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The level of youth unemployment in Europe: causes and consequences

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THE LEVEL OF YOUTH UNEMPLOYMENT IN EUROPE: CAUSES AND CONSEQUENCES

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Abstract: *The economic crisis of 2008 announced difficult conditions for all European economies with unemployment. Youth unemployment is one of the most serious problems of Europe today. Although the Euro zone is out of crises, there were no new jobs, and youth unemployment rate is still very high.*

The main goal of the paper is to analyze the concept of youth unemployment and establish a relationship with the number of graduates of secondary and tertiary education in the European Union.

The main causes and consequences of youth unemployment were discussed and the relationship between youth unemployment and the level of graduation was analyzed. The level of youth unemployment in Europe is worrying; therefore it requires a reduction, so the level of economic growth will maintain the trend.

Key words: *education, youth unemployment, economic crisis, economic growth*

Introduction

The report "Global Risks 2014" produced annually by the World Economic Forum shows that the main things that humanity fears during this period are fiscal crises in key economies, crisis of water sources, the unemployment and underemployment (employees working in positions for which they are overqualified).

The problem of over-qualification or the underemployment phenomenon has become an issue of the global crisis, when most sectors had to do restructuring, ideal candidates are most often the new entrants in the company, students or graduates. Therefore, few job offers

that do not require other qualifications or specializations remained those in the commercial departments (cashier, for example) in the tourism (waiters or bartenders, for which the salary is 400 euro net per month, but earnings can be increased from the tip with 50%) or services.

For many young people, however, the chance of having a job also meant signing a contract with a foreign employer (most often for positions in countries in which they have gone are not wanted, but better paid as a job that requires higher education in their country).

2. MATERIALS AND METHODS

2.1. The situation of youth unemployment in Europe. Causes and consequences of youth's unemployment

In an environment of normality, apart from the necessities of survival, people have legitimate needs and personal growth or to achieve their potential salary is consistently in the top three or top four of the main motivational factors for a job. The situation in recent years, laid strong pressure on the top, so for those who have been fired and came to look for a job for more than 9 months or up to two years, any place work and any salary (as long as it meets the legal conditions) became an opportunity.

Otherwise in many cases, young people who have initially chosen to work on under-qualified positions quite quickly are leaving such a job just because they feel frustrated, even if it brings itself the risk of not having extra income, money for rent or clothes.

Moreover, maintaining a balance between personal and professional life and refusal to remain at a job you do not love became a leitmotiv for the current generation and the main reasons why the younger generation choose to work are either under-qualified positions the absence of professional experience, which they must gain in a way, to volunteer instead they prefer to hire, either the desire to get used to the discipline of a program or need to have their own incomes (any extra money is more important to them than looks) or even the need to bring extra income into the house, if one parent is unemployed or, in extreme cases, both are not working.

Although from early stage young people should choose a job based on what they like to do, the studies graduated and the needs that exist in the labor market, often they make decisions based on what they believe or family or entourage because is "fashionable" or according to their aspirations. Thereby, young people quickly end up quitting career for which have prepared.

The obsession of young people to have a university degree has been increasing especially after the Revolution, when the highest paid and respected employees were college graduates. Since then, hunting university degrees was intensified from year to year and the most difficult periods of economic point of view they have become not having such a high value, so that many young people have turned towards professions that once they rejected them.

On the background migration to the university initiated 10 – 15 years ago, vocational education has been restructured, being closed several schools / high schools, which amplified the phenomenon of migration to the higher education. Lack of candidates in professional area is visible and reported by many companies. It seems that, since last year, a number of young people have thought better and have reoriented, in part based on poor results obtained at the high school graduation exam.

This vicious circle has contributed significantly to the phenomenon of underemployment, indicating that over-qualification refers to those who are forced to accept a lower post and not those who work on the post which they wanted, but were forced by parents also to finish college.

2.2. The situation of youth unemployment in Romania

In Romania, 15% of young people are too educated compared to the market demand, and this rate is higher than in the UK and Germany, according to the International Labor Organization.

The gap between the skills of those who are seeking workplace and Romanian employers' requirements decreased considerably. Thus, in a study in 2013 of the WLO states that this gap decreased by 3,5 percentage points between 2010 and 2011, from 12% to 8.5%, Romania had the largest decrease after Greece.

For the market in Romania the call center has become a first job for a Romanian graduate student who wants to become financially independent, to gain experience in the work field or the refugee of returnees and those who cannot find jobs as translators or language teachers. Within the Computer Generated Solutions (CGS), the largest call center in Romania, 75% of the nearly 3,000 employees are under 25 years, and about 95% are graduates or students. (Report of Computer Generated Solutions)

In 2011, 13% of the employed population in Romania was overqualified for the job that they have, while in Luxembourg, and Portugal the share varied between 4% and 12%. However Romania stood better in this chapter than the UK, Spain or Cyprus, where the share

of overqualified employees vary between 24% and 36%. (Annual Report of the Institute of Statistics 2011)

Annually, over 130,000 young people graduate faculty, but most of them are the operators in call centers or waiters, jump from one internship to another in the hope that they will hire somewhere, and in the worst case become cashiers at the hypermarket. The crisis has created a new young candidate profile eager to hire: with higher education, is willing to work on a low skilled job to earning close to the National Minimum Wage.

Romania is highly affected by the existing of unemployment among young people; youth unemployment is a threat to economic development and democracy in Romania. With each young man who cannot find a job there is a triple loss: the young man is losing hope that his school years are of any use in Romania and often he is moving abroad, the government, instead to benefit from youth work, reaches to pay unemployment benefits or other forms of social assistance, employers have increasingly less highly qualified labor force available.

2.3. Youth underemployment across countries from Europe

All the data were processed and were taken from the Eurostat database. The data used are both absolute values and in percentage values.

With the help of Office – Excel, graphic representations were made and correlations between the different values of macroeconomic indicators.

Graphical representations were made for 13 European countries, being chosen by the place occupied in top. The first four places were chosen and also the last four places plus Romania, Bulgaria, Hungary, Czech Republic and Slovakia.

In the figure below is presented the absolute number of graduates, for the period 2004-2011.

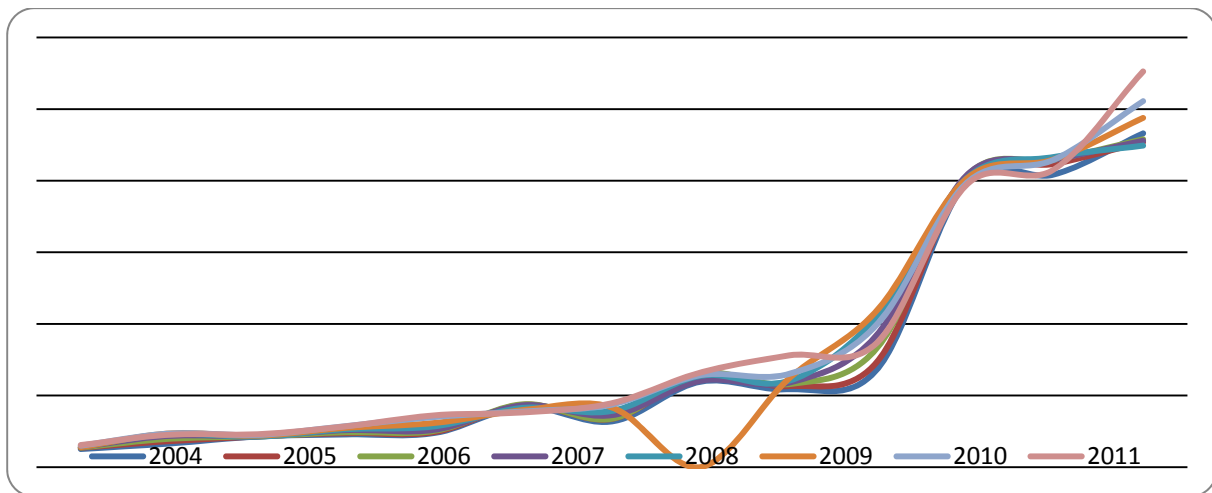


Fig.no.1. Number of students (u.m.)

Source: Eurostat

For the age group 20-24 years, the number of educated young people is the largest in the Netherlands, Norway and Greece, in the middle ranking is Poland, Romania and Slovakia, and the last in Italy.

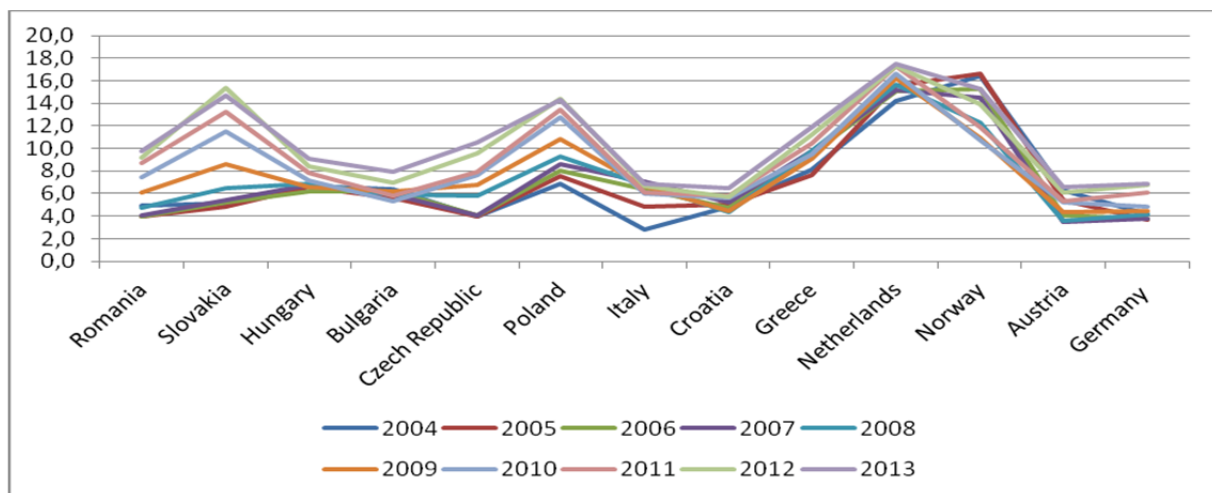


Fig.no.2. Population with tertiary education 20 – 24 years (%)

Source: Eurostat

Quantitative dimension of education can be measured by financial indicators most commonly used for this purpose the expenses on education as a share of GDP or per student expenses in absolute value. Such estimates revealed the involvement and role of governments in providing education and values very different between countries, depending on budgetary constraints.

The European Union countries have a correlated relationship between GDP / capital expenses per student in 2009, but with large differences between countries in terms of absolute values of both variables, the worst case being recorded in Romania and also in Bulgaria.

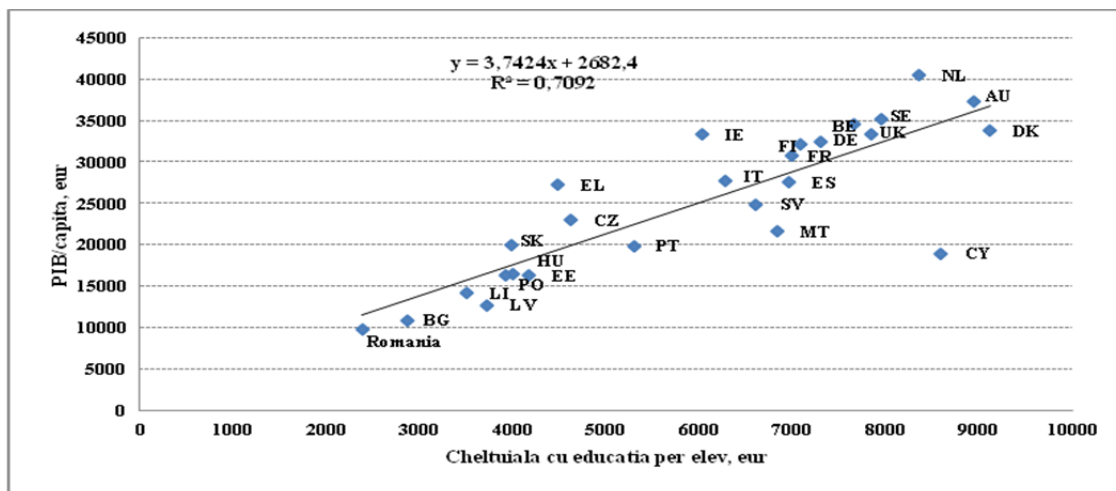


Fig.no.3. GDP / capital versus expenses education per student in 2009

Source: Eurostat

Europe has a high level of unemployment among young people regardless of their educational level.

The countries with the biggest problems related to this phenomenon are Croatia, Greece and Poland, and those that have a low unemployment rate are Norway, Austria and Germany. Romania and Slovakia are at the middle of the rankings.

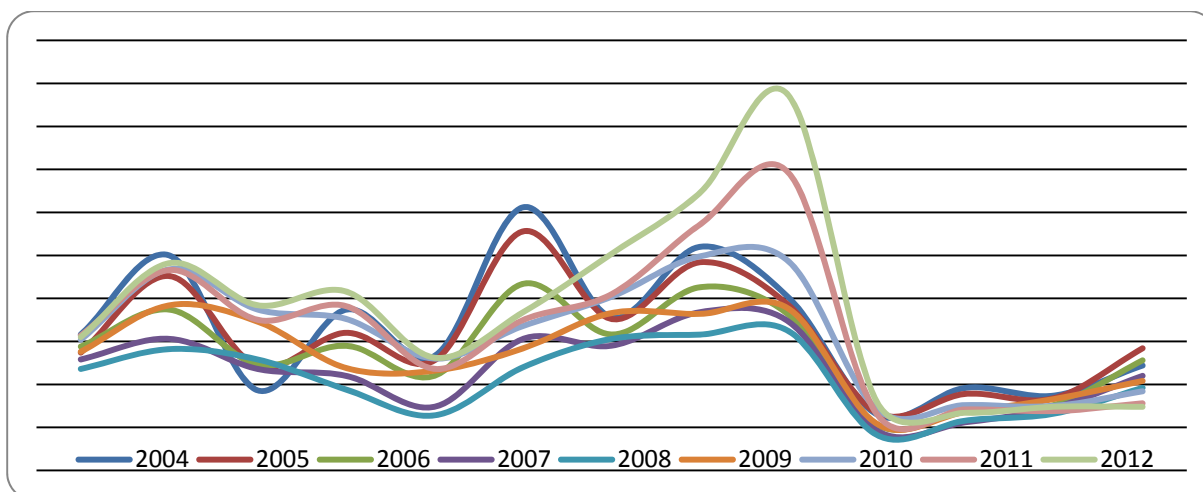


Fig.no.4. Youth Unemployment (all levels of education - 15 to 29 years) (%)

Source: Eurostat

The situation remains unchanged also if we analyze the number of young people who have completed higher education. In last place, with serious problems regarding the unemployment remains Croatia, and the first place are Norway, Austria and the Netherlands.

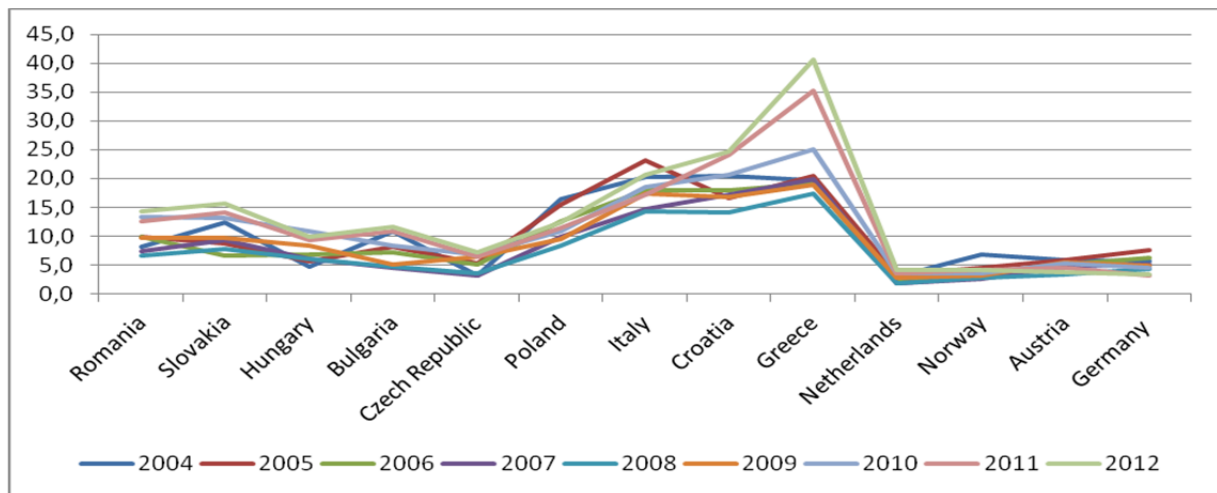


Fig.no.5. Youth Unemployment (%) (Tertiary education 15 – 29 years)

Source: Eurostat

The situation of young people should be a priority for public institutions because the over-qualification or high youth unemployment leads to negative effects for economic growth.

3. Conclusions

The main problem of over-qualification is the inefficient use of human resources and the waste of its potential, together with frustration and stress for those in that situation, who experience either demotivation or boredom, or have a sense of failure.

As long as the economic situation remains uncertain until the ascending trend will not stabilize, we will not see a substantial reduction of this phenomenon. Future development depends very much not only about the economy but also in it needs in various sectors and industries, respectively if and where; they will create jobs and what skills they require.

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