

Choosing the career path – An unemployment enhancer factor

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Abstract. *This paper aims to analyze the relationship between pre-university graduates, the employment rate for the age group of 15 to 19 year olds and the unemployment rate for the same age group. The analyzed period is 1997-2011. The data used is provided by the National Institute of Statistics. The share of university graduates in the pre-school population will be calculated and the existing links identified. The analysis of data shows that during the period under review the share of graduates fluctuates, dropping at the end of the period under review, as does the occupancy, accompanied by rising unemployment.*

Keywords: graduates, school population, employment rate, unemployment rate.

JEL Classification: A23, I21, J62.

REL Classification: 12G, 12I.

Introduction

This paper analyzes the macroeconomic imbalance that directly affects a part of the country population, including young people, namely unemployment, and the links between it and the professional route. It analyzes data on school population, number of graduates, the employment rate of young people and the unemployment rate in the age group of 15 to 19 year olds. It will draw graphs and indicate the links between these indicators.

“Unemployment is undesirable because it distorts the lives of people and is associated with an irreplaceable loss of real output.” (Lipsey and Chrystal, 1999). This imbalance is a major topic of economic policy since the mid-1970s, affecting all walks of life. “Unemployment is an economic inactivity, full or partial, of those who do not have their own job, are looking for a new job, cannot find work as employees, have the status of employees but are employed only part time, with the corresponding decrease of wages” (Dictionary of Economics, 1999). JM Keynes addressed these issues of economic policy in his “General Theory of Employment, Interest and Money”. From the perspective of the economist JM Keynes, unemployment occurs because of an oversupply of goods, that is why public intervention has to assist in the recovery of global demand, so that output and employment would increase. From his point of view, involuntary unemployment is the result of reduced demand for goods and services. The amount of work required by companies at balance does not allow for the employment of all the people who would agree to work at the market wage. Thus emerges a new concept of unemployment – *involuntary unemployment*. Savings can be allowed to correct the demand, except that they operate slowly. A full employment of labor is possible by increasing the costs of investment and not those of consumption. Allowing economies to correct labor demand, makes unemployment inevitable and that is why JM Keynes suggested government intervention through three policies: monetary policy, fiscal policy and public investment. The government policies aimed at increasing the demand can reduce unemployment quickly. This imbalance is fed through the following channels: the demographic channel, which implies growing the number of people that reached the legal age for employment, so they increase the labor supply compared to existing demand; the education channel by which young generations acquire skills that do not always match the workforce demand on existing labor market, and the channel of the workforce released in the economy, due to the change in the structure of demand for goods and services. If we analyze the situation in Romania, we find that this imbalance – at least for the age group of 15 to 19 year olds – is being particularly fueled by the educational channel. This can be explained either by the educational supply and the demand mismatch in the labor market, or by the choosing of the wrong career path for young people. The

professional route involves identifying and choosing the steps to be followed over time. They are accompanied by training. “Training is a complex and lengthy process and is carried to every individual in its qualification for a profession in the wide range of professions in society” (Popescu, 2004). Training often does not meet the labor market needs. This is possible due to the fact that some students, up to the age they are admitted to high school, have not decided what field to choose or because the educational offer does not provide them with other choices.

Methodology

Since 1990, Romania has gone through a series of events that resulted in different levels of unemployment and different ways of organizing the education system. This has undergone over time numerous reforms that have brought changes in the organizational structure and the curricular level. The data used is the one provided by the National Institute of Statistics, AMIGO survey is the source of data for calculating the unemployment rate for the age group of 15 to 19 year olds (according to the International Labor Office – ILO), for the high school population, the number of graduates of the pre-university school and for the employment rates. The weights of high school graduates in the population of the pre-university educational system will be calculated and we draw graphs to reflect changes in these indicators and the correlation between them.

Table 1. *School population of high school education (number of persons)*

Years	Total	Male	Female
1997	765903	344968	420935
1998	718017	322533	395484
1999	694376	313147	381229
2000	687919	310983	376936
2001	710663	322177	388486
2002	740404	334147	406257
2003	758917	345004	413913
2004	773843	351822	422021
2005	767439	354634	412805
2006	780925	370577	410348
2007	791348	382158	409190
2008	784361	380190	404171
2009	837728	418249	419479
2010	866543	441438	425105
2011	888768	456167	432601

Source: National Institute of Statistics.

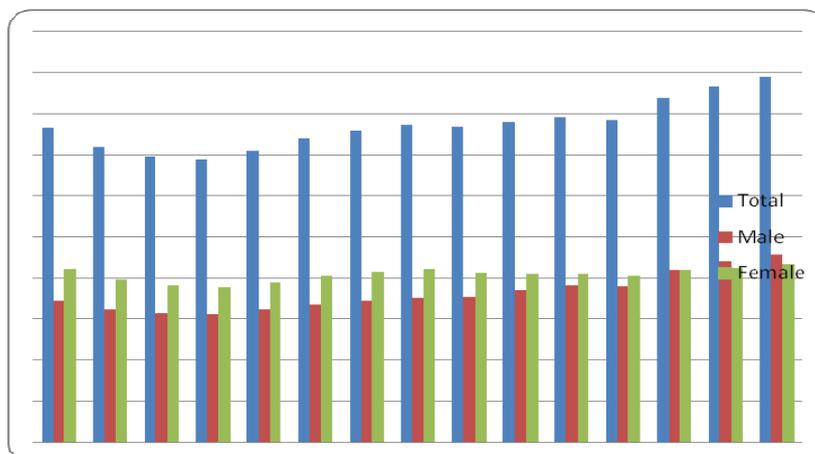


Figure 1. Evolution of school population of high school education

Table 2. Number of graduates of pre-university education (number of persons)

Years	Total	Urban	Rural
1997	527812	417210	110602
1998	571739	444440	127299
1999	567249	437564	129685
2000	574939	430950	143989
2001	554922	407015	147907
2002	589766	437232	152534
2003	569546	420295	149251
2004	614160	462330	151830
2005	583183	447490	135693
2006	553572	422907	130665
2007	552073	428036	124037
2008	524606	402680	121926
2009	512881	392629	120252
2010	487813	359138	128675
2011	400076	300315	99761

Source: National Institute of Statistics.

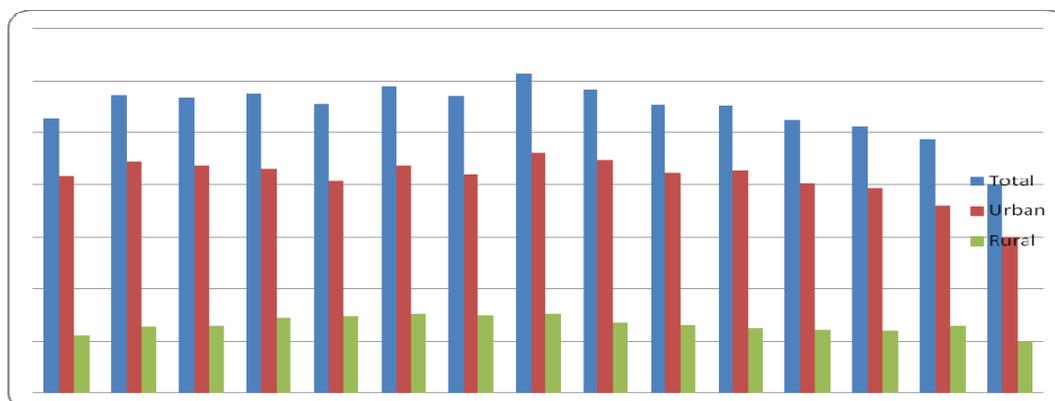


Figure 2. Number of graduates of pre-university education

Table 3. Employment rate, 15-19 age group (%)

Years	Total	Male	Female
1997	21,2	24,5	17,8
1998	19,9	23,3	16,3
1999	18,3	21,7	14,7
2000	18,2	21,2	15,1
2001	17,6	19,6	15,4
2002	14,6	16,8	12,3
2003	11,8	15	8,6
2004	13,3	16,5	10
2005	11,3	14	8,6
2006	10,8	13,4	8
2007	10	13	6,8
2008	9,2	12	6,3
2009	9,1	11,2	6,9
2010	8,4	10,2	6,5
2011	8	8,9	7,2

Source: National Institute of Statistics.

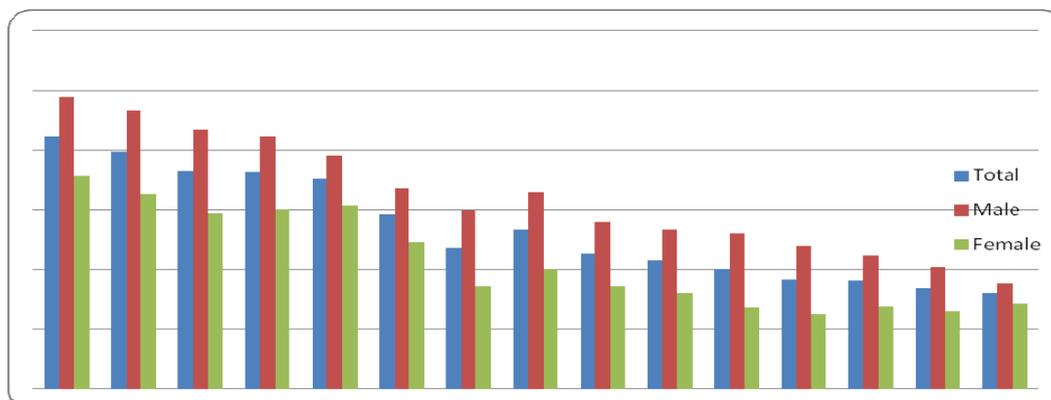


Figure 3. Employment rate trend for the age group 15-19 years

Table 4. Evolution of unemployment rate for the age group 15-19 years

Years	Unemployment rate 15-19 years (%)
1997	24,7
1998	24,0
1999	24,5
2000	23,0
2001	20,8
2002	27,4
2003	25,1
2004	28,8
2005	24,9
2006	24,8
2007	27,3
2008	29,6
2009	32,7
2010	27,0
2011	30,0

Source: National Institute of Statistics.

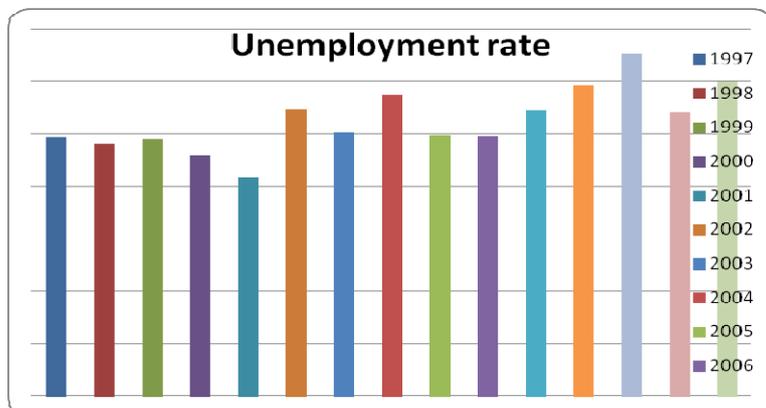


Figure 4. Unemployment rate for the age group 15-19 years

Results

Analyzing the data presented, the school population went through changes every year, reaching the minimum in 2000 (687.919 people), while at the end of the period (2011) it reaches 888,768 people. Changes are also present in other indicators. For instance, the number of graduates peaked in 2004 (614.160 people). According to data, the minimum level recorded is in 2011, decreasing from the peak reached in 2004 by approximately 214.084 people. Youth employment rate in the age group of 15 to 19 year olds went through changes: the highest percentage of employment for this age group was recorded in 1997 (21.2%) and the lowest in 2011 (8%). Analyzing the ILO unemployment rate for the age group of 15 to 19 year olds, there is an increase of it in 2011. In Table 4 we present the correlation coefficients between the percentage of pre-university school graduates in the total school population, the employment rate of young people in the age group of 15 to 19 year olds and the unemployment rate for the same age group. The coefficients reflect the positive relation between the share of graduates and the employment rate, but also the negative relationship between the share of graduates and unemployment.

Table 5. The correlation between the pre-university graduates share of the total school population and the employment rate, the unemployment rate respectively for the age group 15-19 years

Period	The correlation between the share of pre-university graduates in the total school population and employment rate for 15-19	The correlation between the share of pre-university graduates in the total school population and unemployment rate for 15-19
1997 - 2011	0,672	1. 0,613

Table 6 presents the evolution of the share of high school graduates in the total school population, the employment rate of youth and unemployment rate for the 15-19 age group, and figures 6 and 7 are the charts of these developments.

Table 6. *The evolution of high school graduates share in the total pre-university population, the employment rate and the unemployment rate, age group 15-19 years (%)*

Period	The share of pre-university school graduates in the total pre-university population	Employment rate, 15-19 age group	Unemployment rate of 15-19 age group
1997	68,91	21,2	24,7
1998	79,62	19,9	24,0
1999	81,69	18,3	24,5
2000	83,57	18,2	23,0
2001	78,08	17,6	20,8
2002	79,65	14,6	27,4
2003	75,04	11,8	25,1
2004	79,36	13,3	28,8
2005	75,99	11,3	24,9
2006	70,88	10,8	24,8
2007	69,76	10	27,3
2008	66,88	9,2	29,6
2009	61,22	9,1	32,7
2010	56,29	8,4	27,0
2011	45,01	8,0	30,0

Source: National Institute of Statistics.

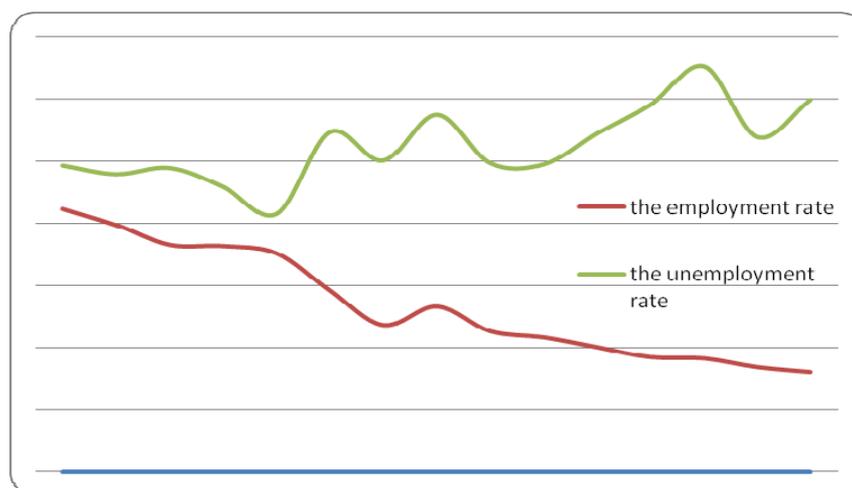


Figure 6. *Rate of employment and unemployment trends for the age group 15-19 years*

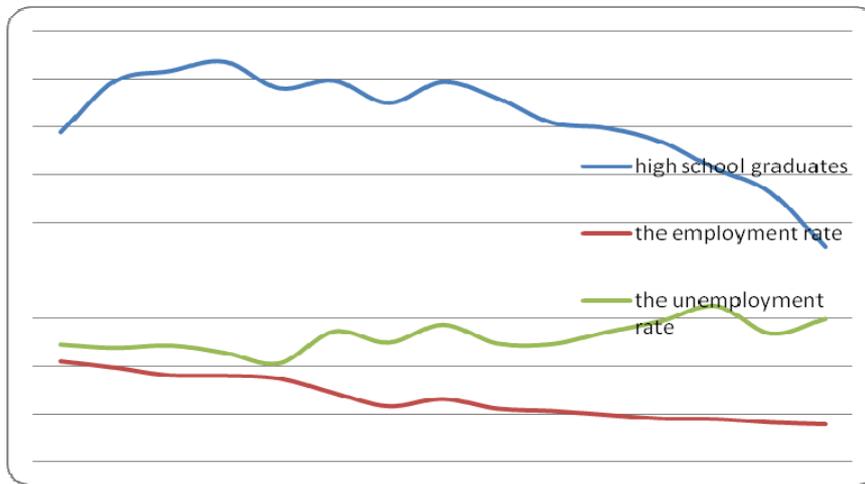


Figure 7. The trend of high school graduates share, the employment rate and the unemployment rate for the age group 15-19 years

Conclusions

Analyzing the correlation coefficients between the share of graduates, the young people employment rate and the unemployment rate for the age group of 15 to 19 year olds, we can find a positive correlation between the share of graduates and the employment rate and also the negative correlation between the share of graduates and unemployment. The graphs depicting the evolution of these indicators are also revealing. It is found that as the share of graduates is decreasing, the employment rate of young people is dropping, but the unemployment is rising. Also, following the modifications to occupancy, there is a decrease at the end of the period. Increasing unemployment for this age group is due to the non correlation of studies (educational offer) with the demand in the labor market, lack of internships in high schools and the poor material base in technological high schools which are supposed to provide a practical experience, as well as a lack of counseling of gymnasium graduates in choosing their career path.

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