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UNEMPLOYMENT, NEETS AND THE SOCIAL ROLE OF EDUCATION IN EUROPE

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Abstract: *Education is maybe the most important engine for economic and social development and cultural empowerment, and also the most beneficial investment that a government can make. In this paper we present a short overview on the socio-educational situation of the young people in Europe. If we refer to the social situation, the role of education becomes an undeniable one, regarding the support of the learners from a socio-economic point of view. Starting from the premise that education represents the society's health, the education must be considered as the most important factor regarding the situation of the unemployed people from different age groups. Knowing that the higher the level of education of individuals, the more appropriate and probable are the individuals' commitments during work. This leads to the hypothesis of a socio-economic climate, beneficial growth and further economic development. Moreover, we investigate several employment indicators, such as the unemployment rate at the European level, from the age groups of 15-24, on the period 2013-2015. We particularly investigate data in the base of some indicators, part of the training process in countries such as Poland, Estonia, Hungary and Bulgaria.*

Keywords: education, public expenditure, unemployment, NEET.

JEL Classification: I21, H52, J21, P51.

1. Introduction

The education, as a social phenomenon, transmits the values of an experience gained from one person to another. We start from Maccoby's statement (1992), that „the child is the man's father”, which takes us to the idea that a child should be seen as a major individual. Assuming the above statement, that the child can become a direction of an individual, then society itself must play an important role in supporting the individuals. We refer to the socio-educational role, that role through which each of us should be responsible for one another, and by the mere fact "moral support" of a certain situation. In our case, education is the cornerstone of child, student, training so they would find their place later in their familial, social, economic and, not least, cultural frame. Pierre Varly (2014) stated that:

„it is not enough to know that it is essential the realisation of further investments in order to boost efficiency at a social and individual level. This investment must be intelligently done, based on a careful analysis of the ways in which additional funds can be allocated to different levels of education (...).”

Referring to the levels of education, as a first assumption, we could emphasize which might be causes of dropout school, starting from a lower level of analysis to a higher education, and we will see that in some age groups, where the dropout is high, the unemployment rate is also significant.

For that, the education in this respect should be granted the due consideration by governments to public budget allocations (% of GDP for education) on some levels of education more efficiently.

Education is the most important engine of the economic development and social empowerment for the developing countries, and fostering education is the most appropriate policy in this respect. That is why education, especially economic and entrepreneurial education have an important place in academics' research interests (Dodescu et al, 2011; Dodescu and Badulescu, 2010; Badulescu and Dodescu, 2010; Badulescu, 2010; Badulescu et al, 2014; Badulescu Daniel, 2015; Badulescu, Badulescu and Csintalan, 2017; Badulescu and Petria, 2011; Badulescu and Petria, 2013; Badulescu and Vancea, 2013; Hatos and Saveanu, 2016).

This paper is a work in progress article investigating several issues such as the situation of education, unemployment, NEETs in selected European countries, by analysing facts and figures as published by European statistics.

2. Social situation in Europe: an overview

The social policy of the European Union has changed in the last decade, recognizing the need for poverty reduction, which has to be approached from the perspective of sustainable development. Thus, many international organizations have been involved in the development of a framework to define the concept of social responsibility and to establish the indicators through which it can be evaluated in a transparent manner. Although the overall unemployment in the EU has reported a downward trend, the unemployment among youth has reached a record level of over 7 million young people in the EU compared to 2013, i.e. 8.3% of Europeans are unemployed (according to Eurostat, November 2016). Among the causes of the unemployment among the young people we could mention: the low remuneration, poor quality jobs, often temporary. Marianne Thyssen, Commissioner for Employment, Social Affairs, skills and labor mobility, said: "Creating jobs is our most urgent mission and the consequences of the crisis makes the situation even more difficult" (Thyssen, 2015).

The figure presented below shows the transition rates for long-term unemployed between 2013 and 2014.

As a first conclusion, we deduce that, for several Member States, the persistence rates in the long-term unemployment (the long-term unemployed people who are still unemployed a year later) are significant and reach levels above 50% in Lithuania, Bulgaria, Greece and Slovakia. On the other hand, there occur relatively frequent turns on the labor market in Denmark, Sweden, Estonia and Slovenia. Meeting the matters of unemployment rate, Marianne Thyssen said:

"The long-term unemployment is one of the most difficult challenges and the most acute caused by the economic crisis, affecting more than 12 million people in Europe." (Thyssen, 2015).

Three main steps are being proposed:

- to encourage the registration of long-term unemployed at an Employment Agency;
- to offer every registered long-term unemployed thorough individual assessment to identify their needs and possibilities, no later than 18 months of unemployment;
- to provide an agreement for reintegration of all registered long-term unemployed, no later than 18 months of unemployment.

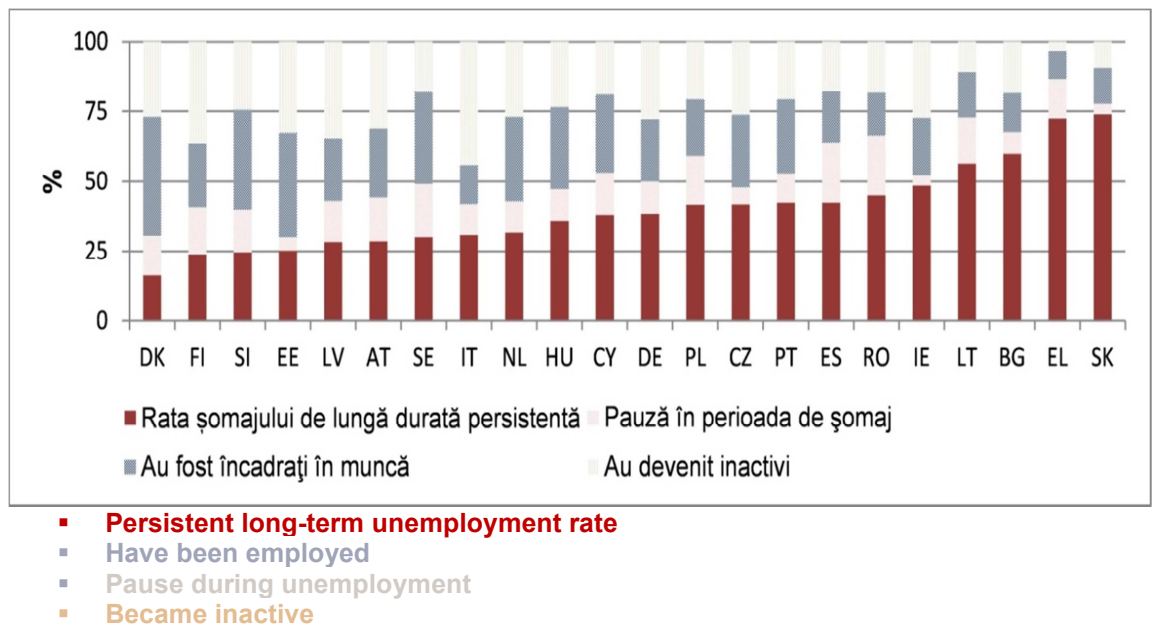


Figure no.1 Indicator of the labor market in 2014, of the unemployed, long-lasting in 2013

Source: European Commission (2015), "Employment and Social Developments in Europe (ESDE) 2" available at: http://ec.europa.eu/europe2020/pdf/2016/ags2016_draft_joint_employment_report_ro.pdf, accessed on 23.01.2017.

In addition to the declaration, the European Parliament and Council (2013) have stated that:

"the reunion of the formal, non-formal and informal learning into a single program should create synergies and encourage cross-sectoral cooperation between different sectors of education, training and youth. During the implementation of the program, the specific needs of different sectors and, where appropriate, the role of local and regional authorities should be taken into account as appropriate".

Bringing formal, non-formal and informal learning together in a single programme should create synergies and foster cross-sectoral cooperation across the various education, training and youth sectors. During the implementation of the Programme, the specific needs of the various sectors and, where appropriate, the role of local and regional authorities should be duly taken into account. We can surely say that the socio-economic needs of the population are known by the local officials.

3. Education aspects in selected Eastern European countries

According to international studies conducted by UNICEF,

"an extra year of school increases the revenue by 8-9% and the decreasing with 8% of the risk of health problems. In general, the more, the greater the income you get. Therefore, a higher level of education is beneficial on an individual level".

Assuming the above theoretical hypothesis, we can conclude that the role of education in fostering economic growth is undeniable, unless it becomes financially sustainable. Education should be the chance of formation of large masses of individuals of all age groups, and it must consider all the levels which can be studied.

Therefore, we believe that the education systems in Europe will be much better analyzed as a whole, compared with as many benchmarks as possible.

In the table below we have described, based on some comparative analysis tools, some aspects regarding the average years of school, the rate of early school leavers in the 18-24 years age groups, compared with the unemployment rate of an age group almost close to the one within early school dropout, for 2013-2015.

Table 1. Indicators for benchmarking, on the level of education in several countries of Eastern Europe (2013-2015)

No.	Country	Average number of the school years (2014)- UNDP	The absorption rate of higher education (%), within the 30-34 years age group (2015) - Eurostat	Rate (%) of early school dropouts within the 18-24 age group (2013 and 2015) - Eurostat	Public expenditure as (%) of the GDP (2013) - Eurostat	Unemployment rate among young people within the 15-24 age group (2013 and 2015)
1	Romania	14.2	25.6	17.3 - 19.1	2.07	23.7 - 21.7
2	Bulgaria	14.4	32.1	12.5 - 13.4	4.27	28.4 - 21.6
3	Hungary	15.4	34.3	11.9 - 11.6	4.13	26.6 - 17.3
4	Poland	15.5	43.4	5.6 - 5.3	5.00	27.3 - 20.8
5	Estonia	16.5	45.3	9.7 - 11.2	4.92	18.7 - 13.1
6	UE-28	-	38.7	11.9 - 11	5.34	23.7 - 20.3

Source: made by authors based on the data from the UNDP or Eurostat, the European Statistics, available at: <http://ec.europa.eu/eurostat/web/education-and-training/data/database>, accessed on 20.02.2017.

Analyzing the data in Table 1, we notice the following:

1. public expenditures as share in GDP spent for education in the EU-28 countries are around 5%, Estonia being the only country that comes close to this threshold among the selected Eastern European countries;
2. we also mention the aspect through which Estonia and Hungary, during the period 2013-2015, made the most significant efforts in order to reduce the unemployment among young people in the analyzed age group;
3. Estonia and Romania are the only countries in Eastern Europe where the drop-out rates in the 18-24 age group experienced the most significant percentage increase;
4. Another noticed aspect would be that Estonia would reduce the rate of youth unemployment in the analysed period, for the 15-24 years age group, but increases the school dropout in the analyzed age group;
5. Estonia holds the highest percentage in the 30-34 years age group, in 2015, on the absorption rate of higher education, and the percentage of GDP allocated to education is one of more than 5%, a remarkable aspect, considering to be a good one for the Eastern European countries;
6. Bulgaria, compared to Romania, reports a much greater percentage of expenditures allocated for education as share in GDP, and also reports a higher rate of absorption of the higher education in the 30-34 years age group (in 2015);
7. Moreover, Bulgaria, compared to Romania, has reported significant lower rates of unemployment among the 15-24 years age group, for 2013-2015, i.e. a reduced unemployment rate from 28.4% to 21.6%.

Following the analysis, we conclude that, although Estonia reports a rate of over 45% on the absorption rate of students for the 30-34 years age group, the year 2015 appear to be a major problem in the education system, with rates of school dropout between the years 2013-2015 which has significantly increased. However, an outstanding issue for Estonia: it can be noticed that the unemployment rate in the nearest age group fell.

Hungary stands out with the unemployment rate, which decreased significantly from 26.6% to 17.3%, just below the EU-28 average for the 15-24 years age group and for 2013-2015. Thus, we conclude that the policy of supporting the unemployed in Hungary is quite effective.

4. Unemployment, NEET and young Europeans

At the EU level, the poverty rate of the total population in 2013 remains at the percentage of 24.4%. But in all European countries, young people are more affected by periods of long-term unemployment than the average population (5.1% in 2013, as reported by Eurostat).

Regarding the employment, the reaction to the recession took place with the delay caused by the labor legislation and the companies' decisions to avoid the possible redundancy and further recruitment costs. In some EU Member States, the governments have sponsored short term or part time employment schemes, which substantially contributed to the liquidation of the effects on employment.

Table 2. Indicators regarding the unemployment for the 15-24 years age group, EU-28 and selected European countries, 2013

No.	Country	Area EU-28	Share (%) of young people in the 15-24 years age group, who are not employed and aren't attending any education program (NEET), 2013	Unemployment rate among young people as (%) of the workforce in the 15-24 years age group, 2013
1	Bulgaria	13%	21.6	28.4
2	Romania		17.2	23.6
3	Cyprus		18.7	38.9
4	Holland		5.1	11.0
5	Ireland		16.1	26.8
6	Finland		9.3	20.0
7	Sweden		7.4	23.6
8	Denmark		6	12.6

Source: made by authors based on UNDP (2013), *Human Development Report*, available at [http://hdr.undp.org/en/indicators/147906, 110906, 140606](http://hdr.undp.org/en/indicators/147906,110906,140606), accessed on 09.01.2017

Moreover, as it can be noticed by investigating Figure 1, if for the group age of 15-19 years, 80% of the population is in "education", and only 5-6% of the population is in NEET situation ("neither employed nor in education and training"); in the case of the age group of 20-24 years, the situation is much more dramatic. Almost 30% of the population in the respective age group is NEET ("neither employed nor in education and training"). The picture is even worse in the case of women in NEET situation (see Figure 1).

A closer look on the NEET phenomenon reveals serious differences among European countries and among age groups. As revealed by Table 3, as a European average, the most severe situation is for the age group 25-29 years, with a proportion of almost 20% of the population in the respective age group finding themselves in NEET, with a considerable worse situation in the case of women. When analysing different countries, the situation in Bulgaria and Romania appear to be dramatic: in Bulgaria, the share of

population in NEET situation ranges from 19.7% for males, 30-34 years and 31.6% for females, 25-29 years. In Romania, the figures are ranging from 13% for males 30-34 years to 33.6% for women 25-29 years. Considerably better situations are reported in Sweden, Denmark and Netherlands, where the values of social cohesion are dominating and determine a more balanced situation.

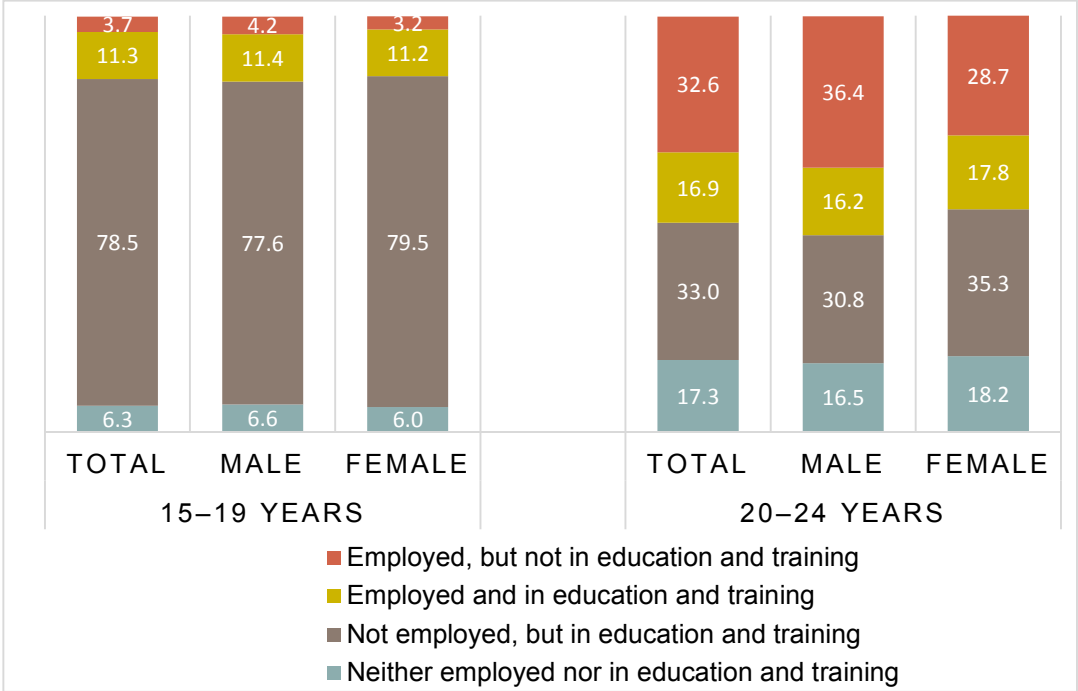


Figure 1. Employment, education and training status of young people, by age and sex, EU-28, 2015

Source: [Eurostat](#), Accessed on 19.03.2017

The situation of young unemployed people and who aren't following any kind of education or training (NEET) from the following countries: Bulgaria, Cyprus, Romania and Ireland are above the EU-28, as a percentage of the 15-24 years age group. Another noticeable aspect refers to the rate of youth unemployment in the 15-24 years age group, the percentage being high enough for the countries: Cyprus, Bulgaria, Ireland and, to our surprise, Romania and Sweden at an equal percentage of 23.6%, being considered the most vulnerable age group.

Table 3. Share of young people neither in employment nor in education and training (NEET), by sex and age, 2015, selected countries (%)

Country	Total				Male			
	20-34 years	20-24 years	25-29 years	30-34 years	20-34 years	20-24 years	25-29 years	30-34 years
EU-28	18.9	17.3	19.7	19.4	14.9	16.5	15.3	13.0
Bulgaria	25.2	24.0	26.5	24.8	21.4	23.4	21.6	19.7
Denmark	10.2	9.3	10.9	10.5	9.1	9.2	9.5	8.5
Ireland	20.1	19.7	21.4	19.3	17.4	19.8	18.6	14.7
Cyprus	21.5	22.2	22.9	19.4	19.5	22.9	20.1	15.9

Country	Total				Male			
	20-34 years	20-24 years	25-29 years	30-34 years	20-34 years	20-24 years	25-29 years	30-34 years
Netherlands	10.1	7.2	10.6	12.6	7.8	7.0	8.2	8.2
Romania	23.7	24.1	25.3	21.6	16.5	19.0	17.7	13.0
Finland	15.5	15.7	15.7	15.1	13.1	17.6	11.8	10.2
Sweden	8.5	9.3	8.6	7.6	7.8	9.6	7.6	5.9

Country	Total				Female			
	20-34 years	20-24 years	25-29 years	30-34 years	20-34 years	20-24 years	25-29 years	30-34 years
EU-28	18.9	17.3	19.7	19.4	23.0	18.2	24.3	25.8
Bulgaria	25.2	24.0	26.5	24.8	29.1	24.7	31.6	30.3
Denmark	10.2	9.3	10.9	10.5	11.3	9.3	12.3	12.7
Ireland	20.1	19.7	21.4	19.3	22.7	19.6	24.0	23.5
Cyprus	21.5	22.2	22.9	19.4	23.3	21.5	25.5	22.6
Netherlands	10.1	7.2	10.6	12.6	12.4	7.3	13.1	17.1
Romania	23.7	24.1	25.3	21.6	31.4	29.5	33.6	30.8
Finland	15.5	15.7	15.7	15.1	18.0	13.8	19.8	20.2
Sweden	8.5	9.3	8.6	7.6	9.3	8.9	9.5	9.4

Source: [Eurostat](#), Accessed on 19.03.2017

5. Conclusions

Starting from the existing theoretical and legislative approaches drafted by the European Union and the Organisation for Economic Co-operation and Development, the European Parliament and Council, respectively by Marianne Thyssen, Commissioner for Employment, we can say that there is a mutual support regarding the reducing of the unemployment at EU-28 level. We also want to meet the theoretical aspects developed by the bodies mentioned above, by lowering the unemployment level of monitoring the unemployment rate at the local councils (referring especially to those in the rural areas). Such monitoring could be more transparent, more exactly the job offers on a regional level should be made publicly available, on the town halls' sites, in public places etc. Following the indicators analyzed at the level of some selected countries (Bulgaria, Romania, Cyprus, the Netherlands, Finland, Sweden, Denmark) and the EU-28 aggregate, we came to a first finding, that the unemployment rate among the young people in the 15-24 years age group, in 2013 is lower in Denmark than the EU-28 average. Another aspect of the rate of the unemployment among young people within the 15-24 years age group, (for 2013 and 2015), the most significant efforts of reducing the unemployment in Europe, have been made by the following countries: Hungary, Bulgaria and Poland. The population being unemployed but not in education or training (NEETs) raises also serious economic and social concerns, due to the large proportion of people being in this situation, especially women and particularly in less developed countries, creating considerable worse and more vulnerable situation for demographic groups already found in difficult situations.

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