The Insertion of Young Economists in the Labor Market through the Specialty Practice. The Bucharest-Ilfov Region

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Abstract. The present paper is the outcome of research carried out within the project POS DRU „Internship for tomorrow’s technology”, implemented by the Academy of Economic Studies in Bucharest, as project Partner, during 2014-2015. The research endeavours resulted in a study regarding the relevance of project activities to the labour demand for Economics graduates, and its correlation to the labour supply in the Bucuresti-Ilfov region. With the aim of evaluating the project’s relevance for the characteristics and dynamics of labour demand in the Bucuresti-Ilfov region, we have carried out a primary research, based on questionnaires, among 120 students in the economic field, from the Academy of Economic Studies. The results, obtained also by following the counseling sessions and the professional career guidance, reveals that the students’ practical activities largely covers the skills and abilities required by future employers. In a broader sense, the paper aims to point out the relevance of the Operational Sectoral Programme „Human Resources Development” to the development of human capital in Romania, in what regards higher education graduates in the economic field.

Keywords: questionnaire, labor market, job offers, job applications, specialty practice.

JEL Classification: E24; E27.
Introduction

The current study approaches the utility and relevance of the internships and professional counselling sessions carried out within the project POS DRU „Internship for tomorrow’s technology”, to the volume and structure of labour demand and supply in the Bucharest-Ilfiov region. In a broader sense, the paper aims to point out the relevance of the Operational Sectoral Programme „Human Resources Development” to the development of human capital in Romania, in what regards higher education graduates in the economic field. In this respect, the study focused on the demand and supply of labour for the fields Economics and Public Administration, as fields of specialization in higher education.

The study starts out with a demo-geographical and socio-economic analysis of the Bucharest-Ilfiov region, including the development potential of the region. Further on, we concentrate on the volume and characteristics of labour demand for graduates in the economic field in the Bucharest-Ilfiov region, with a particular focus on the potential employers, sectors with available jobs, as well as competences that employers require. The analysis of labour demand is followed by an analysis of the volume and characteristics of labour supply and migration, and the correlation between supply and demand in the economic field for the investigated region.

In this respect, the research endeavours started from the analysis of the available data on the number and characteristics of higher education graduates in the economic field, for the Bucharest-Ilfiov region. The difficulties relate to the absence of available data at regional level; on the other hand, given the high mobility of the labour force, the strict limitation to the Bucharest-Ilfiov region does not have much relevance: some graduates choose to leave the region in order to either return to their home cities or immigrate to other countries. On the other hand, many higher education graduates from outside Bucharest choose to come to the Bucharest-Ilfiov region in search of a job upon graduation, so that, a more comprehensive analysis, at the country level, may prove more relevant.

The analysis pointed out several conclusions:

- At the national level, the distribution of the labour force across the three main economic sectors stands as reason for the differences in the levels of economic development throughout the country. The long-term dynamics of contemporary national economies is based on the increase in the share of the tertiary sector in both the gross domestic product and in the total labour force, which indicates the transition from a less developed economy to a modern one.

- In Romania, in the case of the industry, the occupation rate is close to the European average, whereas in the case of agriculture and services, the discrepancies are large, with agriculture being over-sized at the expense of services.

- At present, the correlation between labour demand and supply is rather weak in the case of higher education; the solutions must come either (i) from the supply side, through the promotion of policies to increase labour force mobility, adaptability and flexibility as compared to the labour demand dynamics; or (ii) from the demand side, through the promotion of measures and policies to attract and stimulate investment in fields capable of exploiting existing labour resources efficiently.
However, over the long term, the answer to correcting the demand-supply imbalances resides in structural changes, which refer to the transfer of labour between the primary (agriculture and forestry), secondary (industry and construction) and tertiary (services) sectors of the economy.

For the Bucharest-Ilfov region, in 2012, the GDP/capita level was practically equal to the European average level. The sectors with the highest share in GDP were real estate transactions and rentals, as well as manufacturing. Sustained shares were also present in communications, commerce and construction.

The economic environment of the region is particularly attractive, given the institutional structure, the qualified labour force and the communications system, which is much more developed compared to other regions in the country. Therefore, those in search of a workplace benefit from the most active and dynamic labour force in Romania from 2012 on.

The Bucharest-Ilfov region represents the most important educational centre in Romania, which actually makes up for most of the labour supply of higher education graduates. The key opportunities reside in the possibility to integrate education, research, innovation and business in order to improve innovation in economic activities, by using qualified and well trained human resources.

According to statistical data, in 2012, the Bucharest-Ilfov region had a 4%, as compared to the 8.9% European average. The capital thus ranked 15th in a hierarchy of 271 European regions, of which, only 28 regions attained less than 4.4% unemployment rate

Labour productivity, calculated as a ratio between the regional gross added value (RGAV) and the occupied population, points out that the Bucharest-Ilfov region scores highest among the rest of the country regions (11.451 EUR per employed worker, as compared to the national average of 6.194,8 EUR per employed worker)

The most important sectors attracting labour force in the Bucharest-Ilfov region are: real estate transactions – business and housing, financial intermediation (in the Bucharest area) and the food industry (the Ilfov area)

The Demand for Labour in the Bucharest-Ilfov Region

In what regards the demand for labour in the Bucharest-Ilfov region, those in search of a workplace benefit from the most dynamic labour market in Romania: in nine of the ten sectors analysed, the employers expect rises in the total number of employees. The most firm hiring intentions were expressed by the employers in the manufacturing industry, and those in the public administration and social services sectors; whole sale commerce and retail, as well as finance, insurance, real estate services and business services also indicate sustained activity.

These last three sectors are of major importance for the hiring perspectives in the Bucharest-Ilfov region, given the structure and profile of this region, namely the orientation towards the tertiary sector. Moreover, the three sectors are of relevance for the field of specialization investigated by our study – economics and public administration – as fields of specialization in higher education.
In the Bucharest-Ilfov region, there are over 95,000 small and medium-sized enterprises, accounting for 20.7% of the total number of enterprises registered in Romania. The main recipient sectors are: real estate transactions, financial intermediation (Bucharest) and the food industry (Ilfov). At the end of 2013, the largest companies present in the region were: OMV Petrom SA; British American Tobacco; OMV Petrom Marketing SRL; Kaufland-Romania; Metro Cash & Carry; Carrefour Romania SA; „Transelectrica” SA; GDF Suez Energy Romania SA; Rompetrol Downstream SRL; Mega Image.

At the end of 2014, the highest number of vacancies, as declared by employers, were registered in the following occupations: client service analysts, security agents, commercial clerks, unqualified workers in the clothing industry, sellers, cashiers, cooks, handling workers, counsellors/experts/economists, unqualified workers in assembly operations, client service agents. (ANOFM, 2014)

At the same time, the most desirable professions in Romania for the Bucharest-Ilfov region in 2014 were: intellectual and scientific specialists, administrative clerks, unqualified workers in transport and storage, car and truck drivers, machinery and installations operators, general managers, managers and equivalent, mechanical engineers, finance specialists, protection and security staff, engineering specialists.

The study of labour demand also investigated the most valued competences required by employers in young professionals: capacity for analysis, passion for their work, continuous learning, innovation, result orientation and problem-solving abilities, teamwork abilities, pro-active attitude, efficient communication. (Ghidul angajatorilor. Domeniul economic, 2010-2011)

**Labour Supply in the Bucharest-Ilfov Region**

Another aspect of our research was the supply of labour and the correlation between supply and demand in the economic field for the region under investigation.

In what regards labour force indicators, on 01.01.2014, according to the Labour Force Balance, the region’s labour resources amounted to 1,530,400 people, of which, 82.1% were employed population. The unemployment rate on August 31st 2014 was 1.8%, the lowest rate at the national level, corresponding to 25,200 unemployed people. As to the gender distribution, the female occupation rate (2011) was 58.5% (as compared to the 52% national average), whereas the male occupation rate was 71.6% (as compared to the 65% national average)

The higher level of training and qualification of the employed population in the Bucharest-Ilfov region has also led to a higher demand for qualified labour, as compared to the rest of the country, a demand which is correlated to the opportunities offered by the capital – the living standards, as well as its reputation.
Long-term unemployment is rather high, so is the unemployment rate among the young – 21.2%, a value close to the national average of 21%; at the same time, illegal employment is widespread, particularly in the tertiary sector. (Institutul Național de Statistică, 2014)

Due to the opportunities offered by the capital city, the employed population has a high level of training and qualifications. Most of the unemployed people in the region have low levels of education, since the demand for qualified labour is higher in this region.

All the industrial sectors are present in the Bucharest-Ilfov area, which represent the most important industrial region of the country. During recent years, the labour force has massively oriented towards the services sector, which contributes the highest share to the region’s economy. The population employed in the service sector represents 71.3% of the working population, whereas those employed in the industry represent 25.8% and those employed in agriculture, a mere 2.9%.

The Bucharest-Ilfov region generates the highest growth rate of such sectors as construction and real estate, while retail, distribution and management activities are also experiencing rapid evolutions. Since the Bucharest-Ilfov region is the only region in the country where services generate the largest number of jobs, the tertiary sector has the highest share in the structure of the regional GDP (60.4%), the industry and construction sector, 29.3% and agriculture, below 1%.

Moreover, foreign direct investment in the region is also stimulated, given the advantages offered by the existing institutional structure, the qualified labour force and the communications system, much better developed than for the rest of the country.

In analysing the labour supply for the Bucharest-Ilfov region, we have carried out a primary research, based on questionnaires, among 120 students in the economic field. The students were recruited from the target group for the project POS DRU „Internship for tomorrow’s technology” (either internship and/or counselling activities) within the Academy of Economic Studies in Bucharest, the Faculty of Theoretical and Applied Economics, BA and MA. The primary research used the questionnaire technique, by using and interpreting a Questionnaire regarding the internship and counselling activities – 120 questionnaires, filled out by the students included in the target group of the project POS DRU „Internship for tomorrow’s technology”, who took part in internship and/or professional counselling activities. In this respect, we considered the size of the target group – 120 students – representative enough for an inferential study regarding the effects of the internship stages and professional counselling activities on students of economics.

The students included in the study carried out internship stages (compulsory in ASE Bucharest) as follows: 77.5% within the project POS DRU „Internship for tomorrow’s technology”, 21.5% in companies not included in the project POS DRU „Internship for tomorrow’s technology”, whereas 1% had their internship equivalated with their job.

The gender distribution of the students was: 46 male students (38.3%) and 74 female students (61.7%). At the same time, 72.2% of the students came from urban areas, whereas 25.8% came from rural areas.
The answers for the question „What was/is your occupation at the workplace? Were extremely diverse, but they classified primarily into: commercial employees (53% of respondents), promoters – 16% – and other occupations – 9%. In conclusion, most study participants reported occasional occupations in the field of services and promotional activities.

Only 9% of the students appreciate that their occupation corresponds to the level of training and qualifications. As to the income earned, 61% of students earn up to 800 lei per month, while only 15% earn more than 1200 lei monthly. In conclusion, the analysis of the data indicates that even students who already have a job, still need professional counselling and internship stages, given that most of them are employed in activities below their qualifications and remunerated below the average wage, not to mention the contractual terms which are uncertain or non-existent.

The professional counselling sessions approached those areas covering the relevance of university education to the activity at the workplace, ranging from the applied problem-solving techniques apprehended, to aspects regarding the negotiation of wages and labour contract terms. The professional counselling sessions were deemed as useful by 112 of the 120 participants in the study.

Section II of the study focused on aspects related to the internship stages undertaken by the participants during university. Thus, 77.5% of students participated in internship stages covering such fields as accounting, IT&C, communication and mass-media, and project management (implementation and monitization). Other fields included human resources (5.8%), finance (5.8%) and consulting (4.16%). From the analysis of the available data, we can observe the multi-disciplinary approach of the internship stages, each student undertaking at least four fields – different, yet interconnected on the labour market.

In what regards students’ remuneration during the internship, 52% of respondents answered they valued the abilities assimilated more than the remuneration, 32.5% rated remuneration as a possible preferential criterion, whereas 13% placed emphasis on the hiring opportunities after the completion of the internship stage.

As to the disciplines deemed important during the internship stage, we analysed the results based on students’ score for each discipline. The analysis revealed the following hierarchy: IT and databases – 8; Economic Policies in the EU – 7.78; Accounting and Financial-Economic Analysis – 7.38; Communication disciplines – 7.12; Management and Marketing – 6.72. 84% of the students said they were satisfied and very satisfied with the abilities and knowledge accumulated during the internship, as well as the relationship with their tutor. In addition, 86% of students said the objectives set forth during the internship were observed and carried out successfully.

These figures are also reflected in the large number of students (113 out of 120) who rated the internship environment and the facilities offered as good and very good (information, documents, IT and office material, work space, work climate etc). 84% of the students rated the duration of the internship as adequate and the applicability of knowledge as good and very good. In what regards, task complexity, 68% rated it as
average, 22% as high, whereas the remaining 10% said the complexity was low. 65% of the students stated that the field of the internship was good and very good, while 32% said it was satisfactory. Moreover, the degree of interactivity within the department at the company providing internship was rated as good and very good by 83% of the students.

The level of expectations of students was satisfied to a high and very high extent among 76.6% of the interns, whereas for 20%, to a satisfactory extent. These figures are in a significant correlation with the evaluation of the organization of the internship stages: 75.8% rated the organization as good and very good, while 15% rated it as satisfactory.

The competencies the respondents consider they achieved during the internship stages are, hierarchically, the following: communication abilities, team-work abilities and IT competences. Of the 120 students questioned, 78% stated they would accept a position in the company that organized the internship stage.

The next question in Section II solicited students’ opinion regarding suggestions, in the light of the internship experience, in order to better adapt to their future workplace. The following hierarchy resulted from students’ responses (fixed answers):
1. Improving the participation of students in lectures and seminars – 30%;
2. Increasing the amount of case studies and the time allotted within the disciplines in the curricula – 22.5%;
3. Increasing the share of applied disciplines in the curricula – 20%;
4. Revising the existing curricula for a better correlation to economic realities – 18.3%;
5. Revising the existing curricula in a radical manner – 9.1%

The study also questioned respondents’ opinion on the utility and desirability of the assimilated abilities on the labour market. Thus, 69.2% appreciated the qualifications assimilated as highly and very highly demanded on the labour market, whereas 29% appreciate the qualifications are not demanded.

As to the vision on their future career/workplace in two years’ time, 39% consider they will continue their studies, 26% consider they will work in the country, while 25% appreciate they will emigrate. The remaining students do not have an accurate idea about their future prospects.

In what regards students’ future field of activity within a one-year horizon, 24.1% estimate they will be working in a commercial bank, 23.3% in a private company, 14.1% in a public institution, 15.8% are planning to start up their own company, and 22.5% of respondents do not know. No respondents showed interest in the research/education sector.

In what regards their future profession, 69% of students consider they will become accountants, while 30% view themselves as economists. These figures prove the opportunity and necessity of career counselling, in order to reveal other labour market possibilities and opportunities to students.

Section III of the study investigated the evaluation of the professional and career counselling by students. 98% of them declared they had never resorted to such sessions...
up to that moment. However, 76.6% appreciate them as useful and very useful, while 17% of respondents cannot appreciate their utility.

When questioned whether there is a professional counselling and/or career orientation department within their university, 48% answered positively, 15% negatively, while 36.7% declared they were not aware. The following question inquired whether students might consider resorting to professional counselling services: 77.5% of students declared they would, while 16.7% said they had never considered the possibility. As to the motivation for rejecting counselling services, no answers were provided by respondents.

The participants were also questioned about their opinion on the relevance of the professional counselling sessions carried out within the project POS DRU „Internship for tomorrow’s technology” for their future choice of a workplace. 72.5% considered their counselling experience as relevant and very relevant, while 16% attributed little relevance to the counselling experience.

In light of these aspects, the study conclusions suggest, first of all, that students’ internship activities cover, to a large extent, the abilities and competences required by employers. Secondly, the utility of the professional counselling sessions has been deemed as very high by the target group.

Together with the primary research based on questionnaires, the study revealed valuable insights regarding the characteristics of labour supply (higher education graduates), as well as the correlation of demand and supply on the labour market.

In what regards labour supply of higher education graduates, the available statistical data from the Ministry of Education and the National Statistical Institute point out that, on average, the state produces 190,000 graduates annually, most of them in economic sciences, law studies or higher education.

However, the data from the Romanian Agency for Quality Assurance in Higher Education (ARACIS) point out that 80% of graduates in higher education in Romania profess in other fields than those of their specialization. (Păunescu et al., 2011)

Economic higher education is, together with law studies, in the top fields with the largest number of junior students each year. For instance, in 2009/2010, a total of 223,961 faculty students were enrolled in all years of study. During the same year, 72,641 students graduated, however, neither the National Agency for Labour Employment, nor the recruitment agencies have accurate data about the labour demand in this field on a yearly basis. „There is little demand for law graduates. And the same goes for public relations, journalism and marketing, where demand is also low”, according to Brandusa Deac, from the Tjobs portal. (http://www.gandul.info/stiri/romania-invata-haotic-si-munceste-prost-80-la-suta-dintre-absolventi-profeseaza-in-alte-domenii-decat-cele-in-care-s-au-pregatit-exclusiv-10661795)

Universities are interested in offering their services to as many people as possible, without trying to determine whether the graduates will actually find a job after the
completion of studies. Universities do not possess mechanisms for tracking the career trajectory of their graduates in the labour market; if there is demand from potential students, then they strive to satisfy this demand fully (Badea and Rogojanu, 2012).

University professor Mircea Miclea claims the problem arises as early as high school, where students do not benefit from counselling. If proper counselling existed in high school, then students would know how to choose. In the absence of counselling, students are only guided by information from family and friends. (http://www.gandul.info/stiri/romania-invata-haotic-si-munceste-prost-80-la-suta-dintre-absolventi-profeseaza-in-alte-domenii-decat-cele-in-care-s-au-pregatit-exclusiv-10661795)

On the other hand, universities are more careful about their interests, rather than the interests of students after graduation and they do not observe the labour market, because in this way, they preserve their jobs and attract money from the market, says prof. Miclea.

According to polls, for the past 21 years, no university, nor Romanian authority has been interested to know about how many graduates in every field the market is actually able to absorb, which fields are saturated and which fields have a deficit of specialists. No one has ever worried that the number of universities has risen significantly, and with it, the number of unemployed holding a degree.

The most recent study on the structure of higher education graduates in Romania, for the year 2012, points out that higher education studies in social sciences, law and business make up for 53.4% of higher education graduates in Romania, as compared to the 35.6% European average. Studies in engineering, construction and industry represent 17.3%, as compared to 12.9% European average. (Păunescu et al., 2011) Universities prepare students for the labour market, but, at the same time, they contribute permanently to its change, to redefining and creating new professions: during the past 10-20 years, the greater number of graduates in the labour market has redefined the requirements at the workplace, while often strengthening specialization and professionalization and generating an increased demand for higher education graduates.

The analysis was founded empirically on a series of quantitative and qualitative data collected between 2009-2011 by means of three sociological inquiries carried out annually among academic staff, students and employers. The inquiries, together with other empirical data regarding the higher education system (in-depth interviews with students and teachers, statistical reports of the NSI and other European/international institutions) come from a variety of sources, both subjective – related to the perceptions of the actors involved (academic staff, students, employers), and objective (reports, studies etch).

According to the study, for the 2009-2011 period, academic staff have, to a large majority, been confident about the higher education system’s capacity to prepare the future labour force in accordance with the economy’s demand. The employers allow for relatively equal importance to the role of universities, students, as well as their own in this process. Students place an emphasis on their own training and study, on universities
and finally on employers (in that order), while academics place the focus on students and consider that employers play a less important part in the correlation of demand and supply on the labour market. Furthermore, in the students’ opinion, the educational offer of faculties should or should not be altered depending on the needs of the labour market.

The aspects approached by the study lead to the conclusion that students wish for a higher education system in direct relation to the needs of the labour market. Academic staff, in turn, agree with this requirement in principle, but more moderately, and, in addition, they believe that in reality there are no major differences between the curricula and the teaching methods used in universities and the needs of the labour market. Hence follows a very interesting implication, of utter relevance to university decision-makers: academics should pay more attention to explaining how the notions assimilated in higher education will benefit students in the future. Such a communication exercise could improve the low score achieved by university when it comes to teacher-student communication. In addition, there is a strong support from university teachers themselves in this direction: the vast majority claim that, in universities, academics should offer students information about the way each discipline can be useful in their future jobs (Frâncu, 2010).

The same document reveals, however, that Romanian universities are below the European average in what regards the share of graduates in other important fields of study. Thus, education and professional training makes up for 1.8% of graduates, as compared to the 9.5% European average, arts and human sciences – 7.7%, as compared to the 11.6% European average, exact sciences – mathematics, computer science – 4.4%, as against the 9.2% European average and last, but not least, health and social assistance – 105, as compared to the 15.4% European average.

In effect, universities have over-sized the entry level figures after 1990, without taking into account the risk of unemployment for future graduates. The absence of any limitations on the tuition budget has also contributed to an excess of graduates in certain fields.

In other words, authorities cannot estimate the number of necessary specialists that the market can absorb and no institution in Romania seems interested to analyse which fields are saturated, which fields are worth investing and which fields are in need of specialists.

Up to 1996, the majority of graduates belonged to technical fields, but after this year, the tables turned in favour of economists and law specialists. If in 1995, Romanian universities produced 9600 economists in private and public universities, in 1996, their number approached 23,000. In 2007, Romania reported the highest number of graduates in the history of economic higher education: 91,884 students for the 2007/2008 school year.

In 1996-2009, the main fields of specialization were: economists, law specialists, teachers, linguists, engineers, medical doctors, with record figures of 502,988 economists and 175,590 law graduates. Throughout the years, the number of economists rose from 22,887 in 1996/1997 to 72,641 in 2009/2010.
We do not currently have at the national level – not to mention the regional level – any accurate and relevant statistics referring to the unemployment rate among university graduates, broken down into fields of specialization. No one has found it useful to measure how many economic science, political science or law graduates manage to find a job after graduation or how many are unemployed. And this lack of information perpetuates with every generation of university graduates.

The Bucharest-Ilfov region is in a privileged position, due to its high level of development and growth potential, as well as the major share of the tertiary sector, which make the supply of specialized labour necessary. Until the market has accurate information regarding the necessary labour force by specialization, university candidates will not found their choice on the demand from employers, but rather on the attractiveness of the specializations.

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