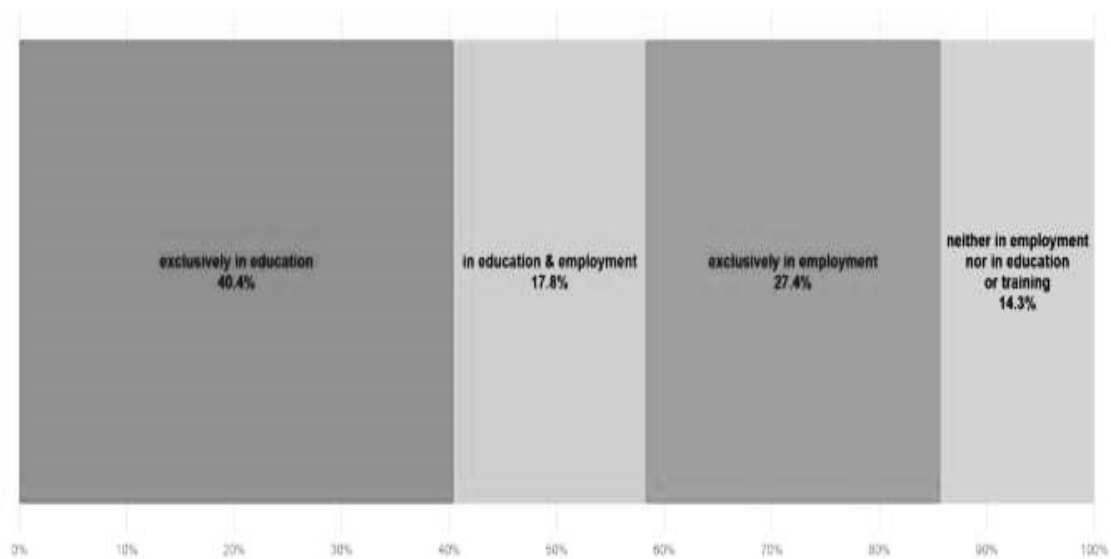


Fig. no 1. Work, education and training among young people aged 18-24 in the EU, 2017

Source: Eurostat, 2019

Also in 2017, the EU-28 average for NEET youth was 14.3%. The country with the highest NEET was Italy (25.7%), followed by Cyprus (22.7%), Greece (21.4%), Croatia (20.2%), Romania (19.3%) and Bulgaria (18.6%). Spain (17.1%) is also above the EU average, followed by France (15.6%) and Slovakia (15.3%). At the other pole is the Netherlands with the lowest NEET (5.5%), followed by Slovenia (8.0%), Austria (8.1%), Luxembourg and Sweden (6.8%), Malta (8.5%), Germany (8.6%) and Denmark (9.2%). These countries with low levels are also the ones at the top of European charts in terms of economic performance, education, living standards and low rates of early school leaving.

In 2017, Eurostat analyzed NEET rates in several countries across Europe by study level and found that (NALO, 2019):

- In 20 countries the highest rates are found for young people with an intermediate level of education,
- 7 countries reported the highest NEET rates for people with low education,
- 19 countries recorded the lowest NEET rates for people with higher education,
- The highest rate of NEET for people with a high level of education is found only in Cyprus,
- The largest differences in education levels are found in Malta where the NEET rate for young people with a low education level is 7 times higher than for those with higher education.

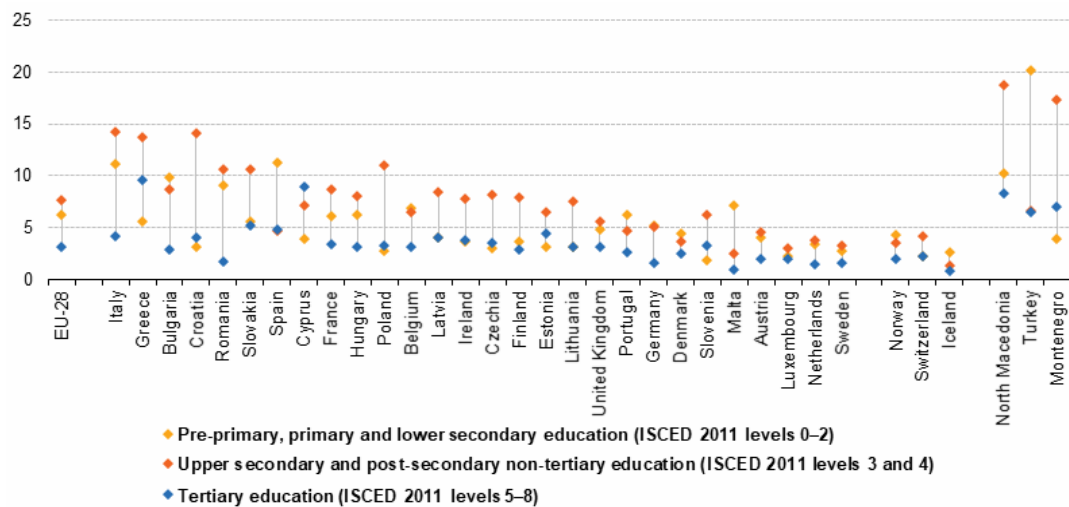


Fig. no. 2. Young NEET aged between 20-34 years, by level of education, 2017 (%)

Source: Eurostat, 2019

In Romania it was found that the rate of NEET for people with average education level is 6 times higher than for people with a high level of education and Malta, the rate of NEET young people with a low education level 7 times for those with higher education.

Conclusions

Employment policies aim at adapting and integrating the workforce to the current labor market requirements that are constantly changing due to the dynamic nature of the business environment.

Causes incompatibility youth labor market are varied, but their base sits access to capital for various options (such as studying or maintenance in the educational system, but also in creating a business) and the education and training inadequate demand current work.

Young people represent a workforce that should be valued because they can adapt more easily to the changes that are emerging in various fields have capacity to acquire the characteristics of a position to a job much faster than those in other categories of age. Moreover, they can outline ways to make a job more efficient by the multitude of information they assimilate.

Education is the main factor shaping labor market perspectives, so many young unemployed are those who have no education.

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