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THE ROLE OF EDUCATION IN IMPROVING THE INSERTION INTO LABOUR MARKET (THE CASE OF ROMANIA)

The problem of insertion into the labour market is very important in the current economic situation of increased unemployment both in general and among youth. There is a consensus among economically advanced countries, that exiting from the crisis and having again a healthy economic growth can be achieved by stimulating investments in infrastructure, but especially by developing human capital through education, research and innovation. High level of education increases chances to adapt to labour market and it contributes to increasing the quality of life. On the other hand, education is dependent on population's living conditions. The relationship between education and socioeconomic development level confirms that the development of a country is closely related to the level of education. This paper presents the general context of labour and youth employment problem at the labour market in Romania. It shows the situation of inserting youth into the labour market in terms of the current economic climate, of training of youth, of improved inclusion through education, by linking educational programs with labour market requirements. The study results focus on identifying certain actions to encourage investing in education in Romania and to improve educational and employment policies, to increase the quality of life.

Keywords: education; labour market; insertion into the labour market; Romania.

JEL Classification: I 25, J 21.

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РОЛЬ ОСВІТИ В ПІДВИЩЕННІ АДАПТАЦІЇ ДО РИНКУ ПРАЦІ (НА ПРИКЛАДІ РУМУНІЇ)

У статті показано, що проблема адаптації до ринку праці є дуже важливою в поточній економічній ситуації, яка викликає зростання безробіття як у цілому, так і серед молоді. Серед економічно розвинених країн склався консенсус щодо того, що вихід із кризи і відновлення економічного зростання можуть бути досягнуті за рахунок стимулювання як інвестицій в інфраструктуру, так і розвитку людського капіталу за допомогою освіти, досліджень і інновацій. Високий рівень освіти підвищує вірогідність адаптації до вимог ринку праці і сприяє підвищенню якості життя. З іншого боку, освіта залежить від умов життя населення. Зв'язок між освітою і соціально-економічним рівнем розвитку підтверджує, що розвиток країни тісно пов'язаний з рівнем освіти. Наведено загальний контекст зайнятості і проблеми зайнятості молоді на ринку праці в Румунії. Показано процес адаптації молоді до ринку праці в умовах нинішнього економічного клімату, підготовки молоді, покращення інтеграції за допомогою освіти, поєднання освітніх програм із вимогами ринку праці. Результати дослідження зосереджені на виявленні певних дій із заохочення інвестицій в освіту в Румунії і поліпшення політики в галузі освіти і зайнятості для підвищення якості життя.

Ключові слова: освіта; ринок праці; адаптація до ринку праці; Румунія.

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РОЛЬ ОБРАЗОВАНИЯ В ПОВЫШЕНИИ АДАПТАЦИИ К РЫНКУ ТРУДА (НА ПРИМЕРЕ РУМУНИИ)

В статье показано, что проблема адаптации к рынку труда очень важна в текущей экономической ситуации, которая вызывает рост безработицы как в целом, так и среди

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молодежи. Среди экономически развитых стран сложился консенсус относительно того, что выход из кризиса и возобновление здорового экономического роста могут быть достигнуты за счет стимулирования как инвестиций в инфраструктуру, так и развития человеческого капитала посредством образования, исследований и инноваций. Высокий уровень образования повышает вероятность адаптации к требованиям рынка труда и способствует повышению качества жизни. С другой стороны, образование зависит от условий жизни населения. Связь между образованием и социально-экономическим уровнем развития подтверждает, что развитие страны тесно связано с уровнем образования. Представлен общий контекст занятости и проблемы занятости молодежи на рынке труда в Румынии. Показан процесс адаптации молодежи к рынку труда в условиях нынешнего экономического климата, подготовки молодежи, улучшения интеграции посредством образования, совмещения образовательных программ с требованиями рынка труда. Результаты исследования сосредоточены на выявлении определенных действий по поощрению инвестиций в образование в Румынии и улучшению политики в области образования и занятости для повышения качества жизни.

Ключевые слова: образование; рынок труда; адаптация к рынку труда; Румыния.

Introduction. The young graduates' labour market insertion process, as well as the characteristics and determinants of this process have become a priority in employment and educational policies at the European Union level. By assessing the level of socio-professional insertion of young graduates we obtain, on the one hand, an image of youth transition from school to work, the level of concordance between the existing supply and demand at some point at the labour market, and on the other hand, essential information on the effectiveness of education.

Specialized studies show that in the last years the transition from school to work has been made in a longer period of time, especially given the current crisis. Job losses as a result of the crisis have highlighted the problems with unemployment and youth labour market insertion. The extension of transition time from school to work can be explained by some factors such as restructuring and economic development, proliferation of new forms of employment, changes in the social protection systems, extension of education, migration, increased geographical mobility.

The current crisis has once again confirmed that the economies are interconnected and no region of the world can be independent in the globalized economy. The problem of youth inclusion into today's labour market is very important in the current economic climate with increased unemployment for all ages. Against this economic background the efforts to seek solutions intensify everywhere, materializing in the consensus of economically advanced countries in the sense that exiting the crisis and the resumption of healthy economic growth can be achieved both by stimulating investment in infrastructure, but especially by developing human capital through education, research, innovation.

Investment in education and training have as the main effect of increasing the education level of population and contribution of education to a country's economic development.

The role of education in labour market insertion. Studies show that a higher level of education enables for a individual a better labour market insertion, increases the chance to adapt to the labour market demands and positively influences the quality of life. Moreover, high level of education is the gain of a greater stability at the labour market,

which reduces the risk of unemployment. Educated people have a higher participation rate at the labour market and their period of active life is generally greater than those with lower education. Education plays a central role in preparing individuals to enter labour market and equipping them with the skills necessary to engage in lifelong learning. Research literature provides evidence of the value of investing in education to develop human capital and of its contribution to economic development and growth (Hanushek and Kimko, 2000; Krueger and Lindahl, 2000; Hanushek and Woessmann, 2007; Giarini and Malita, 2005; Spence, 2009; Phelps, 1999). The primacy of education stems not only from its fundamental role in increasing individual earnings, but also from its non-economic benefits, such as lower infant mortality, better participation in democracy, reduced crime, and even the simple joy of learning, that enhance and enrich the quality of life and sustain development.

In the modern society, as a result of changes of the labour market, of new requirements to skills and competences of individuals, the role of education is growing.

The higher the education level is, the more chances individuals have to occupy a better position in the socio-professional hierarchy. Society in general and individuals in particular, according to the human capital theorists (Becker, Schultz), have all interest to invest time and money in education, because the benefits obtained are important in the long run.

On the individual level, higher level of education is associated not only with job stability and increased income from employment, but also with the improvement of living conditions, health status and quality of life.

However, education is a necessary but not sufficient condition for an individual to enjoy good labour market outcomes, whether in formal or informal economic sectors. In addition to education, good labour market opportunities for skilled persons require an economy as a whole to be operating well, with macroeconomic stability, an attractive investment climate, and efficient labour markets, in addition to other factors.

Extending the duration of training for a growing number of individuals, even if it does not always provide well-paid jobs, certainly has a high intrinsic value by transmitting knowledge, values, principles and rules which govern society, thereby it contributes to the strengthening of its social cohesion.

Given the major implications of education on the quality of life of individuals and on the development of economy, concerns in the field have widened in the past years, especially in developed countries. At the EU level, the increase of education level of the population has become one of the priority objectives of the Lisbon Strategy, Europe 2020.

This objective is aimed at the labour productivity growth, lowering of unemployment, better labour market insertion of youth, growth in people's participation in education and lifelong training.

To support Europe where people can develop the right skill mix to perform in and shape jobs, there should be stronger bridges between work, education and training. So we need an improved capacity to anticipate changes.

Globalization and developing a new economy require a growing number of completely new professions. This development puts pressure on a new paradigm

in the learning systems, focusing on education, lifelong learning, on forms of non-formal and non-conventional education. Thus, after the Lisbon conference, the educational and training components included in the guidelines were strengthened to emphasize the need for the member states to develop and implement coherent and comprehensive lifetime education and training. References are made regarding the need to "equip young people with basic skills relevant to employment", to "reduce the illiteracy among young people", to "reduce substantially the number of young people who leave school".

Research shows that family environment, the level of resources and living conditions influence education and the individual participation in education. The effect of poor living conditions is the early dropout from the education system, with serious implications on the future status of an individual in terms of insertion into the labour market, level of income obtained, risks of unemployment and poverty.

There is evidence that individuals and families who have financial capital can invest in education both directly by purchasing books, supplies, accommodation, transport and bayingschool fees and indirectly through healthcare, providing optimal study conditions. On the contrary, material and financial instability discourages the establishment of educational objectives in the long run and affects family environment, mental and intellectual development of young people.

Statistics show that usually the individuals who have low income also have low education, facing difficulties in finding employment, with social integration problems and high chances to pass this situation onto their descendants. Research shows that parents demonstrating more interest in their child's schooling, with higher levels of aspirations for them, have children with higher levels of self-efficacy and academic belief.

Thus, residence environment and educational level are important factors that contribute to having unequal opportunities for education access and success of individuals, and consequently, they influence the chances of having better living conditions in the future.

Young people represent the highest leverage point for investments to build human capital because the benefits of investments have the longest possible period to accrue (World Bank, 2009). This has been confirmed by many national studies. For example, Ecorys in the Netherlands has calculated that the cost of early school leaving for Dutch society can reach EUR 1.8 mln. per person over the course of his/her lifetime.

The decisions a young person makes in the first few years after leaving education have a huge impact on his/her future prospects. Although the initial transition is only the beginning of a working life that normally lasts several decades, many studies have shown that initial job outcomes have a lasting affect on career development. Transition is a significant step, and it is essential that young people are equipped with knowledge and support they need.

Factors affecting transition from education to employment are diverse, such as: labour market conditions, industrial structure and occupational change, population skills levels and education system structure, employment protection legislation and youth cohort sizes. Other related issues include the levels of young people leaving school without a basic education qualification, as well as the nature of skills acquired in school and their suitability for the world of work.

The current economic crisis has made the transition from school to work even more difficult for young jobseekers, in particular early school leavers. Young people with low levels of education are the ones having the toughest time finding a job, as they now have to compete for a smaller number of available jobs against their qualified and skilled peers. It is expected that countries will continue to be affected by the consequences of high and persistent youth unemployment for some time after the recovery. This is likely to make school-to-work transitions longer, across European countries.

The relationship between education and labour market insertion in Romania. The access to education in Romania is highly dependent on social and economic factors as well as on the area of residence. In Romania, in order to ensure a quality education for an individual, a major responsibility is placed on the family level. The economic standard of the family is very important.

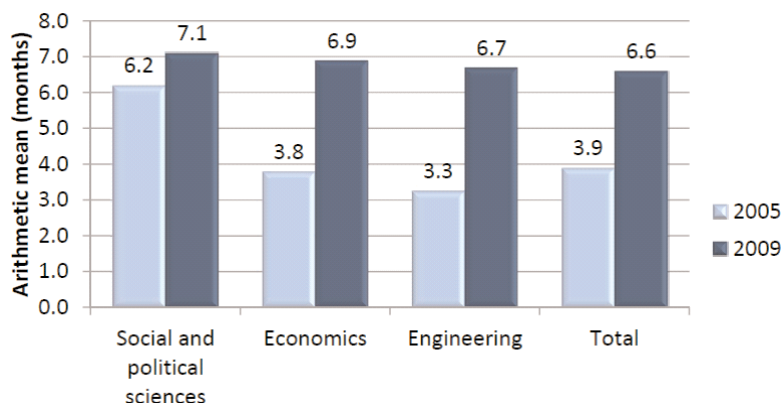
Young people living in remote rural areas of Romania have lower school completion rates than their peers living in cities. The revenue of the rural population is much lower than one of the urban population. A low quality of life, given by the economic and cultural insecurity as well as negative perception of the accessibility of education are not supporting the young people living in such households and not encouraging them to continue their studies.

On the other hand, the education level of parents greatly influences the education level of young people. In the case of young people from families with low education, 52.5% left education after finishing not more than a secondary school, while 47.4% exceeded the education level of their parents leaving education after graduating from secondary (44.9%) or even higher education (2,5%).

Regarding university graduates, there is a relatively better insertion into the labour market in Romania (60.9% — a year after graduation). The graduates with technical education integrate the fastest to the labour market, and the most difficult it is for the ones from law sphere. The economic education graduates are average regarding the period of time to find a job.

According to the study called "National Study of Monitoring Higher Education Graduates' Insertion into the Labour Market" by the National Institute of Statistics of Romania, there are some features of the insertion of higher education graduates into the labour market in Romania. Thus, the average search for a job after graduation was 6.6 months in 2009, longer than in 2005, as it can be seen from the chart below (Figure 1). The longer duration of finding a job is explained mainly by the effects of the current economic crisis, which have reduced the economic activity, made companies close or restricted certain businesses, increasing unemployment and thus making difficult the insertion of young graduates, already disadvantaged by the lack of work experience.

On the other hand, due to the reduction of jobs available in the past years, there has not been a good correlation between the labour market needs and the educational offer, so the number of graduates has grown in certain fields, which has stressed their labour market insertion problem.



Source: UEFISCDI, National Study of Monitoring the Higher Education Graduates' Insertion into the Labor Market (NAMO), Bucharest, 2011

Figure 1. Duration of job search after graduation (2005, 2009) (arithmetic mean, months)

At 1.5 years after graduation, most higher education graduates in 2009 (51%) had the status of "solely employed", 22% were employed, but they were continuing their studies, 16% continued their studies without being hired, while 11% were still looking for a job. At 5.5 years after graduation, higher education graduates in 2005 were 90% employed, 83% were solely employed, and the remaining 7% were in the process of continuing their studies. This difference between those two years can be explained both by the effects of the crisis, but also by the difference of time between graduation and the conduct of research.

And in terms of full-time employment there is a difference between graduates of 2009 compared to those of 2005. Full-time employment fell from 81% in 2005 to 77% in 2009. This decrease may result from implementing programs to reduce working time to counteract the effects of the crisis. The largest decrease was recorded for graduates in social and political sciences.

Employment of higher education graduates in the private sector also had a slight decrease from 61% (in 2005) to 58% (in 2009). By specializations, the largest decrease was experienced by social and political science graduates, whereas engineering graduates recorded a slight increase in employment in the private sector from 76% in 2005 to 77% in 2009.

Another problem of youth labour market insertion in Romania, also captured by the research in the field, is the weak correlation between educational programs and labour market demands. Thus, both in 2005 and in 2009, only 50% of graduates consider that the knowledge and skills acquired during the study as useful in the workplace. On specialization, the biggest disparity between educational programs and workplace requirements was registered for Engineering and economics.

Research studies and reports on the issue of youth labour market insertion show that even if investment in education is not the only way to improve labour market inclusion, it has an important role in an individual's adaptation to changes occurring at the labour market, in his or her integration to the labour market. Certainly, efforts

to improve youth labour market inclusion should not be made only at the individual level but also nationally and even organisationally. With appropriate policies and measures we can improve training of young people in the relation to labour market demands, continuously changing, thus achieving better labour market integration and stability.

Conclusions. The national labour market problems in Romania are generally caused by a reciprocal relationship with the economic growth level - the new jobs created are insufficient, the adaptability and mobility of the workforce are maintained at low levels, which require strategic approaches to reduce the discrepancies between supply and demand for professional qualifications of the labour market.

The labour productivity growth is one of the most important solutions in developing a healthy economy; it depends very much on the quality of labour. Therefore, employment policies and strategies should follow the increase of investment in human resources, investment in training of young/adult at a company level, providing access to all relevant information on education and training opportunities.

It is necessary to make the correlation, through various methods of structures and content of education and labour training, with the current and future economic needs; to increase of the level of education and access to education for gaining greater stability at the labour market, which implicitly reduces the risk of unemployment and allows a "soft" insertion into the labour market; to ensure participation in continuing professional training, increase labour mobility, which can improve the economic position of young people; to provide labour market flexibility, which plays an important role in absorbing newcomers. This shows the market capacity to respond to changes occurring in the economic and social environment. It should be noted that in the recent years flexibility has been placed in spotlight in terms of specific labour market policies. Thus, through flexibility there is a greater chance of adaptation to new things, to change.

In the current economic crisis, exacerbated by the organizational failure and coordination of macroeconomic policies, Romania must pursue the modernization of labour market infrastructure, adapt its educational system to market requirements to revive the scientific research and innovation, with emphasis on the relevance of economic practice, to pursue a more flexible labour market and to assure the necessary conditions for the development of a competitive environment.

Acknowledgements. This work was cofinanced from the European Social Fund through Sectoral Operational Programme on Human Resources Development 2007-2013, project number POSDRU/89/1.5/S/59184 "Performance and Excellence in Postdoctoral Research within the Field of Economic Sciences in Romania".

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Стаття надійшла до редакції 13.03.12