

YOUNG LABOR MARKET IN THE GLOBAL CRISIS

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Abstract. *New strategy regarding economic growth and employment in the EU, "Europe 2020 – A strategy for smart, sustainable and inclusive growth", adopted by the European Council in March 2010, offers an overview of the development of Europe in the decade two XXI century, aimed to drive out of the current financial and economic crisis, but also to transform the EU into a smart, sustainable and inclusive growth, with high levels of labour employment, productivity and social cohesion.*

This paper presents a brief characterization of young labour market at global, European Union and national level during the current financial and economic crisis.

Of the many problems facing young labour market, in this paper is analyzed the evolution of unemployment population aged 15-24 years.

In this paper are presented a series of the best practices from European Union countries to minimize the rate of youth unemployment, and their employment on the labour market. Also, are presented some of the advantages of using young labour in achieving the objectives of "Europe 2020" strategies.

Keywords: *youth, unemployment, crisis, high technology, best practices, sustainable development*

JEL Classification: E24, J21, J23, J24

1. Introduction

Economic crisis of the end of the first decade of XXI century produced a significant decrease of economic activities, accompanied by loss of millions of jobs.

In the European Union, young (15-30 years large group) is, according to Eurostat statistics, one-fifth of the total population. Although currently, modern Europe offers unprecedented opportunities for young people, however, young people face challenges (aggravated by the economic crisis) related to educational and training systems and labour market access.

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Youth unemployment is very high, ranging from 21.8% in 2010 and to 21.9% in 2011. In this context, target of labour employment, 75% for the population aged 20-64 years in “Europe 2020” Strategy, requires improvement measures / ways of transition of youth to the labour market.

With a population of 21431298 inhabitants on 1 July 2010, Romania faces about two decades of decline, population growth is negative (in 2010 there was a birth rate of 10.0 per thousand live births, equal to mortality rate per thousand inhabitants).

Age structure of population reflects a process of aging by declining of the share of young (0-14 years) from 18.3% in 2000 to 15.1% in 2010 and increasing proportion of older (65 years and over) of from 13.3% to 14.9% (2010).

Problems faced by young people in the labour market have a significant impact on their living standard, their families and the national and international communities whose members are.

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2. General characteristics of the labour market during the crisis

The crisis had a high social cost in Europe, with a strong increase in unemployment. Eurostat Statistics, estimated in November 2011, about 23,674 million unemployed in EU-27, an increase of 55,000 in the EU-27 and 45,000 in the euro area. Over the same month of 2010, unemployment increased by 723,000 in the EU-27 and over 587,000 in the euro area.

Employment rate of population aged 15-64 years decreased in 2010 in the EU-27 by 0.4 percentage points from 2009. Values higher employment rate of people aged 15-64 years at the EU-27 (64.1%) were recorded in twelve Member States: the Netherlands (74.7%), Denmark (73, 4%), Sweden (72.7%), Austria (71.7%) and Germany (71.1%), thus exceeding the target set for 2010 Lisbon Strategy (70%). Four countries

recorded an employment rate in the same category of employed population between 60-70% (Fig. 1), and the rest of the employment rate between 55-60%. The lowest employment rate was recorded in Hungary (55.4%).



Figure 1. Employment rate, by age in 2010.

Data source: Eurostat Statistics (online data code: lfsi_emp_a).

Compared with 2008 and 2009 for most Member States, in 2010 was a deceleration in employment. In eighteen Member States reduce employment rates ranged between 0.2 and 2.9 percentage points (reduction registered by Bulgaria). In Luxembourg, Poland and Hungary in 2010 the employment rate remained the same value as in 2009 (Figure 3), and others have recorded slight increases in employment rates: Malta (+1.0 pp), Sweden (+0.5 pp), Belgium (+0.4 pp), Romania, Germany (+0.2 pp) and Austria (+0.1 pp).

In the context of the "Europe 2020" Strategy, the employment rate for age group, smaller, from 20 to 64 years, should reach 75%.

However, in 2010, following the financial crisis, this indicator decreased by 0.4 pp to 2009 and by 1.7 percentage points compared to 2008. For this age group, also, in 2010 the employment rate was higher among men (75.1 pp) compared to women (62.1 pp), although its decrease compared to 2008 was more pronounced (2.8 percentage points for men, versus 0.7 percentage points for women).

Youth unemployment is an issue that occurs more frequently in analyzes global, European or national level because, in parallel with serious worsening of the main indicators reflecting the situation of young people on global labour market, young people share in the total population is continues to decrease, thus determining the increased aging of the population.

International statistics indicate that the most serious problems of aging are found in developed countries and the European Union. But this, in contradiction with the fact that, these countries can provide the highest level of education and decent living for young people. Most young people are concentrated in poor areas with limited access to education, and an unsatisfactory level of living.

For employment young, global participation rates fell from 53.8% in 2000 to 50.9% in 2010, which means that currently, only every second young person is active on worldwide labour markets.

Among the causes that determine the number of inactive young in the labour market in the world, is not only the economic turmoil, but also more active recruitment of young people in the educational process. Thus, more and more students continue their studies up to 23 to 25 years, are not employed in the meantime, but, not being considered as unemployed. However, the increase of education level, not contributes to reduce the problems facing youth in the labour market, their employment rate continued to decline in 2009.

Population aged 15-24 years represented in the EU-27, from 1 January 2010, 12.1% of the total population. In Romania, young people represent 13.9% of country population. The higher percentage of the population aged 15-24 is found in Lithuania (15.3%), Latvia (14.5%) and Slovakia (14.5%).

The problems faced by young people in the labour market have a significant impact on their living standard, their families and the national and international communities whose members are. The most important effects of inactivity youth are at risk of poverty, inability to play an active role in society.

At the end of 2010, the number of young unemployed was estimated around 5.33 million people.

The highest values of unemployment in 2010 were registered in Spain (41.6%), Lithuania (35.1%), Latvia (34.5%), Estonia (32.9%) and Slovakia (33, 6%). Romania had a youth unemployment rate of 22.1%.

The analysis of Eurostat data indicates that in most Member States, the unemployment rate for young women in 2010 was higher than that of

men (Figure 2). Unemployment among young women was lower than men in Poland (3%), Italy (2.6%), France (1.5%) and Cyprus (1.2%) and Portugal (0.6%).

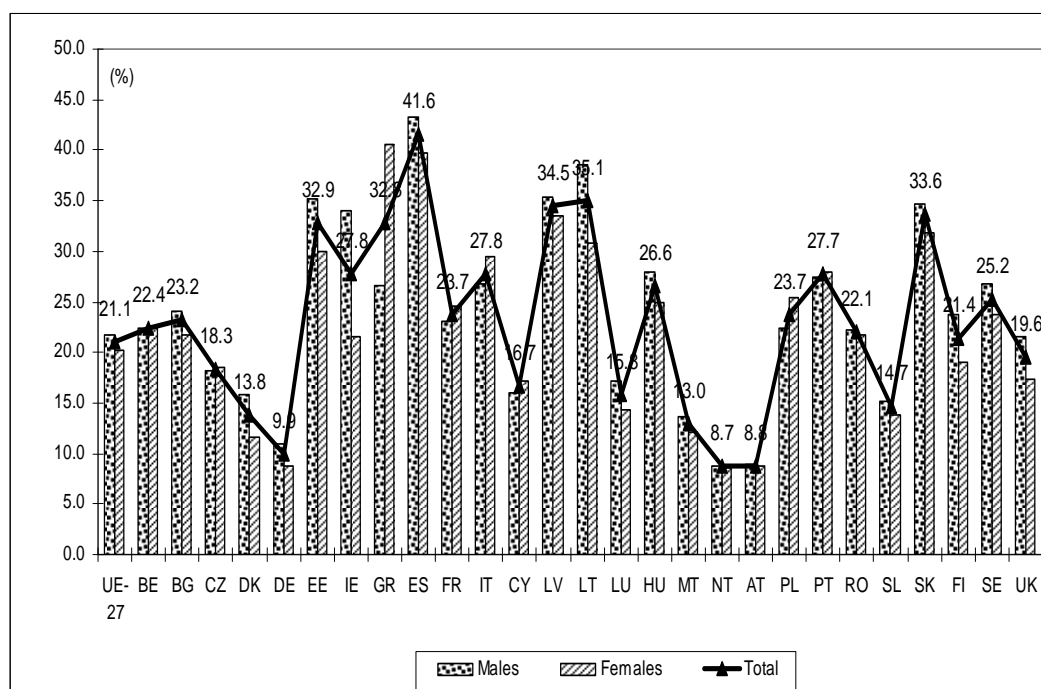


Figure 2. Youth unemployment rate in the EU-27 in 2010.

Data source: Eurostat Statistics (online data code: [une_rt_a])

Youth unemployment rate is dependent on their level of training. So, the analysis of fourth quarter 2009 and 2010 data, show that in 2009 unemployment was higher among educated young pre-school, primary and secondary (levels 0-2). Exceptions were made only Greece, where youth unemployment rate to secondary education, post-secondary and foremen (levels 3 and 4) was 5.6 percentage points higher than the registered unemployment rate in young pre-school education, primary and secondary education (levels 0-2). In Romania and Cyprus the differences between youth unemployment rate with higher education and those with 0-2 or 3-4 level studies are significant.

Comparative analysis of youth unemployment rates with different levels of study reveals that both in the 2009 and in 2011 in the large majority of Member States unemployment rate was even lower as the level of training was higher. Only in Greece, Romania, Cyprus and Portugal, the unemployment rate of young graduates was higher than the others.

3. Youth unemployment in Romania

According to data from the National Institute of Statistics of Romania, the unemployment rate in Romania, for people aged 15 to 19 years and 20 to 24 years in 2010, reached the level at 27%, respectively 21.2%. The evolution of main macroeconomic indicators reflecting labour market situation of young people in Romania during the transition, not evidence the positive evolutions for people aged between 15 to 24 years. However, the few existing jobs in the country were fully exploited, which cannot be said of many European Union countries.

Data provided by the National Agency for Employment (NAE) indicates that the structure unemployment by age group at the end of 2011 was as follows: 81,911 unemployed were under 25 years, 35,494 unemployed aged between 25 and 29 years, 108,536 unemployed were between 30 and 39 years, 119,909 unemployed were between 40 and 49 years, 58,564 unemployed were between 50 and 55 years, 56,599 unemployed people aged over 55 years.

Statistics analysis of the evolution of unemployment, indicate that the structure of registered unemployed by age and kept development in the period 2008-2011, with regular amplitudes, the crisis did not affect this structure.

Most unemployed (276,900 people) came from rural areas. At territorial level, the number of unemployed decreased in 8 counties recorded decreases in Dolj (with 1011 people), Iasi (375 people), Maramures (with 348 persons), Neamt (201 people). In Bucharest the number of unemployed decreased by 32 persons.

Increases of the unemployed were registered in the counties: Galati (822 people), Alba (773 people), Suceava (666 people), Covasna (491 people), Valcea (466 people), Bistrita-Nasaud (360 people) and Cluj (326 persons).

The counties with the largest share of the unemployed not total unemployed were in 2011: Virginia (77.20%), Buzau (74.72%), Dolj (74.13%), Galati (73.24), Braila (72.69%) and Covasna (72.24%).

One of the causes, that contributing to the increase of youth unemployment in Romania is inconsistency between education and labour market requirements. In other words, the educational system in Romania, first, does not prepare professionals to work in specialties required by market, and second, has an overabundance of students in specialties for which does not require labour market.

The Romanian state has allocated over 61 million in 2010 to reduce unemployment in the country. Businesses to hire unemployed individuals can receive financial support amounting to 50% of new employee wages for a period up to 12 months.

4. Elements of good practice in youth labour market in the European Union

Current economic recession has imposed and requires governments to intervene strong on labour market, especially in youth employment.

In short term, the main objective is to ensure that newcomers, as those who have already experienced difficulties in finding a job to maintain contact with the labour market.

In many Member States have adopted some measures to reduce youth unemployment rate and to employment the young people on the labour market.

Most of good practices in EU countries (involving direct or indirect financial costs of the state) have an important role in minimizing youth unemployment rate, in the appropriate planning conditions, and more detailed and can change their situation.

Among good practice in the youth labour market in the European Union, can be mentioned:

- in Ireland, in 2011 was launched a program that envisaged the creation of 2000 new jobs for young graduates of universities of this country, and all expenses related to salary to be paid integral by the State, the duration of the grant is still undetermined;
- Polish companies who employ young people benefit from state subsidies, depending on conditions in the program (e.g. number of young people, duration of employment etc.).
- at EU level of, in early 2010, it was decided to support the business sector and falling unemployment, similar to the Polish experience: every company who employ a person registered as unemployed for more than six months, may request payment in one instalment: 2500 Euros (one pay-off). In parallel employers are exempted from paying social security contributions for 24 months, or can choose the exemption from social security contributions for 36 months;

- in Poland was initiated to create a vocational training school in specialties required by the labour market and work directly with businesses. The courses are on a relatively short period (several months), and aim to optimize the economic agents requirements. After graduation graduates the young people are directly engaged in the partner companies of this schools;
- in Poland, courses were organized for a period of 12 months strictly specialized in certain fields, and have been organized for people who require advanced knowledge, practical skills and have already studies in this field;
- pronounced subsidies of the Polish academic specialties who enjoy by a high demand for specialists in the labour market, respectively, moderate subsidize or zero for the specialties with the highest number of unemployed;
- the end of 2010 the European Commission finalized microcredit program for young people. The program budget amounts to 100 million Euros and is addressed to young unemployed people who have difficulty in the contracting a loan from commercial banks;
- in Estonia is organized unemployed youth clubs, in order to intensify the process of finding a job through collective effort and exchange of experience in the search process;
- increasing the number of employees working part-time regime in Germany, so a job is divided between two employees working with reduced time and therefore, they have the possibility to continue searching for a job and still get a salary;
- organize by the Greek government organizations of professional orientation courses to reduce youth unemployment;
- in 2010, in Netherlands, have invested over 16 million for increase basic school enrolment rate for youth and lengthening the duration of studies;
- diminution of social security contributions for employees aged up to 26 years in Sweden;
- employers of young people aged up to 29 years and of women are partially exempt by the social contributions for a period of five years in Turkey.

The current economic crisis can be the opportunity to solve some problems faced by many young people during the transition from school to employment, who are at the beginning of their professional journey. Especially, governments should prevent young people to abandon school early, without qualifications and to remedy some of the labour market

asymmetries that exist in many European countries and who disadvantage the young. In many of European countries, among the most frequent obstacles to integration in employment of young people are: high cost of labour, large imbalances in the legal provisions regarding the permanent and temporary employment contracts, measures for protection of young people from disadvantaged backgrounds, discriminatory practices.

4. Conclusions

The analysis of indicators that reveals the situation of young people in the labour market in the EU, leads to several conclusions, of which:

- Average duration of a job search in 2008-2010 increased significantly, contributing further to discourage young people in seeking a job;
- The discrepancies between employment opportunities of an educated young, and one with no education are also increasing. The duration to search a job for a young professional is lower than a youth with no education, and the rate unemployment knows a considerable difference;
- EU is the region where unemployment is dependent on the education level of young and the employment opportunities decrease proportionally with the decrease years of study;
- During 2010 there was register a greater number of young people who want to continue their studies after a period of rest, being discouraged by seeking unnecessary job, but encouraged to obtain a diploma that, later increase the chances to obtain a job.
- Achievement the overall objectives of “Europe 2020” Strategy, depends on how young people are involved in the actions that are taken for this purpose. Today's youth are expectancy and the potential for future. Young people should be more mobile, more multicultural and technologically skilled, than before.

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