

# EMPIRIC FINDINGS OF THE ANALYSIS IN THE DYNAMICS OF THE YOUTH UNEMPLOYMENT IN THE NORTH-EAST REGION - ROMANIA - EUROPEAN UNION

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## **Abstract:**

*This paper aims to present a comparative analysis of the evolution of various statistical indicators that describe the situation of youth unemployment (population category 15-24 years) in the European Union (28 member states) and the North -East Romania.*

*In order to ensure comparability of data in the European Union, Romania and the North- East we have used the data presented by Eurostat from the centralization of information relating to the labor force survey in the European Union (EU Labour Force Survey) - regional statistics at NUTS 2 level and covers the period 2007-2013.*

*The analysis highlighted the degree of convergence of the indicators that describe the unemployment situation and the influencing factors in the three territorial units: unemployment, activity rate and correlation dynamics in economic and demographic conditions.*

**Key words:** youth unemployment; European Union, Romania, North- East Region.

**JEL classification:** J11; J64.

## **INTRODUCTION**

Although the North-East Region is the biggest region of development form Romania regarding the number of the inhabitants and the owned area, it is classified on the last position reported to the development level.

The lack of the employments led to the youth's migration in the states of the European Union, in search of an employment, especially in Italy or Spain. According to the results of the population and accommodation measurement 2011, more than 60.000 young men were gone abroad, representing 20% from the total number of the people who left the country, going abroad.

According to the North-East Regional Development Plan 2014-2020, the aims concerning the actions for supporting the youth's integration on the work market for the year 2022 are:

- The unemployment rate among young men (15-24 years) will be of maximum 8% at regional level and of maximum 15% in the urban environment.
- The percent of the young men who don't have an employment, who aren't registered in an educational institution and who don't follow a professional formation course -8% (age group 15-24) and 10% (age group 18-24 years).

Considering all that we mentioned, throughout this study, we tried to focus on the actual grade of convergence of the indicators with determined aims, respectively to present a comparative analysis of the statistic evolution indicators which describe the unemployment situation among young men from the North-East Region of Romania and the European Union.

## **THE RESEARCH METHODOLOGY**

The statistic data regarding the work market analyzed in the present study are taken from the EUROSTAT online data base, more exactly from the Regional Statistics based on the classification of the Territorial Unities Schedule of Statistics, which contains a large variety of public

information.

The source of the data for the regional statistics at the level of Territorial Unities Schedule of Statistics is represented by the investigation on the work force at the level of European Union.

The investigation on the work force within the European Union is realized at the level of the 28 states member, respectively at the level of the candidate states and at the level of three countries that are part of the European Association of the Free Change. The investigation takes place with a quarterly periodicity and uses the definitions and the recommendations of the International Work Organization. For a deeper harmony, the Member States agreed on the use of common principles set in formulating the questionnaires used at international level.

From the EUROSTAT data base, the series of data corresponding to the period 2007-2013 were taken and elaborated and they refer to:

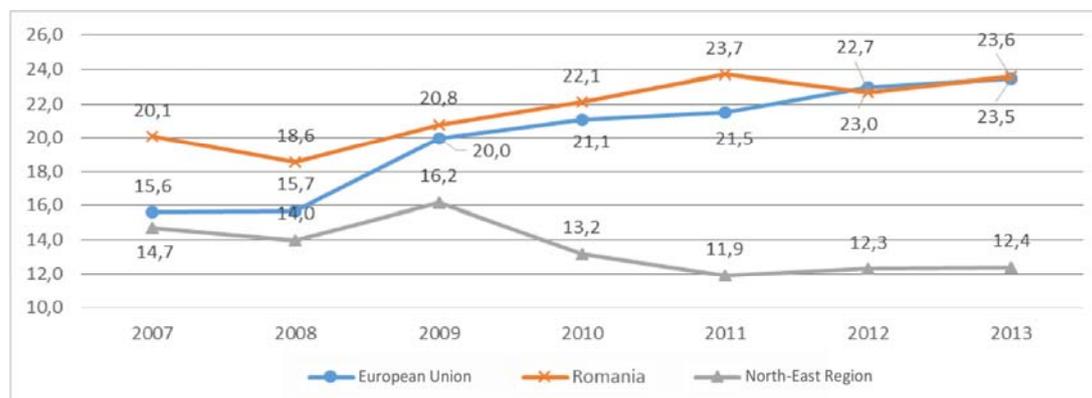
- The unemployment rate – the percent of unemployed people aged between 15-24 years, according to the international definitions, among the active population aged between 15-24 years.
- The activity rate – the percent of the active population aged between 15-24 years in the total population aged between 15-24 years.

The unemployed people are, according to the international definition, people who are more than 15 years old and fulfill three conditions:

- They don't have a job
- They are looking for a job, using during the last 4 weeks (including the reference week) different methods for finding it (registering in public or private agencies for work force occupancy, attending employment interviews, using websites for searching vacant jobs, asking for support to the family or friends in finding a job, undertaking different actions for starting a business on his own etc. )
- They are available to start work in the next 2 weeks (including the week when the interview took place), if a job was found immediately.

## THE DATA ANALYSIS

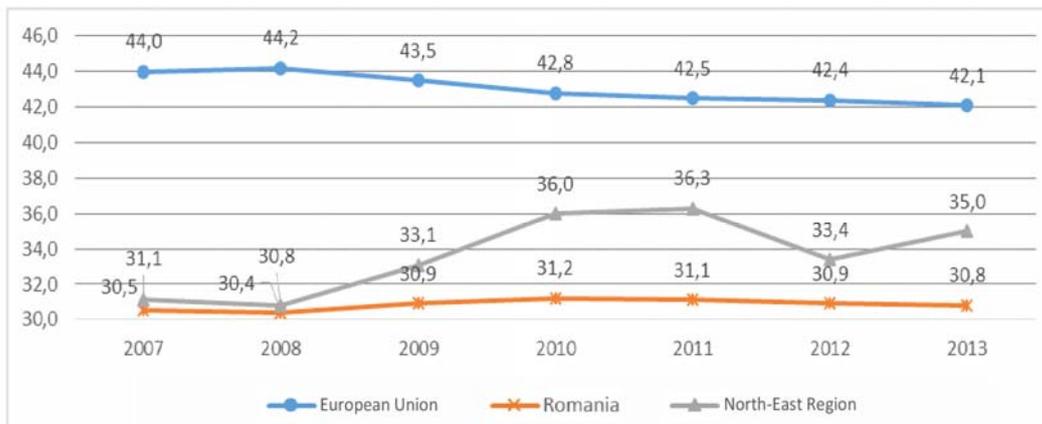
The comparative analysis of the unemployment rate evolution among young population (population category 15-24 years) at the level of European Union (28 member states), of Romania and of North-East Region is at least interesting. If during the year 2008 there was registered a minimum number of indicators at the level of two territorial divisions, surprisingly, at the level of the North-East Region of Romania, the minimum was registered during 2011, in the biggest period of the financial crisis, then indicator level being maintained approximately the same. So, it can be seen that the indicator values concerning the unemployment rate at the level of the population aged between 15-24 years converge at the level of Romania and European Union, while at the level of the North-East Region, the evolution is totally divergent.



**Figure 1 – The dynamic of the unemployment rate among youth (15-24 years) in the period 2007 – 2013 at the level of the European Union (28 states), of Romania and of the North-East Region**

*Source: Eurostat, author's calculations*

In the period 2008-2013 at the level of Romania and the European Union there were registered medium yearly rises of the indicator of a value of 1 point concerning the percent, respectively 1,5percentual points, while in the North –East Region the trend was descendent, there being registered medium yearly reductions of a -0,3 points value.



**Figure 2 – The dynamic of the activity rate among youth (15-24 years) in the period 2007 – 2013 at the level of the European Union (28 states), of Romania and of the North-East Region**

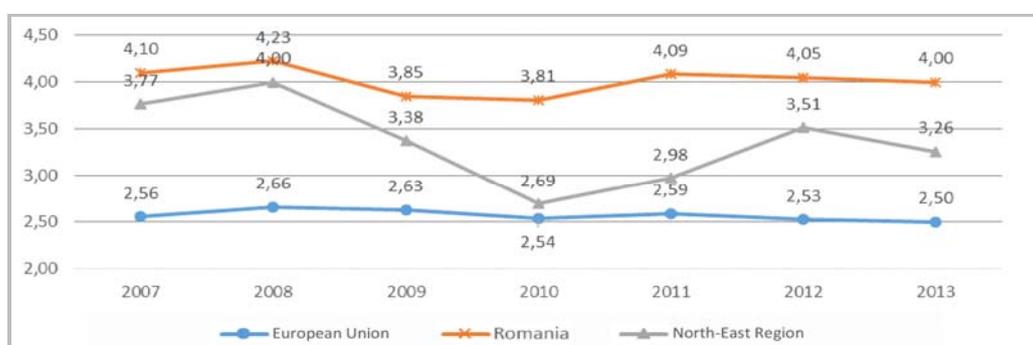
*Source: Eurostat, author's calculations*

For completing the dynamic of the unemployment rate, it is also important to analyze the trend of the activity rate. At the level of the North-East Region it can be observed a detachment concerning the rise reported to the national medium level, which indicates the fact that young men from the North-East Region change their statute, from the one of unemployed person to the one of busy person and not at the statute of inactive person.

Although, it must be remarked the significant difference between the values registered at the national level reported to the aggregates of the member states of the European Union. In 2013, the activity rate in the European Union was of 42, 1% reported to the percent of only 30, 8 % registered in Romania.

View that during the investigation on the work force at the level of the European Union it is used the concept of unemployed in the sense of the international definition and among the unemployed people are also included the pupils, respectively the students who stated that they didn't look for a job using the active methods and they are available to start work, it can be concluded that the young men from the European Union try in a bigger proportion than Romania to find a job since the period of their school education.

The report the rate of unemployment among youth (15-24 years) / the rate of unemployment among adults ( more than 24 years) indicates the big difference between the two population categories from the perspective of the registered unemployment.



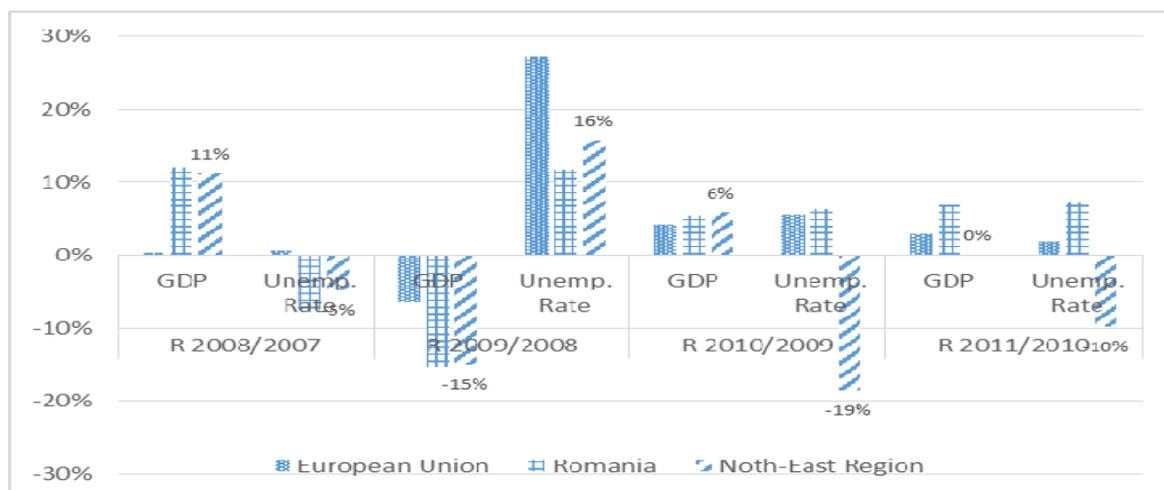
**Figure 3 – The dynamic of the report of the rate of unemployment among youth (15-24 years) / the rate of unemployment among adults ( more than 24 years) in the period 2007 – 2013 at the level of the European Union (28 states), of Romania and of the North-East Region**

*Source: Eurostat, author's calculations*

If at the level of the European Union, the value of the report is kept relatively constant, average 2,5, during the period 2007-2013, at the level of Romania, respectively, of the North-East Region, there can be observed important changes between the two categories during the same period. At the level of Romania, the difference between the two population categories from the unemployment perspective was registered in 2008 when the unemployment rate among young men was 4 times bigger than the one among young generation. At the level of North-East Region, the minimum difference was registered in 2011, when the unemployment rate among young men under 24 years was of only 2, 7 times bigger than the level of indicator registered for the more than 24 years population category. Also, at the level of this derived indicator, it can be seen a major difference of the dynamic registered in the 3 territorial unities compared during the reference period 2007-2013.

If we take into consideration the interference of the worst financial crisis in the analyzed period we can remark the fact that at the level of the North-East Region there was a contradiction of the theory presented by the specialized literature according to which, the unemployment among the young generation tends to be more sensitive at the economic cycles than the unemployment among the adults. (Blanchflower and Freeman, 2000).

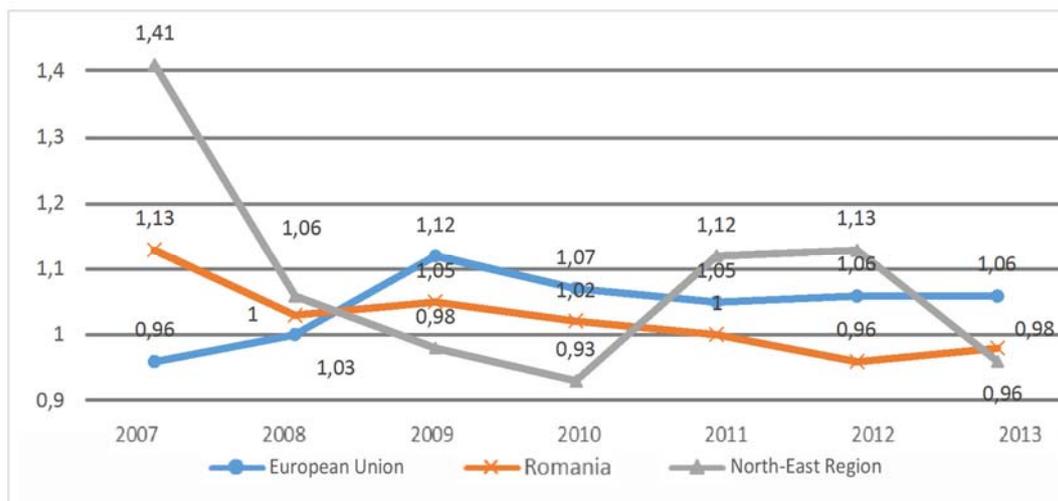
For analyzing the way of correlation of the unemployment rate among youth to the economic conditions during the crisis period, we determined the yearly modifications of the gross domestic income (euro/inhabitant in actual prices) and the yearly modifications of the unemployment rate. For simplify the data interpretation, the chain modifications were determined in a relative way.



**Figure 4 - The correlation of the dynamic rhythms of the unemployment rate among youth (15-24 years) to the ones of the gross domestic product at the level of the European Union (28 states), of Romania and of the North-East Region**

*Source: Eurostat, author's calculations*

Theoretically, a degradation of the economic environment, synthesized in the indicator GDP/inhabitant, must lead at a rise of the unemployment. From the analysis of the data presented in the graphic above it can be emphasized the fact that at the level of the European Union, the crisis was observed faster than in Romania. Comparing the indicators from 2008 and the ones from 2007, at the level of the UE, the economic rise was registering a minimum level and the unemployment rate among youth was already on an ascendant line, being majored with 1 percent. Contrary, Romania in 2008, the indicator GDI/inhabitant raised with 12 % and the unemployment rate became lower with 7%. In 2009, reported to 2008, the situation became dramatically worse at the level of the 3 analyzed territorial unities.

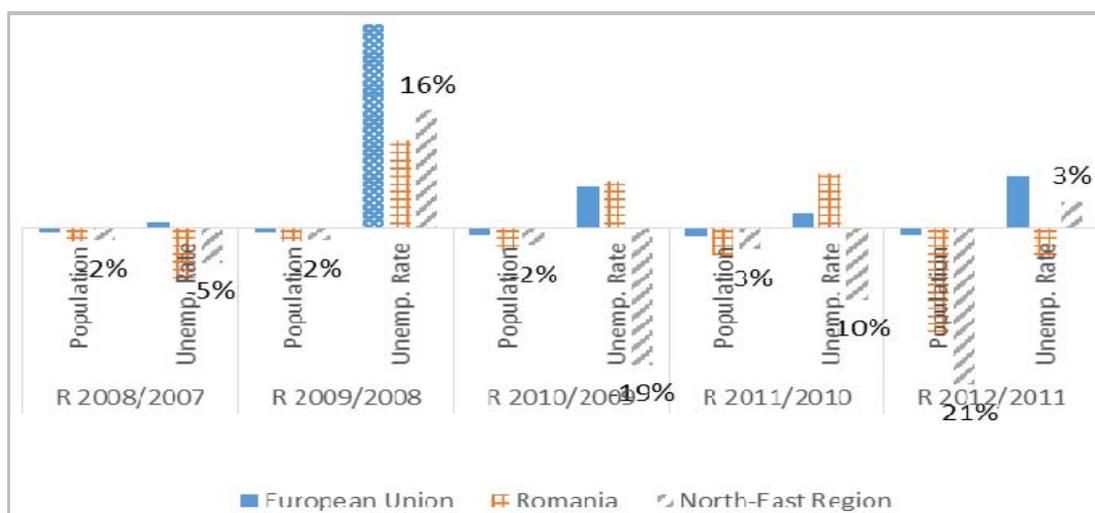


**Figure 5 - The dynamic of the report of the unemployment rate among men (15-24 years) / the unemployment rate among women (15-24 years) during the period 2007-2013 at the level of the European Union (28 states), of Romania and of the North-East Region**

Source: Eurostat, author's calculations

When the present study was undertaken, the statistic information is available only until 2011, year when the negative correlation, theoretically speaking, between the modification GDI/inhabitant and the one of the unemployment rate was contradicted. Even if there were registered improvements of the values of the indicator GDI/inhabitant, both at the level of UE and Romania, the unemployment rates continued to rise. A divergent situation can be found in the North-East Region where the negative correlation is confirmed.

Analyzing the difference between the unemployment rates among youth at the level of masculine population reported to the feminine one, it can be inferred that at the aggregate level within the European Union, the unemployment rate of the masculine population is slightly bigger than the one of the feminine population. Contrary, in Romania, respectively in the North-East Region, it is registered an oscillated evolution during the period 2007-2013. Though, there is observed a much bigger amplitude of variation in the North-East Region reported to the two analyzed territorial unities. At the beginning of the analyzed period, in the North-East Region, the unemployment rate among the masculine population aged between 15-24 years was of 1,41 bigger than the one among the feminine population, but at the end of the period, the rapport was reversed.



**Figure 6 - The correlation of the dynamic rhythms of the unemployment rate among youth (15-24 years) to the ones of the volume of population aged between 15-24 years at the level of the European Union (28 states), of Romania and of the North-East Region**

Source: Eurostat, author's calculations

For analyzing the correlation way of the unemployment rate among youth to the demographic modifications we determined the yearly rhythms of dynamic with chain basis of the volume population aged between 15-24 years and the yearly rhythms of dynamic of the unemployment rate for the same age category.

The specialized literature indicates a direct correlation between the rise of the volume of the young population (15-24 years) and the rise of the unemployment rate for this age group.

Demographically, the young population is in decline regarding the three territorial analyzed unities, but, the interference of the financial crisis with the analyzed period determined that the unemployment rate for this age group not to follow the same trend. The maximum of the demographic decline is emphasized in 2012 when the young population of the North-East Region was reduced reported to the previous year with 21% and in spite of all these, the unemployment rate of this age group was majored with 3%.

## CONCLUSION

The analysis in dynamic of the unemployment among youth from the North-East Region compared to the dynamic registered at the national level, respectively at the level of the European Union emphasized some divergences regarding the evolution way of the indicators which characterize the unemployment in the North-East Region related to the other two territorial unities included in the analysis.

The unemployment rate registered in the North-East Region during the period 2008-2013 tends to be reduced yearly, given the conditions of crossing the period of the worst financial crisis, while to a national level, respectively the level of European Union, there is registered a worrying rise of the values indicator. Although, we must emphasize the significant discrepancy between the values of the activity rate registered in Romania, respectively in the North-East Region. If in the North-East Region the percent of the activity rate registered values of even 36, 3% in 2011, reported to the level of the national average that didn't overcome the value of 31, 2% during the whole analyzed period, though it is far from the registered value in Europe (UE-28 countries) that, even if it is on a slightly descendant line, it didn't diminish under the percent of 42% during the analyzed period.

The undertaken analysis also showed that demographically, the young population is in decline regarding the all three territorial analyzed unities, but, the interference of the financial crisis during the analyzed period determined the unemployment rate for this age category not to follow the same trend. The maximum of the demographic decline is emphasized in 2012 when the young population of the North-East Region was reduced reported to the previous year with 21% and, in spite of all these the unemployment rate for this age category was majored with 3%.

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