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DEVELOPMENTS' OF YOUTHS LABOUR MARKET IN ROMANIA AND EGYPT DURING THE POST-CRISIS PERIOD

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Abstract

In the current conjecture, youths are faced with the emergence of a feeling of uncertainty regarding their own chances of entering 'well' on the labour market.

Both in developing societies and in some developed societies the impact of the financial and economic crisis on the youths is felt mainly as unemployment and as social 'risk' associated with short-term inactivity. The issue of youths' inactivity for a longer period of time is regarded as major risk of removal from the labour market, several studies indicating that the transition from school to work in a period of economic recession might put its fingerprint on the young generation affected by this economic decline.

Even if several countries registered economic growth after the year 2011/2012, still, they are faced with issues that might trigger worrying pressures on the labour market.

The present paper presents a brief analysis of the main characteristics and particularities of the youths' labour market in Romania and Egypt in the post-crisis period.

Key words: youths' employment rate, youths' unemployment, education level

JEL Classification: E24, I20, J13, J21

Introduction

At world level are currently about 1.2 billion youths (with ages between 15 and 24 years) on increased by over 17 pp against the year 1995. They represent about 24.7% from the working age population of the world and about 87% from them live in developing economies¹.

¹ International Youth Day 2016 - Population Matters, <https://www.populationmatters.org>

The issue of youths' inclusion on the labour market was always present on the political agendas, but only during the last two decades, it gained a particular upswing on these agenda. The jobs' crisis at world level exacerbated the vulnerability of youths also as result of the following factors: a high unemployment rate (13.1% in 2015), the low quality of jobs for those finding a job, the inequalities on the labour market between various categories of youths', the extended transition period from school to the labour market, etc.

At the same time, the difficulties on the labour market existing also before the economic crisis intensified during the crisis and post-crisis period, with negative impact also on the youths with ages between 25 and 29 years, with higher education and who find it more difficult to find a job adequate to their skills.

In this context, various international bodies have suggested that measures and actions adopted for fighting the crisis of youths' employment should be directed towards increasing pro-employment measures and creating decent jobs.

The Resolution "The youth employment crisis: A call for action" adopted at the International Labour Conference¹ (June 2012) organized by the International Labour Office comprises a series of conclusions representing a model for developing national strategies of youths' employment on the labour market.

At the level of the United Nations, young individuals are regarded as one of the main priorities of the contemporary world in need of being approached by mobilising all human, financial and policy resources available to the UN.

In Romania, on 1 July 2015, the young resident population was of 4183,636 thousand persons, from whom 2405,174 thousand persons had ages between 15 and 24 years, and 1778,462 thousand persons had ages between 25-29 years.

The low insertion of youths on the labour market is owned to some factors, from among which, we mention the following: i) the transition from school to labour is more difficult in countries having as dominant transition model "study first, then work" (4) against those where studying and employment in the labour market are combined (for instance working stages in various companies, apprenticeship on the job, internships, seasonal activities or part-time jobs, etc.); ii) specific hindrances on entering the labour market, which are often the outcome of lacking experience; iii) higher risk of being fired during times of economic decline; iv) "the

¹The resolution "The youth employment crisis: A call for action", <http://www.ilo.org>

dependency path”: entering into unemployment at young ages, increases the probability of future unemployment.

The political instability which continues as result of the revolution from January 2011 and the slowdown of economic growth, because of the recent economic and financial crisis, are the main factors with negative impact on the creation of new jobs in Egypt and of the resulting severe constraints faced by the young Egyptians entering the labour force market. The pressures on the Egyptian labour force market are generated by the high number of youths representing about one fifth of the population, and by the approximately 600000 new entrants on the labour market each year.

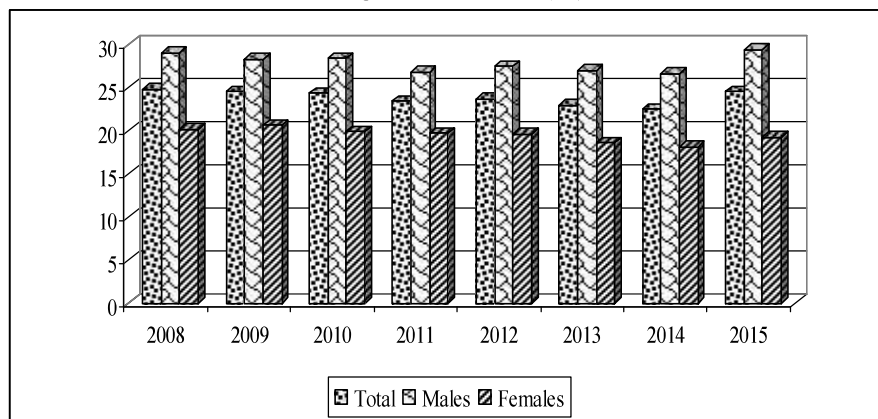
The paper presents a brief analysis of the labour market indicators for the youths’ labour market in Romania and Egypt during the post-crisis period, and of their particularities.

1. Youths’ employment and unemployment on the Romanian labour market during the post-crisis period

Due to the economic and financial crisis, the employment rate of the youths on the labour market decreased from one year to the other, until 2014. Even if in 2015 the employment rate registered a slight increase, reaching 24.5%, still, it did not equal the level attained in the year of the crisis’ outbreak (24.8%).

In Romania, the same phenomenon as in Egypt was registered, the employment rate of the youths with ages between 15 and 24 years of age was higher for men, than for young women (29.4% for men and 19.3% for women in the year 2015) (Figure 1).

Figure 1 Evolution of the employment rate for the age group 15 to 24 years of age in Romania (%)



Source: Eurostat Statistics, (online data code: [yth_empl_020], [yth_empl_140])

For many youths, with temporary or part-time jobs, this period might be seen as an important stage towards full employment. Nevertheless, temporary contracts limit the financial and personal autonomy of young individuals. Moreover, under the conditions in which the period of the temporary contract repeatedly does not have as consequence full employment and permanent working relationships on contractual basis, this contributes to a certain extent to the discouragement phenomenon shared by the youths, who might abandon searching for a stable job, the implications being significant at individual, family and community level.

In Romania, the share of youths with temporary jobs in total youth employment did not exceed 7% during the considered period. Part-time system labour force employment is more attractive for the age segment 15 to 24 years of age in Romania, 19.2% from the youths employed being active within this system in the year 2015.

The lacking length of service, the specifics of the company human capital, the experience on the labour force market of the youths, the higher probability of working within the company for a determined period of time, and under forms of precarious employment are some of the factors leading to increased unemployment among youths.

Under these circumstances, the transition from school to labour tends to become a chain of temporary episodes of training, education, compulsory military, civil or voluntary service, other temporary activities, very often in an institutional framework characterised by fixed entry dates, outside the market and which do not take into account the requirements of the labour force market. Under these circumstances, the youths gather less experience in searching for a job and cannot develop a clear image about the job and/or incomes that would satisfy them.

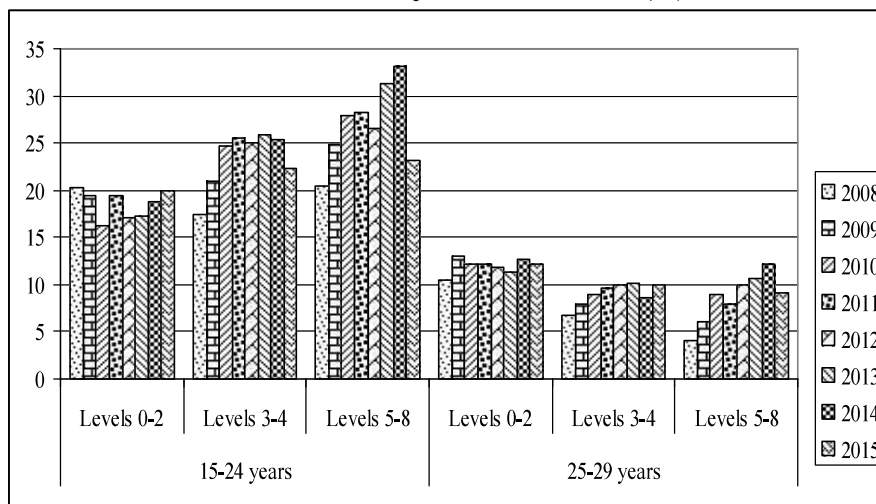
The unemployment rate for the age segment under 25 years of age, in Romania, was of 24% in the year 2014, on increase by 6.7 pp against the year 2008. Even if in 2015, the unemployment rate among young individuals decreased by 2.3 pp against the year 2014, this rate continued to be by 4.1 pp above the average recorded in the year 2008 and almost four times higher than the unemployment rate for adults. For the age group 25-29 years, the unemployment rate in the year 2015 was of 10.2% on increase by 3.5 pp against the year 2008. On age groups for the age group 15 to 24 years, the unemployment among young women was by 2.8 pp higher in 2015, while for the age segment 25 to 29 years, the unemployment among young women both during the period of crisis, and in the post-crisis period under the unemployment rate for men (for instance, 8.6% against 11.3%) in 2015.

The persistence of uncertain and fragile economic conditions including the labour market triggered increases in the unemployment duration. According to the statistics of the National Agency for Labour

Force Employment, on 31 January 2015, 34.69% from the unemployed under 25 years of age were in unemployment for more than 6 months.

Unemployment among youths is dependent also on their training level. For the age group 15 to 24 years of age, in general, in the post-crisis period the highest unemployment rate was recorded among youths with higher education. For the age group 25 to 29 years of age, during the same period, the weight of unemployed with higher education is smaller than the one of unemployed with training levels 0-2 or 3-4 (Figure 2).

Figure 2 Evolution of the unemployment rate on educational levels in Romania for the period 2008-2014, (%)

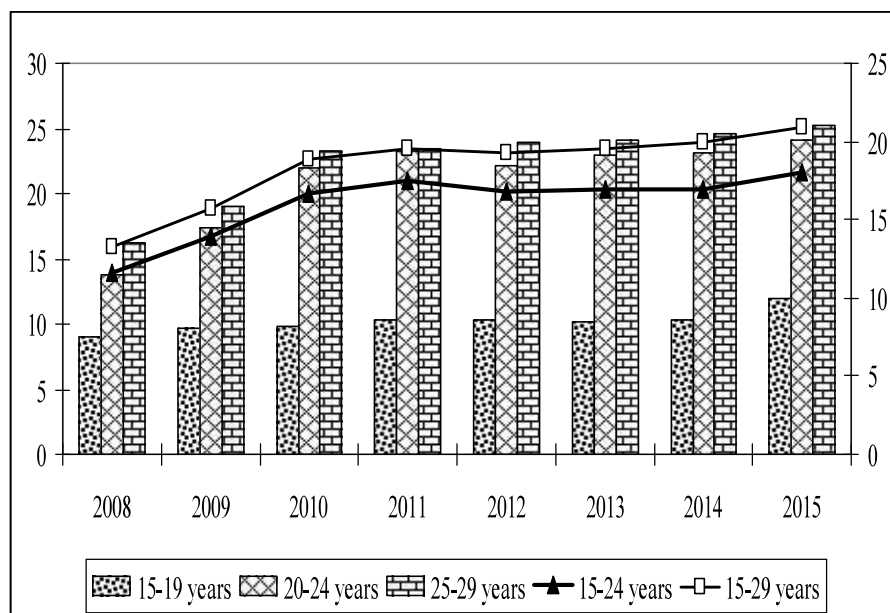


Source: Statistics Eurostat, (online data code: [lfsa_urgaed])

According to the statistics of the National Agency for Labour Force Employment, on 31 January 2015, were registered 71678 youths with ages under 25 years from among which 39.1% were young women and 41209 youths with ages between 25 and 29 years of age (the weight of young unemployed women was of 38.3%). For the age segment from 15 to 24 years of age, 35615 individuals had ISCED 0-2 training levels, 30515 youths had the ISCED 3-4 training levels, and 5548 were individuals with higher education. For the age group 25 to 29 years of age, were registered 28545 individuals with primary, secondary and professional training levels, 7105 young individuals with the training levels 3-4 and 5559 young individuals with higher education.

According to the latest Eurostat estimates, in 2014, the share of youths who are neither employed, nor in education or training in Romania varied from 12% for the age group 15 to 19 years of age, to 25.3% for the youths in the age group 25 to 29 years of age (Figure 3).

Figure 3 Evolution of the NEET rate on age groups in Romania for the period 2008-2015, (%)



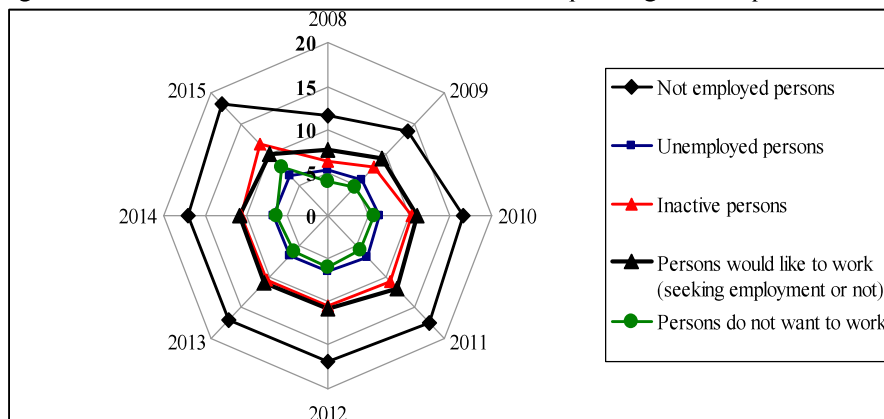
Source: Statistics Eurostat, (online data code: [yth_empl_160])

The NEET group is heterogeneous. In the NEET category are included young individuals irrespective of their educational level. The analysis of the educational level of the youths in the NEET category reveals that those with an inferior educational level are overrepresented in the NEET group.

One effect of the financial-economic crisis is also the one of an increase in the NEET rate among youths with ISCED 3-4 training levels, irrespective of the age groups considered for young individuals. At the same time, the NEET rates differ strongly depending on gender, being usually much higher for women than for men. The gap between the NEET rate of women and the one of men varies depending on age, but also on training level, and is the higher, the lower the educational level.

Since the beginning of the crisis, the increase in the NEET rate corresponding to the age group 15 to 24 years was triggered by the increase of the NEET youths weight not in the labour market, while the unemployed NEET youths' weight remained relatively stable (Figure 4).

Figure 4 Evolution of the NEET rate in Romania depending on occupational status



Source: Statistics Eurostat, (online data code: [yth_empl_150])

To the increase in the NEET rate of youths in Romania contributed also the weight of inactive youths, or of individuals not intending to work.

2. Characteristics and particularities of the youths' labour market in Egypt

With a population of 87.96 million inhabitants on 1 January 2015, Egypt is among the most populated countries of the world and, at the same time, is one of the most populated African and Arab states. About 61% of the population (53.65 million persons) is under 30 years of age, from among which 29.74% from the population (26.16 millions) are between 15 and 29 years of age.

The employment rate among youths decreased by 14.3 pp in the period 2012-2014 (from 45.6% to 31.3%), and the gap between the employment rate among young women and men was in 2014 of 40.2 pp (50.6% employment rate for men, against 10.4% the one for women). The inactivity rate of the young women increased against 2012 by 11.7 pp, and reached 80.4% in the year 2014.

The structure of employed population, according to the professional status of the youths, comprised 77% employees (from among which 78.8% without written contracts), 5.75 self-employed and 13.3% family workers.

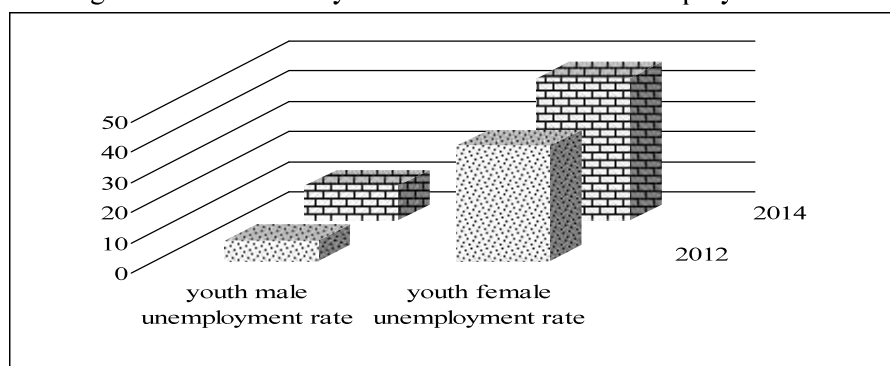
The services' sector absorbed most of the young workers from Egypt (42.7%), and the employment rate of young women in this reached 62.4%, on increase by 7.4 pp against the year 2012. In industry, the employment rate of the youths was 35.3% in the year 2014, with a rate of 39.2% for young men, and 14.5% for the young women. Youths' employment in agriculture registered a slight decrease, by only 1 pp in the period 2012-

2014, registering 22% in 2014, the weight for women being of 23.1%, and the one of men of 21.8%.

Even if the informal employment rate among young individuals decreased slightly between 2012 and 2014 (from 91.1% to 87.3%) still this factor continues to affect the majority of young individuals employed in Egypt.

In the period 2012-2014 the unemployment rate among youths increased from 15.7% to 19.9% with significant differences between women and men (Figure 5), but remained below the regional average for North Africa, that is 29.4% in 2014.

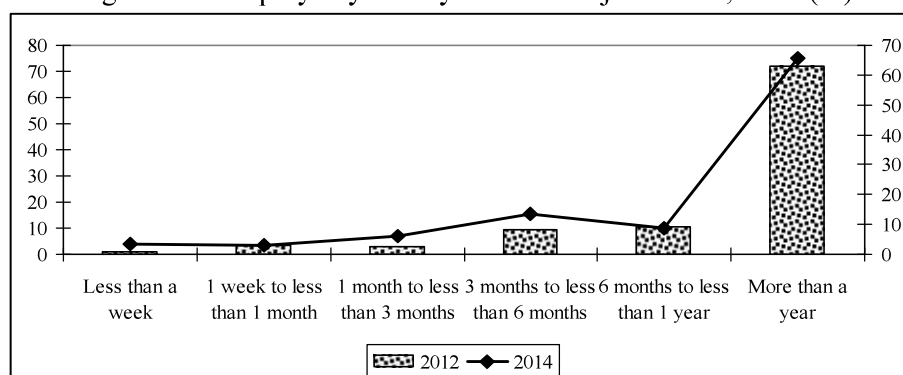
Figure 5 Evolution of youth male and female unemployment rate



Source: Work4Youth Publication Series No. 44 (Geneva, ILO), www.ilo.org

The duration of unemployment is often very long (Figure 6). Two thirds (65%) from the young unemployed were seeking a job for more than one year in 2014, on decrease from 72% in 2012.

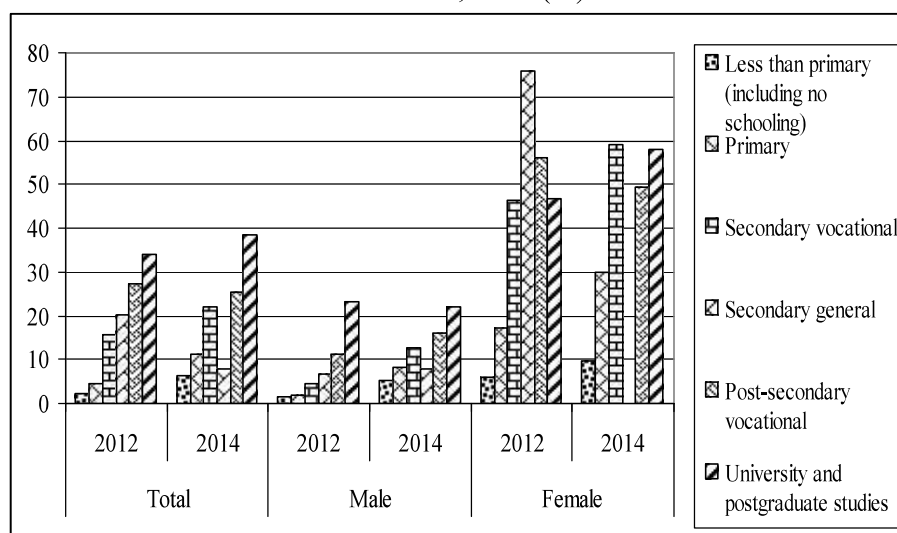
Figure 6 Unemployed youth by duration of job search, 2014 (%)



Source: Work4Youth Publication Series No. 44 (Geneva, ILO), www.ilo.org

The unemployment rate among young Egyptians increases with the educational level. Egypt is a country with one of the most developed educational and vocational training systems from the 22 countries of the Middle East and North Africa (MENA). In 2014, the unemployment rate for tertiary education graduates was 4.9 times higher than the one of a young individual with secondary general education (38.4% against 7.8%) and only 1.51 times smaller than the one for the graduates of post-secondary vocational studies (Figure 7).

Figure 7 Youth unemployment rates by level of completed educational attainment, 2014 (%)



Source: Work4Youth Publication Series No. 44 (Geneva, ILO), www.ilo.org

Large part of the young individuals, especially young women are found neither in education, employment or training (NEET). According to the statistics of the International Labour Organisation, in Egypt the NEET rate increased from 29% in 2012 to 33.9% in 2014. The share among young women was much higher than the one of young men in 2014 (54.5% against 14.8%), one explanation first of all being the obligation of many young women to stay outside the labour market in order to dedicate themselves to family duties.

The high NEET rates are of particular concern because the lack of activity in an early life stage has negative impact on the professional insertion capacity, on future earnings and access to quality jobs.

Conclusions

Youths were very affected by the recent financial-economic crisis, their employment perspectives diminished and the unemployment rate reached alarming high shares.

In Romania and Egypt as well, during the crisis period the employment rate among youths diminished and 2015 was the first post-world crisis year when this indicator registered slight increases.

In 2014, the unemployment rate among youths reached 11.4% for men and 46.7% for women in Egypt. In Romania, the gender differences regarding the unemployment rate among youths are slightly less pregnant, as in 2013 the young men unemployment rate with ages between 15 and 24 years was of 24%, and the one of women 23.6%.

Unemployment among youths in Romania depends also on their training level. For the age group 15 to 24 years of age, in general, in the post-crisis period, the highest unemployment was recorded among youths with higher education, and for the age group 25-29 years, the youths with educational levels 0-2 and 3-4 were the most affected.

The unemployment rate among young Egyptians increases together with the educational level, in 2014 the unemployment rate for university graduates being 4.9 times higher than for a young individual with general secondary education, and only 1.5 times lower for post-secondary vocational education graduates.

The duration of unemployment is often very long in Egypt, over two-thirds of the young unemployed seeking a job for more than one year, in 2014. In Romania, the weight of long-term unemployment in total unemployed was of about 40%.

As result of the inaccuracies of traditional indicators regarding the labour market for young individuals, a series of studies and reports of the academic environment, of the national authorities and of international organisations in the field used an additional indicator for better analysing the situation of youths who are neither employed, nor in education or training, respectively the NEET indicator. This indicator describes and analyses better the vulnerabilities of youths on the labour market.

In the year 2014, the share of youths who were neither in employment or training in Romania varied from 6.4% for the age group 15 to 19 years to 20.3% for the youths with ages between 25 and 29 years of age.

In Egypt, 33.9% of the youth were included in the NEET category.

The emergence, size and structure of the NEET youths are generated by a series of social, economic, personal and family factors.

The earlier youths enter into this social category, the more severe consequences might occur on long-term. The 'scarring' effects of this status

might have negative effects on future employment outcomes and wage earnings, as well as negative consequences on the physical and mental health. Also these conditions might lead to drug abuse, involvement in criminal activities, disengagement from life and society. As result of this status for a longer period, wide variations might emerge regarding social conditions: isolation, employment in uncertain working conditions and for low wages, criminality, physical and mental health conditions, failure to set-up a family, or divorce, etc.

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