

Labour market in France and Romania. A comparative analysis of indicators concerning youth employment and unemployment between 2013 and 2017

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Abstract

In this article we aim to analyse, in a comparative manner, the main indicators regarding employment and unemployment among Romanian and French young people. Being two different societies as historical, social, economic development, France and Romania face the same problem of youth unemployment. The article aims to analyse how this social issue evolved in the period from 2013 when the two societies began to recover after the economic crisis until 2017. In the first part of the article we present the most important concepts of our analysis and also the most important European strategies that are focusing on youth's employment and unemployment. For the secondary data analysis of this article, the statistical data used was provided by Eurostat and the International Labour Office.

Keywords: *activity rate; unemployment rate; long-term unemployment; NEETs; Europe Strategy 2020.*

1. Context and European strategies

In any society, employment represents “an essential condition for ensuring macroeconomic balances and social and political stability. It is a complex, dynamic process of major interest to all economic agents and social partners for the present and the future of society, with various implications: economic, psychosocial, educational, cultural, political” (Cojocaru and Popp 2010: p. 645).

The workforce of a country is represented by the total number of people employed and unoccupied or unemployed. The most important element of the labour market is the individuals who are able to carry out an activity in order to obtain a material or other benefit. “The general background of employment resource dimensioning is the demographic factor itself with its structures, a factor that must be looked at from the perspective of socially useful activities, as well as that of general consumption” (Dobrota and Aceleanu 2007: p. 63).

In addition to the socio-family factors that contribute to the formation of work-related values, economic factors also play a particularly important role in the process of development of these values. In this way, we may say that the way young people view and value work can be influenced by the economic realities of the country in which they live and have their mark on the labour market, whether they are French or Romanians. The functioning of the labour market system can influence the values and principles that youth adopt when they choose one profession or another.

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The Europe 2020 Strategy has devoted two of its flagship initiatives to improve the employment situation of young people: youth on the move who promoted mobility as a means of learning and enhancing employability (this campaign ended in December 2014) and an Agenda for new skills and jobs, aimed at improving employment and youth employment opportunities. Basically, the Europe 2020 Strategy is speaking about three patterns of growth: “(a) smart growth based on knowledge and technological innovation, (b) sustainable growth through the efficient use of alternative energy resources, and (c) inclusive growth with high employment and social cohesion” (Porumbescu 2017: p. 73).

Another European initiative was the *Youth Employment Package*, adopted in 2012, included a set of measures to facilitate transitions from school to work. Another initiative was the “Youth Guaranty”. This measure has helped to ensure that all young people under the age of 25 receive good quality job offers, continuous education or internships within four months of leaving school or becoming unemployed. In 2013, the Council of the European Union has adopted a recommendation to establish a “guarantee for the youth”, which targets 7,5million NEETs, with the objective of “offering them a quality job, a continuous training, an apprenticeship or an internship within four months of losing their job or leaving formal education” (European Council, 2013)

The *Youth Employment Initiative* (adopted in 2013) has strengthened and accelerated the measures outlined in the *Youth Employment Package*. In particular, it supported young people who do not have studies, employment or training in regions with an unemployment rate among young people of over 25%. In June 2016, the European Commission adopted a new Competence Agenda for Europe, based around 10 priority actions aimed at ensuring that people working in the EU have the right to training, skills and employment.

2. The activity rate of the active population (15-64 years), on sex and level of education

According to the 2014 employment survey in France, the active population of the Region called the “Metropolitan France” is 28.6 million people aged 15 and over. It added 25.8 million employed people and 2.8 million unemployed. The rest of the population over the age of 15 represented the inactive population (as defined by the ILO), i.e. people who are not working, not immediately available to find a job, or not looking for a job.

The implementation of policies to promote active aging in France also had a positive effect on the increase in the participation rate, as evidenced by the increase in the participation rate of people aged 50 to 64, which is from 56.5%, in 2009 to 63 years, 1%, in 2014. However, in 2015, France was below the European average (64.9%) of the employment rate of people aged 15 to 64, well after countries like Sweden, Germany, Netherlands, Denmark, Austria, where the employment rate exceeded 70% (Eurostat 2017).

Even in this context, the two labour markets (the Romanian and the French one) have not evolved in a similar way in recent years, which has also been reflected in the social policy measures that have been put into practice in both societies. France has often been considered as an example of good practice in the implementation of employment policies for women, immigrants, the elderly and young people. At the same time, Romania has faced many challenges in the labour market during the transition period that came after the fall of the communist regime, in 1989. The most

important of these challenges were the decline in the economically active population and, implicitly, the decline in the employment rate (especially during the collapse of the industrial sector, during the first decade after the fall of communism in 1989). The labour market conditions have improved considerably between 2015 and 2016, so that at the European level, in the first quarter of 2017, the number of people employed increases by approximately 235 million people. In May 2017, the unemployment rate reached the historical minimum of 7.8%, the lowest rate since January 2009. This improvement in labour market conditions also had visible effects on the reduction in the share of poverty and social exclusion, which reached the level recorded in 2008 - 23.7% (Eurostat 2017).

We must specify, as a particularity of the labour market during the economic recession, that from 2008 until 2016, the European labour market started as part-time workers, about 4 million people, who generated that the part-time sector accounts for about 20% of employment. In many European countries (including France and Romania), part-time work was a means of increasing the flexibility of the labour market during the economic crisis. This evolution of part-time contracts has stabilized since 2013, which is one of the reasons why employment has grown much faster than GDP in the majority of EU Member States.

3. Unemployment

3.1. The unemployment rate (ILO)

With regard to the unemployment rate, experts have always wondered whether it measures and expresses the reality of this social phenomenon. In the case of Romanian society, official statistics show a low unemployment rate, based on the definition given by the International Labour Office. As a result, official statistics only include those who are unemployed at the time of collection, they are entered in the county employment office registers as undefined or unrestricted (being out of the period when they are unemployed and looking for a job). Thus, according to the ILO, unemployed people are defined as having the specific labour market entry age, looking for a job and available for a job opportunity (Arpinte, Cace and Scoican 2010: p. 135)

Unemployment is “a negative phenomenon of the economic and social space, which affects a part of the active population available, by not providing jobs. In terms of the labour market, unemployment is the supply of the job offer, and the unemployed are all suitable for work but unable to work and which can be employed in part or in full only at certain times of economic development” (Cojocaru and Asandului 1999: p. 76).

In fact, especially in the case of Romania, we are talking about a much higher unemployment rate, a significant proportion of people who have left unemployment benefits and who, therefore, are in no way statistical official, thereby losing contact with the labour market. The unemployment rate is an important indicator, which involves both economic and social dimensions. For example, high unemployment leads to lower income for those affected by this problem, greater pressure on governments to develop social service delivery policies and lower income taxes. Thus, from an economic point of view, unemployment can be considered as an unused labour force.

Unemployment is one of the problems faced by both societies. The other effects on the labour market that have been generated in particular by the rise in unemployment have been: the reduction of working hours, the reduction of employees' social contributions, the increase of part-time activities, etc. The practice of promoting shorter working hours has been the first short-term employment protection solution to the

initial impact of the economic crisis. For example, in France, the solution of part-time or technical unemployment has been put into practice, allowing companies and budgetary institutions in difficulty to resort to state aid, whereby employees receive 60% of their salary in a period of time where they do not work.

In the case of France, after a slight decline in the second half of 2015, the unemployment rate remained at 9.5% in April 2016, well above its pre-crisis level (7.3% in March 2008). The proportion of the population aged 15 to 74 remains 1.8% lower than before the crisis. Like other European countries, France has seen a polarization of jobs, between highly qualified jobs and low-skilled jobs. This is also related to the persistent trend in recent years to increase the share of jobs in the service sector and to reduce the number of jobs in the manufacturing sector. Polarization has also increased in most sectors of the economy. There are many middle-class workers who risk accepting work in low-skilled jobs to keep their jobs, which increase a lack of matching skills and work (*skill mismatch*), but there are also low-skilled workers who face a higher risk of job losses, which leads to inactivity and unemployment.

**Table 1: The unemployment rate between 2013 and 2017
(comparative analysis – Fr.-Ro.)**

Unemployment rate	2013	2014	2015	2016	2017
France	10,3	10,3	10,4	10,1	9,8
Romania	7,1	6,8	6,8	5,9	5,1
EU-28 average	10,9	10,2	9,4	8,5	7,8

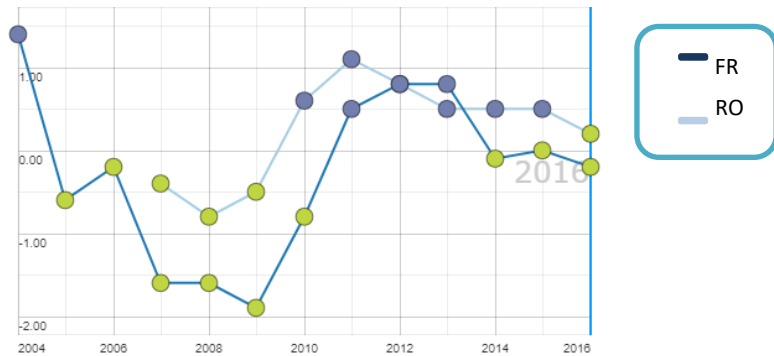
Source: Eurostat, *Unemployment in Europe*, 2017

In 2016, although unemployment continued to fall across Europe, the unemployment rate remained much higher than during the economic crisis. The number of unemployed decreased by 5.4 million compared to 2008 and the unemployment rate has been steadily decreasing since 2013 and in May 2017 it reached 7.8%.

3.2. The long-term unemployment rate

A similar trend to the unemployment rate was also the long-term unemployment rate, which continued to be a major challenge for the EU in 2016, although it saw many declines over the 2013-2016 period. The decline in long-term unemployment began to be observed in 2013, with the return of the European economy after the economic crisis. In 2016, about 9.6 million people (representing 4.0% of the labour force and about 50% of all unemployed) had been unemployed for more than a year; over half of the 6.1 million people have not been employed for more than two years.

Figure 1: The evolution of long-term unemployment (comparative analysis: Fr.-Ro.)



Source: Eurostat, Statistics Illustrated, *Long-term unemployment rate*

Long-term unemployment is associated with many costs, both for the individual and for society. At the individual level, long-term unemployment can have consequences for physical and mental health (generating additional costs for health care and protection) and can therefore have a negative effect on a person's quality of life. On the social level, long-term unemployment is the main cause of poverty and social exclusion, affecting both the individual and the family to which he belongs. In the long run, this can lead to perpetuating the poverty of social inequalities, and this is confirmed by the statistics who are illustrating that countries with high unemployment rate are countries facing extreme poverty and social and economic exclusion and marginalization. Indeed, in general, “the rise of unemployment leads to poverty and demoralization” (Mocanu 2009: p. 67)

Table 2: Evolution of long-term unemployment in 2013-2016 (comparative analysis – Fr.-Ro.)

	2013	2014	2015	2016
France	4,4	4,5	4,6	4,6
Romania	3,2	2,8	3,0	3,0
EU-28 average	5,1	5,0	4,5	4,0

Source: Eurostat, *Long-term unemployment rate*

From the chart and the table above, we find that the long-term unemployment rate is very high in both societies, especially during the peak of the economic recession (2010-2011). From 2013, the long-term unemployment rate recorded the European trend, falling in both societies, reaching 3.0% in Romania (lower than the European average of 4.0%) and 4.6% in the case of France

3.3. Youth unemployment

In general, youth unemployment refers to youth aged 15 to 24 in Canada and many other countries. However, this rule has certain exceptions: for example, in Norway, Sweden, the United Kingdom and the United States, the age group is between 16 and 24, while in Belgium, Italy, the Netherlands and Spain are the 14 to 24 age group (OECD 1980)

Youth unemployment is hardly comparable to that of older people. The young person looking for a first job rarely feels like a real unemployed person. Looking for a job is not a break with the previous situation but rather a continuation. The real change in life is when you take your job. So “young people do not see their unemployment, psychologically, in the same way as those who have lost their job” (Balazs 1980).

Romania is a European country whose labour market is still marked by non-European structures: too much subsistence farming, an oversized informal sector, predominantly manual occupational groups, particularly high risks of becoming poor for jobseekers have graduated at most vocational school), massive labour emigration and the increase of the *brain-drain* phenomenon (Ilie Goga and Ilie 2017: pp. 94-95), relatively low but long-term unemployment, masked unemployment and, the most important, a high rate of youth unemployment.

**Table 3: The evolution of youth unemployment during 2012-2016
(comparative analysis – Fr.-Ro.)**

Unemployment rate of youth (aged 15 to 24, who are not working but are looking for a job)	2012	2013	2014	2015	2016
France	24,4	24,9	24,2	24,6	24,6
Romania	22,9	24,1	24,5	22,3	20,6

Sources:

World Bank, Youth Unemployment Rate for Romania [SLUEM1524ZSROU], retrieved from FRED, Federal Reserve Bank of St. Louis [online] Available: <https://fred.stlouisfed.org/series/SLUEM1524ZSROU> [accessed 16 October 2017].

World Bank, Youth Unemployment Rate for France [SLUEM1524ZSFRA], retrieved from FRED, Federal Reserve Bank of St. Louis; [online] Available: <https://fred.stlouisfed.org/series/SLUEM1524ZSFRA> [accessed 17 October 2017].

For any individual, regardless of their age, coping with job losses during a recession and unemployment is a difficult situation to manage. Usually, the first solution to find is to migrate, especially for those who are higher education graduates. For example, according to international statistics, “in 2010/2011, Romania was among the states with the highest rates of emigration towards the OECD member states, many of these emigrants having benefitted from higher education” (Ilie Goga and Ilie 2017: p.95).

For most youths, being unemployed early in their working lives seems to have only a temporary effect on subsequent career prospects and social status. But for disadvantaged young people with a low level of education, a failure with the first labour market experience is difficult to overcome and may expose them to a long-term stigma.

The effect of this stigmatization is the increase of future unemployment risks and the reduction of future incomes, with a strong impact on human capital (deterioration of skills and delay in access to work experience). The longer the unemployment period, the more individual productivity will be affected; the lower the level of initial qualification, the longer social stigma will last. Most economic studies conclude that “early youth unemployment has negative effects on the income they earn” (Arulampalam 2001: pp. 585-606)

In Romania, statistics from recent years have shown that after graduating from higher education, many young people change their status in the labour market, even

retiring from the labour market, work or return to school before finding a job that offers career prospects and certain stability, especially economic. But even among youths who go very quickly from school to work, there are cases where the employment contract is concluded for a limited period of time and the job prospects they offer are limited (*youths with an unsuccessful insertion*). While some young people with precarious and/or temporary jobs are rapidly moving towards a more stable and promising job, others are failing to escape precariousness, thus, being at risk of poverty, unemployment and inactivity.

3.4. NEETs in France and Romania

When we talk about young people and the problems they face in the labour market, one of the syntax we find very often in the literature is “NEETs unemployment” (Russell 2016: p. 161; Hutchinson, Beck and Hooley 2015: p. 707). This term refers to an indicator that began to be used in the United Kingdom in the mid-1990s, which was introduced by the European Commission in 2010 and refers to this category of young people aged 15 to 29 years, who do not have a job or are included in an education or training system (*Neither in Employment nor in Education or Training*). The NEET indicator is analysed differently in some documents or reports prepared by international institutions (ILO, Eurostat, OECD etc.), as in the case of the employment rate or the unemployment indicator, it does not exist an international rule to define it. More precisely, this indicator refers to a category of people who are: a) unemployed (has the status of unemployed or inactive person) and b) has not received any educational services (he was not included in any form of education) in the last month (ILO 2012).

The simplest way to calculate the number of young NEETs is as follows: unemployed together with the inactive people who are out of school, a formula that does not take into account the fact that there are unemployed students who should be excluded of the calculation. International standards on labour statistics consider that the status of “student” should be measured in the same way as the non-student population (Husmanns, Mehran and Verma 1990, p. 104). For example, if a person worked at least one hour in a given week, it is included in the statistical category of the person employed. If a student was not working but was available for work or looking for a job, he or she is included in the unemployed statistics category

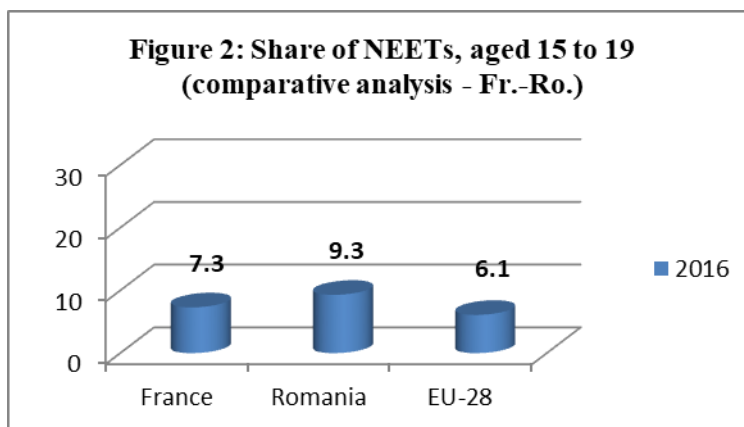
The NEET category of youths is heterogeneous, with the main subcategory of NEET being young people who have traditionally not been employed. These include those who suffer from certain illnesses, people with disabilities, or youth who provide care to a parent or relative. There are also subcategories that are not vulnerable, among which are young people who do not want a job, those who engage constructively, exclusively in other activities such as the arts, volunteering, and music or self-learning. Regardless of what subcategory we are talking about, what they all have in common is that those who are part of it do not accumulate human capital by traditional means.

At the European level, the NEETs are considered one of the most problematic issues, which requires the greatest attention in the context of youth unemployment, and this idea is supported by the statistical argument which emphasizes the fact that 2016, 2 million young Europeans were in this category (Eurostat 2017).

In the context of the economic crisis, which considerably worsened the situation of French young people aged between 15 and 29, France was one of the top 4 European countries in 2016, with the highest proportion of young NEETs, after Italy, Spain and

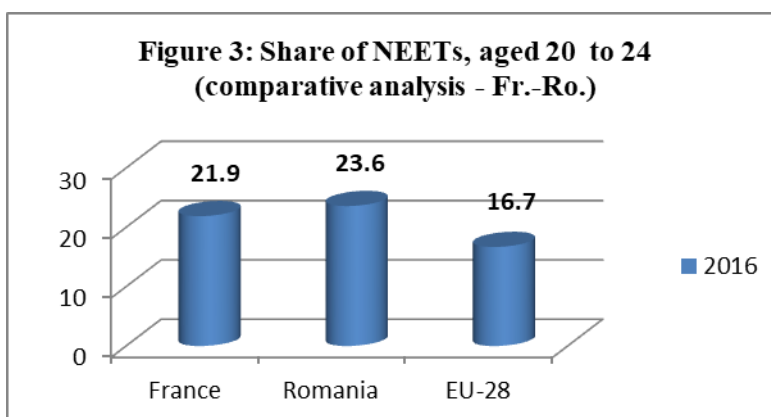
Greece. The situation presented by the reports of the European Commission is much more serious, because it highlights the fact that almost half of them do not seek for a job.

With regard to NEETs unemployment, European statistics are working with three age groups: 15-19, 20-24 and 25-29. With regard to the first sub-category, their situation is not so serious considering that 90% of young people aged 15 to 19 were in some form of education. As we may see in the figure bellow, NEETs aged 15 to 19 decreased for the 2014-2016 period, reaching a record level of 6.1% in 2016.



Source: Eurostat, [online] Available: [Statistics on young people neither in employment nor in education or training](#) [accessed 10 October 2017].

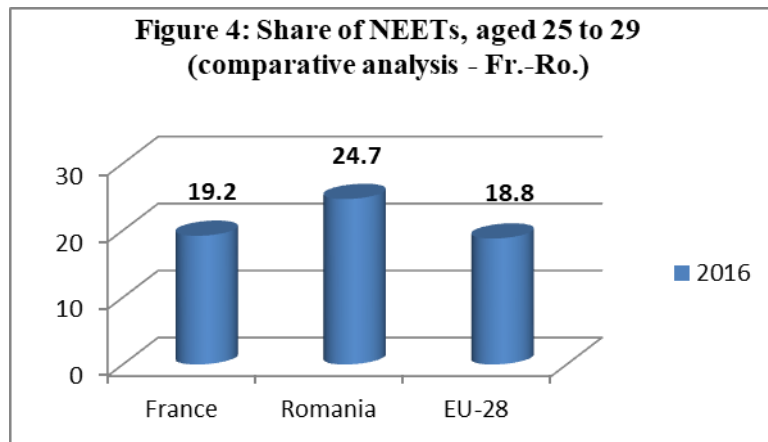
As shown in the figure above, the risk of youth being included in the NEET category increases with age, the proportion of those in this situation is approximately higher for those in the 20-24 age group, or 25-29 years old. For young NEETs aged 20 to 24, their share was relatively high in 2016 in both societies (21.9% and 24.7% respectively), well above the European average of 16.7%, but not at a limit as dramatic as other societies, such as, for example, the Italian society, where the NEET rate for this age group was 29% (Aggrusti and Corradi 2015).



Source: Eurostat, [online] Available: [Statistics on young people neither in employment nor in education or training](#) [accessed 10 October 2017].

For this age group, the most important solution for lowering this rate is to acquire skills to facilitate the transition from school to work, as shown by the analysis of youth employment policies adopted by many European countries (also France and Romania). When an effective correlation is established between education and the labour market, young people in this age group increase their level of education and, as a result, improve their work experience. At the same time, their transition from school to active work will be much easier. Measures have been taken to adjust this situation so, “there were provided key measures such as internships and apprenticeships, mobility packages, but which have not been implemented in a capacity to contribute to reducing the percentage of young NEETs” (Niță 2017: p. 96).

According to European statistics, 1 in 5 young people aged 25 to 29 were included in the NEET category. In this category, Romania has a much larger share of France, since in our country, young people's chances of having a job decrease more and more after obtaining a higher education degree. In addition, people in this age group (25-29 years) are those who graduated from the advanced economic recession, who failed to integrate into the labor market at the time of the graduation and who, after the recession period has disappeared, compete with other young graduates of the next generations. As a result, they have lost touch with the labour market, many specialized papers and reports referring to them using the phrase *the lost generation* (Calota and Ilie 2013).



Source: Eurostat, [online] Available: [Statistics on young people neither in employment nor in education or training](#) [accessed 10 October 2017].

Although the very high proportion of young people in the NEET category can mean that recruiters/employers in the European labour market have a wide range of candidates they can recruit, this weight actually reflects the existence of certain mismatches exist between the skills that candidates possess and what employers seek.

Very few times, labour market representatives and recruiters have criticized the existence of basic skills, citing the persistence of low levels of literacy or numeracy skills that young people have when they leave the education system (Motoi, Lazar and Stefan, 2018). At the same time, there are often few complaints about the inadequate development of social skills, such as communication skills, ability to work in a team,

problem solving, etc.), simply dissatisfied with lack of experience and knowledge in the professional field. As a result, in the face of a surplus workforce, employers often prefer to hire young people with higher education. As a result, young people with intermediate education, who have little or no qualification at all, end up being excluded from work or if they get a job, they will have a low-paying job or offer few opportunities to work, to be promoted or to benefit from the career advancement. This situation occurs most often in situations of economic crisis, where, faced with the difficulty of obtaining a job corresponding to their level of education, graduates of higher education choose to occupy a professional position for which they are overqualified.

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Received 10 May 2019, accepted 19 June 2019