

Youth Unemployment in Romania: a problem that needs to be solved

Manuela Epure¹⁺ and Cristina Barna²

^{1,2} Pro Global Science Association

Abstract. *Youth unemployment is a problem that affects all EU countries, and the economy is losing young talents, the phenomenon is not to be ignored or addressed with ineffective and sporadic policy measures. The paper aims to describe Romanian youth unemployment in comparison with other EU countries, looking at causes shaping the trends and economic landscape and growth perspective additionally exploring the labour market characteristics and evolution. The descriptive statistics are used to present the scenery and the research can be defined as exploratory research of which results are used to make policy recommendations useful to tackle the causes of youth unemployment offering solutions through education and supportive measures. National and EU statistical data have been used to describe the global, regional, and national trends of youth unemployment and labour market perspectives. The research results seen as policy recommendations are valuable for governmental institutions addressing youth issues and also to NGOs having interests in supporting the young generation in the transition to the labour market. Youth unemployment seems to be a problem not because of job scarcity but mainly because of the lack of skills and competencies required today by employers. The paper examines the shifts registered in the jobs landscape: some job categories will decline, while others will register a visible growth and youth needs to be encouraged to explore new paths of skills formation and to be open to new training opportunities offered by formal and non-formal education.*

Keywords: education, labour market, youth employment/unemployment, skills & competencies

JEL Codes: J21, J24, J64

1. Introduction

The young generation face today various challenges and one with the highest impact on their lives is the integration on the labour market after graduation. It is a widely accepted fact that social validation of youth education is mandatory, after graduation young people should find jobs in their field of specialization where they can use all skills and competencies acquired during education. Society expects the young generation to participate in sustaining economic growth, being the driver of progress and the most productive and creative cohort of the active population.

The Sustainable Development Goal 8 referring to “*promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all*”, urge the international community to: (i) substantially reduce the proportion of youth not in employment, education, or training (NEET); and (ii) develop and operationalize a global strategy for youth employment.

At the global level, youth labour markets face several important challenges: the global economy remains sluggish as geopolitical tensions, social tensions, and global trade barriers have dragged on growth. Recent epidemics carry the potential to further slow economic activity. These developments are particularly

⁺ Corresponding author. Tel.: + 40744173151; address : Bucharest, 47 Fabricii street, bl.J, ap.12, sector 6, Romania, cod 060821
E-mail address: office@manuelaepure.com

detrimental to youth as their employment prospects, relative to older workers, are more sensitive to economic downturns [ILO,2020].

EU statistics reveal that in 2020 were 47,1 million persons aged 15-24 years old, of whom 2.3 million were unemployed of which 45% are female. This gives a youth unemployment ratio of 4.8 %¹. Looking at the age structure of the young population, at 15 years old, almost 100% of the EU population are still at school. As young grow older, many enter the labour market, becoming employed or unemployed. Not all young people make this transition at the same age therefore one can see a gradual rise in the number of young people in the labour market.

Some of the young people kept their interest in education even when they have entered the labour market, others move out of education and also stay outside of the labour market. There are situations in which education and labour market participation overlap and this phenomenon occur at any age, but is far more frequent in the younger age group because that reflects their transition from education to the labour market. Sometimes, employment is subordinate to education, the case of students who work for a few hours a week. Other young people are employed and enrolled in a formal education program at the same time (eg. apprentices) or they study after work to obtain a diploma. Looking at the youth unemployment rate for the age group of 15-24, in 2019 at EU-27, were 2.8 million unemployed persons aged 15-24 and 18.2 million persons of that age group in the labour market, according to the EU labour force survey. This gives a youth unemployment rate of 15.1 % (Fig. 1).

Discussing the youth employment topic implies taking into consideration the impact of technological advances on youth labour markets. That means analyzing both opportunities and risks for youth in terms of job destruction and creation, the use of digital technology to improve labour market programmes, and sharing productivity gains.

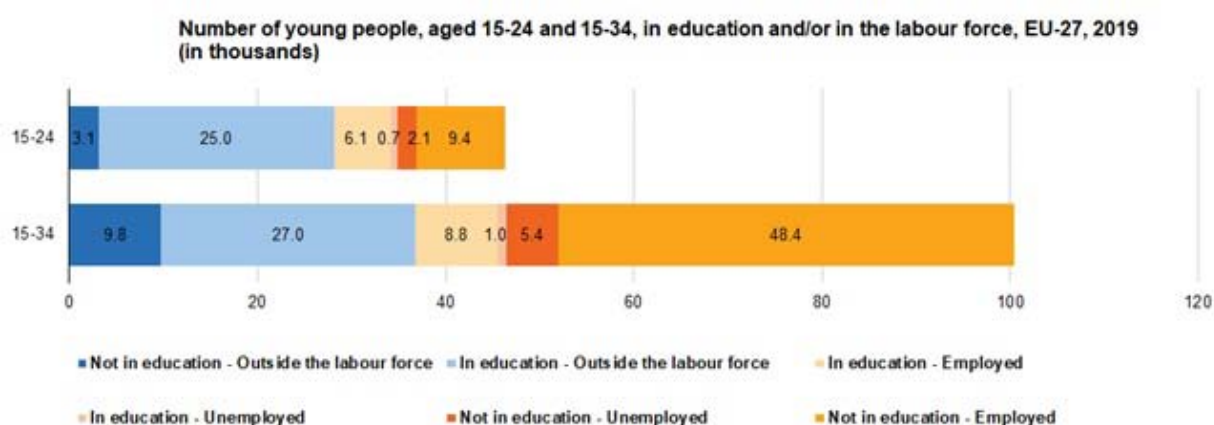


Fig.1. EU-27 Young people in education and/or labour force
 (source: Eurostat, EU Labour Force Survey)

The EU unemployment rate was 8% (April 2021) and young people affected was (aged under 25 years) 17.1 % more than people aged 25 -74 (4.8 %) and has a high impact on people with low levels of education in particular: the unemployment rate among those with a low level of education attains 12.1% and only 4.3% for those having tertiary education.

¹ Data provided by the EUROSTAT

At EU-27 level, youth unemployment has been seen as a major issue that needs a tailored approach, therefore a wide range of policies have been developed targeting: education and training institutions, measures for the creation of a work environment conducive to higher activity rates, and higher labour productivity.

So, one can conclude that young people are more at risk of long-term unemployment and of having difficulty breaking into the labour market.

Being the most promising category of the active population, young workers have to be taken into consideration adequately, at the policy level with special measures to support their transitional situation on the labour market and also to be encouraged to invest time in their long-life education that could offer them higher flexibility on the labour market on times of crisis.

Also, a report released by the World Economic Forum (WEF,2016), mentioned that some job categories will decline, while others will register a visible growth. Jobs in the field of business and financial operations will grow significantly, while routine-based jobs, such as in offices and administration, will sharply decline. New occupations and fields of specialization are expected to emerge in cutting-edge industries.

More than half of Europe's workforce will face significant transitions. Automation will require all workers to acquire new skills. About 94 million workers may not need to change occupations but will especially need retraining, as technology handles 20 percent of their current activities. While some workers in declining occupations may be able to find similar types of work, 21 million may need to change occupations by 2030. Most of them lack tertiary education(Smit, et al, 2020).

Newly created jobs will require more sophisticated skills that are already scarce today. It is foreseen that other occupations will become obsolete over the coming years up to 2030. Major skills disruptions are already evident: 35% of nowadays's core skills will have changed by 2030. The analysis of the top 10 skills in 2015 and 2020 shows that, while complex problem solving still occupies the first position, second and third positions will no longer be held by coordinating with others and by people management, but, instead, by critical thinking and creativity. In 2015, the same organization, together with Boston Consulting Group, released another report on *New vision for Education* (WEF, 2015). The study offers a more thorough analysis of the skills needed by a job candidate to compete in the twenty-first century. The buzzword seems to be non-routine, both interpersonal and analytical skills.

Recent developments in the labour market, at the global scale and inside the EU, reveal an ugly truth: youth unemployment is one of the most significant societal challenges of the twenty-first century.

Recently, EU Youth Strategy 2019-2027 has been introduced with Eleven European Youth Goals, among them quality employment set as one of the objectives. Therefore is time that every EU country, Romania as well, to make considerable efforts to achieve these goals. Young human capital needs to be "nourished", protected by appropriate policies, and empowered with skills and competencies that are matching the labor market requirements.

2. Research Objectives and Methodology

The research has been developed based on statistics available on Eurostat² and the Romanian National Institute of Statistics³. A descriptive statistical analysis has been conducted to reveal major trends and impact factors. The first research objective is to describe the youth unemployment phenomenon in Romania,

² <https://ec.europa.eu/eurostat>

³ www.insse.ro

looking at major trends, impact factors and highlighting the governmental and EU interventional support. A critical analysis is performed to identify and explain the various causes of youth unemployment and to develop solutions and recommendations meant to equip young people with the skills required for the jobs.

A second research objective is to assess Romania's capability to address youth employability issues related to the new trends in job creation and/or decline and the educational opportunities to be created. Examples of projects dedicated to youth employment are presented as initiatives to support access to the labour market and to decrease unemployment among young people.

2.1. Romania's economic landscape

Economic globalization has led to a more connected world with a far-reaching impact on production arrangements, international trade, and foreign investment, economic growth, labor market, and many other sectors of the economy.

However, the *global trends of the past decade* have shown continuous economic growth (Fig 2), the euro-zone economies have also experienced economic growth (Fig.3) but the rhythm decreased from 2015 to 2018 as a consequence of the influence of internal unfavorable factors, quite different as an origin.

Romania's economy had experienced slow growth in the past five years (WB, 2020), the annual variation of GDP indicates a relative recovery during 2014-2017 with an important decrease in 2018. Looking at Romania's performance, according to the same indicator, one can see steady growth with a significant pick in 2017 of 7,1% annual growth rate.

Romania's economic growth model is based on consumer spending which can affect the country's ability to reach EU living standards sustainably. The 2008-2009 economic crisis affected the world economy and as a consequence, the Romanian economy registered a negative GDP annual growth rate (Fig. 3).



Fig. 2 World GDP growth (annual %)
 (Source: World Bank Database)

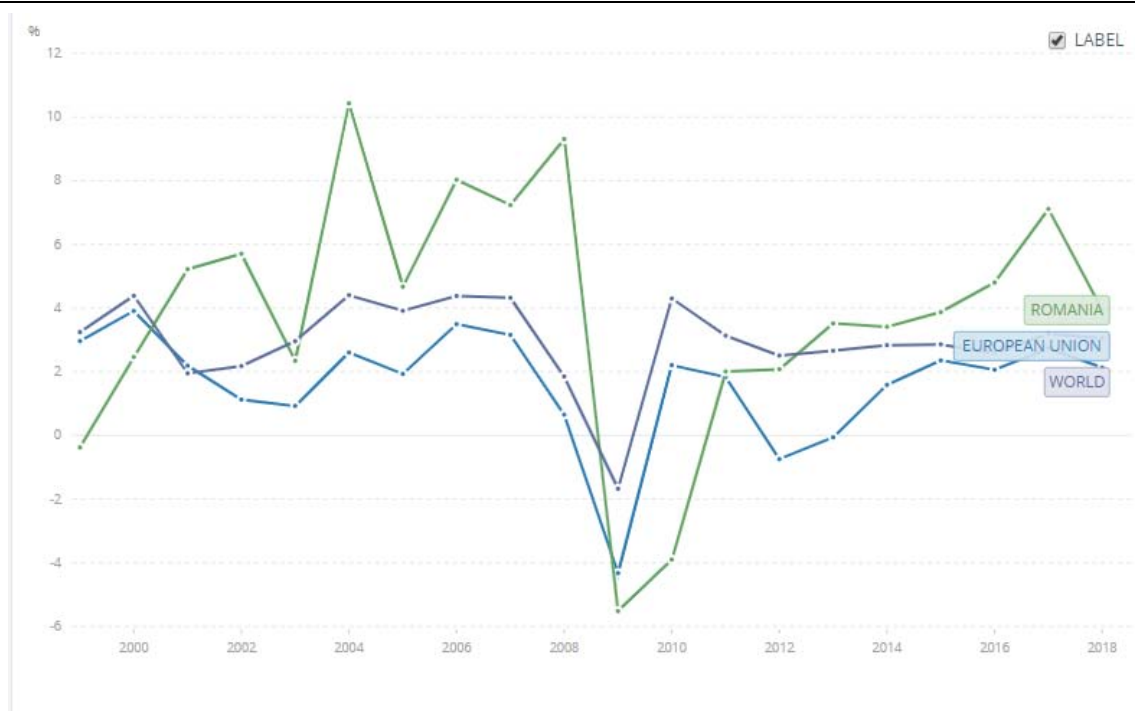


Fig. 3 GDP annual growth rate – Romania in comparison to EU and World
 (source: World Bank Database)

The world crisis generated economic downsizing, unemployment, with unprecedented figures in youth unemployment in the European region and Romania share the same trends. The euro-zone economy has been rather resilient being supported by the labour market revival. The employed population has raised, the highest EU employment rate (for persons aged 20 to 64) since 2005 was recorded in 2019 at 73.1 % and the unemployment rate has dropped recording the lowest value since 2008 (Eurostat, 2021).

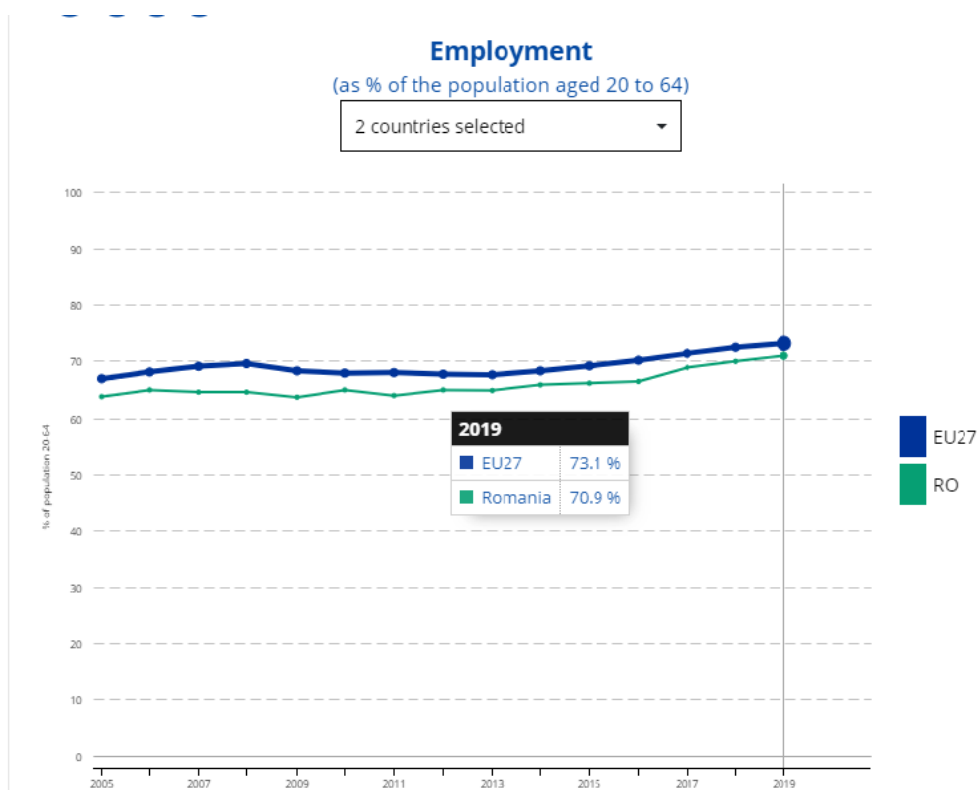


Fig.4 Employment (total, female, male, youth and senior),
 2005-2019 (% of the population aged 20 to 64)
 (Source: Eurostat)

The evolution of Romania's GDP indicates a slow growth in the past years (Fig. 5) with some industry sectors growing faster than others (services comparing with industry).

In 2018, the structure of the gross domestic product by activity sector (Fig. 6) was:

- services had the highest contribution to GDP formation with a percentage of 57.1% of the total;
- industry contributed with 23.6% to GDP formation positioning in second place;
- construction represented 5.4% to GDP formation ;
- and agriculture, forestry, and fishing contributed 4.3% to the GDP.

Agriculture represents 4.3% of Romania's GDP and employs 22% of the country's active population [WB, 2020]. The main resources and agricultural production in Romania are cereals, sugar beets, and potatoes. However, production remains very low in comparison with the country's potential capacity (more than one-third of the land is arable).

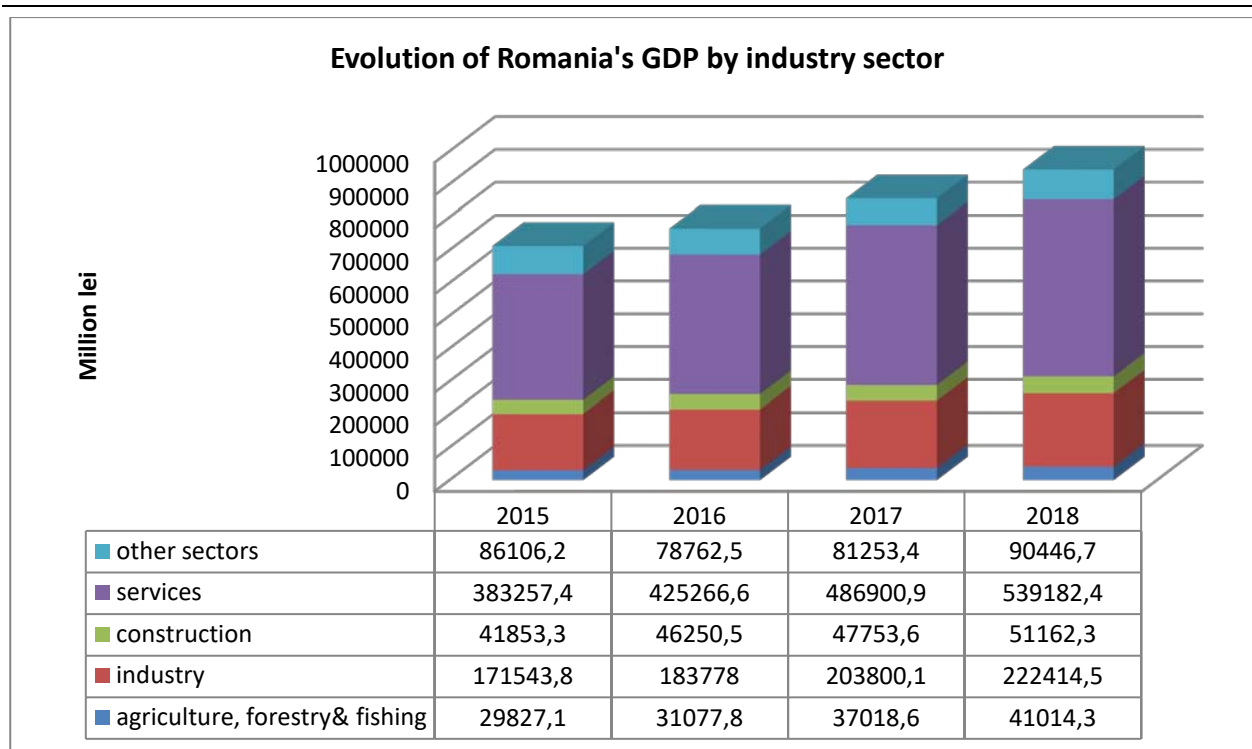


Fig. 5 Romania's GDP trends by industry sector
 (Source: authors' contribution based on National Statistics)

About 25% of the country is covered by forest (especially around Transylvania), and the logging industry is developing very fast and is generating significant ecological concerns. Romania has a limited energy dependence thanks to coal, oil, gas, and uranium reserves.

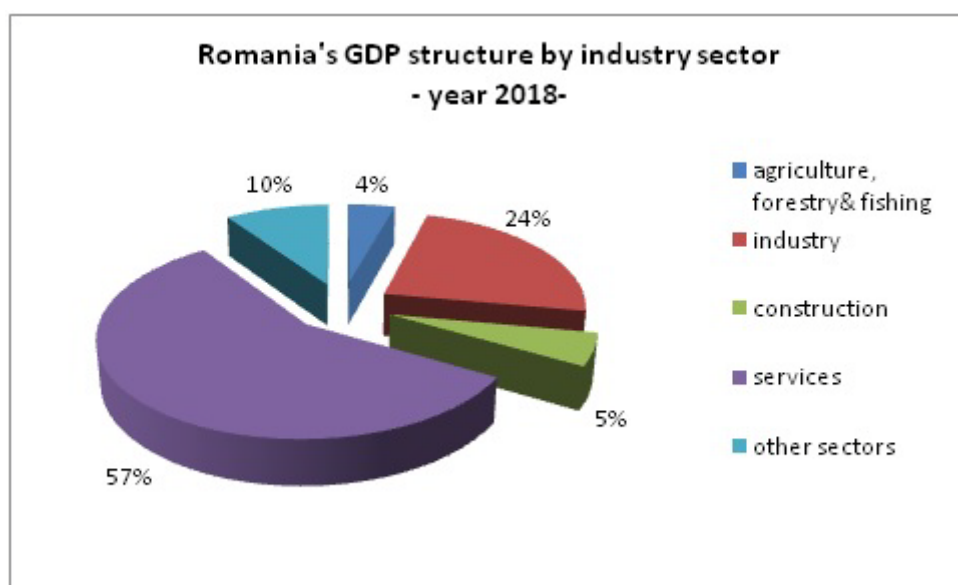


Fig. 6 GDP Structure by industry sectors in 2018
 (source: authors' contribution using the INSSE data)

The GDP structure indicates a consistent contribution of the services sector (from 53,8% in 2015 to 57,1% in 2018), followed by industry(eg. manufacturing, etc.) of which contribution declined from 24% in 2015 to 23,6 % in 2018. It seems that Romania's economy is mainly centered on the services sector, representing 57% of the GDP, and employs nearly 48% of the nation's workforce. The technology sector has also seen immense growth in recent years, due to the emergence of a high-qualified workforce whose cost is lower than the European average. Romania's ICT sector reached 6.2% of GDP in 2017 and the ICT services exports exceeded EUR 4.5 billion in 2018 (Ciucea et al., 2019).

Looking at Romanian industry sector evolution, one can see that the agricultural sector represents a basic branch of the national economy that has significant economic and social importance and implications. With an agricultural area of nearly 16 million hectares, Romania could be (after Poland with 17 million hectares of the agricultural area) the second largest producer of agricultural products in the CEE region. Romania has the biggest agricultural area of the EU and is among the ten big players in world exports of grain and corn, but the agricultural sector is facing difficulties as poor mechanization and land fragmentation, the lack of capital and irrigations as well as lack of professional training of the agriculture workers. Within the structure of agricultural production, crop production is prevalent, with a 70.3% share in the total production in 2018, as compared to 28.3% for animal production and 1,4% for agricultural services.

2.2. Romania's labour market characteristics

Romania performs poorly on most of the indicators of the Social Scoreboard supporting the European Pillar of Social Rights. The high economic growth has translated into better job prospects and increased household disposable incomes. However, Romania still has a high number of early school leavers and, although decreasing, a high number of young people not in education, employment, or training. This raises concerns about equal opportunities and access to employment. Romania has not yet achieved a mature social dialogue, and its Social Scoreboard performance indicates a critical situation on reducing poverty (EU, 2019).

The labour market is under increasing stress. The lowest unemployment rate in a decade (3.8 % in 2018), a declining labour force, and persistent skills shortages have brought Romania close to full employment, which makes recruitment difficult and drives wage growth. Employees' earnings are low compared to the EU average but the strong growth since 2016, also driven by hikes in the minimum wage and public-sector wages, risk putting pressure on competitiveness if not accompanied by corresponding productivity increases.

On June 1st, 2021, Romania's usually resident population was 19,111 thousand inhabitants, of which 10,0 million women (51.1%). The population is 56.4 % urban and 43.6% rural. In 2021, the economically active population was 9.069 thousand persons (decreasing as compared to the previous year), out of which 96,6% belonged to the working-age group (15-64 years).

Table no.1 Economically active population, employment, and unemployment
 -thousands of persons-

	2015	2016	2017	2018
Economically active population - total	9159	8979	9120	9069
Female	3916	3834	3936	3883
Urban	5013	4962	4994	4955
Employment - total	8535	8449	8671	8689
Female	3687	3643	3777	3748
Urban	4662	4684	4769	4769
ILO¹⁾ unemployed - total	624	530	449	380
Female	229	191	159	135
Urban	351	278	225	186

¹⁾according to the international definition of the International Labour Office

The economically active population is 57.2 % male and 54.6 % are situated in the urban area. Employment increased over recent years, reaching 9,008 thousand in 2021, 8,689 thousand persons in 2018 (as compared to 8,671 thousand persons in 2017, and 8,449 thousand persons in 2016).

The number of unemployed registered with the National Agency for Employment (ANOFM) had a downward evolution since 2015, reaching 380 thousand persons at the end of 2018 and 354 thousand persons in 2019. The registered unemployment rate showed the same evolution during 2015-2018 (accounting for 5.0% at the end of 2015, 4.8% in 2016, 4.0% in 2017, falling to 3.3% at the end of 2018).

The evolution of the employment rate is presented in Fig.7 Romania in comparison to EU-28 countries in 2008-2019, and the trend is similar.

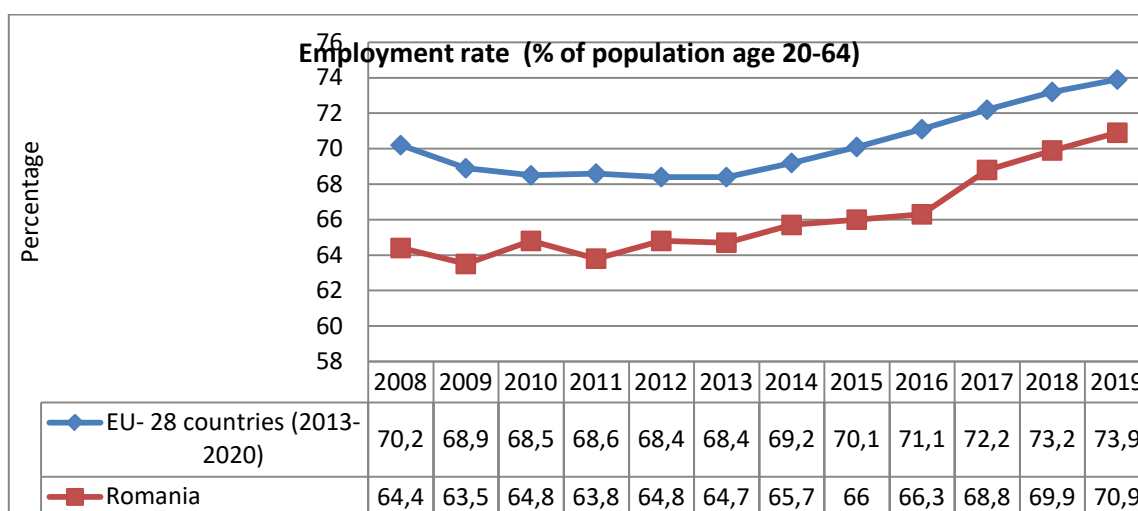


Fig.7 Employment rate trend
 (source: authors contribution using EUROSTAT data)

In 2010, the European Council adopted the Europe 2020 strategy in an attempt to reinforce the EU economy. One of the strategy's main targets is to raise the employment rate of the population aged 20-64 to

at least 75%, and it is almost achieved, Romania having a 73.1% employment rate at the end of 2019 (Eurostat, 2020). At the EU-27 level, the gender employment gap has decreased since 2005 but the employment rate in 2019 was still 11.7 % higher for men than for women, in Romania the men employment is 13.8 % higher than women employment. Until 2002, most of the employment was in the rural area. Beginning with 2003, most of the employed persons had their permanent residence in the urban area (54.9% in 2018). This category of employees prevails among employed persons (74.8% in 2018). The level of educational attainment affects employment rates considerably. The employment rate of persons (aged 20-64) who had completed education at a high level, i.e. short-cycle tertiary, bachelor's, masters or doctoral levels (or equivalents) (ISCED levels 5-8) was 84.8 % at EU level and 89.2 % in Romania in 2019 (Fig.8).

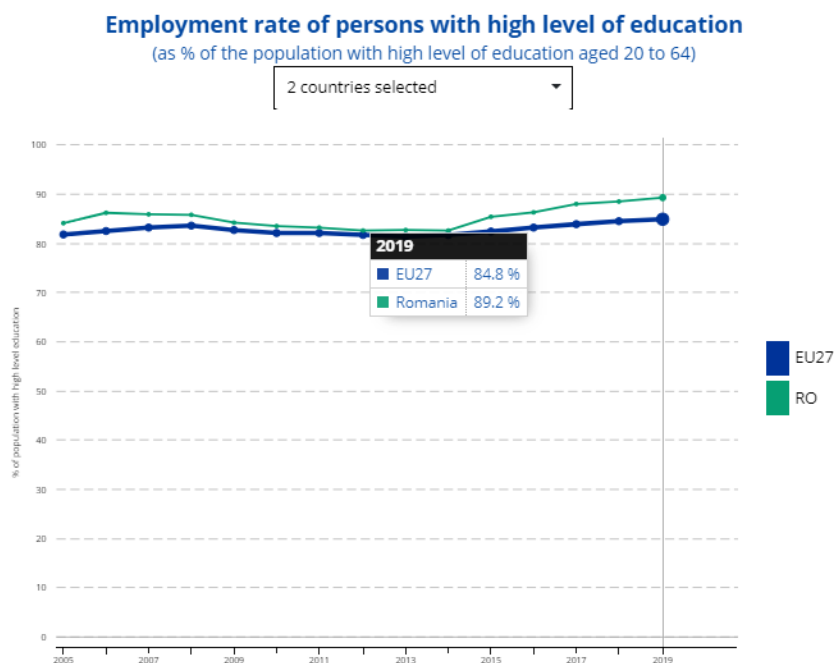


Fig.8 Employment rate by level of education, 2005-2019
 (% of the population with low/medium/high level of education aged 20 to 64)
 Source: Eurostat

In the attempt to decrease unemployment in EU countries, in the post-crisis period, the European Commission in 2012 made a set of proposals for measures to boost jobs through a dedicated employment package. The proposals among others targeted the demand-side of job creation, encouraging hiring by reducing labor taxation and supporting business start-ups. Moreover, the proposals aimed to identify economic areas with potential for job creation, such as green economy, health services, and ICT.

Unemployment rates in Romania vary significantly across regions. The capital region and the metropolitan areas in the Vest and Nord-Vest are service-driven regions that offer better labour market opportunities and attract more qualified workers. In contrast, in the regions with a manufacturing economic base, the urban industrial centers attract mainly unqualified workers from the neighboring rural areas. The impressive economic growth Romania has been experiencing during the last few years has put increasing pressure on employers to find skilled workers to expand their businesses but the latest official data show that Romania is far from being considered to be in a severe “workforce crisis” situation. According to official data, workforce shortage is concentrated in some areas like services (3.4 percent job vacancy rate in Q4

2018), transport (1.9 percent), and IT (1.8 percent), a consequence of the fact that much of the economic growth in Romania is the product of a consumer bonanza, stimulated by years of wage-led growth government policy. In fact, Romania ranks among the EU member states with low job vacancy rates despite claims of a widespread workforce crisis. The number of unoccupied jobs in Romania rose by 4,147 year-on-year, to 58,810 in the last quarter of 2018.

Despite all these European and national measures, In the last quarter of last year, 16.2 percent of young people in Romania were considered unemployed, compared with a national unemployment rate of 4.2 percent, according to fresh official data.

2.3. Romania – youth unemployment

In Romania, the unemployment is unequally distributed among regions, ranging from 9.9 % in South-West Oltenia and 8.9 % in South-Muntenia to 4.7 % in Bucharest-Ilfov and 3 % in the North-East region (the best performer in 2016). This situation can be explained by the economic development quite different from a region to another. The industry sectors have unequal development across the country and therefore for some categories of young employees finding a job in their field of expertise in the same region they live in can be difficult. Those who are unemployed for a long period are individuals who find it difficult to find a job and need special and personalized assistance to enter the labour market.

In the period 2008-2017, Romania continues to register a high inactivity rate (32.7 %) compared to the EU average (26.7 %). The reduction in the inactivity rates of men (-19 %) exceeded both the general and the women's rates (-7 %), resulting in a significant gender gap of almost 20 % in 2017[Vasilescu, 2019].

The previous recession shows that young people who have left education are hit harder economically and the recent COVID-19- related economic downsize is confirming the same situation. Young people being in this situation are working in sectors that have been worst affected by economic shutdown(eg. retail, hospitality, tourism) . It seems that in time of crisis young people are suffering the most: job insecurity, cuts in their wages, low level of support in shifting jobs or industries. The risk is very high, and the first signals are not encouraging. Eurostat data from March 2020 show that while the unemployment rate of the general population increased by 0.1%, from 6.5% to 6.6%, the youth unemployment rate increased by 0.4%, from 14.8% to 15.2%. Eurofound's survey shows that in this initial phase of the pandemic crisis, young people in the EU have been hit just slightly harder than the rest of the population in terms of labour market participation: 6% said they had lost their job permanently, against 5% of other age groups. But numbers were higher in Bulgaria, Hungary and Portugal, with more than 10% of young workers reporting permanent job loss. Additionally, and in line with other age groups, 23% have lost their job temporarily, and 16% fear that they will lose their job in the next three months. Nearly half (49%) of young workers said that their working hours had reduced since the onset of the COVID-19 crisis. This is in line with other age groups, even though many more young people, 43%, started to telework during the outbreak, against 34% of other age groups [Eurofound, 2020].

Unemployment statistics (see Fig 9) across the EU reveal the fact that youth unemployment is a serious problem in all countries. Young people experience numerous difficulties at entering the labor market, most of them coming from the skills and competencies mismatch with employers' requirements. Also, in

times of crisis, young employees are the first to lose their jobs, therefore are the most vulnerable category of the active population that needs consequent policy interventions.

Youth unemployment rates and ratios, 2019, persons aged 15-24 (%)

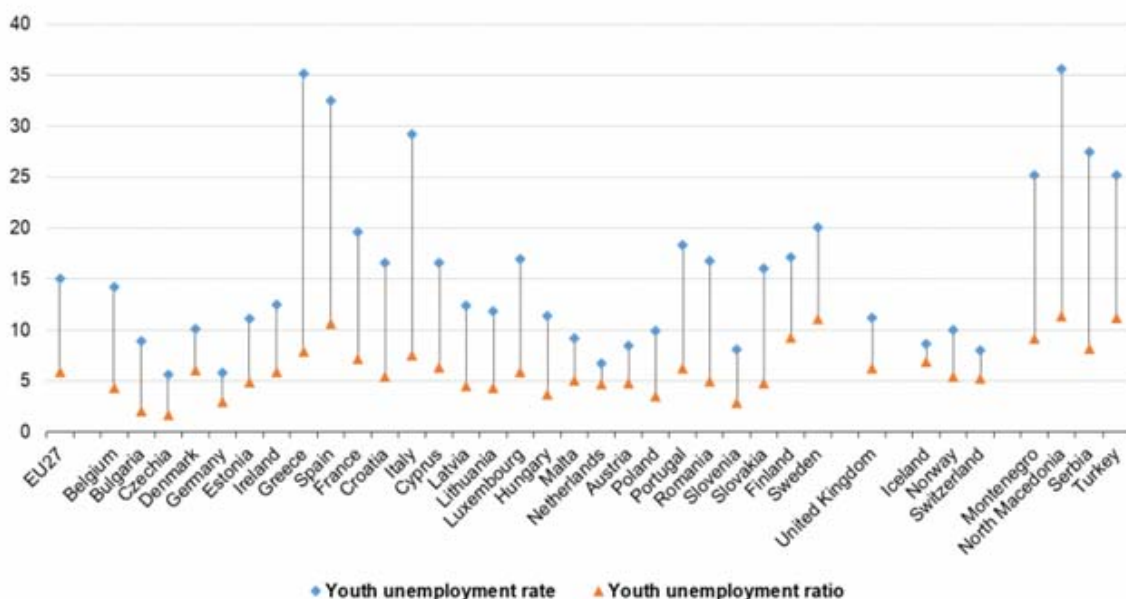


Fig. 9 Youth unemployment across EU-27 countries
 (source: Eurostat *lfsa_urgan, yth_empl_140*)

An integrated policy framework to support young people in securing decent jobs in the current context is critical for the future socio-economic progress of Romania. Policies are required to generate a sufficient number of decent jobs, to equip young people with the skills required for those jobs, to ensure that they enjoy social protection and have rights at work.

World Bank data show the trend of the youth unemployment rate in the past 10 years (Fig.10) and since 2015 is decreasing significantly, which is very encouraging.

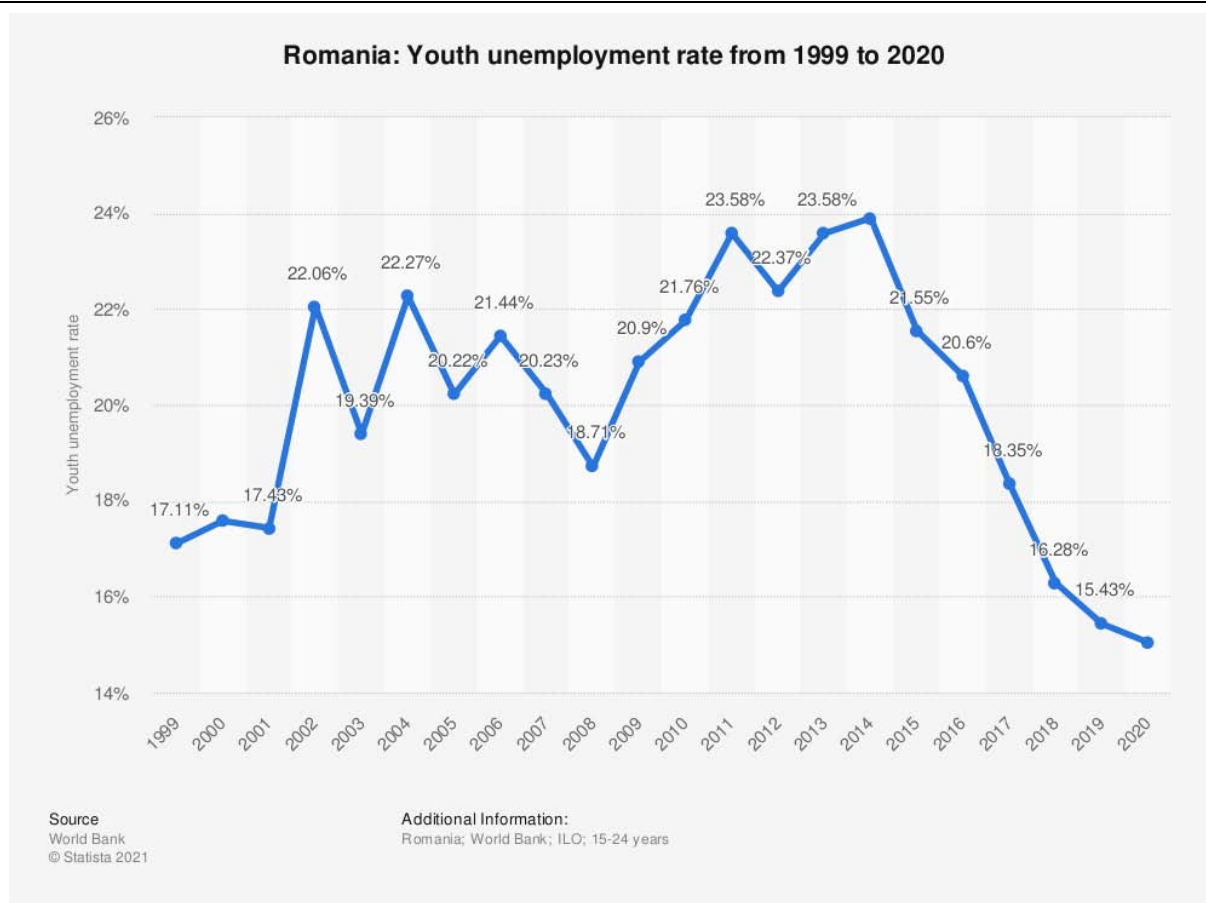


Fig 10. The evolution of youth unemployment in Romania
 (source: World Bank, Survey name: World Development Indicators, worldbank.org.released at Dec.2020)

Young people are facing various difficulties accessing the labor market, some of them seek support to overcome them, others are caught into the NEET situation⁴, being the most vulnerable category of the active population.

Globally, in 2020, more than one in five (22.4%) young people aged 15-24 are neither in employment, education, or training (NEET), and two out of every three of these NEETs (67.5%) are young women (ILO,2020)

Young NEETs continue to represent a problem in Romania despite some recent improvements (Fig. 11 and 12).

⁴ NEET = not in employment, education or training and is used to refer to the situation of many young persons aged between 15 and 29 years old.

Young people (aged 20–34) neither in employment nor in education and training, by sex, 2019

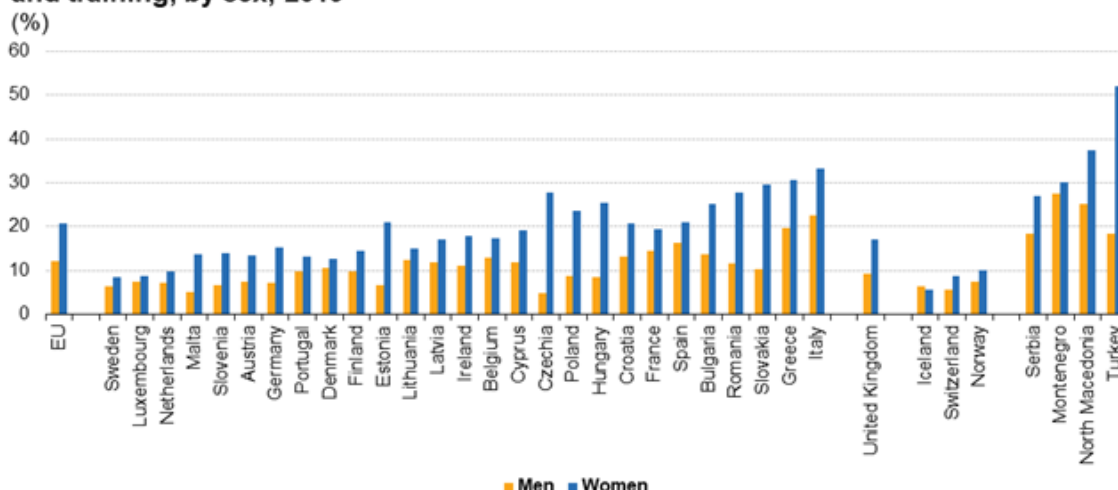


Fig. 11 The NEET statistics, per country
 (source: Eurostat online data code edat_lfse_20)

The share of NEET has increased following the economic crisis at the EU level and in Romania as well but has started to decrease since 2015, dropping from 20.9 % to 16.6 % in 2020, driven by the measures taken at the national level (Tabel no 2). Nevertheless, it exceeds the 2020 EU average (13.7 %). The Romania NEET statistics show a decreasing trend from 2016 (20.9% -the peek) to 2020 (16.6%) but at a slow pace (Fig.13). The NEET decreasing level has been driven by the reduction of early-leavers from education. In 2020, the NEETs with upper secondary and post-secondary non-tertiary education count 15.1% compared with only 8,2% having tertiary education(Fig. 13). However, according to the World Bank, the main reasons for leaving school are financial (high non-fee costs of participation), pedagogical (low quality of education), and personal (lack of motivation, etc.)

Tabel no.2 The evolution of NEETs in Romania compared to EU average (%)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
European Union - 27 countries (from 2020)	15,4	16,0	16,1	15,7	15,2	14,5	13,7	13,1	12,6	13,7
European Union - 28 countries (2013-2020)	15,4	15,9	15,9	15,4	14,8	14,2	13,4	12,9	12,5	:
Romania	19,5	19,3	19,6	19,9	20,9	20,2	17,8	17,0	16,8	16,6

Source: Eurostat ([EDAT LFSE 20](#))

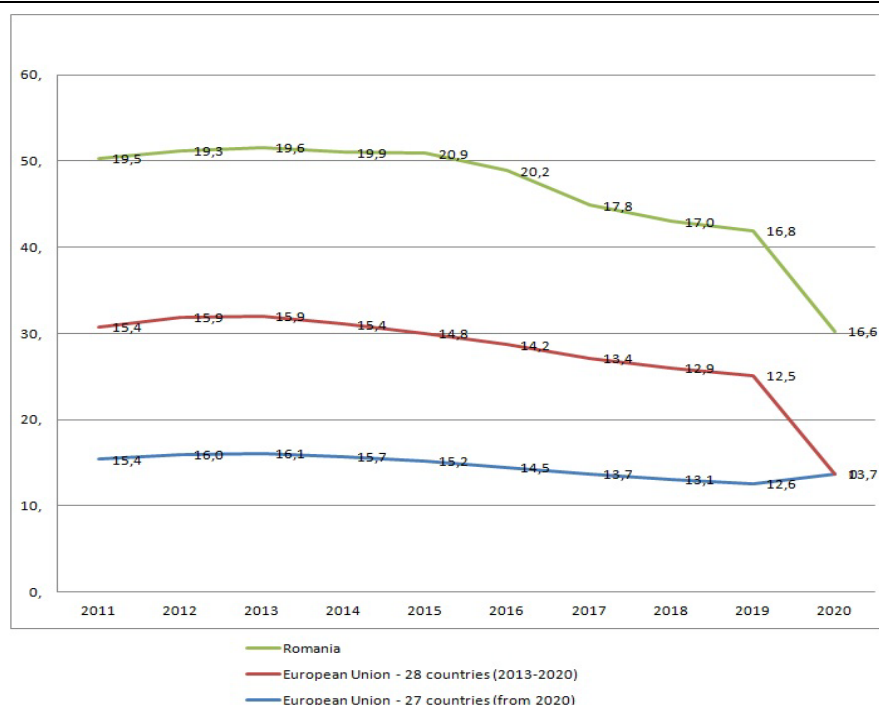


Fig.12 The NEET evolution (%) in Romania compared to EU-27(EU-28)
 (source: authors' representation based on Eurostat data, [EDAT_LFSE_20](#))

The unfavorable labor market for young people in Romania generates a specific interest from governmental institutions (ANOFM⁵), studies have been made to analyze the situation of young people who fit NEET demands, meaning those "not in employment, education or training". The analysis is based on data obtained during field research. The research used both a qualitative approach (one focus group with young people) and quantitative (questionnaire-based research) and the results of this analysis are presented in a report, part of the NoNEETs project. The research revealed that the NEET category meets many obstacles in trying to find a job. So they are not provided credibility and the necessary trust to demonstrate that they are competent to perform their work seriously and responsibly. Moreover, the study revealed the main barriers to access labour market, as follows (Ceausescu&Gug, 2014):

- the disparity between jobs and everyone's qualifications,
- the lack of experience in the labor market. Other obstacles that they have encountered are
- insufficient remuneration,
- family problems
- lack of legal documents to be signed upon completion of the probationary period

A more recent study (Vasilescu &Epure, 2016) demonstrates that the young NEETs who completed tertiary education face barriers related to the mismatch between skills and competencies acquired and employers' requirements for current vacancies existing on the labor market. Employers are investing less in training programs dedicated to their new young employees, preferring those who already have experience in the field. Also, even though workforce mobility in the EU is encouraged, young Romanian with tertiary education are less mobile than their peers having secondary education.

⁵ ANOFM – National Agency of Labor Force Occuancy

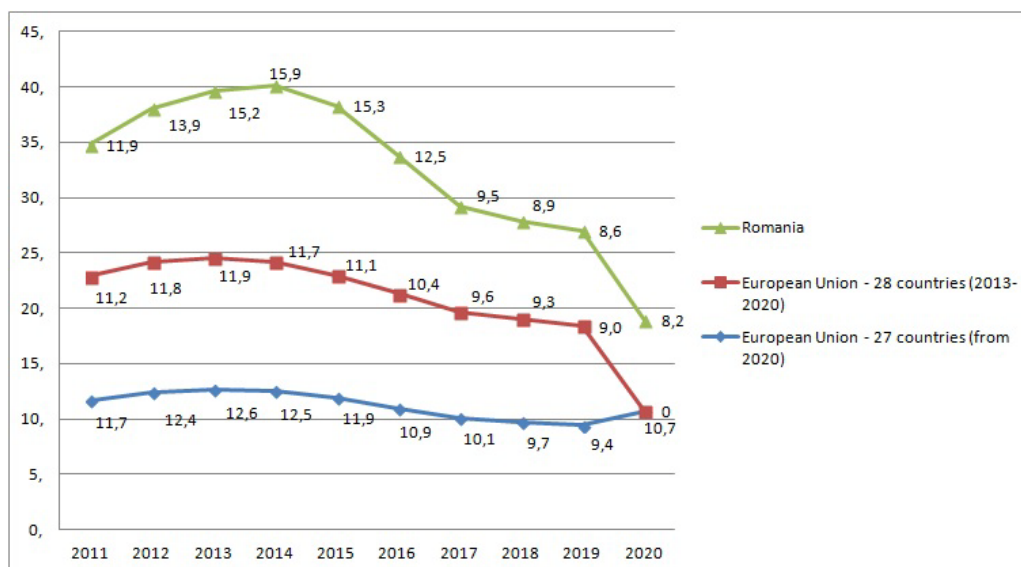
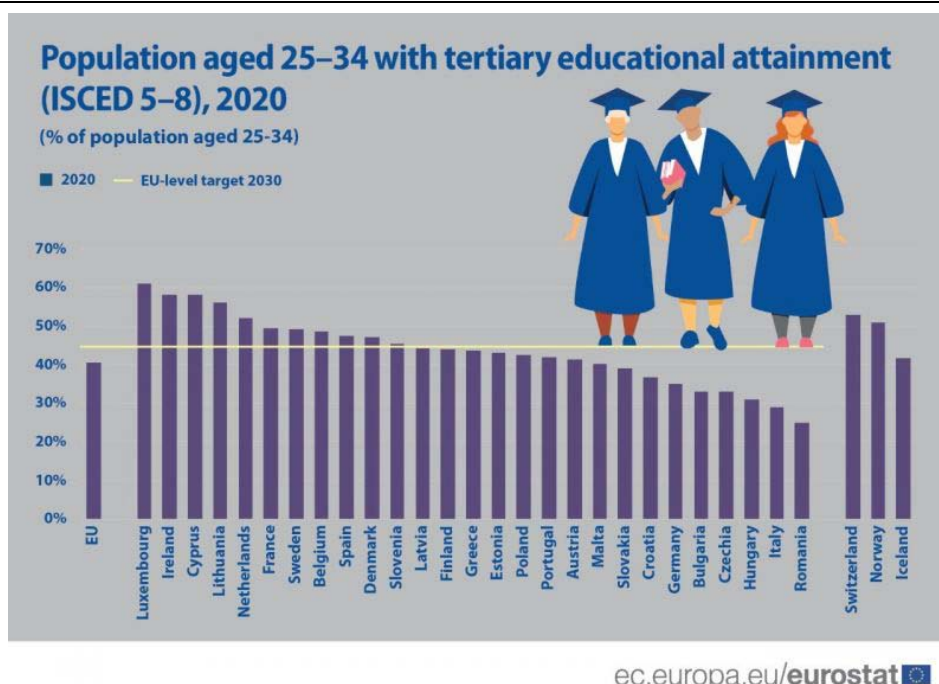


Fig. 13 The NEETs evolution - young people with tertiary education
 (source: authors' representation based on Eurostat data [EDAT LFSE 21](#))

The level of education plays an important role in decreasing NEET percentage, young Romanian with tertiary education is only 8.2% compared with the total NEET of 16.6 % in 2020. So, investing in education can be seen as a solution to overcome the labour market access barriers. Romania has the lowest number of young people who graduated tertiary education in all EU countries, and it needs to make considerable efforts to overcome the existing gap and to meet the 2030's target(Fig. 14).

In 2018, tertiary attainment for the 30-34 age group — measured as a European benchmark— declined to 24.6% from 26.3% in 2017. This is significantly below the EU average of 40.7% and below Romania's national Europe 2020 target of 26.7%. Gross enrolment rates have not only remained low but have been decreasing since 2009 (European Commission, 2018).

The study exploring causes of NEET in Romania reveals that 90% of respondents mentioned that bonuses offered to institutions and companies are insufficient to keep them motivated to keep their jobs. Also, most young NEET people (80%) believe that studies bear high importance and have expressed interest in the further study rather than an immediate job, but financial difficulties are leading some of them to work instead of studying (Ceașescu & Gug, 2014).



ec.europa.eu/eurostat

Fig. 14 EU young population with tertiary education, breakdown per countries
 (source: EUROSTAT – tertiary education statistics)

The Romanian NEETs composition has been also explored by Eurofound in research conducted in all EU member states (Fig. 15).

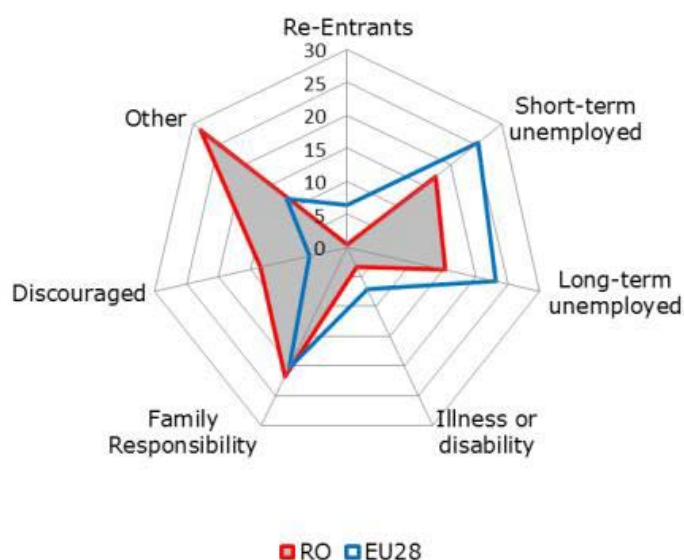


Fig. 15 Romania's NEET composition, 15-29 years old
 (Source: Eurofound – Exploring the diversity of NEETs: country profiles)

Therefore, policy-makers should take into consideration developing special funding schemes dedicated to young people interested to complete tertiary education and that is in line with Romania's objective to reduce the gap of tertiary education attainment compared to the other EU member states.

"Investing today in the employment of young people means investing in the present and future of our societies," said Guy Ryder, ILO Director-General and we agree with it.

Unfortunately, in Romania, the investment in education remains low in EU comparison, and funding mechanisms to support equity are weak. In 2017, general government spending on education was equivalent to only 2.8% of GDP, significantly below the EU average of 4.6% and the lowest percentage in the EU (EU Education and Training Monitor, 2019). This low level of funding reflects both the underfunding of education policies at national and local levels and Romania's strong GDP growth in 2017. Traditionally, underinvestment is particularly felt in pre-university education.

In this context, ensuring that graduates possess high-quality labour market-relevant skills remains a challenge. The ICT sector is expected to continue to grow in the coming years but will face labour shortages; skills shortages also exist in the health sector, in skilled trades, engineering, transport, and distribution (Manpower Group, 2015; Cedefop 2017; Cedefop 2018). Employers report that graduates often lack soft skills but possess good, though overly theoretical knowledge (World Bank, 2018).

Despite all difficulties, the employment rate of recent tertiary education graduates is high and increasing (89% in 2018, EU average: 85.5%). For example, Romanian authorities have developed a methodology to track whether graduates occupy jobs requiring a higher education degree in their field of study, a tracking system for graduates is not in place. Also, for the moment, a global or sectoral assessment of skills needs is lacking (European Commission, 2019). For these specific reasons, the 2019 country-specific recommendations also call on Romania to *'improve skills, including digital, notably by increasing the labour market relevance of vocational education and training and higher education'* (Council of the European Union, 2019).

Looking at employers' requirements one can identify some important skills and competencies that prevailed. The highest demand for IT skills required is office suits literacy, which is not surprising as this still is the primary communication channel dictated by the professional work environment. The incremental importance of working within software development environments shows the growing need to bring this topic closer to a broader population of future talent, which may be explained by the increased automation within the BPO industry. ICT professionals belong to high shortage occupations for Romania according to Skills Panorama CEDEFOP. First, high-skilled graduates are mainly employed abroad ("headhunting" of tertiary education graduates is particularly widespread). The share of ICT specialists with tertiary education (EQF levels 5-8) decreased mainly due to external mobility for better jobs. Second, updates in learning curricula do not keep up with technological advancements. Third, there exist outdated teaching methods and a scarcity of trained teachers. Fourth, there are low levels of non-cognitive skills that are required to boost entrepreneurship and efficient management (risk assessment, strategic approach, etc.). Besides, pre-university education (second level and post-second) does not deliver the necessary skills for graduates to be employed in the sector. There is a need for supplementary training on the job and lifelong learning courses. Young people need support in their efforts of looking for employment, but the role of schools, universities ends at graduation. What happens next? Is the question that needs answers coming from various actors such as employers, youth organizations, training providers etc.

In Romania, one in five young people is not in employment, not in education, or other training programs (NEET), which means that it is a waste of the labor force that is not contributing to the country's GDP growth. Therefore, we believe that interventions to improve access to youth in the labor market are necessary

and can produce good results. The recently released systematic review on “Interventions to improve the labour market outcomes of youth” (Kluve et al. 2018) identified 113 rigorous evaluation reports to include in its meta-analysis, 74 of which have been released since 2010. The main findings of the review were also encouraging: overall, youth employment interventions can produce positive job and income effects for young people (ILO, 2018).

Supporting young people entering the labour market has been done by different actors that have implemented youth policies, EU-funded projects, and training companies acting as intermediaries in the process. Some of these initiatives are detailed below.

- National Agency for Employment - ANOFM – started in May 2019 the implementation of a 60 months-project dedicated to NEETS youth – ACTIMOB 3 RMPD „Activation and mobility for NEETS youth” – providing training, consultancy to a special target group of young people. The projects aim to support 11.146 young people seeking employment

- Romanian Agency for Regional Development (public authority) – South Muntenia implemented the project „NoNEETs – Permanent Training and Assessment Programme to NEETs Young Adults for their inclusion in the labour market and EU society” from Nov.2013 – Oct.2015, financed by LifeLong Learning Program⁶

- Adapt2jobs – a 18 months (2014-2015) project financed by the POSDRU – Romanian program for the development of human resources – aims to redesign academic curricula according to labour market requirements (Epure et al., 2015). A representative sample of employers has been interviewed to identify the basic skills and competencies required for the young graduates seeking their first employment.

- LifeInJobs⁷ offers recruitment and selection for companies, leasing of personnel, training for candidates and trainers (psychological testing, job description, CV, preparation for interviews etc). The training courses offered are: Time management, Efficiency in communication, Work ethics, Leadership.

- Centrul Roman de Politici Europene (www.crpe.ro) (Engl. Romanian Center for EU policies) – developed projects dedicated to youth entering the labor market, a recently implemented project refers to Social Entrepreneurship.

Also, Romania relies on EU support to manage youth-related issues. The Youth Employment Initiative (YEI) is one of the main EU financial resources to support the implementation of Youth Guarantee schemes until 2023. Typically, the YEI ensures the funding for projects aiming to develop: apprenticeships, traineeships, job placements, further education leading to a qualification, etc. The YEI supports the implementation of the Youth Guarantee. Under the Youth Guarantee, Member States should put in place measures to ensure that young people up to the age of 25 receive a good quality offer of employment, continued education, an apprenticeship, or a traineeship within 4 months of leaving school or becoming unemployed.

The EU launched it in 2012 to provide support to young people living in regions where youth unemployment was higher than 25%. In the years 2021-2023 there is an opportunity for the Member States to increase their YEI and European Social Fund resources to help young people affected by the coronavirus crisis thanks to the additional EU funding available under the Recovery Assistance for Cohesion and the Territories of Europe (REACT-EU) initiative.

⁶ <https://www.adrmuntenia.ro/proiectul-noneets-destinat-tinerilor-neincadrati-pe-piata-fortei-de-munca-a-ajun/static/882>

⁷ <http://www.lifeinjob.ro/en/index.php>

3. Results and Discussions

Youth unemployment needs to be addressed with coherent and effective policies meant to facilitate youth access to labour market, to support youth efforts to attain tertiary education which makes them less vulnerable to crisis, to reduce NEETs through targeted measures. Romania has important gaps to overcome especially in education, a sector which is heavily underfinanced compared with other EU countries. Investing in teachers' training, modernizing curricula through discussions with employers on what skills are needed, developing new training opportunities leading to new qualifications are some good investments assuring better access to labour market and, in the long run, an increase in youth productivity and economic prosperity for our nation. Several initiatives have been identified, policy-makers developed strategies and instruments to support their implementation, but the lack of continuity and an insufficient GDP's allocation to education kept the youth unemployment problem on the agenda of each new government.

A wide range of projects have been implemented and are still under implementation targeting the vulnerable category of youth unemployed. All these projects have two basic components: counseling & career advice and training. The success of each project is measured through the final results, eg. a significant decreasing rate of youth unemployment. But, to generate significant improvements, all these initiatives public or private, need to take into consideration young people's needs and being able to suggest tailored measures.

The main questions that arise are:

1. Do we have good knowledge about the needs of the people we are trying to support?
2. Do we understand why certain conditions, such as youth unemployment, exist?
3. Do we have a clear objective of what we want to achieve?
4. Are we building on existing experience and evidence when designing our training course to fulfill this objective?

Therefore we suggest a clear and systematic approach to youth unemployment issues. It is desirable to have a step-by-step approach, each step should be supported with adequate resources and the efficiency of measures should be monitored constantly.

Step. 1 Diagnosis – Understanding the labour market constraints faced by young people. A national survey on “*Job seekers' perception of labour market entry barriers/constraints*” will reveal the real problems and findings will empower policy-makers to address in a targeted manner to most acute ones using budgetary allocation more efficiently. Also, based on the country report's findings, a set of entry barriers that young job seekers need to overcome can be identified. Assessing the local labor market allowed a better understanding of what employers are looking for in terms of skills, competencies, personality types of entry-level employees. Matching information from both, the curricula can be modernized accordingly, emphasizing the practical aspects which enable youth to perform better in seeking and getting a job, such as better communication skills at interviews, or drafting CV with highlights on specific skills that help them better.

Step 2. Who needs what? Set up a mechanism able to facilitate the stakeholders' consultation – a survey for example to be conducted periodically among employers for a better understanding of what are their current requirements for entry-level jobs. What and when internships can be provided and how employers can be incentivized to made employment offers to the best young interns. Based on consultation results, publically available, the private or public initiatives will emerge, educational offers tailored to solve talent scarcity existed at locally or nationally level. Why? Well, because labour supply can be defined as the attributes that determine young people's employability – education, skills, health, cognitive abilities, etc. – and their ability to access productive employment (ILO, 2018).

Step.3 - Elaborate targeted policies able to solve current problems. Policies implementation should be monitored using simple and powerful tools. Experienced trainers, HR specialists, and academics should work together in designing short-term/long-term policy recommendations depending on what is relevant for the labour market. Targeted policies required a more effective budgetary allocation, which means better spending of public money.

Step 4 – Feedback mechanism to report the results – any stakeholder being able to easily identify what was effective and what was not. The next round of policy measures will be more targeted, more effective, and less expensive.

Romania developed and implemented policy measures aimed at increasing employability and further promoting greater participation in employment among the younger generation. These policy initiatives targeted three main categories: measures related to education, employment-related measures, and measures to facilitate the transition from school to working life. The educational policies mainly include measures to prevent early school leaving and reintegration measures for those who come back to school. In this regard, measures to support youth employment are represented by republishing the law claiming apprenticeship work through subsidized support, employment for young graduates, a viable and competitive job market for graduates, training courses, retraining or reconversion courses provided for free to people listed in the County Employment Agencies. These measures were financially supported but unfortunately, to our knowledge, consistent studies have not been conducted to evaluate their efficiency level.

Moreover, the Romanian Government adopted the concept of "youth guarantee" that young people are given within four months since becoming unemployed, the so-called good quality offer to fill a job; the specific objectives and directions of activity of the National Strategy for Youth Policy 2014 - 2020 aiming to improve youth participation in the labor market and develop the capacity of young people to find suitable jobs according to their professional training and skills.

4. Conclusions

Youth unemployment is a phenomenon with various causes and it is the responsibility of the government to identify them, evaluate the chances to eliminate or diminish their influence, and take action through effective policies. Romania needs young talented people able to build their future in the homeland, having a significant contribution to economic growth, and enjoying good employment conditions and personal welfare. Policy-makers should act responsibly today and be aware of the consequences of their policies for the next generations to come.

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