

## NEETs IN THE EUROPEAN UNION AND THE PERSPECTIVE AT ROMANIA'S REGIONS OF DEVELOPMENT LEVEL

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**Abstract:** *Employment and unemployment have ceased to be the facets of the same coin, especially during the crisis and in the post-crisis period, when new types of employment emerged as response to the crisis on one hand, and as attempts to adjust to the new knowledge economy. However, the top of European Agendas is still concerned with the issues triggered by particular groups of unemployed. One such general, heterogeneous group is represented by young individuals not in employment, education or training (NEET). While for the developed countries of the EU- the issue is severe, for Romania other threats emerge, considering that Romania is one country faced with labor force deficit, and not with lack of generated jobs in the labor market. The present paper intends to analyze the various identified categories of NEET, and detach the most striking categories at the level of Romania's regions of development. The most relevant issues are related to specific policies and measures aimed at this specific target group that must be tailored according to the new conditions triggered by the knowledge economy. The paper will be based on desk research by using the data provided by Eurostat, ILO, the World Bank and the National Institute of Statistics from Romania, (Tempo Online).*

**Key words:** labor market, employment, unemployment, NEET, policy

**JEL codes:** E24, E26, J08, J46, J60, J21

### Introduction

The present developments at global and European level show that societies have to adjust and adapt at the increasing innovative developments in all economic activities as knowledge, technology, digitalization, automation and artificial intelligence (AI) become essential in all spheres of economic, social and cultural life.

In this context, the labor market is subjected to most changes, and the generations active in the labor market are more challenged to meet the constantly changing demands in all sectors of activity. Hence, employment and unemployment have ceased to be necessarily facets of the same coin both at national, European and global level. This fact is owed especially to the changing nature of work that became noticeable during the crisis and mainly in the post-crisis period. States, economic sectors, public and private employers and enterprises attempted on one hand to mitigate economic and societal effects of the financial-economic and subsequent crises (sovereign debt, social, refugee and migration, etc.) at global and European level and, on the other hand, to maintain productivity, efficiency and competitiveness in their operations.

The developed countries already affected by concern rising shares of unemployment, especially on long-term, were faced with the complex effects generated by the job destruction during the crisis that have yet to be remedied by achieving employment levels comparable to those before the global crisis.

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However, concern rising and persistent before, during, and after the crisis proved to be the unemployment among youths, and the new tendencies shown by the generations Y and Z that have yet to be explored considering the high shares of unemployment among youths as compared with the unemployment shares of the adult population. These two generations –the millennials and post-millennials – are the demographic cohorts faced aggressively with long-term unemployment, mismatches between education and labor market demands, changes of job and career prospects’, as employment turned into employability, job security into flexicurity, and the overall changes that made economic and social environment more demanding with respect to skills and competences, unpredictable, challenging, and competitive.

Moreover, a new category which is increasing and shows persistence with respect to its rates in total young population highlighted by an indicator considered as innovative, respectively the “NEET rate” indicator is the one of the youths not in employment, education or training (NEET). This category is a global phenomenon, shared by developed, developing and even less developed countries according to OECD, ILO and European Commission/Eurostat reports. This group is characterized by a high degree of heterogeneity, as the youths included here are covering the entire range from those with low education and skills to those who have graduated tertiary education and are (at least by the time of concluding studies) the owners of up to date and high-skills in their fields of expertise. Nevertheless, these youths placed at opposite poles share some features that make them part of NEET: they fail to find workplaces corresponding to their level of skill, they no longer show interest in pursuing further education or formal or non-formal training, and are either discouraged or disinterested in looking actively for jobs in the labor market. Some have even been employed on short-term, or for spells longer than determined contractual periods, or other forms of temporary or part-time employment, but did not succeed in turning these periods in actual stepping stones for permanent employment in the labor market.

The risks they share are the same: (i) physical and mental health affected by this situation; (ii) compromised incomes for the future, including here social insurance and pensions; (iii) agreeing to compromises that might prove even dangerous, and expose them to criminal activities; (iv) poverty and social exclusion. These particular issues because of persistence are relevant not only for the present but also for the future considering the goals of eliminating poverty and social exclusion for present and next generations is shared by old (OMS), former cohesion and convergence (FCCMS) and new member-states (NMS) alike.

The present paper intends to analyze the issue of NEETs based on desk research with respect to the main categories, and divisions operated inside this heterogeneous group, by evaluating the main indicators determining the levels of NEET for the selected countries. Particular emphasis is laid on the situation from Romania where the context is changed due to a more noticeable labor force crisis. By using descriptive statistics we attempt to investigate the NEETs at country level, and by mentioning also the regional one, as compared with old member-states (Germany, Italy), former cohesion and convergence member states (Spain, Greece) and other new member states (Bulgaria and Hungary). The selected countries are representative for the developed EU member-states, and the developing ones that accessed the EU in the period 2004-2007. The paper considers the main changes during and after the successive crises recorded at European level, and investigates the impact of some of these changes in the labor market (formal and non-formal) regarding the evolution of youths in the labor market.

While most papers focus on the vulnerable categories of NEETs, we attempt to approach and draw attention to the issue of those NEET youths who though considerably smaller as share, represent the most present and future economic, social and cultural loss not only for them as individuals, but also for the society, respectively the well-educated, trained NEETS.

At the same time, the focus on the regional level NUTS2 attempts to highlight some less explored issues, as most studies focus on the NUTS1 level, and to show the relevance of new and

innovative policy approaches regarding this group, by drawing attention mostly to the importance of better monitoring by disaggregating the group into relevant sub-groups.

### **Literature Review**

The NEET indicator is rather young and regarded as innovative at EU and global level. Its birth is strongly linked to the United Kingdom labor market and the debates about young individuals' chances to obtain a job according to their education, vocational training and skills during the nineties. However, at the time, debates were focused mostly on those aged 16 to 18 years of age who were early leavers from the education system, but not identified as entering the British labor market. This debate almost suppressed in the UK the discussion about the overall youth unemployment, and the first valid insights were delivered about this population in a report of the Social Exclusion Unit (1999) which before its abolition (2006) was renamed as the Social Exclusion Task Force.

The heterogeneity of the concept has its roots also in the UK definition regarding this population group as "out of work or looking for a job, looking after children or family members, on unpaid holiday or traveling, sick or disabled, doing voluntary work or engaged in another unspecified activity" (SEU, 1999). It is a broad definition, which is used even today in defining the various categories of youths aged between 15 to 24 years, and those aged 15 to 29 years are included in the general NEET category.

The issue of youths was always on the political agendas of the European Community, and subsequently of the European Union. However, specific crosscutting measures were approached by the Lisbon Agenda 2000, and the Revised Lisbon Agenda in the White Paper "A new impetus for European Youth" (2001) where new goals were set for different policy fields (education, employment, social inclusion, information and civil society) related to youths. This initiative was renewed by the European Council (Presidency Conclusions, 2005) when the "European Youth Pact" included into the Conclusions stipulated that member states need to focus on materializing cohesive youth policies (Council Conclusions on Youth in the framework of the Mid-Term Review of the Lisbon Strategy, Feb. 2005). The need was stressed that crosscutting policies should also be "concerted and cohesive" and focused on employment, integration, social advancement, education, training and mobility, and reconciliation of working life and family life regarding young generations.

The goals of the Youth Pact of the Lisbon and Revised Lisbon Agenda are continued by the Europe 2020 Agenda, based on the flagship initiative "Youth on the Move" (European Commission 2010). This initiative provides for several areas of interest regarding youths, its objectives reaching out from youth guarantee schemes and apprenticeships to support schemes for young business starters, social entrepreneurs, and to volunteering opportunities, etc. The reason for this inclusion into the policies of the European Union (European Commission, European Parliament, and the Council of the European Union) was that increasingly more young individuals, with ages between 15 and 29 years meet simultaneously two conditions, and because some of the aimed targets of the previous European agendas still continued to remain goals to achieve.

In the current programming period, the "Youth Guarantee Recommendation agreed by the EU Council of Employment and Social Affairs (Feb. 2013) requires member-states to provide for, and make the necessary steps, towards ensuring for youths up to the age of 25 good quality employment offers. These 'offers' should include further opportunities like continued education, apprenticeships, traineeships, other useful and gainful solutions for their active presence in the economic, social and cultural life.

In this complex context generated by the successive crises in the European Union and their aftermath, it becomes clear that institutional setting and macroeconomic determinants with impact

on the future activity or inactivity of the young generations need to be reexamined in order to develop adequate policies and measures for the young generations.

Moreover, the initial definition of NEET requires being more refined and not restricted to the main conditions as they were outlined by the end of the nineties and the beginning of the 2000s, according to which NEETs are considered as such, on meeting two essential conditions:

- 1) not employed, and either unemployed or economically inactive;
- 2) not involved in any type of formal or non-formal education or training, at least for the last 4 weeks preceding the Labor Force Surveys (LFS), and the assumption is that these periods were even longer (Bruno et al., 2014).

Another argument in this respect is the more recent NLFET indicator proposed by the International Labour Organization (2013). This indicator tends to be more specific and refers to “neither in labor force, nor in education or training” which seems similar to NEET but initiates a first significant distinction by excluding from NEET those young people who used to have a job but are or were unemployed at a given time. The array of issues tends thus to increase, but offers decision factors, academics and researchers interested in the question of youths and their participation to the economic and social active life, or lack thereof due to various reasons, a strong argument for better differentiating and subsequently addressing the various issues related to current and future generations of youths.

Policy makers from all fields (education, labor market, health, etc.) drew attention to the challenges faced by generations preparing, or entering the labor market under more difficult conditions than former generations. Essential observations underpinned that transitions from school to work were increasingly less standardized, due to changes in the economic and social context with respect to obstacles and opportunities (Bynner and Parsons, 2002). Additionally, these transitions tended to have more often than not a “yo-yo character” (European Group for Integrated Social Researches, 2001; Walther et al. 2009).

Precisely these changing conditions both at economic, social and even cultural level, associated with other factors of global or national nature contributed to growing numbers of youths who had “low level of aspiration and little motivation” even before the crisis (Popham, 2003).

At the same time, considering the relevance of this ‘youth issue’ it became clear that it was necessary to obtain more clarity in defining this group to which specific policies, measures and actions should be addressed. The two decades before the Europe 2020 Agenda contributed to defining better characteristics, age groups, and sub-groups that could be considered as representative for the NEET population (EUROFOUND, 2016). However, further research is necessary in order to diminish the intrinsic heterogeneity of this population, and to outline more specifically groups and sub-groups for developing well-targeted measures, actions and policies based on the specific needs and risks for each group/sub-group.

In analyzing the main characteristics and means for evaluating the NEET population, some main indicators were mentioned often that refer to: (i) institutional quality and environment (OECD 2006, IMF 2010, Caroleo and Pastore, 2007) with particular emphasis on labor market institutions as determinant for the behavior in the labor market for each country; (ii) GDP next to variables like taxes and labor costs; (iii) unemployment benefits, level of unionization, collective bargaining; (iv) minimum wage, employment protection legislation (EPL); (v) incidence of temporary and part-time contracts; (vi) activation policies, etc. (Choudry et al, 2012; O’Higgins, N. 2015, 2011; Caporale et al., 2014; Scarpetta et al. 2010).

Noticeable is that most studies are focused on the national level (NUTS1), and very few on the regional level (NUTS 2 and 3). One such example is the Moving Project (2010) in which the situation was compared for three European regions of development: Merseyside UK, Calabria (IT), and Andalusia (ES).

The current paper attempts to draw attention to the relevance of the regions of development, for the outcomes of youths' policies in the crisis and post-crisis period, as they represent an untapped resource for policies that meet the demands of more involvement of youths' in the formulation, monitoring and improvement of actions and measures dedicated to youths.

### **European Union – 28(27): National and Regional Contexts for NEETS in the time of the economic-financial crisis and post-crisis**

The countries included in our sample are relevant for the three categories of member states, respectively old, former cohesion and convergence countries and the new member-states. In selecting countries from the NMS we opted for two countries in the immediate neighborhood of our country (Bulgaria and Hungary) but with distinct trajectories, as Hungary accessed the EU in 2004, and Bulgaria together with Romania a couple of years later, in 2007. They show similarities and dissimilarities shared by the entire bloc with respect to funds' absorption capacity, attitude towards youths, willingness to develop realistic and sustainable programs/projects for youths, monitoring, and improving opportunities for young generations, levels of undeclared work and youths' perceptions about work and their future in the labor market.

One shared feature for some of the countries struggling with the issues related to considerable shares of NEET either unemployed, or in the other NEET category, is the level of clearness in setting targets for the measures, and actions initiated for increasing the involvement of young people in the labor market, and social life of their respective communities.

The outbreak of the financial-economic crisis, followed by the subsequent crises of social and even political nature occurred in a period when the European Union was in the process of adjusting to the new context generated by the Eastern expansion of the years 2004 and 2007. In this context, instead of the "more and better jobs" aimed at by the Lisbon and Revised Lisbon Agenda, the situation worsened and job destruction occurred at higher pace than job creation.

Other significant evolutions were the expansion of automated and digitalized solutions adopted by companies in an effort to maintain productivity and competitiveness, however at the expense of the active labor force. The youths were the most affected category, a fact insufficiently highlighted, even in studies dedicated to this technology driven change in the options of public and private employers alike. The reasons for less employed youths, even though they are the most tech savvy generation that could contribute to the labor market, ranged from lacking experience to calling upon the expectations disconnected from reality of the young people with respect to wages on beginning their career.

While in 2007 before the crisis the overall unemployment rate (percentage of active population) for youths at European level was around 15%, it knew increased shares in the subsequent period, and reached a peak by 23% for the young individuals aged between 15 and 24 years of age in 2013. Thereafter, a slight decrease was noticed, and the rate decreased to 20% in 2015, and a significant one in 2017 when rate decreased to 16%, not yet to the 2007 level. (table no.1)

In 2017, the young population with ages between 15 and 24 years was estimated at over 54 million young people of which in percentage 40.4% were in education, 27.4% in employment, and 17.8% in a mix of education and employment. However, out of over 54 million young people a share by 30.7% represented the NEET population from 15 to 24 years.

Encouraging is the fact that the unemployment rate among young individuals 15 to 24 years old decreased steadily, from a peak by 23.8% in 2013 to 16.8% in 2017, a percentage comparable to pre-crisis values, and that the share of young individuals not in employment, education or training decreased from a peak by 13.0% in 2013 to 10.9% in 2017, a percentage slightly under the pre-crisis values (11.0 % in 2007).

Table 1

**Unemployment rate, NEET rate and employment rate for 15 to 24 years old, for the selected years, covering the crisis and post-crisis period**

Countries	Unemployment rate			NEET rate			Employment rate		
	2007	2013	2017	2007	2013	2017	2007	2013	2017
EU-28	15.8	23.8	16.8	11.0	13.0	10.9	37.3	32.2	34.7
Bulgaria	14.1	28.4	12.9	19.1	21.6	15.3	24.5	21.2	22.9
Germany	11.8	7.8	6.8	9.3	6.3	6.3	45.4	46.9	46.5
Spain	18.1	55.5	38.6	12.0	18.6	13.3	39.2	16.8	20.5
France	19.5	24.9	22.3	:	:	11.5	:	:	28.7
Italy	20.4	40.0	34.7	16.1	22.1	20.0	24.5	16.3	17.1
Hungary	18.1	26.6	10.7	11.5	15.5	11.0	21.1	20.1	29.0
Poland	21.6	27.3	14.8	10.6	12.2	9.5	25.8	24.2	29.6
Portugal	21.4	38.1	23.8	11.2	14.1	9.3	34.4	21.7	25.9
Romania	19.3	23.7	18.3	13.3	17.0	15.2	24.4	22.9	24.5

Source: EUROSTAT database [ lfsi\_emp\_a, lfsi\_neet\_a, une\_rt\_a], : not available

Among the member states presented in the table above, it can be seen the dramatic situation of Spain, Italy and Portugal, regarding the unemployment rate among young individuals 15 to 24 years old. For Spain the unemployment rate among young individuals 15 to 24 years old increased in 2013 at 55.5% from 18.1 in 2007 and decreased steadily, from a peak by 55.5% in 2013 to 38.6% in 2017, the highest among the member states analyzed. Italy had the unemployment rate among young individuals 15 to 24 years old by 20.4% in 2007, than by 40.0% in 2013 and decreased to 34.7% in 2017. Italy also has the highest NEET rate by 20.0% in 2017.

Despite the optimistic perspective of this decrease at first glance, it remains a factor of concern that youth unemployment rates remain high, as compared with the unemployment rates for adults throughout the entire 2007-2017 period, while the NEET population also shows a high degree of persistence (fig. no. 1).

In this respect, an issue less highlighted but with impact that is more specific is that with age the number of NEET increases instead of decreasing, while their priorities change, they become either disengaged, discouraged or they find other solutions that tend to mean involvement in the informal labor market, or performance of undeclared work. Moreover, this is the so-called best scenario, while the worst means that at least some of them engage in criminal activities, anarchist movements and forfeit not only their present but also long-term chances of living a gainful, decent and fulfilling life.

While most of undeclared work tends to be represented by delivering goods and services for households, from house repairs to babysitting, other types emerge facilitated by the development of digital services. In these conditions, the activities performed by young individuals involved in undeclared work mimic the formal labor market and corresponding job polarization. The difference is that they contribute thus to a 'flourishing' informal labor market, to encouraging others to get involved in semi-legal enterprises, and generate losses not only for themselves, but also for the community and society at large. The forfeited contribution to the various social insurance systems and to other fiscal systems of the national and regional economy mean not only risks in the present, but moreover fewer chances of enjoying the safety nets of the social insurance and even health system on growing older.



Figure 1 Unemployment rate percentage of active population, people 25 to 74 years and less than 25 years, period 2007-2017

### **Youth and NEET: a country and region of development perspective**

In this respect, we highlight that considering the countries presented in the paper, the exception is Germany, where both unemployment rates for adults and youths continued to decrease even in the period of the crisis (fig. no. 1). Moreover, even at the time of the crisis' outbreak the unemployment rates of youths and adults were below the EU-28 average. In the post-crisis period the decrease in both shares of unemployment was even sharper, indicating some relevant changes in the labor market institutions, from among which the more specific conditions for receiving unemployment benefits within the Hartz reforms, or the implementation of the minimum guaranteed wage for the first time in the country as of 2015 (fig. no. 1). The country specifics show that within the cohesion policy one of the investment priorities is represented by valorizing fully the labor market potential, especially by better targeting social inclusion and educational outcomes, both relevant issues for youths.

For the programming period 2014-2020, based on ESF funding, several projects are developed which focus directly on increasing the educational and employment opportunities for young unemployed. Among set targets within the various projects are next to improving skills and qualifications, improvement of language, inter-cultural and social skills together with the mobility of youths (MYK4international), or projects aimed by "return-to-learn" initiatives to increase the employability chances especially for long-term young unemployed, women, and single mothers, etc.

In 2017, the analysis of labor market perspectives for young people in Germany shows that the main factors contributing to the better situation as compared with other EU countries, including the other countries in the sample are the low unemployment rate by 5.8%, against the EU average by 13.2%. The country has a low share of NEET, respectively by 8.5%, as compared with the 13.4% average across the EU (table no. 2). This low share of NEET is even more relevant if we disaggregate the NEET population in Germany and it becomes noticeable that the country also has the lowest share of discouraged youth (0.7%) against the EU average of 5.9%.

At the opposite pole, are found both old member-states, and new member-states, respectively Italy, Romania and Bulgaria.

In Italy, the programs dedicated to youths from ESF are rather vague, and do not show the specificity and diversity of German initiatives. The Italian projects cover all comprising general issues, without a specific aim at youths when reviewing priorities. For instance, labor market priorities are general: "increasing labor market participation, improving quality of human capital". This shows that the issue of NEET and of youth in general is included in this "all-inclusive package" lacking some focus on the issues of youths and of NEET in particular. Two relevant examples about the approach to the issue of youths are the "school mechanism project" by which work experiences were provided, including mobility abroad, and the "Giovanisi" project of the Tuscany region in which several complex challenges were approached including finding a job, or education and traineeship/apprenticeship opportunities, encouraging entrepreneurship, and assisting young individuals in identifying proper housing. Nevertheless, more remains to be done, and projects developed on specific issues as Italy continues to have one of the highest shares of NEET.

This results from the fact that Italy has, in 2017, the second largest (after Spain) share of unemployed youths by 26.7%, as compared with the EU average by 13.2% and the largest NEET rate of 24.1% against the EU average by 13.4%. These shares hide a most concerning fact, respectively that a share of more than 50% of young people in Italy are not employed, in education or training, and are also absent from the active population with ages between 15 and 29 years, where Italy is by more than 5 pp below the EU average of 20.2%.

If we consider the aforementioned example of Germany, the situation is revealed as even more dramatic for Italy, as the largest share of the NEET population is represented by long-term unemployed (14.2% against 4.2% EU average).



In Italy, we encounter one of the largest groups of ‘other NEETs’ with a share by 15.1% which is by almost 4 pp above the EU average of 18.1%.

Comparable situations are encountered also in Romania and Bulgaria, the 2 New Member States accessing the EU in 2007.

In Romania the situation is paradoxical: on one hand, a labor force crisis gains increasingly momentum, on the other, the number of NEETs records high levels compared with the EU average (17.8% against 13.4%, in 2017), and with other member-states like Hungary and Poland (17.8% against 13.3% and 12.9%). Also the adults unemployment rate in Romania is very low (3.8% in 2017), below the EU average 6.7% and comparable with Germany’s adults unemployment rate by 3.4 %, but the youth unemployment rate in Romania records high level 18.3% in 2017.( fig. no 1). Still, these figures hide a more concerning reality: massive migration of working age population, including here young individuals who initially leave the country to continue either upper-secondary or tertiary education abroad, thereafter deciding to remain in the respective destination country, or other young individuals who migrate (with their parents) to work in other countries in low- to medium-skilled jobs. Hence, in Romania, the labor force crisis is less related to economic growth generating jobs, but more with attempts made by the working age population to mitigate the consequences of the delayed privatization process, of the weak capacity in absorbing structural funds, and in generating competitive jobs with respect to wages and career development and advancement opportunities in the country.

If we consider the representativeness of the NEET categories, just like in Italy, the highest share of NEET for Romania is also represented by ‘other NEET’ by 28.5%, thus being more than double the EU average for this category, respectively 11.8%.

Another considerable similarity with Italy, in Romania, is the general and less targeted approach in dealing with the human capital and resource represented by youth. The heading is general, leaving room for many other perspectives and interpretations respectively “people and society, through improved employment, social inclusion and education policies that would contribute to achieving national targets”.

ESF funding was employed for a “Career Caravan” that provided information, guidance and counseling, to students from 12 upper secondary education institutions preparing to continue studying in higher education, or to enter the active life.

Both Italy and Romania are in this respect atypical, as all other selected countries show for ‘other NEET’ values comparable with the EU average, around 10.3%.

The reasons for entering into any of the NEET categories (EUROFOUND, 2012) respectively conventionally unemployed, unavailable, disengaged, opportunity seekers and voluntary NEETs are as already mentioned varied, and the economic developments of the recent past show that most attention should be granted to the last two categories, respectively opportunity seekers and voluntary NEETS. Or, better, to the wider category of ‘other NEET’.

Bulgaria, Spain, Portugal, along with Hungary and France, have a NEET representativeness higher in the categories of unemployed either on short- or long-term, or of those caring for family members. Nevertheless, remarkable is the fact that in all these countries, the initiatives for youth in the age groups 15 to 24 year olds, or 15 to 29 year olds are less clearly measurable and quantifiable, just as in the case of our country. However, as opposed to Romania and Italy, the most NEET are found in the category short- and long-term unemployed in Spain with a share of 29.3%, respectively 39.9% (long-term unemployed), while in Bulgaria most NEET are in this category due to family responsibilities 25.5% (EU average 20.3% in 2013). In this respect, Bulgaria has the largest group, while the second falls within the category of long-term unemployed (22.5%), followed by discouraged workers (21.1%, EU average 5.9%). Overall, the conclusion is that where actions and measures for improving education, employment and vocational training conditions for youths took a wider approach, with less clearly spelt measurable outcomes leaving aside national and European

early school leaving diminishment and employment targets, the number of NEETs tends to be higher.

The table below resumes some of the findings by indicating key characteristics that define the new generations preparing to enter, or already dealing with specific issues in the labor market. By considering the institutional setting, we find that most problems with respect to NEET rate, but also with respect to participation rate in formal and non-formal education and training, are found in some of the new member-states where these rates tend to be below the EU-28 average, and below the outcomes in the former convergence and cohesion member-states.

Table 2

**Key characteristics of 15 to 29 year olds, in EU-28, Bulgaria, Germany, Spain, France, Italy, Hungary, Poland, Portugal and Romania (2017)**

Characteristics	EU-28	BG	DE	ES	FR	IT	HU	PL	PT	RO
Total number of young people (1,000)	88029	1125	14114	7003	11845	9145	1710	6927	1649	3414
Share of people aged 15 -29 in active population	17.2	15.8	17.1	15.1	17.7	15.1	17.5	18.2	16.0	17.4
Employment rate	49.2	42.0	58.7	36.5	44.0	30.3	46.8	49.0	43.3	43.3
NEET rate	13.4	18.9	8.5	16.4	13.9	24.1	13.3	12.9	10.6	17.8
Unemployment rate	13.2	9.9	5.8	29.4	17.0	26.7	7.2	9.4	16.7	11.7
Long-term unemployment rate	4.2	4.2	1.5	8.6	5.5	14.2	1.9	2.2	4.9	4.7

Source: EUROSTAT database [yth\_demo\_010, yth\_demo\_020, yth\_empl\_100, edat\_lfse\_20, yth\_empl\_020, yth\_empl\_120]

At regional level, the situation is even more concerning, if we analyze the post-crisis period, as shown in Table 1. At European level, the NEET rate dropped by 2.9 pp from 13.0% to 10.1% in the period 2013-2017. However, if we consider the regions of development, the rates are still high, with few exceptions especially for the southern countries and the NMS.

Table 3

**NEETs by NUTS 2 Regions in Romania, age group 15 – 24 years**

Country	Years				
	2013	2014	2015	2016	2017
<b>Romania</b>	17.0	17.0	18.1	17.4	15.2
<b>Macro-Region One</b>	17.3	18.1	20.9	18.9	15.9
North-West	13.1	12.3	14.8	13.9	10.3
Centre	22.3	25.1	28.2	24.6	22.3
<b>Macro-Region Two</b>	16.0	15.6	16.3	16.8	14.3
North-East	11.9	11.1	10.4	11.3	10.2
South-East	22.1	22.4	25.4	25.2	20.5
<b>Macro-Region Three</b>	19.5	19.5	19.4	18.5	16.1
South - Muntenia	23.3	22.5	23.5	22.4	19.6
Bucharest - Ilfov	14.2	15.0	12.6	11.7	9.8
<b>Macro-Region Four</b>	14.6	14.6	15.7	15.1	14.5
South-West Oltenia	15.3	14.4	18.3	19.1	16.7

West	13.9	14.8	12.7	10.4	11.8
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Source: EUROSTAT database, [edat\_lfse\_22]

In the table above, we present the situation for Romania, in full process of catching-up, but where the mix of failed reforms in particular in education, and with respect to the transition from school to labor market has determined a high representation of NEETs in total young population for a country that has yet to achieve its full economic potential. From the table it is noticeable that only one region (North-West) has in 2017 an average for this population comparable to the one of the EU as a whole, respectively 10.3%.

### **Opportunity Seekers, Voluntary NEET or Other Inactive, and the changing labor market**

More often than not, the current debates of academics, researchers and decision makers are focused on the context shaped by the emerging new economy.

The youth issue gains completely other approach angles, for developed but especially for developing countries where personal development and career opportunities for youths cover a diverse, mixed range from very high to very low depending on their socioeconomic, family, and personal context.

The three categories we mentioned above, ‘opportunity seekers’, ‘voluntary NEET’ or ‘other inactive’ according to the new EUROFOUND study from 2016 are the categories that might highlight the risks of this heterogeneous population best. On one hand, it is likely that in these groups are represented both poles where jobs tend to polarize in the labor market (low- and high-skilled, with a narrowing mid-skill level) and all possible combinations, respectively young people with no- to low-education, formal or non-formal, up to those with tertiary education. NEET who do not declare their economic status, on the other hand, might be more involved either into undeclared work, or involved in new types of activities that take advantage of the digital economy, respectively platform work (EUROFOUND 2018).

While undeclared work is damaging both to their individual future and the society alike at various levels (from forfeited revenues based on income and value added taxes, less social security contributions, to endangering solidarity and social cohesion at community/society level) the other option is much more promising. The newly emerging platform work, depending on the level of legalization and institutionalization is an interesting field both for ensuring new job opportunities for the young individuals, but also by contributing in shaping the labor market of the future.

Considering the development needs of our country, but also the targets regarding employment and involvement of young people at European level, we suggest to focus on two groups that have relevance at national level, respectively the ‘missed’ youths and ‘other NEET’.

The ‘missed’ youth is defined as young individuals with low, possibly no education, no work experience and nor registered with the public employment services (PES).

EUROSTAT statistics show that at the level of 2013 about 19% of the youths with ages between 15 and 24 were classified as ‘missing’. The variations below and above this overall EU estimate ranges from less than 10% in Croatia, Cyprus and Sweden, to more than 25% in Central and Eastern European countries (Bulgaria, Hungary, and Romania). Leaving aside the gender discrimination, which again indicates a higher rate of women (52%) likely to be included in this group, the general assumption is that they are those who become sooner disengaged, and thus exposed to the risk of social exclusion (EUROFOUND, 2016).

We made mention about this ‘missing youth’ in order to argue that the category of ‘other NEET’ which includes also those interested in self-improvement, pursuing art, music or other cultural interest are but one possible representation of the non-vulnerable NEET who fail to make mention about their economic status, and sometimes are not registered with PES either. A possible

explanation is that they find other means to pursue their own interest, and policymakers should focus more on this group in relation to other ‘troublesome’ aspects like the informal or grey labor market, or are even involved in the insufficiently regulated new type at work that emerges at EU level, respectively platform work (EUROFOUND 2016).

Platform work is the response of the digital age to the supply and demand of goods and services, and the economic activities (commercial and non-commercial) developed and coordinated on this basis are often referred to as “the collaborative economy” (De Groen et al., 2017, European Commission 2016b).

This type of work meets the demands of several industrial, but also cultural or interspersed activities, from design, web and software development, to promoting and supplying books, papers, legal assistance to tasks that need by supplied locally like childcare, pet care, transports, tourism, and even household maintenance activities.

The 2018 EUROFOUND study suggest as definition for the term “platform work” the new form of organizing and mediating paid work through platforms that ensure the workers for solving specific tasks, or supplying certain services (EUROFOUND, 2015; Green et al. 2013).

The main characteristic of platform work that we suggest for further investigation in relation to the young people in the EU, but also at global level is founded on the findings of Huws et al. (2017) which indicate that they are the largest group of platform workers, in their respective countries. For instance, young people delivering platform work represent 51% in Germany and Italy, 50% in the UK, 47% in Austria, and 42 in the Netherlands (EUROFOUND 2018).

The issue is relevant, for the incomes and social contributions of youths delivering this type of work, but also for reflecting on the future of work in general.

Current generations are the first ones to be fully integrated into a digitalized world, and it shows also in how they look for employment, some even stating that social media (Facebook, Instagram, Tumblr) help them in finding jobs, and also are sort of CV’s (BBC Survey). They seek to find new ways of employment, and of reconciling work and family life. The continuous increase in platform work demands, however, from decision factors in both public and private sectors to initiate new discussions regarding how platform work will contribute to changing the labor market and the jobs of the future.

In this respect there are several issues still to be addressed:

- better monitoring, measurement, and data gathering about the effectiveness of platforms in mediating between customers and workers;
- better analysis of the workforce adopting platforms as means in finding jobs suitable to their education or vocational training. This is relevant, as the platforms’ cover the entire range, from low-skilled jobs supply to very high-skilled, even personalized and contest-based jobs;
- review and improvement of the employment law at national and European level that would also assist in (re)classifying employment as to draw more attention to actual needs of social protection and the recognition of vulnerability;
- rethinking the social protection system as to ensure protection also for the growing population of non-standard workers;
- tax reforms, as some of the non-standard workers, due to the income taxation thresholds in some countries are not paying, or the taxes are inadequate to the type of work they deliver;
- considering the implementation of minimum guaranteed wages, that would also imply wage increases for low-paid and –skilled platform workers;

- changing standards of employment laws and contracts so as to include platform workers (DG IPOL 2017, pp.106).

These measures could assist at the same time developed and developing countries of the EU to Deal with the issue of ‘missing’ or ‘other NEET’, and the young people issue in general. First steps in this respect, as available data is still very limited and non-standardized would be at EU level to aim for a standardized form of data collection and measurement with respect to platform work, including here scope and scale of this type of work both on the supply and demand side.

Another necessary step would be analyzing the institutional setting reforms necessary for providing the framework for dealing with platform work from the perspective of concerned authorities.

The dynamics of platform work threaten to increase the heterogeneity when analyzing the current developing forms of employment and, added to the heterogeneity of the young generations in general, and more specifically to the heterogeneity represented by the vulnerable or non-vulnerable groups included in NEET.

Moreover, we consider that further inquiries and analyses are necessary for determining the possible types of platform work that would be relevant for the future of employment, especially regarding working conditions, wages, taxation and social protection.

### **Conclusions**

Overall, the current period of programming shows improvement in the situation of young people preparing to enter labor market. A significant contribution in this respect has played the Youth Guarantee introduced in 2013.

Nevertheless, there are specific categories of youths that are still left behind, especially the low-skilled and disadvantaged ones, as the estimates show that only 38.45% of the NEETS in the age group 15 to 24 years in the EU were registered with a Youth Guarantee provider. Hence, the need to better identify the reasons why others are not registered, and to improve outreach so as to engage them in registering with this type of providers.

In Romania, sustained efforts are necessary for better mapping the NEET population, and more specifically the ‘other NEET’ as we assume they include certain characteristics ‘borrowed’ from all other types of NEET (unemployed, unavailable for various reasons (family, health), voluntary, disengaged).

This mapping at macro level could assist in formulating strategies, policies, measures and actions aimed more specifically at the micro-level, and in identifying the best suited social partners in this respect as to assure matching of partners, and youths targeted by the respective stakeholders.

The situation for young individuals included in the NEET category, but also for the young people in the labor market is relevant for European, national and regions’ of development levels and efforts are required for better solving the issues embedded by the high heterogeneity of young people included in this category.

Even if the approach is restricted to few EU countries, the data continue to be scarce, and the image disparaged by the differing conditions from one country to another, but also by the lack of standardized data and methods of analysis for the particular groups of youths. The roots inherited from the first papers regarding NEETs are persistent and prove sometimes as hindrance, particularly when considering what categories of young individuals should be included, or excluded from this category. A more clear perspective with respect to the indicators referring to this group should assist in formulating better policies, required foremost at the level of the regions of development where the disparities are even higher regarding this group.

Moreover implementing efficient policies regarding NEET is questionable due to three pertinent issues, that are yet to be clarified: (i) a standardized definition of NEET that stipulates clearly some shared features/characteristics for including young people in this category; (ii)

considering younger cohorts (up to the age of 18) policy interventions and estimates should be more focused on identifying possible prevention measures against school dropout, and on encouraging dual education/employment pathways; (iii) most literature and papers dealing with NEET have resulted in stereotyping this category much too much. Hence, and it might be possible that for young people leaving now education and vocational training systems the reasons are no longer comparable to those that dominated by the beginning of the crisis.

Moreover, budget, active labor market policies' and overall changes in the goals of education, vocational training systems, and employers perspective during and in the aftermath of the crisis, might contribute to higher inadequacy currently in mapping and tracking the actual situation of youths.

Hence, any future considerations, policies, measures, actions and strategies addressed to the young generations preparing to enter or already in the labor market should be based on more refined and reliable data about size and composition of the groups' of youths. Some options should revolve around preventative policies and measures, such as incentives for public and private employers to hire young people. Next, education and vocational training systems should provide more flexibility, and offer also alternative (non-formal) options for education and training in non-formal settings for youths who because of their (or family's) socioeconomic condition, or because of other health- or family related reasons cannot pursue further education or training in formal settings. Finally, more attention should be paid to strategies, policies and measures that are aimed at two of the most difficult categories: the disengaged NEET, and the NEET in the 'other' category, which is one of the most raising concern.

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