



EDUCATIONAL LEVEL AND ITS INFLUENCE ON EMPLOYMENT RATE

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Abstract *In the context of globalization, any company require well-trained workforce to ensure its economic development. In occupational structure analysis must take into account the prevailing conditions in the labor market not only by educational level. It turned out that employment opportunities are higher for educated population and not coincidentally between employment guidelines included in the Europe 2020 Strategy can be found guidance on the development of a well-qualified workforce, which responding to labor market needs.*

Key words:

Employment, educational level, employment rate, ISCED, Europe 2020 Strategy

JEL Codes:

J62, J64, J65, I21

1. Introduction

According to the World Bank (World Bank, 2001): „To be poor is to be hungry, to lack shelter and clothing, to be sick and not cared for, to be illiterate and not schooled” (World Bank, 2001).

On the other hand, “the investing in knowledge has the greatest interest rate,” as Benjamin Franklin said, while the “investment in human capital is any activity that ensure an increased quality of the human factor and the gain is primarily in -a higher labor productivity” (Dobrotă and Aceleanu, 2007).

„The issue of labor market is not just about the approaching in terms of quantity of supply and demand for labor. Addressing of the qualitative side of the labor market requires interpretative analysis of skill levels, creative potential, productivity and other qualities which the bearer of labor should proven now” (Iovițu, 2007).

Therefore, “the main result of education is the growth of labor productivity” (Huru, 2007) and this increase in productivity has effects both on employment and on economic growth.

2. Education's types at European Union level

The level skills and qualifications acquired by the human resources is directly proportional to the rate of employment of labor.

At the European Union level can be found the following group of education levels (<http://www.uis.unesco.org/Education/Pages/international-standard-classification-of-education.aspx>):

- seconded lower education, pre-primary, primary, secondary, which is compulsory education (ISCED 0-2);
- higher seconded education, secondary education (ISCED 3);

- post-secondary education (ISCED 4);
- undergraduate and postgraduate education (ISCED 5-6);
- ISCED level 7 - Master or equivalent level;
- ISCED level 8 - PhD or equivalent level.

According to the European Union implementation plan of the credit system of accumulation and transfer, for each skill there are a number of associated credits.

At the country level, the national qualification is a useful tool to distinguish between knowledge, skills and competences acquired by students after attending the learning educational programs.

Information obtained according to ISCED allows a multi-criteria analysis of conducted educational process and the correlation of ISCED is the tool which shows the link between educational programs and qualifications.

On the other hand, among the guidelines of employment included in the Europe 2020 Strategy they can be found those on improving the quality and performance of education systems and training at all levels and increasing participation in tertiary education.

Thus, investment in education and training systems, mainly for increasing the competence of labor enables rapid adaptation to changes that occur in the labor market.

3. The educational level and employment in EU member states

The educational level of people employed, unemployed and inactive people reveals significant differences in the European Union (Table 1), for example, most of the people employed have a medium level of education (ISCED 3-4).

People with low levels of education have a lower employment rate.

Table 1. Youth participation rate in education (ISCED 1-6) in EU Member States (%)

geotime	2007	2008	2009	2010	2011	2012
EU (28 countries)	77	77,4	77,8	79,1	80,7	80,4
Belgium	89,4	82,7	88,2	88,8	89,9	89,5
Bulgaria	77,4	77,7	78,1	77,5	81,7	80,6
Czech Republic	88,4	89,3	88	89,4	90,3	89,9
Denmark	80	80,2	80,5	83,1	84,8	86,4
Germany	84,8	87,1	85,7	87,6	90,1	86,1
Estonia	86,6	83,9	89,3	92	88,9	92,9
Ireland	91,7	85,9	88,4	92,6	96,3	97,9
Greece	62,3	64,5	.	62,1	67,9	67,9
Spain	69,1	68,9	69,7	74,8	77,4	78,4
France	76,7	76,5	76,3	77	76,7	76,9
Croatia	67,3	67,9	71,9	69,5	69,8	70,6
Italy	79,9	78,7	78,4	78	80,4	80
Cyprus	33,2	32,8	35,3	33,6	34,4	34,7
Latvia	87,6	82,5	88,7	93,3	95,6	94,4
Lithuania	100,5	101,8	100,1	100,1	100,1	97
Luxembourg	68,3	69,9	69,2	73,5	70,4	71,4
Hungary	83	83,8	83	87,9	89,2	86
Malta	54,8	66,6	71,7	68	51,7	40,7
Netherlands	82,3	82,7	83,3	84,6	89,1	90,3
Austria	72,8	72,5	73,3	72,3	72,3	73,5
Poland	93,9	91,6	92,2	92,7	93,2	93,3
Portugal	65,3	69,3	74,3	76,3	77,5	77,6
Romania	72,5	81	87,8	82,8	80,2	77,7
Slovenia	89,4	89,1	89,7	90,6	92,1	92,1
Slovakia	84	82,6	83,6	84,5	84,5	84,9
Finland	93,8	93,5	93,2	93,6	93,8	93,7
Sweden	94,8	95,4	94,8	95,4	95,8	96
United Kingdom	50,9	51,6	52	56,8	60,1	63,3

Source: Eurostat, 2014: [tps00060]

Specialists consider that the rapidly insertion of young people in the labor market can be achieved through investments allowing the creation of new jobs, tax breaks for companies which employ young people, legislative and financial incentives for attracting foreign investment and training and retraining programs in accordance with market requirements.

Among the main objectives proposed to achieve the three priorities of the Europe 2020 strategy can be found:

- 75% an employment rate of people aged 20-64 years;

- A maximum of 10% of early school leaving rate and a minimum of 40% graduation rate of tertiary education among young people between 30 and 34 years.

The abandonment or early school leaving, ie increasing the number of young people (15-24 years) who are not employed, in education or training (so-called NEETs) are an especially element worrying because it indicates difficulties in the transition from the education system to the labor market (Table 2).

Table 2. The employment rate, by age group 15-64 years, from 2001 to 2014 (%) and 2020 target

EU Member States	2008	2009	2010	2011	2012	2013	2014	2020
UE-27	65,8	64,5	64,1	64,3	68,0	68,0	68,2	75
Belgium	62,4	61,6	62,0	61,9	67,2	67,0	67,0	73,2
Bulgaria	54,0	52,6	59,7	58,5	63,0	62,3	63,0	76
Czech	66,6	65,4	65,0	65,7	71,5	71,6	71,9	75
Denmark	77,9	75,3	73,3	73,1	75,4	75,4	75,7	80

EU Member States	2008	2009	2010	2011	2012	2013	2014	2020
Germany	70,1	70,3	71,1	72,5	76,7	77,2	77,7	77
Estonia	69,8	63,5	61,0	65,1	72,1	72,5	73,4	76
Ireland	67,6	62,2	60,1	59,2	63,7	64,0	64,8	69-71
Greece	61,9	61,2	59,6	55,6	55,3	53,4	53,8	70
Spain	64,3	59,8	58,6	57,7	59,3	57,3	57,3	74
France	64,8	64,0	63,8	63,8	69,3	69,3	69,6	75
Italy	58,7	57,5	56,9	56,9	61,0	60,4	60,2	67-69
Cyprus	70,9	69,9	69,7	68,1	70,2	65,0	62,5	75-77
Latvia	68,6	60,9	59,3	61,8	68,2	69,6	71,4	73
Lithuania	64,3	60,1	57,8	60,7	68,7	69,7	70,8	72,8
Luxembourg	63,4	65,2	65,2	64,6	71,4	71,5	71,2	73
Hungary	56,7	55,4	55,4	55,8	62,1	62,2	62,5	75
Malta	55,3	55,0	56,1	57,6	63,1	64,6	66,4	62,9
Netherlands	77,2	77,0	74,7	74,9	77,2	76,0	76,0	80
Austria	72,1	71,6	71,7	72,1	75,6	75,9	76,4	77-78
Poland	59,2	59,3	59,3	59,7	64,7	64,5	64,3	71
Portugal	68,2	66,3	65,2	64,2	66,5	63,9	63,7	75
Romania	59,0	58,6	58,8	58,5	63,8	64,2	64,8	70
Slovenia	68,6	67,5	66,2	64,4	68,3	67,0	66,4	75
Slovakia	62,3	60,2	58,8	59,5	65,1	64,9	64,9	72
Finland	71,1	68,7	68,1	69,0	74,0	73,9	74,3	78
Sweden	74,3	72,2	72,7	74,1	79,4	79,1	79,2	80
Britain	71,5	69,9	69,5	69,5	74,2	74,3	74,9	-
Croatia	57,8	56,6	54,0	52,4	-	-	-	-

Source: Eurostat, 2014: [tsdec420]

Low interest of young people in the school curricula and contents of the scholar programs requiring compliance with the economic reality, with market demands and a rethinking of educational content and the necessary skills required by the labor market. On the other hand, to reduce youth unemployment needs to be implemented social policies on stimulating their access to the labor market.

4. Conclusions

The employment is closely linked to the state productivity as well as economic growth of a country. State productivity is calculated as GDP reported to employed people. Extremely important is the quality employment, which is a multidisciplinary concept because it is composed of elements related to the job characteristics, flexicurity and career development prospects.

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