

**UNIVERSITY OF CRAIOVA**  
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**PhD Student: Nicea MERGEANI**

# **DOCTORAL THESIS**

**- SUMMARY -**

## **UNEMPLOYMENT OF THE YOUNG POPULATION IN ROMANIA**

**PhD Coordinator:**  
**Professor PhD. Simona-Mirela CRISTEA**

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# UNEMPLOYMENT OF THE YOUNG POPULATION IN ROMANIA

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# UNEMPLOYMENT OF THE YOUNG POPULATION IN ROMANIA

## Summary

The PhD Thesis, "Unemployment of the Young Population in Romania" highlights the context in which unemployment and the employment rate influence the progress of a country and the state of equilibrium of a society, but also the quality of life. In the same framework (the employment of the active population) this paper addresses in a multi-directional way the unemployment of the active population for the young people (aged 15-24), this category being the pillar point for all regional strategies and national.

### **Actuality and importance of the research topic**

The labor market, unemployment among the population and, in particular, the young population, are always topics in the subject of researchers, practitioners and theorists, as the causes and methods of combating this negative effect continue to be study subjects and real challenges. The importance of the theme and the issues in question stems from the very multitude of studies in the field, the strategies and programs existing at the regional level, at the level of the European Union, at the level of all the member states and consequently also in Romania.

From the perspective of current studies, programs and projects, there are a number of concrete points of view, measures and actions on the European and national market, all aimed at reducing the unemployment phenomenon and the integration of young people into the labor market, in direct correlation with the skills required by employers and the skills held by the active population.

In this context, active young people, an important socio-professional category from the perspective of long-term economic and social development, are included in the agenda of the European strategic priorities of all member states, Romania being one of the countries with real difficulties in occupying and maintaining the stability of young people on the market work. The current context of integration and retention of young people on the labor market means that we are currently witnessing changes to the European strategic vision, concrete actions, programs and measures to change the current status of the labor market, in line with what Europe will be at the end of the 2020s.

Romania, as a member country of the European Union, promotes and implements complex management systems and practices, trying to address all the challenges faced by the labor market, both at regional and local level. With a relatively busy workforce with an unemployment rate below the European average, with a target of 70% employment in 2020, Romania is currently a target for both the European and the national governments in terms of rationalizing the balance of the demand and supply on the labor market. A well-structured labor market able to attract and maintain a motivated and stable active population is a strategic priority, especially from the perspective of young people, but also from the perspective of reducing the migratory effect of skilled workers in countries with more attractive local / national ones.

The educational system existing in any country and its performance is the premise of economic and social progress, both in terms of national / regional financial stability and quality of life. The permanent adaptation of the education system to the labor market trends, in conjunction with the development of technology, especially computer science, reflects in the most profound sense the health of a nation, indirectly the educational level of the population and its performance in the workplace.

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## Structure of the thesis

The doctoral thesis is structured in two parts and 6 chapters. The first part, which includes 4 chapters, refers to a series of conceptual approaches, highlighting the current state of knowledge in the field of youth unemployment and its implications, thus clarifying the most important aspects of youth unemployment and unemployment rate among the main factors, influencing the situation of young people and the labor market in Romania, strategies, programs and projects, expressing points of view, opinions, practical experiences, also highlighting the most representative models of good practices existing at the level of the European Union countries, applicable also in Romania.

The second part of the paper includes a series of applicative researches in the last two chapters of the paper, aimed at highlighting the profoundly practical side of the context in which the concrete activities and actions on the Romanian labor market take place in order to counteract youth unemployment. Thus, the first applicative approaches are centered on two national and territorial econometric researches on youth unemployment in Romania, using structural equations modeling and cluster analysis. Research on homogeneous clusters on administrative-territorial units (counties) aims to identify the main links currently existing on the labor market among young people with the main factors of influence and to propose strategies and interventions appropriate to each region. The issue of youth unemployment is addressed and analyzed through qualitative research among employers. The main purpose of the research was to investigate the requirements demanded by employers on the insertion on the labor market of young people. The research was carried out on the basis of a questionnaire containing 18 questions, on a representative sample from the respondents' perspective, with activity at all the administrative-territorial regions of Romania.

At the two parts of the PhD thesis, have been added an Abstract (in a synthesized form with the keywords), Abbreviations List, Index of Tables (which brings together the 95 tables found in the thesis), Graph Graphics Index (67 graphical representations), Index of Figures (14 figures), Introduction, Conclusions, Proposals and further developments, Bibliography, and Annexes (11 annexes). In order to achieve the doctoral thesis, I reviewed a number of 121 references, as follows: 29 books, 55 articles, 18 legal regulations, 10 statistical reports and 9 websites.

## Main results

Starting from these challenges, in the first part of the thesis, in the first chapter, "*General considerations on unemployment. Particularities of Youth Unemployment*", we analyzed the existing points of view of the main issues specific to the phenomenon of unemployment, the focus being on youth unemployment, causes, consequences and forms of unemployment. In the same context, we also addressed the factors that influence youth unemployment, as well as specific social protection elements of the unemployed and their social assistance. The highlight of these has helped me to unravel a number of important conclusions about the labor market development outlook through measures to counteract unemployment, especially unemployment amongst young people.

From the perspective of the conceptual framework of unemployment, different points of view were analyzed, both in national and international literature. The unanimously endorsed conclusion is that unemployment is a complex macroeconomic imbalance that affects a national economy but also the population can be controlled by adequate measures to prevent and combat it and for this purpose the authorities, and jobseekers must be actively involved.

Another important conclusion regarding the evolution of the employment on the labor market, by different categories of candidates, for juniors and seniors, according to different types of qualifications, according to the information provided by the Organization for Economic Cooperation and Development (OECD), refers to the following aspects: young people with a low level of qualifications who had difficulty in obtaining a job even before the

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crisis were and still are exposed to the long-term risk of finding a job with effects on inactivity and social exclusion ; the presence of concrete difficulties in the phenomenon of transition from school to the labor market; government identification of programs for young people exposed to the labor market; adapting regional and national policies to new forms of unemployment, by different types of affected population categories.

Information and communication technology makes the labor market extremely unstable, both from the point of view of local or international employers and from the point of view of human resources. By redefining the structure of jobs, the disappearance or replacement of certain qualifications, the automation / computerization of work, and the increase in the employment fluctuation phenomenon, by migrating labor to countries / destinations performing in some ways, the labor market is today more dynamic and flexible, responding to the ever-changing demands of employers and job seekers.

After investigating the literature on the concepts of youth unemployment, from the perspective of the scientific challenges concerning the youth unemployment on the Romanian labor market, we traced *five areas of research*, structured in a logical and concise manner, as follows:

1. Comparative analysis of youth unemployment on the labor market in Romania with that existing at the level of the European Union;
2. The analysis of youth unemployment and the educational process in Romania;
3. Analysis of strategies and interventions developed for the labor market with impact on youth unemployment;
4. Econometric research on youth unemployment in Romania;
5. Qualitative research among employers in order to assess their expectations of employing young people.

*The first axis of research* was analyzed in the second chapter of the thesis entitled "*Youth unemployment and the labor market in Romania - comparative with the one existing at the level of the European Union*", which includes a series of specific aspects of the labor market, highlighting: existing institutions on the unemployment situation of young people in the EU-28 and their implications on poverty, Romania's position among the EU Member States, the peculiarities and the evolution of youth unemployment in Romania, youth unemployment at the level of its administrative-territorial units. In the same context, there were also presented aspects related to the labor market and employment in Romania, as well as to the labor force in the EU-28, but also detailed analyzes regarding the category of young NEETs (Not in Employment, Education or Training) in Romania, compared to the situation of the countries at EU level. Detailing the aspects of the youth market and especially of the young NEETs was a key aspect of the analysis undertaken through the doctoral thesis, because this category currently generates the most complex problems of employment, both presently and in term medium and long.

As we have seen, in Romania, through specialized ministries in different administrative areas, as well as other support bodies, it was attempted to create and implement highly specialized programs, which directly contributed to supporting the Europe 2020 strategy, increasing employability across all EU Member States by reducing the gap between the different social and occupational categories, implicitly from the perspective of young people and disadvantaged people.

From the point of view of *youth unemployment in the EU-28* and Romania's position in this context, it could be noticed that, at the EU-28 level, in all Member States, including Romania, young people (15-24 years old) represent the category more affected by unemployment, even worse than the 25-74 age group, although young people represent the potential long-term workforce. It has been found that young people are more likely to be unemployed, as the transition from school to active life is slow because of the lack of experience or poor professional experience, but also because of the small number of contacts they have in the labor market. This adds to the cost of investing in young people, which is

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often higher for companies wishing to hire, young people do not have training in the areas sought by employers, some young people have financial support from parents, which causes them to restrict their job search, and the lack of a formal educational level. Compared with other European countries in terms of youth unemployment, northern European countries are in a better position below the EU average, amplifying the North-South gap. In southern Europe, the highest income poverty indicators are registered, with Greece accounting for 21.3% of its population below the European average, while a total of 86.7 million citizens are below this threshold, Romania occupying the second place (after Bulgaria) in the EU at the risk of poverty and social exclusion rate, ie 38.8% of the total population being affected. Unfortunately, this gap is observed for the entire analyzed period (2010-2017), with the trend in our country following the general trend in the EU.

From the point of view of the "labor market and employment in Romania", we can conclude that there are initiatives, institutions, policies, strategies and legislative frameworks in Romania regarding the employment of young people and everything that young people represent as a whole. Romanian and international legislation addresses the issue of unemployed youth, proposes concrete measures but also takes time to see the expected results. MMJS together with ANOFM are the main institutions dealing with measures aimed at reducing the youth unemployment rate through a series of projects (re-qualification) for fast and efficient employment.

An important topic analyzed in the thesis under *the second axis of the research* was "**Youth unemployment and education in Romania**", presented in chapter three of the thesis, highlighting a series of aspects regarding the direct links between the performance of the employees on labor market stability / employee fluctuation, the correlation between the skills and abilities provided by the Romanian education system and the requirements on the labor market as well as the technical aspects of the number of educational units reported to the existing teachers, the number of students, respectively students registered in the educational system in Romania.

Thus, with regard to pre-university education, the high school graduation rate determined by reporting high school graduates to 18-year-olds is relative since not all high school graduates complete their studies at the age of 18 and the ages differ, being also people who have not completed their studies and who continue their studies and 20 years after leaving the school. There are also forms of high school education with a different duration of study, the age of 18 being just a landmark. Thus, the highest completion rate of high school, with or without a baccalaureate exam, was obtained in the 2012-2013 school year of 90.6%. Only 44.6% of young people have passed the baccalaureate exam in 2012-2013, a much lower rate than in previous years. An important increase in the high school graduation rate was recorded in the 2014-2015 school year, of 51.7%.

For university education, in Romania, the large number of universities and faculties create the image of the so-called "massification" of higher education, but which has a decreasing trend. Thus, by looking at higher education establishments (universities) by ownership, it could be observed that their total number did not fluctuate significantly in the period 2007-2016, the number of public higher education institutions being quasi-constant (56 units) only the number of private higher education units registered annual steady annual reductions ranging from 50 units in 2007 to 41 units in 2016.

In this context, we can point out that Romanian education needs quality education, well-trained teachers, school programs that are in line with the needs of the labor market, effective collaboration with public and private institutions, because, all have a direct impact on the youth unemployment rate. In fact, the implementation of educational policies that meet the needs of the school age population and their rapid application would lead to the system being redressed, with direct implications for the reduction of unemployment and migration.

*The third research axis* was addressed in the fourth chapter of the thesis "**Developing strategies and interventions for the labor market with impact on youth unemployment**",



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where we analyzed in detail: strategies developed at EU level, strategies impacting the labor market in Romania, the main interventions in Romania regarding the insertion of young people into the labor market.

At EU level, studies have shown relatively different results from one country to another, from one region to another, with positive status in some countries, in terms of the impact of implemented employment strategies. In the context of this research, we also analyzed the main interventions developed for the integration of young people into the labor market, such as the operational programs for increasing the employment of young people on the labor market, as well as a series of studies on employment at the level of the development regions.

From the point of view of good practice models in the implementation of the Europe 2020 strategy, the Swedish model, which is a model of good practice of excellence, especially for the less performing states, countries that are still experiencing real problems regarding the unemployment rate, the integration of young people into the labor market and even the reduction of population migration to developed countries. Sweden is the country with the lowest share of unemployment among EU Member States. Thus, measures adopted by Sweden include those aimed at ensuring optimal working conditions and providing opportunities for professional development for both male and female. In this respect, directions were developed concerning the working environment with the support of the social partners, through the organization of expert centers for analyzing the working conditions.

Another issue that Sweden has successfully addressed in the reforms adopted is also the third strategic priority Europe 2020, namely the favorable growth of inclusion, which is mainly due to the way in which the problems have been addressed identified from the perspective of their causes and effects at the level of the entire national economy. Thus, starting from the fact that the main labor market problem was represented by the large fluctuation of the active population among emigrants, Sweden adopted concrete solutions that ensured their inclusion on the labor market, being acknowledged in this way and the value that can bring this social category to the proper functioning of the local and national economy.

In terms of the results obtained by our country on the same level of objectives, Romania benefits from a young active labor force with significant values for the ages of 30-34, 35-39, 40-44, compared to the other segments, which represents (on the one hand), on the one hand, an advantage for the labor market, from the perspective of labor efficiency, but also from the perspective of the financial support of the inactive population, respectively the retirees. With the values registered at this point in time, Romania is one of the countries with a young labor force, but which, on the other hand, has a less qualified and specialized population, as provided by the latest data provided by the competent authorities, and the birth rate is decreasing.

These aspects have generated the implementation and implementation of national strategies concerning the tertiary education on the one hand and the continuous training of the active population, thus trying to reduce the existing gaps between Romania and the other European states, from both economic and social perspective.

As mentioned above, *part 2 of the thesis* includes a complex set of applicative research, meant to highlight the profoundly practical side of the context in which the concrete activities and actions on the Romanian labor market take place. Structured in two chapters, the applicative approach of the thesis "*Unemployment of the young population in Romania*" includes the main opportunities, dangers, risks, positive and negative aspects present on the Romanian labor market, especially on the labor market segment of the young population.

Thus, *the fourth axis of the research*, addressed in the fifth chapter of the paper entitled "*Econometric Research on Youth Unemployment in Romania*", is based on an econometric research on youth unemployment in Romania through a structural equations analysis (at national level) and cluster type analysis, by administrative-territorial units (counties), research undertaken with the main purpose of identifying the main links existing

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on the labor market among young people, especially at the level of the counties and, implicitly, the development regions of Romania.

Based on the investigations carried out in the first part of the doctoral thesis, in order to achieve the econometric research of the factors that influence the level of youth unemployment in Romania, we selected a number of factors that, presumably, can significantly influence the studied economic phenomenon. The analyzed period was 2000-2016. To measure the level of youth unemployment at national level, we considered the "Unemployment rate among young people aged 15-24" as an endogenous variable in econometric modeling.

Thus, based on the statistical data provided by the National Institute of Statistics (NIS) and on the main assessments regarding the results obtained in the specialized literature, we selected as having a potential influence on the youth unemployment rate, the following factors, considered as exogenous variables: Gross Domestic Product (calculated according to SEC 2010 and CAEN Rev.2); Monthly net average nominal earning; Number of teaching staff; Number of school workshops in the territory; Degree of enrollment in school age population; Number of persons enrolled in vocational training courses (ie training courses, retraining, training or specialization, organized by training levels); Number of permanently emigrants.

As a result of the iterations made (3 econometric models tested), only four semnificative exogenous factors could be identified (Monthly nominal net nominal earning, Number of teaching staff, Number of school workshops in the territory and Number of persons included in the training courses) influenced the evolution of the endogenous factor, ie the unemployment rate among young people aged 15-24, but also in a relationship of interdependence with each other.

Based on the analyzed data and the discussed model, it can be argued that there are a number of causal links between the variables considered and the evolution of the unemployment rate among young people aged 15-24. Perhaps not accidentally all four variables (Monthly net monthly nominal earning, Number of teaching staff, Number of school workshops in the territory and Number of persons included in training courses) have the same direction of influence on the unemployment rate, respectively inverse proportionality. This implies that the investments made for the development of the material base (reflected in the increase in the number of workshops) and the development and improvement of the available human resources (number of teachers, as well as the number of persons included in training courses), together with the increase in net average nominal earning monthly, in Romania, reduce the unemployment rate among young people aged 15-24.

At the territorial level, we analyzed the youth unemployment situation at NUTS III level, by homogeneous groups of units (counties), using cluster analysis, analysis carried out at the level of 2008 (considering only the unemployment rate, since, at that year, ANOFM did not provide the number of young unemployed at the level of each county) and 2016 (considering both the unemployment rate and the number of young unemployed under the age of 25).

An important direction was also related to the fact that, at the level of the macroregions in Romania, despite the general trend similar to the evolution of the share of young unemployed people, it was possible to distinguish macroregional peculiarities that led to developments specific to each macroregion. Thus, Macroregion 1 had a mixed evolution, sub-performing against the national average in the period 2008-2013 and returning to the average afterwards. Macroregion 2 had a much better performance than the national average throughout the analyzed period, Macroregion 3 had a lower performance than the national average throughout the period considered, and Macroregion 4 recorded a mixed evolution, over-performing the national average the period 2008-2013, which subsequently showed lower performance (ie a higher unemployment rate).

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By applying the cluster analysis, a first conclusion I learned was that, as far as the composition of the development regions is concerned, the evolution of macroeconomic indicators over time was not uneven at the level of the counties. It would have been expected that the counties of a development region would evolve constantly, with the same rate of development, relying on the concept of economic welfare erosion from major poles of interest to adjacent areas. Secondly, we noticed a certain improvement in the macroeconomic situation in the counties and regions, as the cluster variables created in 2008 have improved, an observable process through the translation at the level of the clusters formed in 2016, even if its composition has changed in various proportions. Thirdly, we noticed at the level of 2016 a polarization of the counties that represent poles of economic interest compared to the situation existing at the level of 2008. A fourth conclusion drawn on the basis of the cluster analysis made was the observation of the appearance in 2016 of a cluster polarizing adjacent or geographically distant counties, but which together create a wider area of economic interest.

Within the framework of the applied research, for a complete and complex evaluation of the Romanian labor and unemployment market, especially among young people, we have undertaken *the fifth research axis* in the sixth chapter of the PhD thesis through a qualitative research, was aimed at "*Evaluating the expectations of employers in Romania to employ young people*".

Qualitative research is most often associated with the interpretation of observed reality from the perspective of respondents who provide information about that reality rather than measuring observed behaviors. For this reason, we have selected this method of exploring the economic and social environment, which complements the quantitative research based on the aggregate data, made in the previous chapter.

The research was conducted between April and May 2018 at national level by submitting a self-administered form with closed questions. After centralizing the forms and verifying all the information contained, a total of 322 questionnaires from a total of 400 sent questionnaires that were processed using the IBM SPSS statistical software were validated. The research was carried out at the level of all administrative-territorial units in Romania, aiming at identifying opportunities and potential disproportions in the labor market in terms of accountability and responsibilities for both employers and employees.

The main conclusions of the research are: the labor market in Romania is a market with particularities and specific trends; from the perspective of employers, there are specific tendencies and requirements, and at a general level, Romania, as an EU member country, responds and respects the measures imposed at the community level.

From the perspective of employers present on the Romanian market, we have identified differences in personnel policies, requirements and personal development of employees, as the presence of international and transnational companies has imposed measures and rules that currently lie in the dynamics and diversity of the offer for work.

The research results highlighted the main aspects that characterize the Romanian labor market, by development regions and by types of employees, juniors, seniors and managers. Starting from the priority needs of organizations and the characteristics of jobs hired, the study shows that there are no major differences from one region to another and no major gaps in terms of employers' demands on the labor market.

We could highlight the fact that there are no major differences in the offer of work and facilities offered by the organizations, in the vast majority of cases there is a complete and complex package of motivational elements that make their offer attractive to the active population. For young people, we also find requirements to compensate for their lack of experience, and soft skills become elimination elements in the recruitment and selection process.

In other words, we have identified among employers in Romania, irrespective of the region under review, a portfolio of diversified labor supply, which also compensates for a set

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of high requirements for employees, which is why we do not currently see a very high degree the satisfaction of the recruitment and selection process among organizations. In the vast majority of cases, we identified a relatively equal percentage of employers satisfied with the recruitment process with those less satisfied with the results.

From a managerial perspective, referring to the results of the recruitment and selection process, I conclude that Romania, regardless of the region to which it refers, needs well-informed young people with skills and competences to fill the lack of experience on the market work, which is an alarming signal for education and training providers, who in turn, through tailored learning programs and methods, increase the level of graduate performance.

In conclusion, it is necessary to give complex and diverse attention to the skills and competences of those active on the labor market, to implement concrete measures and strategies, to achieve the objectives of the European Strategy by the end of 2020, both from the employers' perspective and from the employees' perspective, directly related to the increase in the quality of life, the economic and social performance of both individuals and society as a whole.

Referring to the results obtained during the research carried out during the PhD thesis "*Unemployment of the Young Population in Romania*", we can once again appreciate the complexity and interdependence of the unemployment phenomenon with the whole economic, political, social and, last but not least, row, environment involved. Although this thesis has approached complex and analytical the issue of unemployment in the EU and Romania, with a focus on the young population, I can say that there are still topics of interest to be addressed and analyzed. I mention this because unemployment is a complex phenomenon, constantly changing, with real changes / oscillations from one year to another, from one region / country to another, which is why identification of causes, dynamics, identification of measures to counteract unemployment and to increase the employability rate for each category of the active population, becomes a goal, a permanent concern of specialized studies and researches.

Consequently, a *first perspective research axis* that I want to analyze in the coming period is mainly related to how the Europe 2020 Strategy objectives have been achieved by all Member States and implicitly by Romania, by region and by field of activity. The results and the multiplier impact of regional and local strategies and programs implemented by each Member State up to the level of 2020 are a subject of research, mainly in terms of identified and unresolved needs, in terms of the effects of unemployment among the population, on young people and, last but not least, from the perspective of measures to be implemented after 2020.

Based on the statistics provided by the Eurostat database, from the reports and programs prepared by the bodies responsible for unemployment and economic development in the medium and long term, I propose as a subject of *second perspective research axis* the approach from another perspective of the integration programs of young people on the labor market, starting from their unidentified needs, by professional categories and, in particular, by skills and aptitudes. This aspect of the research area is motivated, in particular, by the ability of individuals to integrate and develop easily in an occupational environment only in the context of identifying with the demands and needs of the job.

In a distinct manner, as a *third perspective research axis*, identifying Romania's reference areas by field of activity from the point of view of efficiency and job satisfaction can also be a starting point for the multidisciplinary approach of the labor market and unemployment in of the active population, especially among young people.

**KEYWORDS:** *youth unemployment rate; number of young unemployed; young NEETs; social protection; labor market; competitiveness; smart specialization; education; skills; integration into the labor market; education and training programs; national strategies; Europe 2020; migration; econometric research; structural equations; cluster analysis; qualitative research; regional strategies*