

## The Role of Education in Occupying the Workforce

Gabriela-Liliana Cioban<sup>1</sup>, Daniela Neamtu<sup>2</sup>

Faculty of Economics and Public Administration, University of Suceava,  
ROMANIA.

<sup>1</sup> gabrielac@seap.usv.ro, <sup>1</sup> gabicioban@gmail.com, <sup>2</sup> dana\_neamtu99@yahoo.com

### ABSTRACT

*The theme "The role of education in occupying the workforce" is one of real interest for specialty literature but mostly for decision factors of the region that is being analyzed. The results we obtain will lead to the issue of strategies, solutions and measures that will contribute to the development of society and the increase in the quality of life for the population. The proposed analysis points out that investment in human capital have a significant impact on the economic growth of every country, thus we consider human capital to be more important than any natural richness that a nation can have. At the same time, we see that issuing development programs for the education system will lead to the creation of new jobs and to the increase in supply and demand for goods and services. Applying the development programs for human resources require that national decisional institutions and professional development centers be continuously active in the region of study. Partnerships between the business environment, education institutions (both higher and secondary education), research institutions, employment agencies etc contribute to a lower unemployment and economic growth for the studied area. The results confirm the importance of investment in education for developing certain areas of activity where competition is high.*

**Keywords:** Active population, Unemployment rate, school abandoning rate, education level, works satisfaction

### INTRODUCTION

The discussion of this theme requires a brief analysis on the status of education and the professional development of population in the region that is being studied, in a growth period of the knowledge-based economy. This period stands out due to an explosive evolution of IT&C (internet, mobile phones, social networks etc), of R&D and innovation, as well as population's easy access to updated information. Having results of scientific discoveries as they are being made was the strength element of the beginning of the 21st century. Together with the century-specific needs and demands of individuals, they lead to economic growth and general population wellbeing. We explain this population wellbeing concept by using factors such as: education, health, clean environment, decision power/ability, risk-taking, re-inventing business etc. The necessary condition in order to have wellbeing in a population is therefore its economic growth. On a national and international level, economic growth is embraced and sustained by all economic agents and is considered to be a fundamental determinant for the increase in economic competition and the creation of new jobs. We can see why creating new jobs are important when we look at results that show high unemployment rates for certain social categories, low standards of living and quality of life. The same results also place our country on the last place in the EU when it comes to the population's standard of living compared to other members of the EU.

In Romania, the population's standard of living is low as a result of the increase in the poverty risk and social exclusion. Romania's poverty risk rate has reached 41%, while the

European average is 24%. In these conditions, it is necessary that the European Union primarily focuses on protecting at least 20 million people against the risk of poverty or social exclusion, as part of the Europa 2020 plan. This objective is fundamental, especially since the beginning of the 2008 economic crisis, when the number of European citizens exposed to poverty or social exclusion risk increased by a troubling 8.7 million (not including HR), thus reaching 25.1% of the EU 28 population in 2012.

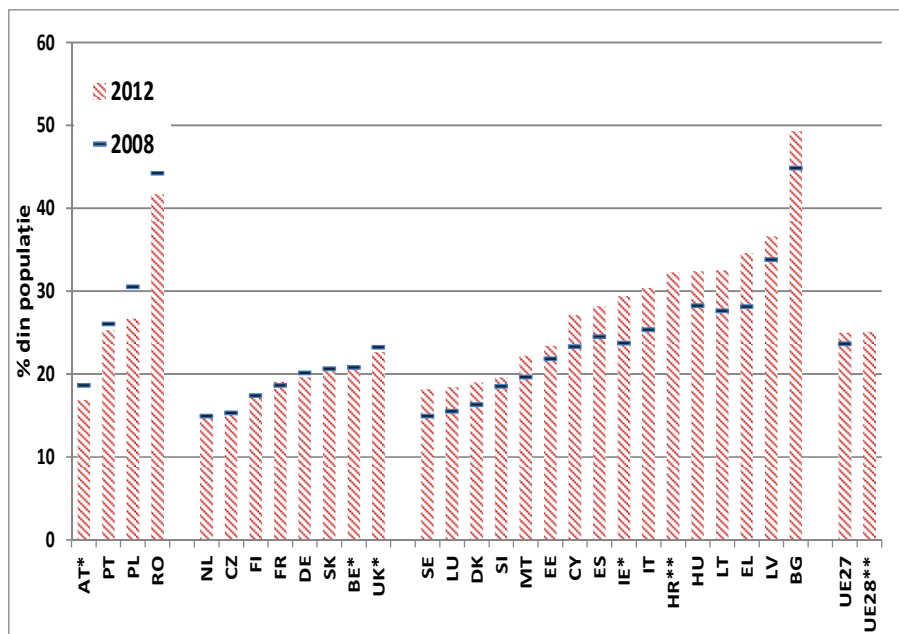


Chart 1. Evolutions of poverty and social exclusion risk exposure rates (AROPE) 2008-2012

Source: Eurostat, EU-SILC. Ranking according to AROPE in 2012. 2012 estimate for EU-27 and EU-28, provisional for IT, \*AT, BE, IE and UK 2011 instead of 2012, \*\*HR and EU-28 no available data for 2008.

These results point out that in the 2008-2012 period, the population exposed to poverty risk increased in most EU member states, especially in those states that were most affected by the economic crisis. Furthermore, a few EU member states actually recorded a decrease in relative poverty levels. In order for every EU member states to benefit from a decrease in poverty and social exclusion, certain measures need to be undertaken, measures such as: decreasing the number of households with no jobs and decreasing the number of underpaid jobs; maintaining/increasing pensions; reducing net social work and taxes, etc.

We can add to the effect of this indicator the effects of the education indicator for EU member states in order to issue solutions and strategies that will lead to an increase in society wellbeing.

Keeping the education level imposed by Europa 2020 Strategy in mind, we see that Romania has a series of strategic targets: reducing the school abandon rate to under 11.3% (EU target is max 10%) and reaching a percentage of at least 26.7% of youth aged 30-34 that have higher education or equivalent studies.

We also see that the school abandon rate has been decreasing internally (was over 20% at the beginning of 2002); despite this tendency, Romania still ranks among the more problematic countries when it comes to this, respectively high school abandon rates when compared to all countries analyzed; chart 2 provides a clear picture on this topic (in 2012 the school abandon rate in Romania was approx 17.4%, while the European average was 12,8%).

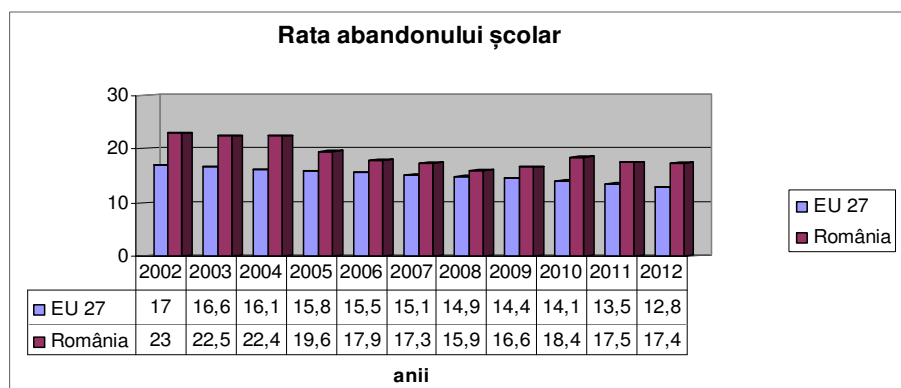


Chart 2. School abandon rates

Source: \*\*\* Quarterly report, National Committee for Development, Nr. 1, June 2012; [www.comitetdezvoltare.ro](http://www.comitetdezvoltare.ro)

Also, the forecasted evolution for the 2012-2020 period for the same indicator (school abandon rates will be 13,8% in 2015; 11,3% in 2020) shows an improvement possibility, given a realist forecast for economic growth and the undertaking of proper measures. Thus, to answer recommendations regarding the max 10% target that was set for early school abandon rates in the education and professional development systems (Europa 2020 Strategy sets a main double objective when it comes to education, that is, a school abandon rate of under 10% for youth aged 18 to 24 and a rate of at least 40% of European youth aged 30 to 34 that has completed higher education studies or equivalent, by 2020. Romania, as well as other EU member states, accordingly, should implement a series of social aid programs that will encourage attending compulsory education, while considering the interaction between the social environment and the effects of abandon on education.

In this context, we remind that using these indicators allows a fundament for some international comparisons and, at the same time, gives a better picture of the present and future situation of the “educational status” in Romania and the possibility to implement politics to improve the quality of education (in order to modernize the Romanian education system and adapt it to current demands of the knowledge society, the Romanian Government has passed Law nr. 1/2011, which assumes the formation of a quality human capital to sustain intelligent, long-lasting growth in the medium run).

When detailing the analysis of these indicators, we see that for most European countries, compulsory education is between 9 and 10 years long, and it begins at the age of 5 or 6. Going back to studies applies usually to older people that do it for re-qualifying purposes.

The conclusion that can be drawn from the previous analysis is that education services are a need of the 21st century, both from an individual development perspective (individual benefits), as well as for their contribution to economic growth.

The research of Richard H.M. (2006) has shown that there is a more pronounced economic growth in countries where the higher education system is more developed. Some economists analyzed the existing link between different fields of study that higher education provides and economic growth. Their results put technical studies and their positive effects on economic growth first. Observations regarding the effects of higher education on economic growth strengthen the idea that it can lead to an increase in national, but also individual competition. At the same time, it has the ability to sustain the increase in the quality of life for the entire community, and this is an essential condition for increases in individual income, as well as for finding and keeping a job.

## THE CONTRIBUTION OF EDUCATION TO OCCUPYING THE WORKFORCE

Occupying the workforce remains a priority for Romania as far as strategies and growth measures are concerned. We are keeping in mind the Europa 2020 strategy, which provides a growth in the level of qualification in order to get a better synchronizing between current available skills and the needs of the workforce. At the same time, the increase in employability for youth aged 15 to 24 is a highly discussed topic within the European Committee regarding the workforce; it was proposed in the April 18 Communicate called “For a general recovery of jobs”. In this communicate, the Committee asked for an active mobilization of member states, social partners and other interested parts that are willing to face the actual challenges regarding occupying the workforce in the Union, especially among youth. The committee pointed out the high potential for creating jobs in the field of ecologic economy, in the field of medical and social services, as well as in the field of IT&C. In the same context, they proposed a promotion of entrepreneurship, easier access to aid and micro-financing for newly funded companies, using wage aids to help increase net growth of new jobs and reducing taxation on labor, as well as balanced reforms to the current legislation regarding labor. The purpose of these policies is to help the unemployed youth aged 15 to 24 that have no professional qualifications. The number of such youth NEETs (Not in Education, Employment or Training) rises above 7,5 million, meaning 12,9% of Europe’s youth. A large part of them abandoned school and professional qualifications very early, and another part consists of immigrants or comes from disadvantages areas.

We see that Eurostat’s data on the situation in Romania shows that, for 2011, the percentage of youth aged 18 to 24 that had neither education nor jobs was 20,9%, even larger for women (22,8%) than men (19,2%) and 4,2% larger than the EU average (16,7%). On a regional level, the highest rate was recorded in the Central region (33,5%), followed by South Muntenia with 27,6% and South-East with 25,5%.

**Table 1. Youth aged 18 to 24 that have neither jobs nor education , based on NUTS 2 regions (beginning with 2000) – NEET rate**

<i>GEO/TIME</i>	2007	2008	2009	2010	2011
European Union – 27	14,1	13,9	16,1	16,5	16,7
Romania	16,0	13,4	16,5	20,0	20,9
Macroregion one	13,5	12,1	17,6	22,3	24,4
North-West	10,8	9,9	13,7	15,5	16,5
Center	16,4	14,3	21,9	29,8	33,5
Macroregion two	17,2	13,9	15,4	19,5	20,1
North-East	13,5	10,7	12,7	16,8	16,3
South-East	22,4	18,3	19,1	23,2	25,5
Macroregion three	16,4	14,2	17,4	21,4	22,1
South-Muntenia	20,3	16,7	21,9	26,3	27,6
Bucharest-Ilfov	10,6	10,4	10,5	13,5	13,2
Macroregion four	16,5	13,4	16,0	16,2	16,4
South-West Oltenia	18,6	15,0	18,1	18,5	17,0

Source: Eurostat

The percentage of youth aged 15 to 24 that have neither a job nor education rose from 13,3% in 2007 to 17,4% in 2011, averaging 4,5% more than the European average of 12,9%. The year 2011 has a percentage of 19,7% for youth aged 15 to 25 that were unemployed and had no education, while the percentage of youth that did not want to work was 5,5%. In the same way, we have the percentages of the ISE study in 2009 on ten grade students for SAM. The results show the growing intention to continue studying after completing the 2006-2007 school year and a very low intention of getting a job. The study also shows that the intention to continue studies varies depending on: the education level, educational branch, home environment. Identifying the opportunities regarding their possibilities to achieve higher education levels, and also encouraging apprenticeship at the workplace is a must and also an obligation of both public and private institutions.

Therefore, the above mentioned data require that EU member states immediately apply improvement policies for NEET youth and solving unemployment for the European youth.

Romania aims to increase the number of employees aged 20 to 34 that have an education and/or professional formation to at least 82%. This aim comes as a result of the decreasing number of graduates aged 20 to 34 that got a job. (Table no 2)

**Table 2. Employment rates for education and/or professional training graduates, according to sex – EU 27 and Romania (2007-2011)**

	2007	2008	2009	2010	2011
Total					
Eu 27	80,0	80,9	77,1	76,4	76,2
Romania	79,2	84,8	77,6	71,1	70,1
Men					
EU 27	82,8	83,3	78,5	78,6	78,5
Romania	78,8	87,2	79,1	71,9	72,1
Women					
EU 27	77,2	78,5	75,7	74,4	74,0
Romania	79,6	82,2	76,1	70,4	68,3

Source: Eurostat

There have been studies aimed at getting information regarding the decreasing tendency of graduates' access to the job market; they showed that employers search for people with job experience in certain fields. These demands led to an increase in graduates' unemployment in the recent years, which required the creation of new degrees, both BA and Master degrees. All these aspects are added to learning programs that last a lifetime. The results for Romania are far from achieving the objectives (table no 3).

**Table 3. Life-long learning – education and professional development participation rates for youth aged 25 to 64 in EU 27 and Romania**

	2007	2008	2009	2010	2011
Total					
EU 27	9,3	9,4	9,3	9,1	8,9
Romnia	1,3	1,5	1,5	1,3	1,6
Men					
EU 27	8,4	8,5	8,4	8,3	8,2
Romania	1,2	1,3	1,3	1,2	1,6
Women					
EU 27	10,2	10,2	10,2	10,0	9,6
Romania	1,4	1,6	1,6	1,4	1,5

Source: Eurostat

These results confirm the fact that there are some flaws amongst the active population, and these results are shown as low percentages of employment within the educated and professionally trained population. Romania only had a 0.3% increase in these rates in the 2007-2011 period, while the EU average was slightly decreasing.

Fixing these issues requires permanent implication from the various parties in the market. We are talking about the need to increase the number of Romanian and foreign companies that can offer professional training programs to employees in the field; the minimization of the procedures required to organize qualification training programs outside the education system; acquiring relevant qualifications for the labor market and sustainable integration as well as developing key necessary competencies to forming the work attitudes that the employers require.

## CONCLUSIONS

The above-stated theories have an empirical analysis on the education level of both school and active population in the last decade as a starting point. In this context, I consider that in order to increase the active population employment rate, some measures need to be taken, which will generate a series of programs designed to improve the situation of the unemployed and offer them the chance to integrate in the workforce in a reasonable time frame. All of these need to be continued with the modernization and adaptation of the education and initial forming systems to the needs of the job market; legal reform concerning incentivizing employment and continuous professional training; investment in continuous professional training; measures to sustain the transition between unemployed or inactive to employed; measures concerning work migration; a consolidated social dialog; modernizing the agricultural sector and extending the economic activities to the countryside (services and small industry); improving the legislative framework and extending the active life. Amongst the short and medium run actions than can incentivize a growth in youth employment, the following are a must: support for obtaining a first job and starting a career through applying

graduate support policies; promoting apprenticeship at the workplace for youth with a low level of training and with no qualifications; promoting informing, orienting and professional consulting services; consolidating professional training courses, consulting for starting new small businesses; granting support for creating and developing small companies by young people and encouraging them to be entrepreneurs; promoting actions which integrate young people and the unemployed into the job market, actions which will be financed by the European Social Fund; promoting quality internships within education programs and professional training and/or job integration programs; promoting professional opportunities for youth beyond national borders, including getting the youth familiarized with the labor environment from an early stage etc.

All of these policies can be implemented by using a proper legislation, one that is adapted to the current demands, through a permanent communication between education institutions and local, national and international economic agents, as well as through a series of investment both internal and international.

### **ACKNOWLEDGEMENTS**

This paper has been financially supported within the project entitled “***SOCERT. Knowledge society, dynamism through research***”, contract number POSDRU/159/1.5/S/132406. This project is co-financed by European Social Fund through Sectoral Operational Programme for Human Resources Development 2007-2013. Investing in people!



## REFERENCES

- [1] Badea, L. (2012). "Competitive education - pillar of quality of life." *Second conference of the School Postdoctoral challenge and response crisis economics, contract no. HRD / 89 / 1.5 / S / 59184, Section I - theoretical and methodological Mutations in economics, 16-17 March 2012, ESA.*
- [2] Friedman, M. (1995). *Capitalism and Freedom*. National Bank Library collection. Bucharest: Encyclopedic Publishing House.
- [3] Govt. of Romania (2002). *Privind sistemul sigurărilor pentru șomaj și stimularea ocupării forței de muncă Legea nr.76 din 6 ianuarie*. Govt. of Romania
- [4] OECD Indicators. (2012). "*Education at a glance 2012.*" OECD Publishing.
- [5] Păunescu et al. (2011). (coord.) – *Calitatea învățământului superior din România: o analiză instituțională a tendințelor actuale*, Editur Polirom, Iași.
- [6] Quarterly report, (2012). National Development Committee, No.1, June 2012.
- [7] Report, (2010). Recent graduates of higher education and their integration in the labor market, Bucharest Authors Report: Bogdan Voicu, Tufiș Claudiu Voicu Madalina see: Miclea Mircea, Vlăsceanu Lazar, Sorin Eugen Zaharia, Apostle Mary
- [8] Richard H. M. (2006). "Can higher education foster economic growth?" Chicago Fed Letter, No 229. Online Available at:  
[www.chicagofed.org/digital\\_assets/publications/chicago\\_fed\\_letter/2006/cflaugust2006\\_229.pdf](http://www.chicagofed.org/digital_assets/publications/chicago_fed_letter/2006/cflaugust2006_229.pdf)
- [9] [www.bls.gov/emp/ep\\_chart\\_001.htm](http://www.bls.gov/emp/ep_chart_001.htm)
- [10] [www.comitetdezvoltare.ro](http://www.comitetdezvoltare.ro)
- [11] [www.ec.europa.eu/europe2020/pdf/1\\_ro\\_anexe\\_part.pdf](http://www.ec.europa.eu/europe2020/pdf/1_ro_anexe_part.pdf)
- [12] [www.epp.eurostat.ec.europa.eu/portal/page/portal/microdata/eu\\_silc](http://www.epp.eurostat.ec.europa.eu/portal/page/portal/microdata/eu_silc)
- [13] [www.fundatiadinupatrici.ro](http://www.fundatiadinupatrici.ro)
- [14] [www.inovatiassocia.ro/pdf/art\\_1361789172.pdf](http://www.inovatiassocia.ro/pdf/art_1361789172.pdf)
- [15] [www.insse.ro/](http://www.insse.ro/)
- [16] [www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tcm%3A77-337502](http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tcm%3A77-337502)