Abstract: School-to-work transition and labour market integration of young people represent a very important problem of modern societies. Innovative potential of young people is a real factor of progress in modern economies and societies. Also, their lack of experience, the new behaviors and attitudes can be a serious obstacle to labor market insertion of young people. This paper examines the process of insertion of higher education graduates in the labor market in Romania based on a national survey conducted on a sample including the 2003, 2005 and 2007 promotions.

Keywords: labour market integration, graduates, labour force mobilities.

JEL classification: J01, I23

1. Theoretical framework and literature review
Transition from school to work is a major research topic in the last decade (Hannan and Werquin 2001 and Ryan 2001). The main reason is related to the fact that after graduating finding a job is difficult and more often the graduates occupy vulnerable positions. In everyday language, "transition" means transformation from one state to another, from one situation to another, etc., while "transition from school to work" refers to the period between leaving school and filling a full time stable job (OECD, 1996). Therefore, the transition from school to work means the process of insertion/integration of graduates, of young people leaving the education system, on the labor market.

Specialists believe that young people transition from school to work has become more protracted and difficult now than it used to be several decades ago (OECD, 1996, 1998). Today, few young people that graduate manage to quickly integrate into the labor market and to "secure" their job. High rates of youth unemployment and significant incidence of underemployment indicates the important challenges which young people experience in their transition from school to work.

Young people today face a more difficult transition than those of a few decades ago. In the past, the transition from school to work formed a linear, mass phenomenon, including a single phase transition, which was largely depending on the family of origin, social class, gender, individual, etc. Thus, young people with similar backgrounds and education levels had similar experiences in labor market integration. Currently, youth transition to work has become more complex, fragmented, extended, with a highly individualistic accent, depending more on personal skills for negotiating (Cartmel et al., 2002). Accordingly to an OECD (1998) study youth integration is not smooth, being often accompanied by a period of turbulence and uncertainty.

Pastore (2007) considers that the EU perception on youth unemployment has changed with the launch and re-launch of the Lisbon Strategy and the Bologna Process. A dramatic change occurred in 1990 when the labor flexibility importance increased, being the main instrument for reducing youth unemployment, as well as measures for improving human capital through reforms of education and training system. Recent studies have shown that labor flexibility can increase the chances of employment if the human capital among young people is high. To reduce the difference in "experience" between youth and adult the education system should aim to reduce drop-out, to increase flexibility and facilitate youth transition from school to work.

1 Research contract no.91-020/2007 PN-II Partnerships in priority areas, Determinants of labor market insertion of higher education graduates, coordinated by the National Scientific Research Institute for Labour and Social Protection (NSRILSP)
Caroleo and Pastore (2009) consider that insufficient work experience of young workers against more elderly employees negatively influence the occupancy level and the wage size. Economists believe that the market should solve the young people difficulties by offering them: a) a lower entry wage on the labor market that reflects their productivity level; b) an increasing labor market flexibility, so that young people can move more easily from one job to another until they found the best place for them; c) the possibility of part-time activity that allows young people to acquire experience.

On the other hand, other economists criticize the flexibility and temporary work, unless they are accompanied by other additional instruments, because these measures can only encourage those who already have higher levels of motivation and skill.

Integrating young people into the labor market depends on how fast the labor market can absorb new graduates. This process may be explained by the insiders-outsiders theory (Lindbeck and Snower, 1988). This theory distinguishes between "insiders" - namely workers on the inside and "outsiders", the unemployed, those outside. Young people are part of the "outside" after leaving school. Wage bargaining takes place between employers and insiders. The latter wants a salary as high as possible and also the job security. By negotiating a salary high enough demand for labor will decrease, and those on the outside remain without a job due to the insiders.

**Labor market regulation**, which varies from country to country, can explain the speed with which young people can integrate in the labor market. Differences between countries consist in the existence or absence of any connection between the education system on the one hand and employment system on the other hand (Maurice, Sellier, and Silvestre 1982, Hannan, Raffi, 1997 and Smyth, Müller and Shavit 1998). Some countries such as Romania offer a general education. In these countries education is poorly linked to the actual work and training is achieved at the workplace. In other countries, skills development and training are acquired in school. In this case, the link between education and the workforce employment system is strong. The specificity of the education system directly affects integration/insertion of youngsters on the labor market.

Antos and Mellow (1978) conducted a national cross-section survey that comprised 10,000 men and women aged 18-27 years during 1966-1971. This study investigated how the youth labor market works and tried to identify their main problems and how they should be resolved by policy makers. Following this study it was found that: a) the relationship between educational attainment and later labor market success is striking; (b) education has a positive effect on wages; (c) increasing labor mobility can improve the economic position of young people; d) the size of unemployment and wages are directly affected by economic conditions, because any economic downturn directly influence the young population, increasing their duration of unemployment; e) workers generally do not stay too long in jobs that are not consistent with their level of qualification; f) competitive forces act on the youth labor market.

2. **Methodology and database**
In the first part of the paper we conducted an overview of the youth situation before graduation, focusing more on young people who have graduated an economic profile. In the second part of the paper we analyze how they are integrated into the labor market. The data used was obtained as a result of studies conducted under the research contract no.91-020/2007 PN-II Partnerships in priority areas, Determinants of labor market insertion of higher education graduates, coordinated by the National Scientific Research Institute for Labour and Social Protection (NSRILSP), in which the authors have participated as members of the AES research team (consortium partner). The methodology used for data collection consisted of a survey at the national level in the second half of 2009. 2100 youth who graduated in 2003, 2005 and 2007 were interviewed.

3. **The presence of youth on the labor market before graduation**
The importance given by employers to work experience, the difficult economic circumstances, the high costs of training etc. led many students to work before graduation. Thus, from the total graduates investigated, nearly half of the 2003 and 2005 promotions and over half for the 2007 promotion have worked before graduation.
Depending on the graduated profile, most graduates, except those who have graduated the university, worked before leaving school (Figure 2). This can cause a more rapid insertion into employment after graduation.

Areas where young people worked before graduation coincide in a large proportion with the graduated faculty, which creates favorable conditions for better insertion on the labor market. Economic education graduates work in trade (22%) and public administration (13%). 58% of medical graduates have worked in health and social assistance sector and those who have graduated an agricultural profile worked in agriculture, forestry and fishing at a rate of 26%. We can say that there is a match between the economic unit in which respondents worked during the faculty and the graduated faculty. Although student employment is usually an accommodation with the labor market, the increase in the share of those who had working experience at one place (from 53% in total for the 2003 class to 63% for the 2005 class) indicate that investigated graduates have sought a stable allocation on the labor market (Figure 3).
4. Youth condition on the labor market after graduation

Given that more than half of young people interviewed had worked prior to graduation, their integration into the labor market appears to be quite easy.

According to the National Statistics Institute survey results published in December 2009, "Access of young people on the labor market", 33.6% of graduates had a job one year after graduation. Insertion rate of higher education graduates was 60.9%, while the share of high school was 35% and 14.6% for people with low education. These results are confirmed by our study showing that 11.9% of respondents had a job upon graduation, 43.8% were able to occupy a significant job within three months after graduation (passing the License exam) and 9.4% between 3 and 6 months from graduation (Figure 4).

Only 14.5% of respondents had no significant job after graduation while 4.3% had no job. Concerning the educational profile, the most difficult insertion is for the artistic profile while the fastest insertion is made in the technical field.

Depending on the number of jobs filled by the time of the survey (2009), we can say that most of the respondents had one job. Those who had more jobs were the 2003 graduates, which have greater labor market experience.
Depending on the faculty, the occupants of a single job are mostly medicine graduates (80%), followed by law graduates (68%). This can be explained by their specific activities (in both cases after graduation they have to undertake a probation period). 60% of the graduates with economic education had one job while 22% had two jobs. This situation suggests that in general young people have a low mobility, they search for a stable job and have professional adjustment problems. Last but not least we need to take into consideration the situation on the labor market in 2009, which was characterized by great instability, due to the world economic crisis (Figure 5).

**Figure 5: Number of jobs held after graduating depending on the graduated profile**

![Figure 5: Number of jobs held after graduating depending on the graduated profile](image)

The 2007 graduates had the lowest average waiting time (2.7 months) until the first significant job, which was correlated with the pace of economic development in that period. The 2003 and 2005 classes had an average waiting time to the first significant job greater than the sample average (Figure 6).

**Figure 6: The average time until the first significant job (months)**

![Figure 6: The average time until the first significant job (months)](image)

Compared to the average expectation time for a significant job (4.9 months), medicine and law graduates expected significantly more (between 5.3 months and 6.3 months). The shortest time until filling a significant job has been for the technical profile graduates (an average of 4 months).
Depending on the residential environment most of the graduates come from urban areas. This reveals the existence of serious discrepancies between urban and rural areas (given the high percentage of rural population in our country) regarding the number of graduates. Concerning the economic education only 4% of graduates came from rural areas.

For the most cases (90-95%), the first job after graduation was in urban areas, which creates a major disparity between the two residential areas in terms of educational level structure, suggesting the prospect of a shortage of specialists with higher education in rural areas (Figure 8).
From the chart below, we notice that in general young people do not agree to a safer but poorly paid job, the exceptions being the university, economics and law graduates who prefer a more secure job.

**Figure 10: The structure of those who prefer a more secure but poorly paid job, than an insecure but better paid job**

Except for medical graduates (81%), most of the respondents want to change occupation to a better job (Figure 11). So we can say that generally, young people have a high level of occupational mobility.

**Figure 11: The graduates structure who wish to change occupation for a better job**
From the chart below we see that the key in finding a job is related to friends, relatives and acquaintances at a rate of 44%. This might suggest the existence of certain functional rigidities on the Romanian labor market.

**Conclusions:**

Statistical data seem to indicate a relatively good insertion (60.9% after one year of graduation) of higher education graduates in the labor market in Romania. However, if we consider that nearly 12.5% of them already had a job after graduation and almost half of them have already worked before such time, the youth insertion process on the labor market is quite difficult in our country. This is also revealed by the high percentage of graduates whose waiting time for acquiring a job exceeds one year. The fastest integration on the labor market takes place with the technical education graduates, while the most difficult is with art education graduates. For economic education graduates the time for finding a job is at the average.

Most young people had one job and worked as an employee for a period between 1-2 years before graduating. Very few were self-employed, which shows that entrepreneurship among young people is limited, in spite of many EU money allocated for this purpose.

It is interesting that most graduates (44.2%) have found a job through friends, relatives or acquaintances, revealing the difficulty of the young people insertion process on the labor market. This might suggest the existence of certain functional rigidities on the Romanian labor market. These rigidities are compounded by
large disparities between residential environments in relation to the origin of higher education graduates, indicating an underdevelopment of the rural potential.

Generally young people prefer a more unstable but better paid job, except for economic education and university graduates who prefer more stable and less better paid jobs. More than half of respondents would change their occupation for a better job.

References: