

HIGHLIGHTS OF YOUTH LABOR MARKET DEVELOPMENTS IN THE KNOWLEDGE-BASED SOCIETY

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Abstract: *In recent decades, a continuous process of transition of the world economy from the development based on traditional factors to one based on knowledge occurred. The development of the knowledge economy leads to changes in labour market demand: new skills and abilities are required. With the introduction of new technologies the demand for highly skilled workers increased, especially highly skilled in information and communication technologies (ICT), while the demand for low-skilled workers decreased. Although the young people have knowledge regarding new media tools and virtual environments, indispensable tools to the labour market in a knowledge-based economy, however, their unemployment rate is, in some EU countries, double than the adult unemployment rate. This paper presents a brief analysis of the problems faced by young people in the labour market, of the measures adopted in various countries in order to increase the role of education and training, both initial and continuous, and to increase the labour market insertion of young people, in Romania and the EU-27 countries.*

Key-words: *employment rate of young people, youth unemployment, new skills, youth mobility, education and training*

1. INTRODUCTION

In the European Union, young people are, according to Eurostat statistics, one-fifth of the total population. Even if modern Europe offers unprecedented opportunities for young people, however, young people face challenges (aggravated by the economic crisis) related to education and training systems and labour market access.

The issue of young people social inclusion has always been on the political agenda, but in the last two decades it became prevalent. In a context of increasingly high unemployment, young people are finding it harder to obtain a job, and many of them might decide to extend or to resume their studies. This could be an investment for the future if they get the right skills. However, the reality is that many young people are neither working nor studying.

Youth unemployment rate (over 20%) is two times higher than for the whole working population and almost three times higher than the rate for the adult working population. This means that one in five young people in the labour market can not find a job. During the crisis, the decreasing number of permanent jobs disproportionately affected young people, who are overrepresented in the category of temporary contracts. Although temporary contracts may constitute a first step towards more stable forms of employment, this can create segmented labour markets, young people being stuck in their lower sections, receiving less training on the job, with a lower level of remuneration and poorer prospects for long-term employment and career.

The development of the knowledge economy leads to changes in labour market demand: new skills and abilities are required. Therefore, to maintain Europe's competitive position, the reform of its education and training systems are essential. Future jobs will require people with high-level qualifications.

In a knowledge-based economy, the ability to continuously innovate is the key to success in business. International statistics indicate that among the most innovative global companies are Apple, Facebook and Google, companies with excellent financial results. All these companies have a large number of young employees, the average age of employees being 33 years at Apple, 26 years at Facebook and Google employees have an average age of 31 years.

Young people have the knowledge of new media tools and virtual environments, indispensable tools in the future labour market. Online video technology, blogs, podcasts and software that allows interactivity are tools that sustain productivity when used effectively.

Therefore improving vocational education and training (VET) has become a necessity in order to meet such changing requirements of the labour market. But, in

order to integrate changing labour market needs to provide long-term VET is needed a better understanding of the emerging sectors and competencies and of the changes that will affect the existing occupations.

Considering the economic and political developments expected for 2011-2020, especially in the light of "Europe 2020" strategy, at the national and EU level, the 2002 Copenhagen Declaration should be given a new impetus since the Copenhagen process is an integral part of the strategic framework "Education and Training 2020".

Some elements of the economic impact of the knowledge society on the youth labour market are presented in this paper.

2. THE ECONOMIC IMPACT OF THE KNOWLEDGE SOCIETY ON YOUTH LABOUR MARKET

Knowledge society represents a new stage of the human civilization, a new way of life of higher quality involving an intensive use of information in all areas of human existence and activity, with a major economic and social impact.

As early as 1966, in his book "The Effective Executive", Peter Drucker presented the differences between a manual worker and the so-called "knowledge worker", who works primarily with the mind, not with the hands, and produces ideas, information, knowledge. However, the concept of "knowledge economy" was popularized by Peter Drucker in 1969 in his book "The Age of Discontinuity."

In the last decades, the world economy has been continuously transitioning from a development based on the traditional factors to that based on knowledge. In this context, intangible assets (e.g. education, technological knowledge, innovation, information management) are the main factors of economic growth increasing the productivity of the traditional factors of production, whose quantitative contribution becomes secondary.

In industrial countries, while the knowledge-based industries are expanding rapidly, the labour market requirements have changed accordingly. Thus, with the introduction of new technologies has increased the demand for highly skilled workers, especially highly skilled in information and communication technologies (ICT) and has decreased the demand for low-skilled workers.

With changing consumer preferences and technologies, in order to adapt and to maintain their competitiveness, companies need appropriate organizational structures, skilled labour and a management able to cope with these new challenges. These changes have a significant impact on the employment structure and on the qualifications required, which leads to the need for increasing levels of education.

Preparing workers to compete in the knowledge economy requires a new model of education and training, a model of lifelong learning. The speed of change in the knowledge economy results in faster depreciation of skills. To deal effectively with these changes, workers must be able to constantly update their skills. In this context, firms can no longer rely solely on new graduates or new entrants to the labour market as a source of new skills and knowledge. It requires schools and other training institutions to prepare workers for lifelong learning. Lifelong learning is essential to allow employees to compete in the global economy. Investment in human capital is essential for economic growth. Also, the quality of education, and therefore of labour force and economic growth are closely connected (Barro, 2001, Hanushek and Kimko 2000).

The impact of education on economic growth varies from country to country, depending on the policies and the measures adopted in each country. In developing countries, policy makers need to ensure that young people acquire a language more evolved than the local one, preferably one used internationally. International statistics indicate that in the knowledge economy, math and science skills are important and have a positive effect on economic growth and their correlation with economic growth is stronger than the correlation between economic growth and the completion of upper secondary or higher education.

Therefore, people's participation in the knowledge economy requires continually updating their skills. Lifelong learning will thus become a permanent concern.

Jean Charest, the Premier of Quebec said that *"The world is entering an era characterized by shortages of talent, which will lead to curbing global economic growth and will definitely change how we approach the challenges of the labour market."*

The end of the twentieth century and the beginning of the twenty-first have highlighted the need to adopt new measures / reforms to prepare young people for employment in a knowledge-based economy.

Many employers are skeptical about youth employment in terms of their ability to apply the knowledge acquired in school to practical challenges arising from work. They are also suspicious about the social skills and the work ethic of young people, aptitudes that workers need to operate effectively. Thus, employers maintain a reserved position regarding investment in youth training, as long as on the labour market adult staff is available.

Currently, employers show a high level of concern regarding candidates' deficiency of specific skills, although only one in five employers conducts training and development programs for existing employees to cover the deficit. In addition, only 6% of employers collaborate with educational institutions to recommend the development of educational programs addressing the shortage of skilled personnel on the labour market.

Another concern for employers and also an obstacle to youth integration into the labour market is the lack of opportunity and of the skills required in the labour market, which often differ from those acquired in the education system.

In their 2008 paper "Skills for success in the knowledge economy", Cochran and Lekies synthesized from the literature the skills necessary for young people to succeed in the 21st century labour market, namely:

- *thinking skills*: critical thinking, problem solving, creativity and innovation
- *communication*: ability to communicate effectively using various methods and tools available in today's environment;
- *teamwork and leadership*: interpersonal skills to work effectively on a team and for collaborative leadership, motivation and the ability to build upon the strengths of other members of the team;
- *continuous and self-directed learning*: continuous improvement of capabilities by assuming responsibilities in

setting goals, skills enhancement and initiatives presentation;

➤ *adoption of technology and applications*: a strong technological skills base, including concepts and operations, the selection of appropriate tools and proper troubleshooting the technology;

➤ *professionalism and ethics*: to demonstrate personal responsibility and effective work habits: punctuality, working productively with others and in time, and the effective management of workload.

International statistics indicate that young people start working at the age of 12 in informal jobs (such as child care or household jobs). Formal sector employment probability increases with age. The literature suggests that adolescents' experiences in the labour market can be both negative and beneficial. The most common arguments against the employment of adolescents are related to decreased school performance, educational outcomes, and social and psychological negative effects. On the other hand, some researchers believe that a job offers opportunities for the development of adolescents, namely, young people can better understand the operation of the labour market (Hamilton & Hamilton, 2004; Levine & Hoffner, 2006). It also contributes to the development of the social capital: young people create informal networks, they interact with adult models that encourage good work habits (Whalen et al, 2003) and their experiences in the workplace enable them to develop valuable skills (Whalen et al, 2003). Sometimes the skills acquired at work can have another benefit, namely increasing their interest in / for school.

Adolescent experiences on the labour market can lead to self-discovery and goal setting as well as increased feelings of autonomy and independence, factors that probably will have an impact on some aspects of their activity / lives.

However, the quality of the working environment makes adolescent's employment experience a positive or a negative one. In order for adolescents' labour market experience to become the foundation of future work success, employers should highlight the factors that contribute to a positive work experience and minimize those that create the negative conditions.

These goals can be achieved through programs for youth. Youth programs can be an important resource in preparing young people for the labour market. By their very nature, youth programs can contribute to the labour force, whether or not they provide specific opportunities for workforce training. Through these programs, young people develop valuable skills such as teamwork and problem solving, social skills, and they connect with adult models.

Unlike school, youth programs are characterized by voluntary participation, so young people face different levels of motivation and interest. High levels of motivation and interest ensure that young people are involved in reaching program's objectives, they adopt them as their own and stay connected around them long enough to get the benefits participation offers them. This offers youth programs an ideal position in workforce training in line with the adolescents' development needs. They often have the autonomy and flexibility to create a curriculum that is tailored to the community. All these features make youth programs well suited to play a role in preparing young workforce. Current models of youth programs are based on the concept of prosperity and promoting a positive development for all young people. Some important features pursued in youth programs can be mentioned:

- an environment to ensure physical safety and mental health;
- a clear and consistent program and an appropriate level of supervision by adults;
- adult support;
- opportunities for membership;
- positive social norms;
- opportunities to take the lead and make significant contributions to solving problems;
- opportunities to engage in learning, skills training

- integrated efforts by family, school and community.
Quality youth programs are characterized by positive adult-youth interaction.
The poor insertion of young people into the labour market is determined by many factors, including:
 - ❖ lack of information, lack of access to social networks and the lack of connection between young people;
 - ❖ lack of skills appropriate for the job;
 - ❖ lack of jobs that require skills to a level to be admitted;
 - ❖ lack of experience and recommendations to increase companies' confidence in young people with potential for employment.

In this context, the participation rate of young people in the labour force continues to have a downward trend: after a decline from 53.8% to 50.1% between 1998 and 2008, it continued to fall to 48.8% in 2011 (ILO, Trends in employment among young people globally, 2011).

The problems faced by young people in the labour market have a significant impact on their living standards, their families and on the national and international communities whose members they are. The most important effects of inactivity for youth are the risk of poverty and the inability to play an active role in society.

The high level of youth unemployment leads to lower employability for individuals in general, but it also reduces the opportunities for economic development, both nationally and globally.

Youth unemployment has increased in 2012 in developed countries. At the end of the first semester of 2012 in Greece most young people (55.5%) did not have a job, and the percentage was almost as high in Spain (53.6%). Youth unemployment rate reached 38.6% in Portugal, and in Romania it reached 23% (Statistics Eurostat).

Youth unemployment consequences directly affect the level of temporary staff fluctuation in the labour market. Gaining experience is reflected both individually and in the development of the national labour market.

High levels of youth unemployment also contribute to increased poverty and lower living standards - cognitive, medical, nutritional and psychological. As young people get older and develop their own families, their failure to accumulate both economic capital and social capital can be transferred to their children.

According to Business Europe (Executive Committee, 2/16/2012, "Creating Opportunities for Youth") in the first quarter of 2011 there were 24 million unemployed young people in the European Union and the employers reported 2.2 million jobs available, including over 1 million in Germany and 450,000 in the UK.

"The high level of youth unemployment has dramatic consequences for our economies, our societies, and especially for young people. Therefore, we must invest in young Europeans now" said László Andor, EU Commissioner for Employment, Social Affairs and Inclusion.

For companies, youth are an advantage because they are both consumers and innovators, a category influencing public opinion and having knowledge about technology. As employees, young people offer to the business environment direct information on their generation's preferences and tastes while promoting the products and the services of their employers.

The European Commission believes that young people are the most threatened group on the European labour market and the risk of being marginalized is increasingly higher. This has immediate consequences, but also medium and long term implications. The deepening crisis in the labour market can impact a large part of a whole generation of young people, affecting employment, productivity and social cohesion, both now and in the future.

In 2020, the pupils and the students of today will be at the beginning of their careers, facing at least 30 years of professional life, some of whom will have

professions not existing today while others will have occupations that may be in danger of disappearing.

The transition to a knowledge-based economy implies the transition to a green economy, affecting the demand for skills in relation to many different jobs and sectors. Basically, the labour market requires a balance between the development of generic competencies in the field of ecology (e.g. waste reduction, energy efficiency improvements) and specific skills. Just as skills related to information and communication technology are now essential for everyone, ecology competencies will be important for almost every job in the future.

Also, initial vocational education and training (VET) and the continuous one share a double objective, namely, on one hand to contribute to employability and economic growth and, on the other hand to answer society's broader challenges, specifically the promotion of social cohesion. Achieving this dual objective should provide young people and adults alike with attractive and challenging career opportunities and should draw equally men and women, people with high potential and who, for whatever reasons, are at risk of exclusion from the labour market.

The Copenhagen process had an important role in increasing the awareness about the importance of VET at national and European level.

The impact of the Copenhagen process on national VET policies was quick and strong; it generated deep reforms, among which may be mentioned:

- the development of national qualifications frameworks for the implementation of the European Qualifications Framework (EQF);
- the shift to a learning outcomes approach: by changing the perspective from a learning process focused on providing information to a results-oriented learning.

The relevance of education and training (both initial vocational education and training (VET-I) and the continuous vocational education and training (VET-C)) for the labour market and the employability of VET graduates should be enhanced through various measures, as shown in the "Bruges Communiqué on increased European cooperation in education and training over the period 2011-2020:

- "authorities in the participating countries - national, regional or local - should create opportunities for increased cooperation between schools and businesses to improve teacher knowledge about work practices, on the one hand, and the general skills and competencies trainers, on the other hand;
- participating countries should promote partnerships among social partners, businesses, education and training providers, employment services, public authorities, research organizations and other relevant stakeholders to ensure a more appropriate transfer of information on labour market needs and a better match between the needs and the development of knowledge, skills and competencies. Employers and social partners should strive to clearly define the skills and qualifications they need both in short and long term and within sectors and their overall level;
- VET programs should be results oriented and should provide a better response to the needs of the labour market. Models of cooperation with enterprises or professional organizations should address this issue and provide feedback to VET institutions both on rates of employability and on the employment rates of VET graduates;
- to improve the quality and relevance of VET, participating countries and, in particular, VET providers should use guidance services feedback on the transition of VET graduates to employment or further learning;
- workplace learning undertaken in partnership with businesses and non-profit organizations should become a feature of all initial VET courses;

➤ participating countries should support the development of apprenticeship-type training and should

In a knowledge society, special emphasis should be placed both on VET-I and VET-C in promoting innovation, creativity and entrepreneurship and ICT use.

In this context, participating countries should actively encourage VET providers to collaborate with innovative companies, design centres, the cultural sector and higher education institutions for the formation of "knowledge partnerships". Moreover, such partnerships should also contribute to the introduction of experience-based learning methods, to encourage experimentation and to program adaptation.

ICT should be used to maximize access to training and to promote active learning and to develop new methods both in terms of VET at the workplace and of VET in schools.

Also, support for new and future entrepreneurs by encouraging start-ups by graduates of VET and promoting the learning mobility of young people must become one of the major objectives of the member countries to prepare young people for a sustainable economy.

An important role in the development of the knowledge economy, hence to increase the employability of young people in its labour market, have cross-cutting objectives of education and training, among which may be mentioned:

- ❖ greater involvement of stakeholders in VET and higher visibility of the achievements of European cooperation in this field;
- ❖ coordinated governance of European and national instruments for transparency, recognition, quality assurance and mobility;
- ❖ increasing cooperation between VET policy and other relevant policy areas;
- ❖ improving the quality and comparability of data for VET EU policy;
- ❖ proper use of EU support: EU Structural Funds program for lifelong learning should be used to support the agreed priorities for VET, including international mobility and reforms implemented by the participating countries.

To facilitate the transition from school to work, the package proposed by the European Commission on December 5, 2012 also provides a consultation of European social partners on a quality framework for traineeships so that young people are given the

encourage increased awareness on this issue.”

opportunity to acquire a safe professional experience. As well, it is envisaged achieving a European Alliance for apprentices, to improve the quality and supply of apprenticeships by multiplying successful apprenticeship programs in all Member States.

Therefore, the insertion of young people into the labour market in a knowledge-based economy can be achieved effectively if taken several measures, among which may be mentioned:

- *identifying the optimal solutions for the problem of youth labour market* since each generation has a responsibility to guide the preparation of the next generation to achieve a balanced economic development. Achieving these goals can be through partnerships with governments, educational institutions, civil society and young people themselves looking for jobs;
- *investing in improving information resources for young people;*
- *investments designed to increase youth access to training programs* to develop job specific skills. An important role in this direction have both vocational and educational institutions, and employers (whose role is to advise and influence for better educational training that align real needs and opportunities of the contemporary labour market);
- *creating and engaging training programs* to stimulate the accumulation of experience;
- *commitment to youth:* support through training programs, providing jobs and mentoring. Training at work and mentoring can be an important element for an effective response strategy to address the scarcity of talent and an innovative way to discover, develop and manage the resources of talent that companies need to be in line with their business objectives;
- *investments aimed at reducing deficit entry-level jobs;*
- *investment in entrepreneurship education programs at universities and vocational centres.* Promoting entrepreneurship is an essential component to ensure sustainable economic development. Promoting youth entrepreneurship may directly stimulate them, while positively influencing the generations they belong to and the communities in which they operate.

3. CONCLUSIONS

Reaching the overall objectives of the Sustainable Development Strategy of the European Union or of its Member States and providing youth with the required skills for the knowledge society can be achieved by involving young people in actions that will be developed for this purpose.

Today's youth are the hope and the potential for the future. Young people need to be more mobile, multicultural and technologically skilled than before.

Among the advantages of using young workforce in achieving the knowledge society can be listed:

- the employment of young people in long-lasting jobs ensure the consistency of economic development and the growth of local and domestic markets' potential;
- promoting young people in attractive jobs (jobs created in IT technology and theory of knowledge) leads to increased productivity and prospects of at least maintaining economic agents competitiveness (on the specific market);
- youth labour market through its achievements supports sustainable economic growth;
- an employment structure based on a component of young labour at least stable if not growing and with a higher average level of education in the labour market, leads to the growth of sustainable economy;
- structural unemployment among young people, if based on a lack of employment in classical, historical jobs, is the most serious problem of the current labour market; if the structural deficit of young labour in trades and professions is based on new vacancies equivalent to professional specializations arising from the educational process, to create sustainable economic development it is necessary to absorb foreign direct investment based on the introduction of superior technology, comparable with that existing in the business environment;
- wages explain increasingly youth unemployment. Prospective jobs inadequate remuneration slows economic growth, eroding the foundations of sustainable growth;
- real unemployment of young labour force in Romania is higher than recorded because young people are more flexible and they adapt to the "requirements" of the work environment on at least two directions:
 - a) under the principle of appropriate employment to their occupation acquired through school, they will seek through migration / mobility corresponding jobs in other markets (EU, extra-EU)
 - b) when the internal mobility factor is excluded for various reasons, the correlation between graduation and the professional profile of the position held loses significance, the main reason for occupation is the gain related to employment.

In both cases, the national sustainable growth potential evolves downwards as it loses value added corresponding to unrealized training;

- sustainable development not only attracts and leverages young labour force's potential, but it also brings in the need for experiential youth updating because in today's society, especially in the future, the average knowledge obsolescence decreases at a rate greater than the capacity to adopt initial education.

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