

## **The Romanian Higher Education and Labour Market - Requirements and Correlations**

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**Abstract.** Labour market can be regarded as a meeting of complex processes, which are the meeting between labour supply and skills characterized by knowledge that an individual has obtained either through completion of an educational institution or by completion of special courses or gained in the workplace and labour demand which depends on socio-economic changes, such as: changes in the sectoral structure of economy, technological, demographic factors, psychosocial factors etc. Changes in Romania, namely the transition process to market economy, started in late 1989, the economic growth generated by the Romanian society reforms and EU rules before and after accession, put their mark on the labour market. To balance demand and supply conditions encountered in the labour market is necessary to improve the education and training system, the most important factors in determining occupational structure, depending the demands of the labour market in which all social partners should be involved.

**Keywords:** labour market, education, the insertion of young people in the labour market, employment

### INTRODUCTION

Education is one of the most important factors determining the occupational structure (Shavit, Muller, 1988) because it draws on the preparation of the educational process of selecting candidates in human resources, and individuals invest in their education in order to gain a competitive advantage in the labour market. The dynamics of occupational structure is reflected directly in the labour market requirements and influence the employment of graduates on the labour market (Ashenfelter, Layard, 1986). Level of employment is an indicator of the education process quality because there is a causal relationship between the employment level and the workforce educational training quality. In this sense, higher education institutions should regularly monitor the employment situation of people with higher education and employment level of their graduates in particular, to identify their results graduates on the labour market.

The labour market is a market whose transaction object is the work factor, a good that meets a set of biopsychological, demographic, educational and professional, and behavioural features that clearly differentiate it from any other goods covered by the exchange relations in other markets. In modern economies, workers sell their labour services to capital owners in the labour market. Therefore, the labour market is the meeting and confrontation place between labour demand carriers (owners of capital as buyers) and labour supply (labour expressed by owners as sellers of specific services).

In terms of balancing labour demand and supply, the labour market is defined as a "barometer of employment in a particular area" (11, 1980).

The labour market may be regarded as a secondary market in terms of size and structure of professional, occupational and territorial demand and, through its educational

system, initial and continuing vocational training, throughout the life of the assets of the individual. This feature is of great importance to understand what is happening in the labour market, to address the theoretical, practical and above all, for the adjustment of interests, and especially the labour market imbalances.

However, the labour market can be seen as a main market in terms of training labour supply, quantitatively and structurally - the quality of the proposed work, the entries - exits from the labour market, demographic and occupational structure - professional and skill of effective mobility propensity and ability etc. (Boboc, 1997). From the above, it appears that the labour market is the market with the most important resources of economy: employment.

## MATERIALS AND METHODS

Starting from the role of labour in society, the paper's methodological approach is the investigation of statistical sources about employment in our country. This deep structure has changed due to inconsistencies between the qualification requirements imposed by the economic environment changes and the training of those who want to work, and inefficient allocation of labour between economic activity factor.

It was used data from various sources, in this case, data from the National Institute of Statistics and Eurostat source. This method has the advantage that it is cheaper and has a high degree of accessibility to data. The necessary requirements are:

- data to be collected from original and current statistical sources, must be real, objective and valid;
- assessment and processing of information must be made with great care.

The demand for labour is statistically measured by the number of existing jobs in the economy, occupied or vacant, etc. Corresponding to the number of statistical indicators of employment is the employment level of population, and the statistical dimension of labour supply is given by employed and unemployed population.

Analysis of statistical indicators by which to measure demand and supply labour to these developments by providing information needed to assess and monitor labour market imbalances and to detect factors that led to these imbalances. Investigation of these factors provide the necessary information to correlate labour supply and demand.

Analysis of theoretical studies and debates on higher education and labour market trends are meant to highlight the most important aspects of socio-economic contexts and laws, and Europe.

The labour market cannot be analyzed separately from the economic context of a country. Each stage of Romania's economic development was accompanied by specific changes in the labour market.

The transition from centralized economy to market economy led to an economic crisis in Romania, manifested by a strong recession and erosion of population living standards. The social costs of transition proved to be much higher than the authorities expected, so that social protection could not be assured to an acceptable level. The consequence was almost a generalization of poverty<sup>1</sup> and the emergence of a social crisis, with conflicting accents.

Romania's EU accession has meant the creation of an economic free trade zones, economic and financial cooperation in support of restructuring the Romanian economy, and not least the free movement of goods, capital and labour all over the Union.

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<sup>1</sup> All households are at risk of poverty and, in all categories, poverty worsened in 1997 compared to 1995-1996. The poverty rate - the share of persons below 60% of consumption expenditures per adult equivalent - in 1997 was 30.81%. (National Human Development Report 1999)

European Union is the largest player in the world commercial market for primarily representing 130 countries, therefore, the economic integration into European structures means access to Romania's largest market in the world, twice as high as that of United States and Japan put together.

After EU accession Romania has paid more attention to resources higher recovery, including human, labour productivity growth, evaluation and effective use of competitive and creative potential of local firms.

Romania's national policy in employment is consistent with the integrated guidelines of this strategy, so that Romania has aligned with the European Employment Strategy.

The European Employment Strategy labour aims to combat unemployment in the EU and was designed primarily as a tool for tracking and coordination of EU priorities in this area. In other words, the role of this strategy is to coordinate at Community level, employment policies.

*The strategy is structured around four pillars, each representing a field of action whose development contributes to better employment at Community:*

1) employability - represents a new culture in the area of employment and refers to the ability to be employed, helping to combat youth unemployment and combating long term unemployment;

2) entrepreneurship - promoting the creation of new jobs by encouraging local development;

3) adaptability - which envisages the modernization of work organization and promotion of flexible work contracts;

4) ensuring equal opportunities - refers in particular to adopt special measures for women to reconcile professional and personal life.

Implementing these strategic priorities character is evaluated regularly through progress reports. One of progress reports on the employment situation highlight two major conclusions:

1. The influence of low economic growth on the evolution of employment rates, and insufficient consolidation of economic growth in order to contribute enough to generate jobs.

2. The need to strengthen legal and institutional system, according to labour market, the following segments: Continue efforts to flexible labour relations, facilitating the integration of graduates in employment and quality employment (encouraging education and training throughout life), adaptation needs, changing the unemployed.

## RESULTS AND DISCUSSION

The labour market in Romania has undergone profound changes resulting from economic reforms in the last nearly two decades, with direct influence on the quality of the human factor. So far the labour market is observed following:

➤ Every year there was a significant increase in unemployment, although unemployment in 2010, recorded in the INS was lower than the EU average. (6.8% to over 9%) (Source EUROSTAT);

➤ Decreasing in the share of industry in total employment;

➤ Increasing the share of agriculture in total employment, although it has fluctuated, reaching a peak in 2000 of 41.4% of employed people, then in 2008 decreased by 28%, rising in 2010 to 31%. The share of agriculture was driven by increased population migration from urban to rural areas, which started from the application of the Land Law in 1991, which have been returned to agricultural land;

➤ Active population has decreased, so that in 2010 population was 10.185.000 persons, of which 9.488.000 people employed and 736.000 unemployed ILO (According to the National Institute of Statistics). Concerning employment structure by sector is as follows: 27% of the population was employed in industry, 40% in services and 31% in agriculture.

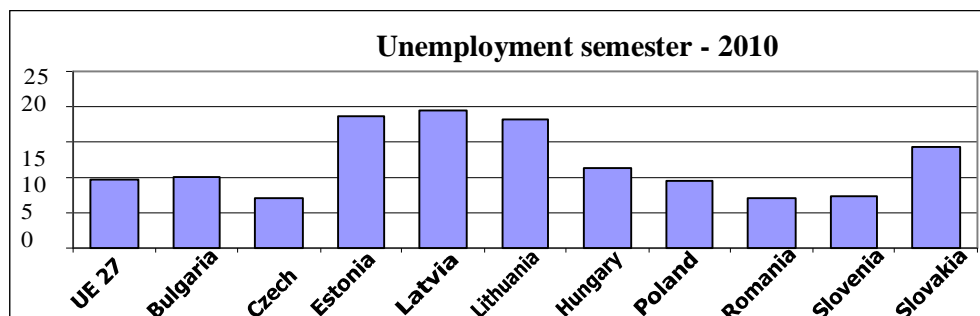


Figure no. 1. Unemployment in the new Member States. Source: Eurostat.

The causes that led to the decline of the working population are:

- reduced production, especially industrial ones, in terms of narrowing the internal market and loss of important foreign market segments, as a result of low competitiveness of Romanian products on the external;
- reducing investment and economic restructuring of unprofitable;
- increasing demographic aging population due to lower birth rates;
- reducing volume and weight of young labour resources (up to 25 years);
- social security and pension reforms, namely the increase of activity rates in the population over 50 years;
- foreign labour migration. Labour migration is estimated between one and two million of the labour population, most of which are short term.

Regarding the employed population by level of education, it is increasing the share of those with higher education. In 2010, persons with higher education were at a rate of 84.7% among the employed population, those with secondary education 63.6% and those with low education level of 45.1%.

Concerning employment structure by age, the smallest share of 25% is held by people aged 15-24, the largest share of 75.7% is held by people aged 35 -54 years. However, studies on the characteristics and unemployment shows that the probability of being unemployed is much higher for young people between 15 and 24 years.

The employment rate of 58.6% in Romania in 2009 (source Eurostat), remains modest in relation to the 70% Lisbon Agenda goal and even below the EU average (60.2%). Objective of increasing employment rates is of paramount importance for Romania, the most important objective of Europe 2020.

In spite of individual EU countries fail to meet target of 70% employment rate, the EU allows member countries to establish national objectives, so each country to outline the strategy according to its particular situation may reach by 2020 of 75% occupancy rate.

More detail, the draft agenda "Europe 2020" takes into account three major forms of economic growth in next decade:

- smart growth (strengthening of knowledge, innovation, education, digital society);
- sustainable economic growth (increase in production efficiency and competitiveness);
- inclusive growth (increased participation in labour markets, acquiring new professional skills and poverty reduction).



Figure no. 2. Employment rate in the new Member States in 2009. Source: Eurostat.

As a member of the European Union, Romania should aim to improve skills, career development and reducing disparities qualification. Thus, Romania achieving these targets is very important because it allows them to cope with competitive labour market and know the labour productivity growth. If Romania does not find a way to increase the employment rate, particularly among young people, it is questionable whether it will be able to achieve a dynamic employment so high over the next ten years. To do this it is necessary to determine the factors that hinder the insertion of young people in the labour market and measures for the control of these factors.

The factors that determine the transition from school to work are: socio-economic context, capital held by young people, knowledge and skills acquired through school and training, employment deficit.

If young people two years ago it was hard to enter the labour market, now it has worsened because of the difficult economic climate. Layoffs, reduction in the number of vacancies, all of which have serious repercussions on young people more than on adults.

Economic development and demand for labour at the local level facilitate or hinder integration into the labour market significantly. So, in an area with high economic potential demand for labour is high, and labour market integration will be easier. Also, the higher wages that characterize usually these areas will encourage young people out of dependence (to family, state or other institutions). In contrast, in areas with lower levels of economic development, employment opportunities decline, and young people will become vulnerable to long-term unemployment because of "inexperience."

Also, another factor is the capital held by young people is essential in this period of transition crossing. Whether we refer to affective and emotional support or the support material/location or the information/opportunities that are accessible through social networks, relationships that young people have with other members of their community anchors can be true of the transition to work. Social relationships, their quality plays an important role in entry and labour market participation.

Individual characteristics take the form of knowledge and skills acquired through school and training and skills and determine both potential young talent to join the labour market. Many young professionals interested in the issue of marginalized advocate *positive results* despite difficult conditions. This means that some young people fail to use personal resources or those of the environment to get out of hostile/difficult conditions they experience in a way that leads to positive results, in our case a good social and professional integration. Also investigating ways in which these young people negotiate their transition to work can provide important information about factors that can facilitate this process, replication factors with the potential of future support programs and policies.

Jobs deficit appears to be but only quantitative aspect of an offer on the expectations / needs of this population. Characteristics are also in qualitative terms deficient: available jobs are generally low-paid and well paid access to the difficult, stable jobs, and the real open to professional and personal development opportunities are reported the number of young people, insufficient. In a marked also offers features, the gap between the aspirations of young people today and what they find employment is required, naturally, as problematic.

Increasing the employment rate can be achieved by creating new jobs. Reduced capacity to create jobs is another problem facing the EU countries, should therefore be identified potential areas generating new jobs and stimulate them.

Since Romania's future lies in a considerable degree in agricultural development, it will be an area where demand for labour will increase outstanding record in the future. Agriculture is considered very important for Romania, both for economic and social reasons, and still an important role to ensure the income of a significant part of the active population, by own employment, while the diversification of activities in rural areas will require complex measures , staggered over time.

Currently, young labour force employed in agriculture plays an important role for rural development. Although people under 40 employed in the primary sector accounts for about 35% of employment of young people are inadequate and unattractive, leading to increased unemployment and migration, particularly of women, both for urban and abroad.

To attract young people in agriculture state must assist the installation of young farmers, to facilitate structural adjustment and development of competitive agricultural holdings to practice sustainable agriculture by improving management and labour revival. These funds can be drawn from European funds and EAFRD including the National Rural Development Program.

At the same time studies of jobs that require the labour market shows that by the end of the decade, the so-called "green jobs" will be booming. Increasingly more companies will require specialists to deploy to protect the environment. Thus, the ecologist will provide a wide range of jobs.

However, studies and data on the contribution of education and training to promote growth, shows that education and training are the main contributors to economic development and progress, any increase in the level of education is an important factor of economic growth.

It identified the need to increase investment in modernizing education and initial vocational training, giving support to develop pre-school education, vocational and technical education and higher education (particularly at the doctoral programs). The effects of these investments should be supported by investments for modernization and quality assurance in continuing vocational training.

However, the development of vocational training can not be conceived without the partnerships built with the contribution of all factors that can influence the system, especially the social partners, and the state and its regulatory authorities, professional associations, suppliers training, civil society, etc.

It requires more involvement of social partners in determining the need for labour market skills, so timely economy have appropriately qualified human resources.

The 2007-2013 National Development Plan highlights the areas of human resources that Romania needs to intervene and develop a program that aims to bring jobs to EU standards. The general objectives contained in the National Development Plan aims to develop human capital, making a lasting adherence to the labour market for many people. According to the Lisbon declaration attempts to diversify the education system and building

the European education space focusing on the practical and the role played by firms in training young people since college.

European Union Member States receive funding from the European Social Fund within a programming period of seven years, developing operational programs that establish funding priorities.

European Social Fund (ESF) is the main instrument through which the EU is funding the strategic objectives of employment policy. The current programming exercise is Human Resources Development Operational Programme, which began in 2007.

ESF intervention in Romania will support the overall objective and specific objectives of human resources development, contributing effectively to the European Employment Strategy and to the overall objective of economic growth and creating more jobs and better.

## CONCLUSIONS

Compared to the above, the following conclusions:

First, the occupancy rate in Romania fell especially among young people, mainly due to the fact that, whatever the level of education completed, requires a longer period of time to adapt to the job requirements, unlike persons with professional experience.

Professional insertion is a problem, especially as regards access to employment, which are of concern to society and retain the attention of students and their families, employers, and Governments because a criteria in the evaluation of higher education. In the same time, professional insertion must be understood as a result of between universities, employers and graduates interaction.

In Romania it is necessary to step up structural adjustment of the labour force, in accordance with the restructuring of the economy and the prospects of integration into the European Union, which means matching offers educational and initial vocational training with labour market needs.

Attraction and retention of as many people in the labour market, reducing unemployment and inactivity, by increasing the supply and demand are key objectives of the European strategy and hence of the strategy adopted by Romania.

To do this is to be undertaken the following actions:

- Improving the system of continuous education and training because they are the most important factors in determining occupational structure;
- Periodic prospective studies of the evolution of the labour market and the provision of school pupils and students in the undergraduate about trends in the labour market, namely: elaboration of studies on the long-term needs of the labour market and the inclusion of scholarship programmes for transition from school to work;
- Insert monitoring and evolution of professional scholarship for identification of the main barriers to seeking and finding a job and facilitate corrective actions for programmes of study and activities specific to the transition from school to work;
- Promoting apprenticeship to work as an alternative for young people with a low level of education and without qualification;
- Developing and supporting the initiatives of the partnership between schools, universities and Enterprise;
- Emphasising measures to stimulate the employment of young people provided by the Public Employment Service (employment, reduction of material contributions to the unemployment insurance scheme, the granting of preferential interest loans for students who wish to open a business);

➤ Increasing the involvement of all partners: businesses and education institutions, employers, Government, trade unions and employers, students, in establishing the necessary skills on the labour market.

An opportunity for the implementation of actions in order to increase the employment rate is the effective use of European funds for the universities and other partners on the labour market need to write programs for accessing European funds, which will help to facilitate employment, indifferent in the case of first employment, returning to the labour market after a break or the wish to prolong working life.

The European Social Fund (ESF) has been financing projects to improve the labour market, human capital opportunities of employment and social integration.

Identifying possible sectors generating jobs and stimulating them is another measure to increase the employment rate. Finally, agriculture and environment protection are areas which should be in the attention of specialists and the Government, because of the common agricultural policy after 2013 will support both performance and diversity of European agriculture. Modern agricultural development through the absorption of European funds would generate economic growth, which by default would lead to the creation of new jobs.

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