

## **APPROACHES TO THE PLACE AND ROLE OF YOUNG PEOPLE IN THE LABOR MARKET**

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**ABSTRACT:** *In any country, the labor market is in a state of continuous mobility, with changes in the occupational structure of the labor force, reflecting the main trends of economic development. The growing demand for certain occupations and the difficulties in finding a job for people with obsolete knowledge and professional skills is influenced by several parallel processes, the most important of which are sectoral changes in the economy, competition in commodity markets, globalization and technological progress. The ability of young people to find employment depends on how the labor market is structured and the extent to which there is labor protection legislation, an active labor market policy adapted to young people and effective labor mobility policies.*

**KEY WORDS:** *young people; labor market; employment; unemployment*

**JEL CLASSIFICATION:** *J21, J24*

### **1. INTRODUCTION**

In any conditions of time and space, the economic activity objectively involves the labor factor, meant to systematically valorize the resources in its interest. Like other factors of production, it is obtained through the labor market, which is a subsystem of the economy with a competitive market.

The content of the labor market has been, over time, the object of various theories according to which work is the fundamental value that, through scientific creativity, efficiency and morality characterizes the life and evolution of individuals and human communities at various stages of development.

Characterized by an extremely dynamic and complex content, the labor market reveals the meeting of the demand with the labor supply and establishing on this basis the employment conditions, negotiating and fixing the salaries according to the employees' performances, achieving the mobility of the salaries and the labor force.

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In the current period it is observed that information and knowledge have become more and more key variables of contemporary socio-economic development. At the same time, as development is increasingly based on innovation, creativity and, in particular, the new concept of economic creativity is gaining importance for the contemporary labor market.

Investing in people and their skills is becoming one of the essential active policies for the contemporary labor market and beyond.

The literature has already revealed the importance of investing in education as an essential determinant of contemporary economic growth and development. The tendency of young people to continue their studies (especially post-compulsory education) contributes to the overall development of society.

Moreover, human capital and, implicitly, investment in human capital - especially investment in education - determine the ability of individuals to earn, as well as their employment prospects.

Education and, implicitly, the investment in education ensure not only a competitive advantage in terms of initial earnings, but also a salary package that can increase, subsequently, in relation to the time spent on the labor market. In most countries, earnings by people with higher education (both men and women) have a accelerated dynamics than those of workers with a lower level of education.

## **2. YOUTH ON THE LABOR MARKET**

The future of the labor market is a matter of constant debate, but despite the fact that experts have differing views on what it will be, there is a consensus that education systems need to prepare young people for an changing economic environment and characterized by uncertainty.

Employers often notice a significant difference in the skills and abilities they expect from young people and the skills they have when they graduate. This situation is also accentuated by the fact that the unemployment rate is high among young people, with limited learning in the workplace, often young people maturing without gaining adequate work experience..

At the level of young people, there are special problems generated by the specifics of this age category, affected by high unemployment rates, lack of experience, lack of skills and qualifications necessary to exercise the desired and / or required professions on the labor market. These elements have brought the issue of the insertion and evolution of young people in the labor market to the attention of national governments and international bodies, materialized in measures designed to facilitate their transition to the labor market through adequate, sustainable and sustainable insertion, in conditions of a dynamic economy. evolution and change.

The European Union's youth employment policies are subordinated to adult employment policies and issues, but are complemented by a broader EU strategy for youth. The EU supports young people in terms of employment, social inclusion and employability, in particular through its Agenda for Jobs, Growth and Investment, the Europe 2020 Strategy and EU funds such as Erasmus +, the European Social Fund (ESF) and the Youth Employment Initiative.

The Europe 2020 strategy also includes initiatives aimed at young people in the labor market. Thus, the Youth on the Move initiative has as general objectives the improvement of the level of education of young people, the increase of their capacity for professional insertion, the reduction of youth unemployment, respectively the increase of the employment rate of young people.

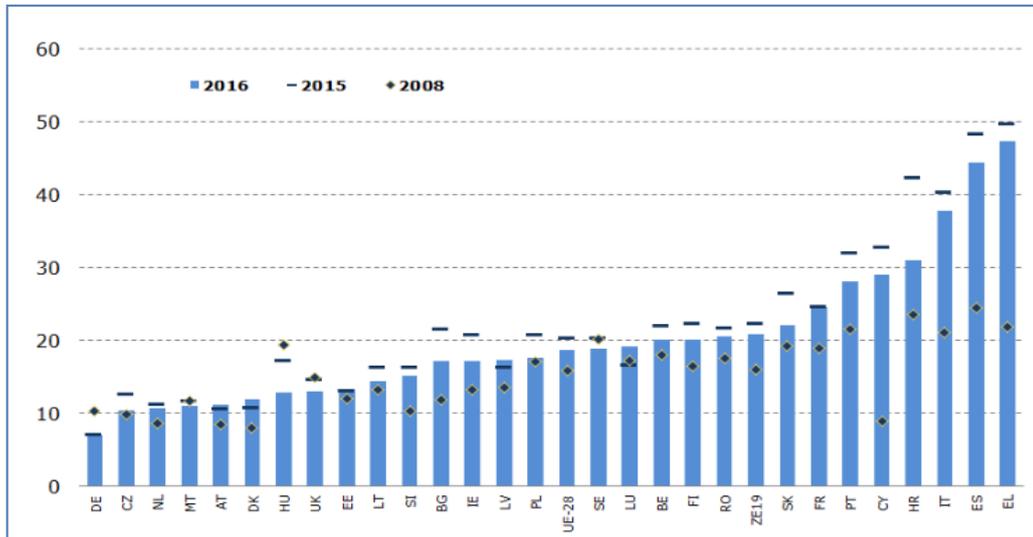
At the national level, the following general factors have been identified that lead to high values of the youth unemployment rate:

- ✓ The level of education of young people; the lowest employment rates being registered in the case of young people with a low level of education, including those with high school education;
- ✓ The number of young people leaving school early is high and leads to an increased risk of becoming unemployed or inactive;
- ✓ Discrepancy between the qualifications, skills of young people and those required by employers.

### 3. EVOLUTIONS AND TRENDS

The situation of young people in the labor market is a major challenge for the vast majority of European countries. Youth unemployment is not a new phenomenon and several EU Member States have been experiencing high levels of it for many years.

The youth unemployment rate is the percentage of unemployed in the 15-24 age group relative to the total workforce in that age group (which includes employed and unemployed young people but not economically inactive young people, more precisely young people who do not work and are not available or looking for a job).



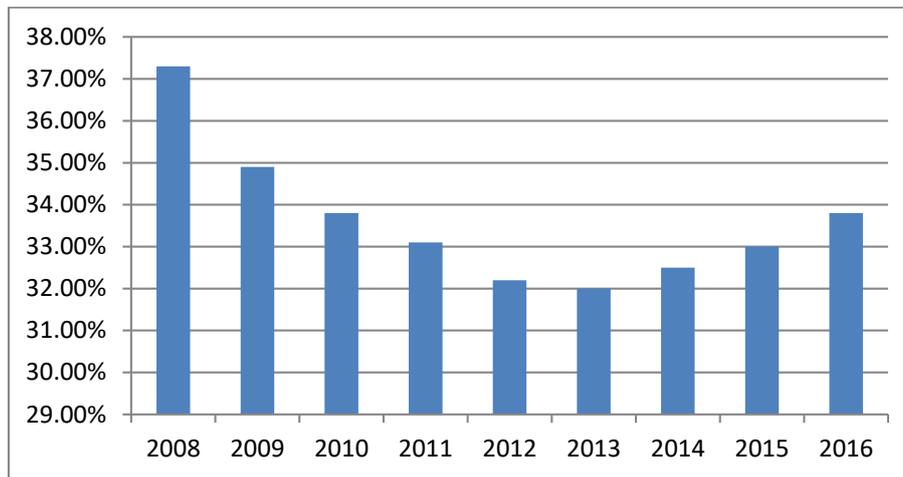
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Figure 1. Unemployment rates among young people (15-24) in EU Member States

The youth unemployment rate in the EU fell from a peak of almost 24% in 2013 to 18.7% in 2016, but is still 2.8 percentage points higher than in 2008 (and more than twice the overall unemployment rate, which stood at 8.6% in 2016).

Eleven Member States experienced a youth unemployment rate of over 20%: in four countries the rate was even over 30% (Greece, Spain, Italy and Croatia). For 10 Member States (Germany, the Czech Republic, the Netherlands, Malta, Austria, Denmark, Hungary, the United Kingdom, Estonia and Lithuania), the rates were below 15%, which means an improvement over 2015, when in this category there were only 8 Member States. The spread of youth unemployment among euro area countries remains higher than for the EU-28, ranging from a low of 7.1% in Germany to a very high level of 47.3% in Greece - Figure 1.

In 2016, the employment rate among young people in the EU continued to rise to 33.8%, up from 32.5% in 2014, but still 3.5 percentage points lower than the maximum level reached in 2008 (37.3%) - Figure 2.



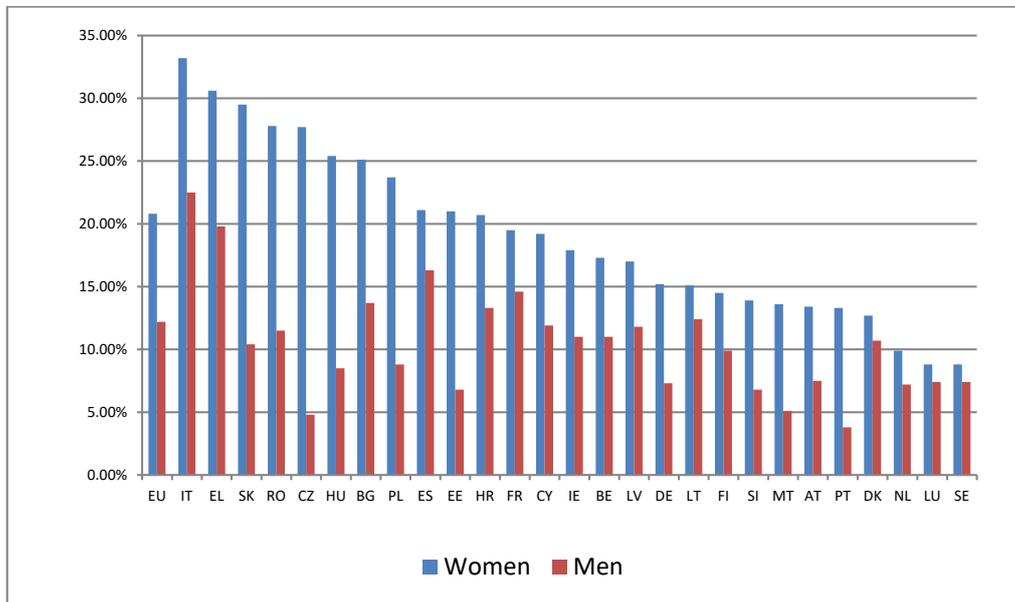
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**Figure 2. Employment rate of young people in the EU (age group 15-24)**

Regarding the NEET's rate, the latest data and analyzes show a declining trend. The indicator quantifies young people without any jobs, who are not included in the education and training system (NEET). It provides information on young people aged 15 to 24 who meet the following two conditions:

- are not employed (for example, unemployed or inactive - as defined by the International Labor Organization);
- have not participated in any training activities in the four weeks preceding the European Union Labor Force Survey.

At the level of 2019, 16.4 % of the 20-34 year-olds in the EU were neither in employment nor in education and training (NEET's) - Figure 3.



Source:

[https://ec.europa.eu/eurostat/statisticsexplained/index.php/Statistics\\_on\\_young\\_people\\_neither\\_in\\_employment\\_nor\\_in\\_education\\_or\\_training](https://ec.europa.eu/eurostat/statisticsexplained/index.php/Statistics_on_young_people_neither_in_employment_nor_in_education_or_training)

**Figure 3. Young people (aged 20-34) neither in employment nor in education and training, by sex, 2019**

As can be seen from the figure above, the proportion of young people neither in employment nor in education and training in 2019 ranged from 7.3 % in Sweden to 27.8 % in Italy.

Romania has a fairly high rate of young NEET's, 19.6% above the EU average of 16.5%.

Within the NEET's population, different categories of people can be highlighted. Thus, we can delimit five subgroups:

- conventional unemployed, the largest subgroup;
- unavailable persons (includes young carers, young people with family responsibilities and young people who are ill or disabled);
- unemployed: those young people who are not looking for work or are not engaged in some form of education and are not forced to do so;
- young people who depend on the opportunity of applicants: young people who are actively looking for work or training, but are exploited;
- NEET's volunteers: young people who travel and are engaged in other activities, such as art, music and self-taught learning.

The five categories include a combination of vulnerable and non-vulnerable young people, people who are extremely disadvantaged and people who are able to choose to voluntarily leave the labor market and education.

Regarding the difficulties faced by young people in general in the transition from education to vocational work, different structural challenges can be distinguished. These relate in particular to labor market segmentation, the performance of education and training systems, the availability of quality work experience and the effectiveness of tailored services and the support provided to young people by public employment services.



**Figure 4. Heterogeneity of the NEET's population**

In fact, the level of education can significantly affect employment rates. Employment rate of persons (aged between 20 and 64) who have completed higher education, for example short-term tertiary education, bachelor's, master's or doctoral studies (or other equivalent studies) ) was 84.8% at EU level in 2019. This level is much higher than the employment rate of people who have only completed a low level of education, namely lower primary or secondary education, which was 55.8%. The employment rate in the EU-27 of people who have completed their education at secondary level at most, namely a non-university upper secondary or post-secondary education institution is between the two previous rates, at 73.4%. These figures may indicate that as the level of education increases, so does the probability of getting a job. In addition to being the least likely to get a job (among the three categories of education), people with a low level of education were the most affected during the last crisis: the employment rate for this group decreased by 5.4 p.p. in the period 2007-2013 at EU level. The corresponding decrease among people with a medium level or a high level of education was 1.8 p.p. (for both levels).

There are also opinions according to which, a person with higher education does not necessarily mean that he will be protected from the phenomenon of unemployment. Currently, the level of education in countries such as Italy, Greece, Romania, is no longer a guarantee that you can have a secure job.

However, the continuing increase in the number of people in higher education brings the EU closer to the Europe 2020 target for the share of tertiary education graduates.

#### **4. CONCLUSIONS**

At present, the integration of young people into the labor market is indeed a challenge for Europe as well as for each of its member states. This process draws particular attention to the various European and national institutions because young people are that exceptional resource, able to bring change and support previous generations, but they are also that part of society that faces a number of specific problems, of which the condition of employment and the risk of a precarious life are the most significant.

In fact, all participants in economic life should adopt the concept of lifelong learning. The high level of education, as a rule, correlates with successful careers and higher incomes. Lifelong learning and a proactive attitude in the workplace are essential for maintaining adequate productivity, facilitating extended working life, in the context of rapid technological change, demographic aging and globalization.

In order to facilitate the integration of young people into the labor market, a number of general actions can be considered:

- Permanent information to young people on the dynamics of the labor market and, in particular, on the structure of labor demand;
- Awareness of young people about the importance of a strong professional and educational training;
- Awareness of young people about the importance of personal marketing elements in achieving success in the labor market;
- Effective career guidance that highlights the concordance between behavioral, temperamental, vocational traits, abilities, skills and the profession/career concerned;
- Adjusting the portfolio of qualification and requalification courses offered by the local Employment Agencies according to the demand for labor in the area;
- More frequent organization of the job market for young people;
- Awareness of young people about the manifestation of a proactive and dynamic attitude regarding the identification of the targeted job;
- Adopt the concept of lifelong learning and acquire new skills in line with labor market dynamics.

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