



## ORIGINAL PAPER

# The Efficient Transition from Education to the Labor Market, a Way to Achieve the Objectives of Sustainable Development

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### Abstract:

This research addresses issues related the participation of young people in the labor market is a complex issue at the EU level, requiring a combined analysis of all the factors involved, in order to obtain the most accurate overall picture. There are situations where young people choose to take a job only during school holidays or a part-time job. Also, if young people are in formal education (including apprentices) but also have a job there is an overlap and we need to pay attention to the interpretation of unemployment data. In the transition from education to the labor market, there are, at the same time, obstacles in obtaining a job for young people, such as the lack of experience (especially those who followed theoretical courses), the lack of linguistic and practical skills (especially those who leave school early), but also conjunctural situations, such as the international financial-monetary crisis or the COVID-19 pandemic.

**Keywords:** *sustainable development, NEET, education, training.*

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## **The Efficient Transition from Education to the Labor Market, a Way to Achieve the Objectives of Sustainable Development**

### **Introduction**

Entering the labor market is difficult not only for young unemployed or early leavers from education and training, but also for those young people who are inactive, not in employment but not in any form of education or training (NEET). The situation of young people who leave education and training early needs to be dealt with very carefully, because they can become NEET young people and be socially excluded. Next, we will analyze, mostly depending on the educational level, indicators such as NEET young people (20-34 years old); unemployed and inactive NEET youth (20-34 years); the employment rate of graduates (20-34 years old), who no longer follow a form of education/training and who completed their education 1-3 years before (ISCED levels 3-8); the employment rate of new graduates (20-34 years old) of high school and post-high school VET studies, who completed their education 1-3 years before; the employed young population (20-29 years old), with a partial work schedule, but also the indicator of the lack of correlation between the qualifications on the labor market and the gross nominal salary in Romania.

Entering the labor market is a major challenge for young people around the world. However, for some, this challenge is greater than for others. NEET young people are a special category, which encounter considerable difficulties in terms of their integration into the world of work (Eurofound, 2016). There are many reasons why NEETs fail to enter the labor market or continue their education. Some of these reasons include lack of skills and experience, limited opportunities, mental or physical health problems, poverty or lack of family support (Lehmann, H., 2019: 79-94).

Lack of skills and experience can be one of the biggest obstacles for young NEETs. These young people may not have had the opportunity to learn essential skills such as writing CVs and cover letters, communicating with employers or finding a job. These young people may also have limited experience working with others and following rules and deadlines. Limited opportunities are another reason NEETs have difficulty finding a job or pursuing some form of education or training. In many areas, jobs are limited or there are insufficient opportunities for training and professional development. NEETs may also face discrimination from employers, who prefer to hire people with more experience or more advanced qualifications (OECD, 2019).

Mental or physical health problems can be another factor preventing NEETs from entering the labor market or furthering their education. These young people may have problems with anxiety, depression or other mental health issues, which can prevent them from focusing and achieving their goals. Also, physical problems such as chronic diseases or disabilities can make it difficult to find a job or participate in training or education activities (Wang, M. et al., 2021: 124).

Poverty can be another reason why NEETs have difficulty finding a job or continuing their education. These young people may come from low-income families or live in areas with high levels of poverty, which can make it difficult to purchase appropriate clothing and equipment for jobs, and to attend training or education. Lack of family support can be another factor preventing NEETs from entering the labor market or continuing their education. These young people may come from troubled and dysfunctional families that do not support them in their quest to find a job or pursue some form of education or training.

Solutions to help NEETs enter the labor market or continue their education include training and education programs, financial support programs, counseling programs, and mental and physical health support (Kluve, J., et al., 2016: 27 -67). In

addition, it is important that there is cooperation between government institutions, companies and non-governmental organizations to provide NEET youth with opportunities to develop their skills and find a job or continue their education.

### The challenges of the transition from education to the labor market in the EU: a detailed analysis

The indicator of young people neither employed nor involved in forms of education and training (NEET) refers to that share of the population in a certain age group that is neither employed (unemployed or inactive) nor involved in education/training (in the 4 weeks prior to the survey). Indicators such as unemployed NEETs or inactive NEETs provide relevant information about this category of young people. Thus, the NEET rate will show, like the youth unemployment rate, the percentage of young people neither professionally nor in any form of education/training in the total young population. We mention, at the same time, that since the NEET rate will also take inactive young people into account, its percentage expression will have lower values than the unemployment rate among the young population; unprecedented situation also in the numerical expression of the NEET population and the unemployed.

For a comparable base of indicators, we will consider NEET young adults aged 20-34 for our analysis. In 2021, NEET young adults accounted for 16.5%; with values among member states ranging from 6.7% (Netherlands) to 27.9% (Italy), according to the data presented. During the analyzed period, the share of NEET young adults fluctuated, recording a maximum of 20.5% in 2013 and a minimum of 16.4% in 2019. The rates were higher among the female population throughout the period 2010-2021 (figure 1), reaching 20.0% in the most recent year compared to 13.1% among the male population. NEET rates decrease as the educational level advances. Thus, in 2021, the highest rates are recorded for education levels 0-2 (39.6%), then for education levels 3-4 (14.8%), decreasing to 9% for education levels 5 -8.

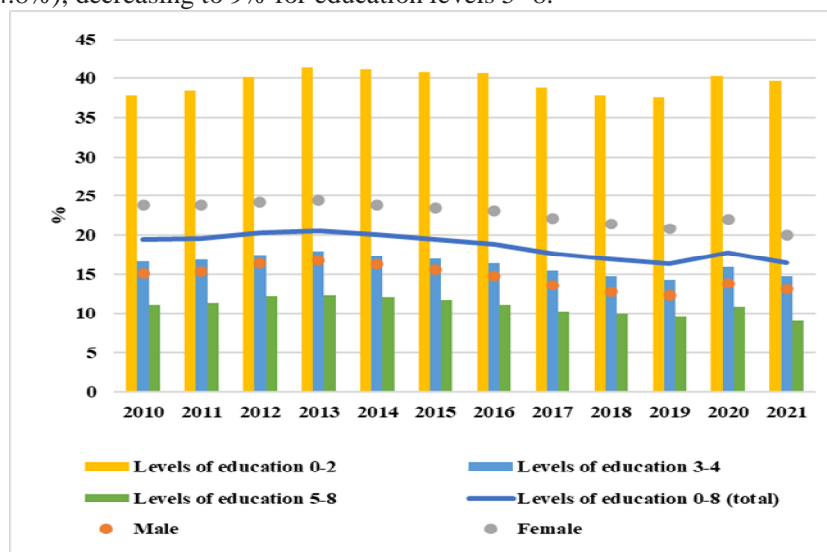
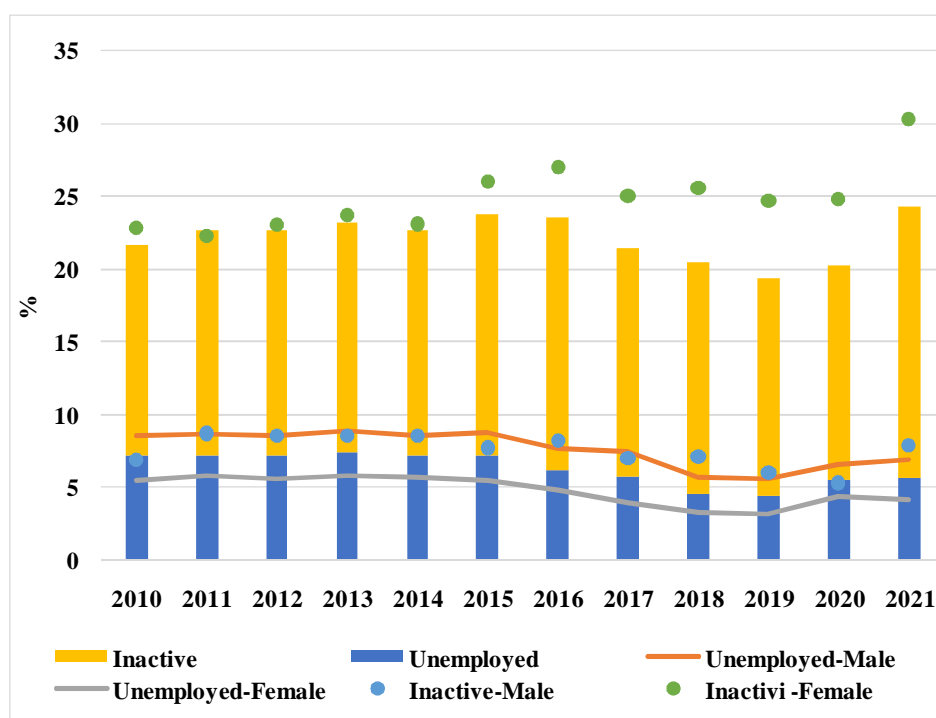


Figure 1 NEET young adults by ISCED 2011 education levels (20-34 years), EU, in the period 2010-2021 (%)

Source: Eurostat [EDAT\_LFSE\_21]

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In figure 2 we highlighted the situation of NEET young adults according to their status on the labor market (unemployed or inactive). The inactive NEET female population, aged between 20-34 years, registers high shares (14.6% in 2021) compared to the inactive NEET male population (6.7% in 2021), a situation also generated in some cases by women's culture towards family and childcare. There are also notable differences between the unemployed and inactive NEET female population; in 2021, a 5.4% share of it was unemployed. Among the male NEET population, the values of the two categories are close, a share of 6.4% was registered by the unemployed (compared to 6.7% by the inactive). Overall, over the period 2010-2021, unemployed NEET young adults had a declining trend (from 8.9% to 5.9%), while inactive NEET young adults had a generally constant trend with small fluctuations (from 10.5% to 10.6%).

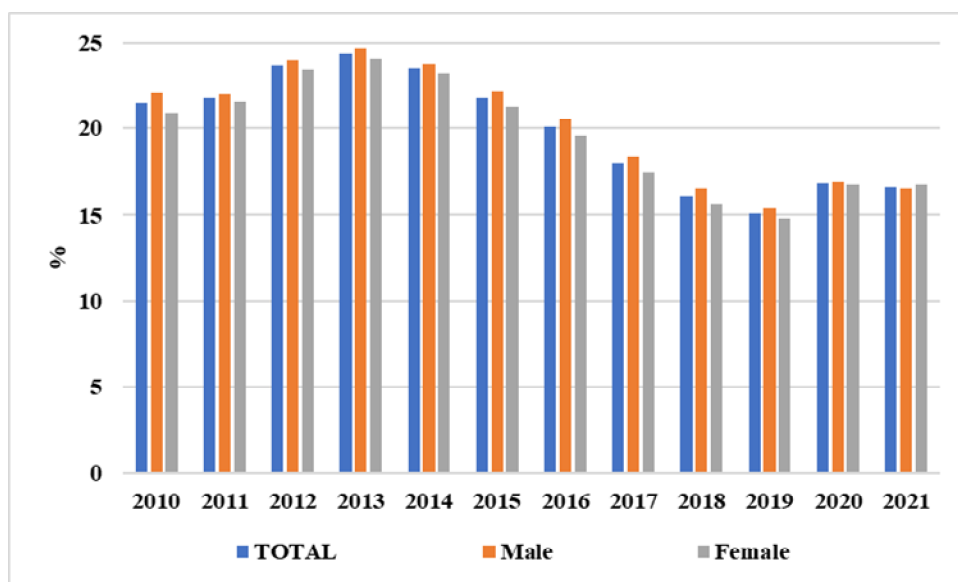


**Figure 2 Unemployed and inactive NEET young adults (20-34 years), by gender, EU, 2010-2021 (%)**

Source: Eurostat [EDAT\_LFSE\_20]

According to European targets, by 2020, the employment rate of new graduates (20-34 years old), who completed secondary and higher education 1-3 years before, should have a weight of at least 82%. At the EU level, the employment rate of new graduates had an increasing evolution in the period 2010-2019, from 76.8% to 80.9%, with a higher share of the male population, 83.3% compared to 78.6% as recorded by the female population (figure 3). At the level of 2019, among the member states of the European Union 17 had a rate above 82%. In a pandemic context, the year 2020 led to a decrease in the employment rate of new graduates in most states; the exceptions were the Czech Republic (the rate stagnated at 87.3%) and Romania (the rate increased from 76.1% to 76.7%). In 2021, according to the data presented, EU states are still recovering

from the crisis generated by COVID-19, only 4 of them have a rate at least equal to that recorded in 2019: Ireland, Greece, France and the Netherlands. Based on what was presented, it is observed that measures are still needed to involve all participating parties in increasing the employment rate of young graduates on the labor market, the situation being worsened by the negative impact of the pandemic crisis.



**Figure 3. Employment rate of new graduates (20-34 years old), who no longer follow a form of education/training and who completed the education system (levels 3-8 ISCED 2011) 1-3 years before the year of reference, EU, in the period 2010-2021 (%)**

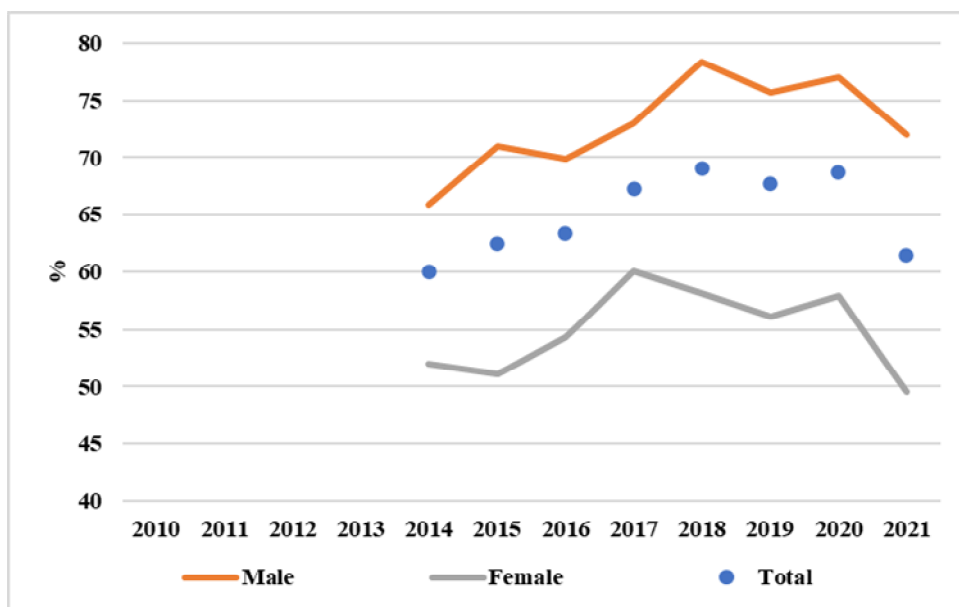
Source: Eurostat [EDAT\_LFSE\_24]

The data provided by Eurostat in 2020 show us that the lowest share of youth employment was in Romania and Slovakia. As I pointed out before, the rate of integration of young people into the labor market is uneven across the Union, for various reasons. They may have a cultural, social influence or may be related to the organization of employment at national level.

Another relevant indicator of youth employability is the employment rate of new VET graduates with medium level of training (ISCED education levels 3-4). It shows us the share of VET graduates (high school and post-high school) employed and who completed the education system 1-3 years before the reference year. If in the period 2014-2019, as can be seen in figure 4, the employment rate of VET graduates, in the 20-34 age group, had a constantly increasing evolution, from 72.4% to 79.1 %, in 2020 there was an interruption of the trend, caused by the COVID-19 pandemic, reaching 75.7%. In 2021, the rate increased to 76.4%, with increases being recorded in 14 member states. According to Annex 2.14, the highest rates were in the Netherlands (91.8%), Germany (91.6%) and Sweden (90.0%). Countries such as Greece (50.4%) and Italy (53.9%) had the lowest rates. We also note the case of Luxembourg, which recorded a decrease from 100% (year 2019) to 77.0% (year 2021), but also of Malta, from 91.7% (year 2019) to 77.7% (year 2021). The figure below shows us that the average level of the employment rate of VET graduates is located between the values

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recorded by gender; with a higher employment rate among the male population for the entire analyzed period.



**Figure 4. Employment rate of new VET graduates – high school and post-high school level (20-34 years old), who completed their studies 1-3 years before the reference year, EU, in the period 2010-2021 (%)**

**Note: Data missing for 2010, 2011, 2012 and 2013**

Source: Eurostat [EDAT\_LFSE\_24]

It is noted, based on data provided by Eurostat, that the employment rate of new VET graduates (high school and post-high school) is higher than that of new graduates from general (theoretical) high school and post-high school education (61.7% in 2021) .

To be able to combine education with work, many young people choose part-time jobs. Another reason for choosing this type of bottom is related to the unavailability of full-time jobs.

Considering the available information, it can be seen that between 2010 and 2015, the percentage of young people (20-29 years old) who choose a part-time job increased from 17.5% to 20.7%, decreasing gradually, but in - a slow pace, up to 19.9% in 2021 (figure 5). We notice a significant difference in the young employed population by gender. In this case, in the period 2010-2021, according to annex 2.15, the share of the young female population employed, with a partial work schedule, increased from 25.0% to 26.8%, while the male population increased from 11.1% to 14.1%. The analysis of the employed young population with part-time work at the level of the member states shows us large differences between them in 2021. Thus, we have states with small shares of part-time work among young people, such as Bulgaria (3.0%), Romania ( 3.7%) and Slovakia (3.8%), but countries with high shares of part-time work among young people, such as the Netherlands (43.2%) and Denmark (36.4%).

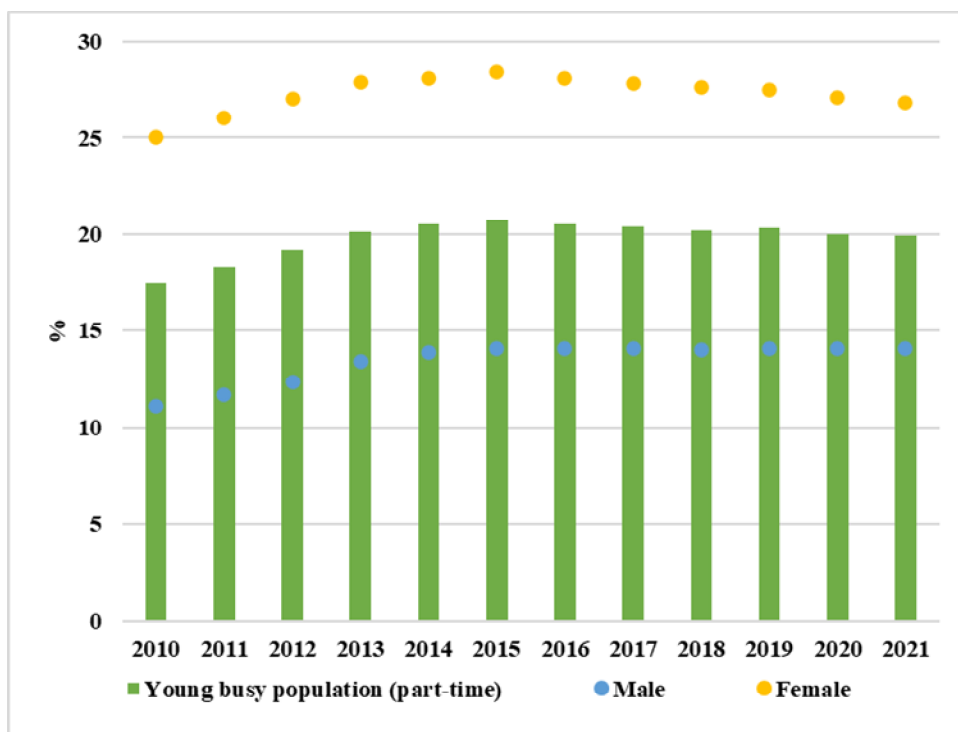


Figure 5. Employed young population with part-time work schedule (20-29 years), by sex, EU, in the period 2010-2021 (% of the total employed population in the age group)

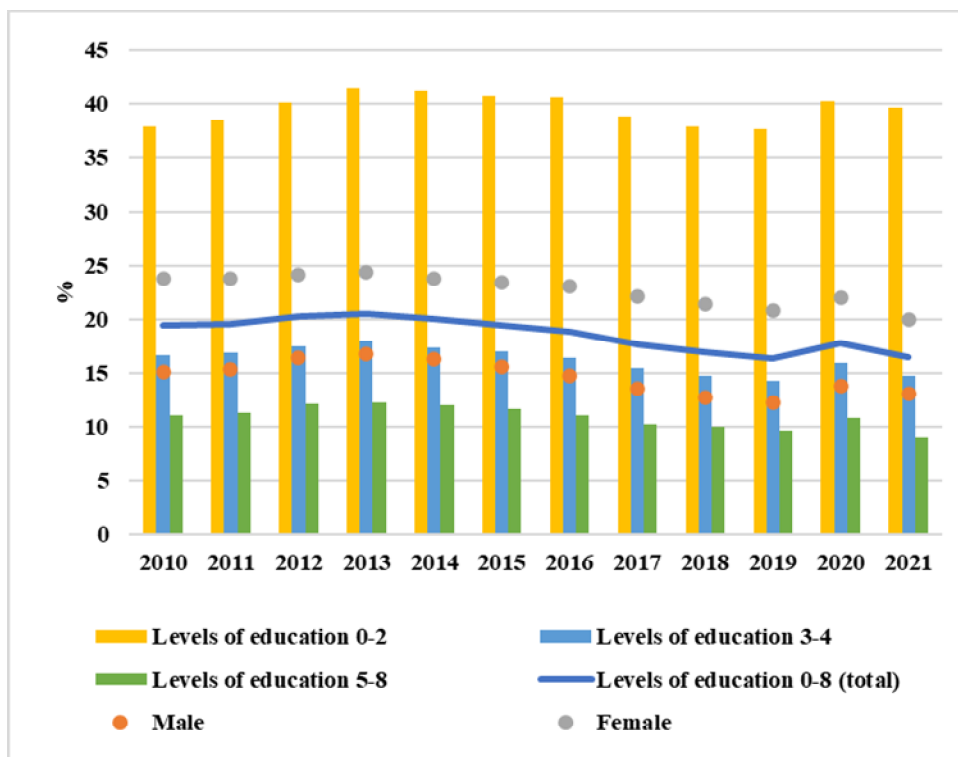
Source: Eurostat [YTH\_EMPL\_060]

As mentioned before, the transition to the labor market is also facilitated by learning on the job. For the period between 2021 and 2030, the strategic framework aims to achieve a percentage of VET graduates who benefit from workplace apprenticeships during education/training of at least 60%, by 2025. For this indicator, the EU will provide dates from 2022. Although only this indicator was included in the strategic framework, the Council's 2020 Recommendation on VET also aims to achieve a share of new VET graduates of at least 82% as employees, but also an 8% share of VET students to benefit from learning mobility abroad.

#### **Analysis of the transition from education to the labor market in Romania: An overview**

During the analyzed period, the share of young NEET adults in Romania in the 20-34 age group fluctuated, registering a minimum of 19.4% in 2019 and a maximum of 24.3% in 2021 (well above the EU average of 16.5%). The rates were higher among the female population throughout the period 2010-2021 (figure 6), reaching 34.5% in 2021 compared to 14.8% among the male population. Similar to the European pattern, NEET rates decrease as the educational level advances.

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**Figure 6. NEET young adults by ISCED 2011 education levels (20-34 years), Romania, in the period 2010-2021 (%)**

Source: Eurostat [EDAT\_LFSE\_21]

In 2021, the highest rates are recorded for education levels 0-2 (57.3% - maximum of the analyzed period), then for education levels 3-4 (19.3%), decreasing to 8.9% for education levels 5-8. Comparing the NEET rates of young people in the 20-34 age group in Romania with the EU rates, it can be seen that only for education levels 5-8 ISCED we are close to the community situation (8.9% in Romania compared to 9% in the EU for the year 2021); the rates corresponding to the other levels of education place Romania at the bottom of the EU ranking.

The situation of NEET young adults according to their status on the labor market (unemployed or inactive) is presented in figure 7. The inactive NEET female population, aged between 20-34 years, registers high shares of 30.3% in 2021, by much above the EU rate of 14.6%, but also compared to the inactive NEET male population (7.9%). Notable differences are also recorded between the unemployed and inactive NEET female population; in 2021, a 4.1% share of it was unemployed. Among the male NEET population, the values of the two categories are close, a weight of 6.9% was recorded by the unemployed (compared to 7.9% inactive). Overall, compared to the base year of the analysis (2010), unemployed NEET young adults had a downward trend (from 7.1% to 4.4% in 2019), rising to 5.6% in 2021. Inactive NEET youth show an evolution with oscillations, from 14.6% (year 2010) to 18.7% (year 2021).



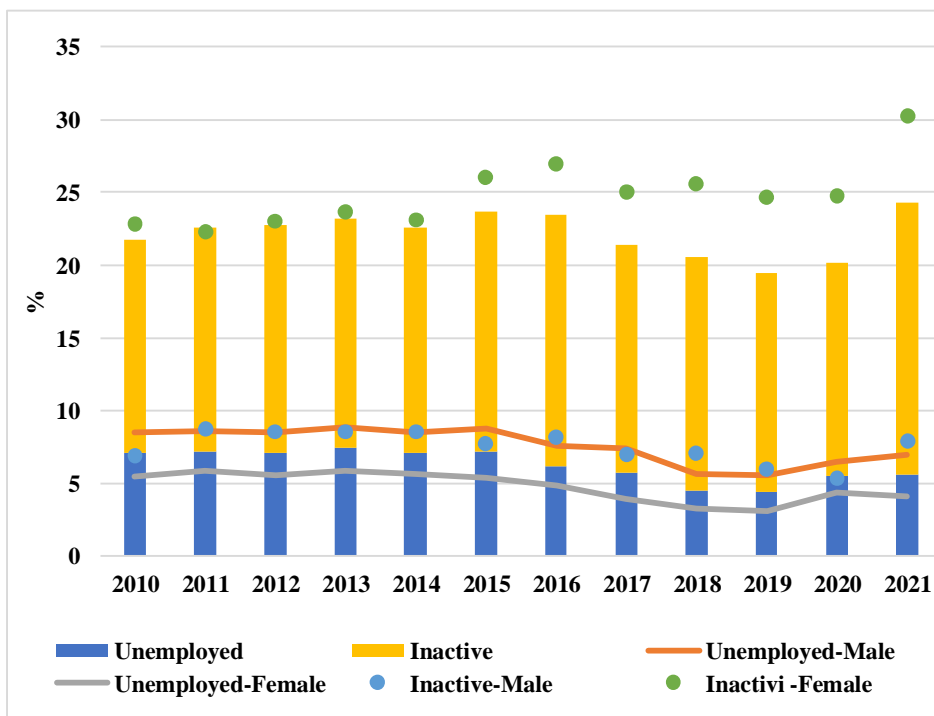


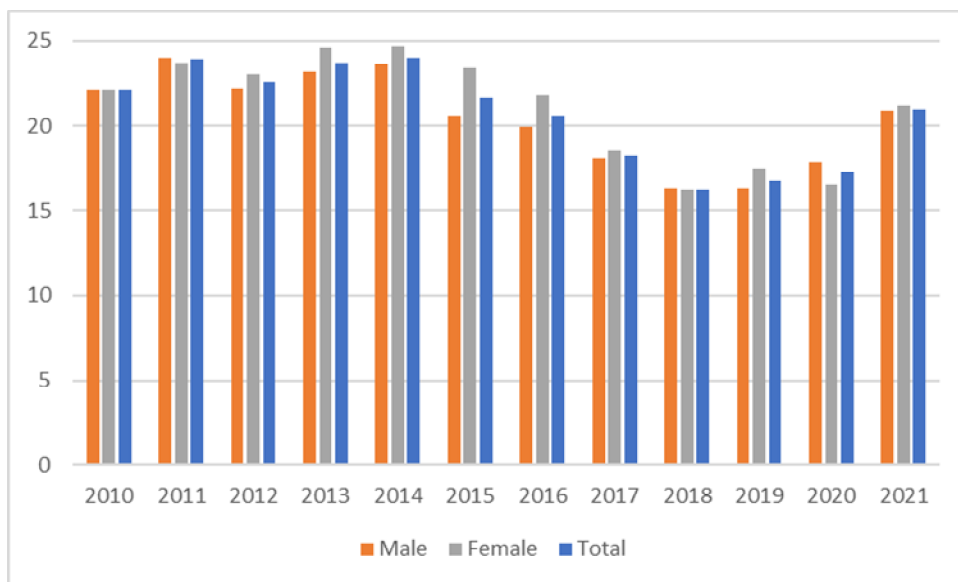
Figure 7. Unemployed and inactive NEET young adults (20-34 years old), by sex, Romania, in the period 2010-2021 (%)

Source: Eurostat [EDAT\_LFSE\_20]

The employment rate of new graduates (20-34 years old), who completed secondary and higher education 1-3 years before, fluctuated a lot during the analyzed period, registering a minimum of 66.2% in 2014 and a maximum of 77.4% in 2018 (figure 8). Currently, the rate has reached 70.1%, being both below the EU rate (79.6%) and below the proposed European target until the year 2020 (of at least 82%). Although it was considered that the COVID-19 pandemic did not affect Romania in terms of this indicator, the data available for the year 2021 seem to show only a delay in the negative effects caused by the virus. The employment rate is higher among the male population for the entire analyzed period.

The employment rate of new VET graduates with medium level of training (education levels 3-4 ISCED) has steadily increased according to annex 2.20, from 60.0% (year 2014) to 69.0% (year 2018). The following two it fluctuated, and currently it has reached 61.4%, well below the EU average (76.4%). The figure below shows us that the employment rate of new VET graduates with an average level of training is higher among men, with a level of 72.0% in 2021. Comparatively, women had a share of 49.5%. The latest data provided by Eurostat shows that the employment rate of new VET graduates (high school and post-secondary) was higher compared to the rate of new graduates of general (theoretical) high school and post-secondary education in the period 2014-2020.

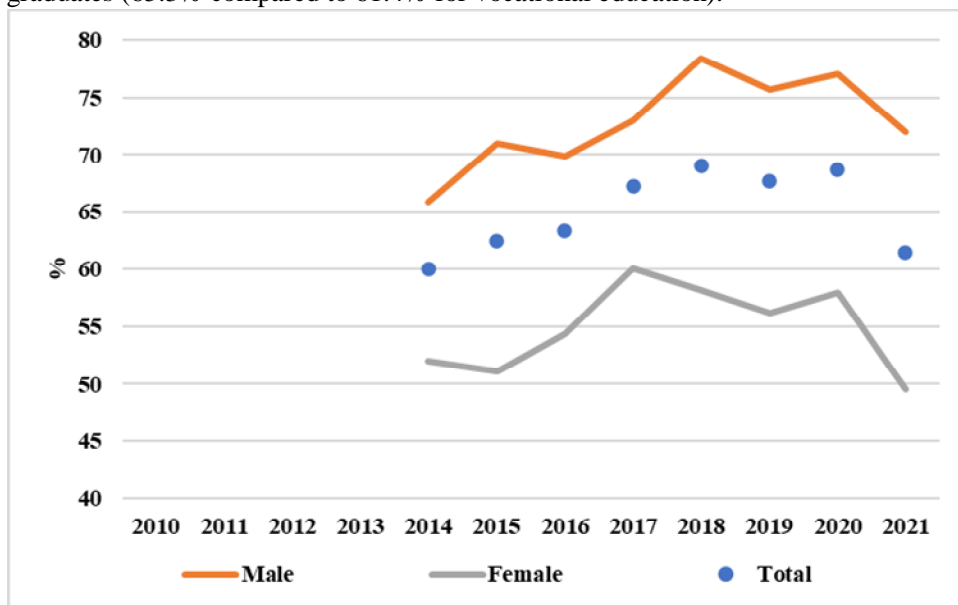
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**Figure 8. Employment rate of new graduates (20-34 years old), who no longer follow a form of education/training and who completed the education system (levels 3-8 ISCED 2011) 1-3 years before the year of reference, Romania, in the period 2010-2021 (%)**

Source: Eurostat [EDAT\_LFSE\_24]

The situation changed in 2021: the rate was higher for general education graduates (65.3% compared to 61.4% for vocational education).

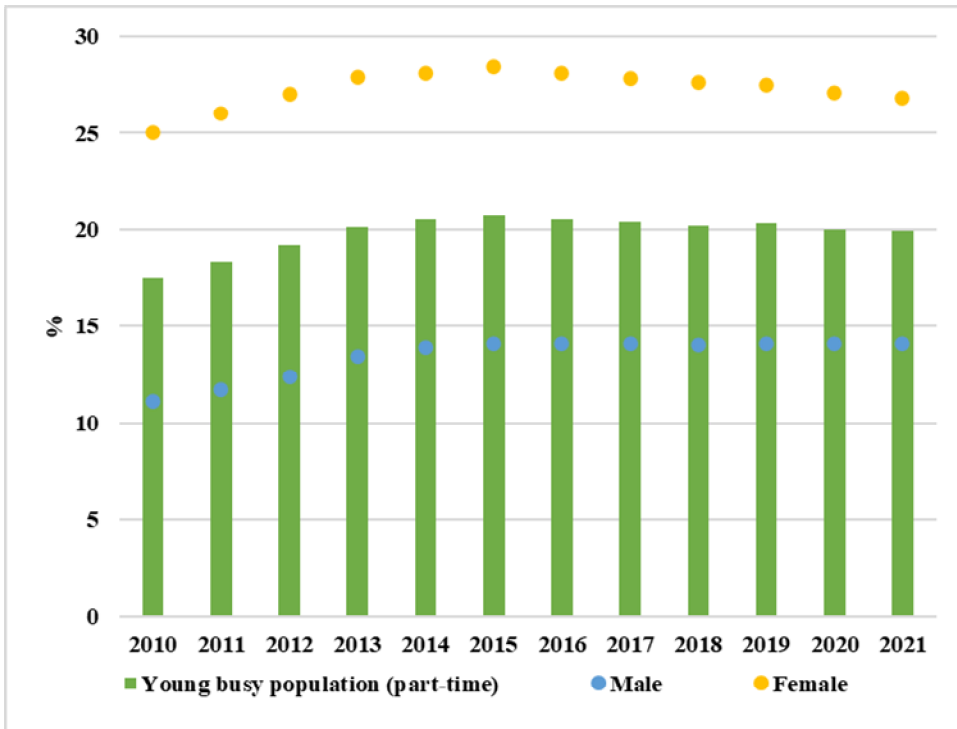


**Figure 9. Employment rate of new VET graduates – high school and post-high school level (20-34 years old), who completed their studies 1-3 years before the reference year, Romania, in the period 2010-2021 (%)**

Note: Data missing for 2010, 2011, 2012 and 2013

Source: Eurostat [EDAT\_LFSE\_24]

If at the level of the European Union a 19.9% share of the young population in the 20-29 age group chooses part-time jobs, in Romania the share is only 3.7% and places our country in the member states with the lower shares of part-time employment among the young population. As can be seen in the figure below, there are no notable differences regarding participation by gender, and the trend is a decreasing one. Thus, in the period 2010-2021, the share of the young employed male population (with a partial work schedule) decreased from 11.0% to 4.2%, and that of the female population decreased from 9.3% to 3, 0%

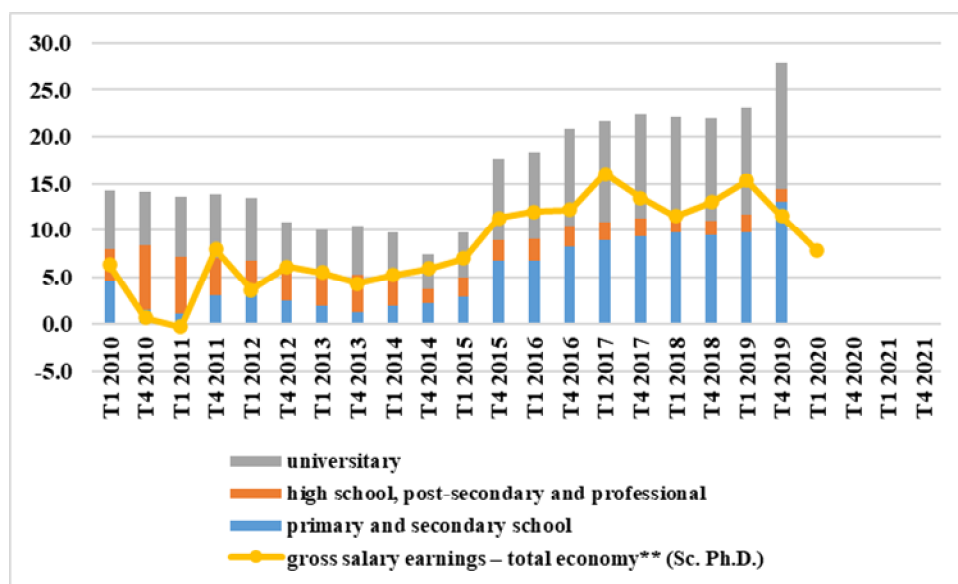


**Figure 10. Employed young population, with a part-time work schedule (20-29 years old), by sex, Romania, in the period 2010-2021 (% of the total employed population in the age group)**

Source: Eurostat [YTH\_EMPL\_060]

The indicator of the mismatch of qualifications on the labor market is calculated according to the NBR as a summation of the modules of the differences recorded at each level of training between the labor supply (as a share of the unemployed with a certain level of training in total) and the demand for labor (as a share of employed persons with the same level of training in total).

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**Figure 11. The indicator of non-correlation of qualifications on the labor market and gross nominal salary earnings, Romania, in the period 2010-2021 (pp, moving average 4 quarters; annual variation %)**

Note: Data missing for the labor market skills mismatch indicator (2020, 2021) and gross nominal earnings (Q4 2020 and 2021)

Source: BNRO [Ral202005\_cap2\_G2.12]

Between the fourth quarter of 2010 and the fourth quarter of 2019, the labor market skills mismatch indicator increased from 1.5 percentage points to 13 percentage points for primary and secondary level and from 5.7 percentage points to 13.5 percentage points for the university level. In contrast, for the high school, post-secondary and professional level, it decreased from 6.9 percentage points to 1.4 percentage points.

In Romania, the values of the indicator of the mismatch of qualifications on the labor market show us that there is a mismatch between the qualifications obtained in the education and training system and the real needs of the market. Therefore, employers are obliged to offer higher wages to attract the few specialists or to offer professional training/reconversion to new employees. The data provided by the Romanian National Bank show that the non-correlation is higher for university graduates and primary/secondary school graduates. The best balance was recorded by graduates with secondary (high) education.

### Conclusions

From the analysis of the data presented, it is observed that there are differences between the member states of the European Union in terms of the organization of the education system and the preparation of young people for the labor market, considering the various social and cultural, legal-institutional or labor market aspects. As I mentioned, education and training, as well as adult learning, are essential factors for creating a sustainable and competitive European space, while contributing to the creation of new jobs, human and social development. Since there is a relationship of dependence between the evolution of the labor market and the level of education of the

population, it can be seen that as we improve the educational level, the chance of a qualitative, properly remunerated job also increases.

Entering the labor market is difficult for the young unemployed, for those who leave education and training early, but also for those inactive young people, who are not professionally employed but are not in any form of education or training (NEET). The share of young NEET adults in Romania in the 20-34 age group fluctuated, registering a minimum of 19.4% in 2019 and a maximum of 24.3% in 2021 (well above the EU average of 16.5% ). Similar to the European pattern, NEET rates decrease as the educational level advances.

The analysis of the indicator of the mismatch of qualifications on the labor market calculated by the NBR showed us that there is a mismatch between the qualifications obtained in the education and training system and the real needs of the market. Between the fourth quarter of 2010 and the fourth quarter of 2019, the mismatch indicator increased from 1.5 percentage points to 13 percentage points for primary and secondary and from 5.7 percentage points to 13.5 percentage points for university level. In contrast, for the high school, post-secondary and professional level, it decreased from 6.9 percentage points to 1.4 percentage points.

Thus, from the research carried out, through the analysis of the mentioned indicators and the data provided by Eurostat and the BNR, we can conclude that, currently, there is a non-correlation/partial correlation of the requirements on the labor market with the skills and qualifications obtained by the young graduates. The indicator of non-correlation of qualifications on the labor market calculated by the NBR shows us that the non-correlation is higher for university graduates and for those with primary/secondary education. The best ratio is observed among those with secondary education. In this situation, employers are forced to offer higher wages to attract the few specialists or to offer professional training/retraining to new employees. In the transition from education/training to the labor market, there are obstacles in getting a job for young people, such as lack of experience, lack of language and practical skills (especially those who leave school early), but also conjunctural situations, such as the COVID pandemic - 19. Finally, we reinforce the idea that concerted actions by the European Union and the member states are needed, with the aim of encouraging a highly qualified population, through education/training programs, which will contribute to increasing employment, in an inclusive and non-discriminatory manner, in the context of a knowledge-based economy.

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#### **Authors' Contributions:**

The authors contributed equally to this work.

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