

**”THE LOST GENERATION”
AN ANALYSIS ON THE EMPLOYABILITY OF HIGHER
EDUCATION GRADUATES IN EUROPE.
CASE STUDY: ROMANIA**

Ph.D. Lecturer George CALOTA, „Athenaeum” University of Bucharest,
e-mail: gcalota2003@yahoo.com

Ph.D. Assistant Gabriela ILIE, Faculty of Social Sciences, University of Craiova,
e-mail: gabrielamotoi@yahoo.com

Abstract:

During the last years of the 20th century, the youth’s employment became a central subject for many economic and social studies and reports. The actual economic crisis has generated a lot of challenges for the youths on the labour market. Transition from school to work will be, at least on short term, difficult for the new generation, who will come into concurrence with persons who are already searching for a job. In the same time, employers will become more and more selective regarding new personal recruitment. The main idea of this study is that in the developed societies we may find two important aspects of the impact of crisis on youth’s employment. On one hand, there is an impact on the highly educated youths, who have a high education degree and are preparing to enter on the labour market. During economic recession they are facing unemployment, low wages, and low paid jobs. When economic growth is starting they are facing another problem: employers will be tempted to hire young graduates instead of those who have graduated years before, and who are facing again the risk of being unemployed. In these situations, young graduates in times of economic recessions are often called, in sociological literature, the lost generation.

Keywords: *labour market, employment rate, economic recession, higher education graduates, lost generation*

JEL Classification: *E24, J21, J24*

Introduction

The new European context created after 1990, propelled to the forefront research, and education. The role of universities increase dramatically, thanks to

their education, they become the main pillars of economic progress and society at all levels. For best results, academia must become as light as possible and flexible, to integrate economic and social environment.

We live in an "era of speed" to change, and universities can keep up with these changes only by a large opening towards the outside, towards other stakeholders. In the current economic instability, young people - both men and women - are experiencing the emergence of a sense of insecurity about their own chances to begin "well" in the labor market. The global crisis, social reality facing all societies has brought to the fore the idea of fragility youth labor market.

According to the report called "*Global Employment Trends for Youths*" at the end of 2009, 81 million young people in the world had a job. In some societies in developing and even some developed societies, the impact that the crisis had on youth is felt mainly in the form of unemployment and a "hazard" social which is associated with short-term inactivity. The problem of youth inactivity for a period of time is considered to be a major departure from the labor market, many studies showing that the transition from school to work in a time of economic recession can leave its mark on generations of young people affected by this downturn.

Why is the theme of insertion of the labour market? For youth unemployment and the situations in which young people are forced to give up their search for a job or to work in poor conditions have a strong impact on the economy of a society, the families of these young people on their personal and professional development on society in general. The lack of a decent job, especially if it occurs during a short period of time after completion of an education institution may compromise a person's future prospects and its professional, not infrequently leads to social exclusion. Most young people who fail to find a job will not be able to earn an income, they will be assisted financially by their families. At the same time the company loses its investment in education results.

1. Insertion of graduates in the labour market. European statistics.

One way of assessing the capacity of higher education institutions to transform students enrolled in the prospective qualified employees is to highlight the relationship between the rate of graduates and entry rate, resulting in what is called graduation rate / graduation.

Employability of these graduates of particular interest, given the evolving labor market: the level of education attained by the general population in recent decades progressed and new graduates reach currently in a labor market in

competition with other graduates who have experience is stronger than ever. In summary, the results of higher education, I suppose, more specifically, the number of graduates, the adjustment of recent graduates to labor market and their level of job satisfaction.

Transition from school to work and work integration of young people is a major problem, with a strong economic and social impact, being both an important measure of external efficiency of the education system.

Unfortunately, there are big differences in the levels of education in the development and implementation of monitoring systems graduates. The most advanced in this regard seems to be vocational training, where the expected results of the Phare initiative that has developed and applied a methodology for assessing the employability of TVET graduates (School of Arts and Crafts, year completing and high technology).

A recent survey among students in higher education shows that they want wider access to higher education and that universities should open up cooperation with the professional and lifelong education. For example, an overwhelming percentage (97%) of students believe it is important that students be given the knowledge and skills they need to succeed in the job market¹.

In the end of 2008 year, the European Union, about a third of the population aged between 25 and 34 years, completed some form of higher education. This percentage has been increasing in almost all Bologna signatory countries. From a report by Eurostat, conducted in early 2009, it appears that most graduates, in 2008 were female².

We can note that unemployment is always tied to age. Indeed, young people who have recently graduated from college (last two years) often have problems entering the labor market, and this is reflected by the high rate of unemployment compared to their counter-potential with more experience.

In about half the countries Bologna area, 20% or more of young employees who have a university degree are overqualified for the position they occupy (vertical mismatch - mismatch vertical - n.ns.). This inadequacy is more common in men than women, but the situation varies from country to country depending on the level of development of each company. Obtaining a diploma in services involves very often, engaging in a post that has no connection with the area in

¹ *Procesul de la Bologna – reforma universitatilor in urmatorul deceniu*, Bruxelles, aprilie 2009, p. 2, www.europa.eu.

² *The Bologna Process in Higher education in Europe*, Eurostat, 2009, p. 115.

which the qualification. According to self-assessments carried out among employees, between 3% and 10% of graduates were employed in a relevant diploma of graduation, but in a different domain than the studies (horizontal mismatch - mismatch Horizontal - n ns.)³.

The comparison made by experts of the European Union among the countries of our continent does not establish a clear link between the level of education (population aged 25 to 34 years) and the part of employees holding a post which is not in their theoretical skills. In fact, in many countries the Bologna process, almost a fifth of employees is facing a vertical disparity, regardless of the percentage of graduates in the same age⁴.

While youth is an exceptional resource for the renewal of any society often this potential is not sufficiently exploited, most often because of inefficiencies that exist in the labor market across Europe. According to reports made by the Statistical Office of the European Union - Eurostat, in 2000-2008, there was "deterioration" in terms of employment the employment of young people recorded simultaneously, a decrease of activity and growing unemployment among this population.

With regard to youth employment in Europe there is a difference between young people who have left the education system. The employment rate of young people aged between 15 and 29 years who have completed some form of higher education is much higher than that of young people who have left school without a diploma. Exceptions are some countries, such as Turkey, Greece, Italy, Portugal, Sweden and Denmark. Currently, young people leaving the education system without qualifications are not quite ready to have a job. In most cases, they left school, during school, course of study, as it is considered by specialists as providing minimal luggage required for their successful insertion in the labor market and participation in lifelong learning.

We can also speak of occupancy higher among men than in women. Even the unemployment rate varied according to sex: the young male is an increase in the unemployment rate, at all ages, whereas in women, it is decreasing.

Young people are the most important segment of the European population who occupy positions that are often poorly paid work carrying a lower level of skill. In most cases, graduates are obliged to refuse access to rights "social citizenship" that are guaranteed, so far the workers by the European social model. All these

³ *Ibidem*, p. 7.

⁴ *Idem*.

factors contribute to delay access to adult life that depends on independence from the family home and the ability to make responsible choices, reported the desire to start a family and have children

After graduating from higher education, many young Europeans change their status in the labor market, even to the point of withdrawing from the labor market for a long period of time or to resume studies, before finding a job that provide career prospects and a certain stability, especially economics. But even among those young people who pass very quickly from school to work, there are cases where the employment contract is concluded for a limited period of time and employment prospects it offers are limited. If some poor young people who have jobs and / or temporary rapidly evolving towards a more stable job and promising, others fail to out of the precarious situation of under risk of poverty, unemployment, inactivity.

In a report analyzing the transition from school to work, entitled „*Des emplois pour les jeunes*”, conducted by the OECD, we identified two groups of young people who face many difficulties to stabilize the labor market after graduating forms of education: the youths 'labor market leftovers' and youth group "debut, but with an insert failed" in the labor market.

The first category includes those young people who have no diploma, no qualifications, who are agents of the immigration process belonging to minorities and / or living in neighborhoods / areas disadvantaged in rural and remote areas. The incidence of this group of people can be assessed based on the number of young people who have no job, have no education and are not included in some form of education.

In 2006, this group had a share of 12% of all young people aged between 15 and 24 years in Europe. Of these, three out of four young men outside the labor market, either because they were unemployed for more than a year, either because they were inactive and were not looking for a job. It is very important that these young people, "left out" to be assisted in the process of reticle of a job as soon as possible, once they have left the education system. It is also important that they be encouraged to attend training courses from which to obtain a particular qualification or a diploma recognized. Otherwise, they may remain in a prolonged idle, which causes a "sadness" persistent personal and social cost to society.

When it comes to youth employment in developed societies there are two important aspects of the economic crisis. There is an impact on the crisis on young highly educated, who have just completed their higher education and preparing to

enter the labor market. During periods of "boom" economy they face fewer problems at work. During periods of economic recession they are facing long-term unemployment, low-wage, and jobs in areas for which they are overqualified. When starting the economy recovers another problem arises that young people face: employers will be tempted to hire fresh graduates over those who graduated a few years before the latter was hit again by term unemployment or inactivity long. In light of this situation, generations of young people who are fresh graduates when a crisis starts are appointed in some studies, the phrase The Lost Generation (lost generation - n.ns.)⁵.

The second group of young people who are experiencing difficulties is the "junior youth labor market integration but trouble." They often possess a diploma, they need more time to stabilize and adjust to work, even during periods of economic growth. Also, turn the part that oscillates between temporary jobs, unemployment and periods of inactivity. This second group represents 20-30% of all young people in Europe, and is much larger in continental European countries and Japan. For this category of youth is necessary to adapt the general functioning of the labor market to make it so that they may quickly gain access to jobs that provide conditions and better career prospects in their careers.

In the last years of the twentieth century, the issue of youth employment in jobs back in the spotlight, the subject of numerous studies and expert reports made by economists and sociologists. Theme to employ young graduates of the companies concerned and strongly developed in western or northern European countries where employment situation was relatively (or apparent) good (such as, for example Sweden, Germany and the UK). This interest manifested throughout Europe, the desire to succeed escalating youth unemployment, resolving difficulties in the transition from school to the labor market and employment insecurity solving short term.

Please note that, at European level, numerous studies were conducted after which revealed that there is a close connection between youth labor market performance and level of education, income and education level of their parents. Moreover, the results represent a confirmation of sociological theories formulated by Raymond Boudon. It's about inequality of opportunity theory, according to which entry into professional groups of the upper layers of the status of the parents

⁵ Study „Lost generation”, published in *OECD Observer*, nr. 279, may 2010.

is that they put in unequal positions and prevent them to move to higher levels of the hierarchy⁶.

Research conducted in Europe confirms that children who come from families with higher income levels were three times more likely to have access to higher education. In sociological literature to describe this reality, we use the term intergenerational mobility⁷. The fact that financial and cultural level of the parents influence children's educational and professional success can be explained based on two important premises:

- in most European countries is facilitated access to higher education by the state but also by the student (through tuition fees). However, according to Eurostudent Survey, students are still financially dependent on their parents, the family contribution for part-time vacancies to complete their university studies⁸;
- depending on the quantity of information sources available at home, the frequency of discussions on culture, attending theaters or concert halls, children can have better or worse outcomes in education.

2. Youth employment in the Romania job market

In Romania, according to a study by the National Institute of Statistics, conducted in 2009 and applied to young people aged 15-34 years, one year after the end of study, 33.6% of graduates who had sought a job were busy. Of university graduates had a job 60.9%, while the corresponding share of high school graduates was 35.0% and 14.6% for those with low education level, 39.6% of people living in urban areas had a job compared to only 26.3% for rural⁹. In early 2010, human resources specialists argue that the labor market in Romania is still not ready to absorb New Graduates, provided that they pay down their claims and demonstrate the basic knowledge required for the position. *"I don't think there is a surplus of young candidates at this time. The situation is less tragic in big cities, but it depends on how the economy will evolve in the coming months, as the following fall (2010) we will be hit by a pronounced reluctance of employers in*

⁶ Raymond Boudon, *Efecte perverse si ordine sociala*, Editura Renaissance, Bucuresti, 1998.

⁷ Dumitru Otovescu, *Sociologie generala*, Editura Beladi, Craiova 2009.

⁸ Eurostudent Survey 2005-2008: *Students and Economic Conditions of Student Life in Europe. Final Report*, 2008.

⁹ Study „Integrarea tinerilor pe piata muncii”, published by National Institute of Statistics, Bucuresti, 2010.

what concerns the recent graduates" said Claudiu Ciortea, *sales&placement manager of Talent Stream.*

Moreover, some recruiters following scenario advancing: companies prefer hiring people with at least two years experience in entry-level positions at the expense of graduate because it comes on the same salary that I would give him and the student, but brings know-how (knowledge). In this way employers pay the same amount for an experienced employee, saving costs for training programs¹⁰.

In late 2009, a year after the end of study, 33.6% of graduates who had sought a job were busy. Among those who had graduated from university, more than half (60.9%) had managed to find a job, compared to only 35% of graduates with education. The social environment of residence has an influence on the professional success of an individual. For example, we can say that on 1 December 2009, 39.6% of urban residents had a job, compared with 26.3% for those who were living in rural areas.

In the second quarter of 2009, 5.923 million young people who have been ad-hoc, 58.8% lived in urban areas, 52.2% belonged to the age group 25-34 years and 50.2% were women. Of their total, 3.698 million young people aged 15-34 years (62.4% of target population module) were graduates of at least medium (secondary and higher education)¹¹.

In a report by the National Institute of Statistics, in February 2010, stated that the 3198 had at least one significant job until the time of the study (82.0% of all young people who have left the national education system). Of these, 54.9% were men and 56.8% resided in urban areas. The first job, many young people were employed (75.6%) and worked full-time (92.1%). In most of the transition period between leaving school and starting work on the first significant job, 74.1% sought a job using active methods.

Direct contact with owners or those responsible for hiring (37.9%) and call the family, relatives and friends (37.5%) were the main search methods used by young people find a first significant job. Rate on the labor market of people aged 15-34 who have left education, no matter when, in the run-up to achieve complementary survey was 24.4% at 6 months of leaving education and 33.6% at year after cessation studies.

¹⁰ *Perdantii crizei – absolventii si tinerii fara experienta in munca*, www.wall-street.ro

¹¹ Report „Accesul tinerilor pe piata muncii”, published by National Institute of Statistics, Bucuresti, 2010

3. Conclusions:

It is very important to focus on graduate employability, especially now, in a society where labor market conditions are evolving rapidly, when the standard of living is becoming higher. Currently, new graduates reach, currently on a labor market where competition with other graduates who have experience is stronger than ever. Basically, the results of an education system can be observed, first by the number of graduates, but what is most important, easily adapting them to the requirements of the labor market which is undergoing change. Those wishing to enter active life encounter many difficulties, especially since in most societies - both developed and developing - they are a group of people at high risk. Coping with job loss in a period of economic recession and face a period of unemployment which automatically follows job loss is an intractable situation that puts deadlock on most workers. For most young people being unemployed at the beginning of the active life, there appears to have only a temporary effect on future career prospects and the social position. But for disadvantaged young people who have acquired basic knowledge, a product failure with their first labor market is often difficult to avoid and may expose them to stigmatization long.

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