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ROMANIAN ECONOMISTS AND THE LABOUR MARKET

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Abstract

The main goal of this paper is to describe several aspects related to the insertion of recent graduates of superior economic studies on the Romanian labour market. The paper employs the data based on a questionnaire applied to a sample of MAs from Bucharest University of Economic studies. Our results confirm that most of the respondents came to a conclusion that all the suggested abilities (digital competences, creativity, adaptability to crisis-situations, ability to analyse and synthesize information, teamwork and language skills) should be improved in the opinion of their managers. Our outcomes confirm that the good application of the employees' competences considerably increases the degree of satisfaction among the managers of the companies.

Key words: labour market, graduates, economists, managers, employees

JEL Classification: J08, J21, J23

Introduction

Preparing graduates of higher education for a successful integration into the labour market should be a priority not only for university management, but also for political decision-makers and employers, whose efforts can go in the direction of developing who can collaborate in creating common policies for the training of graduates of higher education. The process of globalization requires a new positioning of universities in the social and economic environment in all states of the European Union, since the economic development of a country is directly correlated with the available human resources (Andrei et al., 2010; Čábelková et al., 2015). From this perspective, it is essential to ensure the best possible integration of the graduates of higher education on the labour market. Moreover, this objective is also related to sustainable development – universities must provide quality services, which will translate into well-trained graduates, who are able to respond to the real needs of the labour market, needs that are constantly changing due to the rapid technological and technical progress. Within this economic, politic, social and cultural environment, competition appears as a direct consequence of the free movement of the highly qualified workforce (Strielkowski and O'Donoghue, 2005; Creţu, 2010; Čábelková, and Strielkowski, 2013; Strielkowski et al., 2016; Reuben et al., 2017). Furthermore, Bălan (2014) shows that the labour market in Romania is rigid and the possibilities of quick insertion of graduates on this market are quite low.

In addition to previous studies, this paper provides a rigorous statistical analysis concerning managers' satisfaction levels regarding new graduates' performance on the job, thus identifying

deficiencies in educational programs that universities might improve. This approach constitutes the paper's unique contribution to the field. As a difference to studies that have already been conducted, the following empirical analysis will only concern graduates of higher economical education. The present research is all the more important for Romania since the country is facing a labour market supersaturated by economists. The competition on the labour market in the economic field has increased very much with the emergence of private universities, which also offer educational programs in the economic field.

Based on the empirical results obtained from the analysis of the data from the questionnaires, we will make some recommendations and suggestions for educational policies, so future economists can integrate more easily into the labour market, and their skills and knowledge meet the expectations of managers.

After a summary of theoretical studies on the insertion of graduates into the labour market, the paper will describe the empirical results based on processing of data collected through questionnaires. The last part will formulate some conclusions and recommendations for a better integration of the graduates of higher economic education into the labour market.

Literature review

The specialized literature on the integration of graduates of higher education on the labour market reveals some important research directions:

- The problem of over-education (a young graduate has excess knowledge of what is required in the workplace in which he is employed);
- The discrepancy between the knowledge acquired by graduates and higher requirements of employers, case in which measures for better integration of higher education graduates on the labour market are required.

The problem of over-education was first analysed in the developed countries, underlining the rapid increase of the number of the graduates of higher education who cannot find a job in which to use the knowledge and skills acquired during university. The phenomenon of over-education has been brought to the attention of the researchers by Richard Freeman in his 1976 study of the USA labour market, in need of graduates of higher education.

Research on this topic was resumed by economists at the end of the 1980s, on the background of the rapid expansion of participation rates in higher education programs and the need to propose new policies on the labour market in developed countries. For example, in the UK, the government established that half the people under 30 can benefit from higher education. In this context, companies must be willing to employ these graduates and to update their production techniques so that they might capitalize on a highly skilled workforce. However, the demand for human resources with higher education was insufficient, and many graduates were forced to accept the jobs for which they were over-educated. Ellias and Purcell (2004) have analysed the correlation between changes of the occupational structure in UK and salaries of graduates of higher education, conducting in 1995 a detailed analysis of the income and characteristics of the occupations held by a sample of 7 years after university graduation. The salaries of these employees have remained at a rather high level, but they were lower than the salaries of those who had graduated university a few years before.

McGuinness (2006) makes a presentation of specialized literature, underlining the nature of over-education in the context of the various theoretical frameworks including the theory of human capital and the theory of attribution. Over-education is expensive not only for the individual, but also for the employers and for the national economy.

At macroeconomic level, the national welfare is lower than if over-educated individuals made the best use of their real knowledge and skills at their workplace.

Condazzo and Jaoul-Grammare (2015) studied how French masters graduates have integrated into the labour market, based on objective and subjective human and social capital analyses. Objective measurement is based on the individuals' path on the labour market, while the subjective assessment is related to the opinion of individuals about their professional situation. The data was extracted from the 2004 Generation survey, on employment of new graduates with master's studies or higher education. The results indicated that in the objective measurement of human capital, individuals with higher skills have better integrated on labour market. When measuring human capital subjectively, the social capital plays the part of a discriminant factor. For instance, there were also differences in integration on labour market based on graduates' gender.

However, over-education seems to be a problem for less developed countries as well. Ben Hamida (2014) has analysed the way in which mass over-education affects the labour market. Based on Cramer's V coefficient, the analysis highlighted the differences between different types of education and the workplaces of people in Tunisia. The results showed that persons improving their skills on the job are better integrated at work than over-educated graduate on the same position. The most numerous graduates are not only the victims of unemployment, but they are also the most exposed to the risk of over-education during university. Groot and Van Den Brink (2000) identify a positive effect of highly educated labour force growth rate on the incidence of over-education. In addition, re-enrolment in a form of higher education helps decrease unemployment.

The discrepancy lack between the skills of new graduates of higher education and employers' higher requirements seems to be a problem for the developed countries. In this context, universities must take measures to ensure a better integration of graduates into the labour market.

In the case of Romania, Deaconu and Rașcă (2014) have highlighted the changes in the Romanian society that affect the labour market, leading to unprecedented imbalances between labour supply and demand, both in terms of quantity and quality. The authors analysed the development of this phenomenon in recent years and its causes, in order to describe how graduates with higher education begin their careers, but also to identify ways in which the universities can provide a real support to their students.

The research is based on a survey conducted among students in the university and masters classes in the Academy of Economic Studies in Bucharest, their opinions collected during February-April 2014. The goal was to analyse how well students and masters students know the labour market and the demands of employers and how they make decisions for a successful career. The study also analyses how they appreciate and capitalize on the skills they have obtained during the study programs and how they value the prestige of the earned qualification. Most of the interviewed students do not know details about the specifics of the labour market and they are not informed with regard to the requirements of employers in their chosen field. They believe that study programs will not help them fully integrate on the labour market. The students want to work during the university. They believe they will have difficulties in finding a job in their field of training. Most of them have successful career models that they pursue.

Based on the analysis results, Deaconu and Rașcă (2014) have formulated a few priorities for Romanian Universities, in order for them to become a trusted partner in the business environment, to adopt higher requirements that meet the expectations of employers, to strengthen their position in front of competitors in the same field of study and to contribute to the immediate and easy integration of graduates into the workplace. In Romania, Stanciu and Banciu (2012) have also tried to evaluate to what extent graduates of higher education are trained enter the labour market based on the perspective of employers. The authors concluded that the graduates have a good theoretical training, but the practical skills are not sufficiently developed, as required by the employers.

Labour market and Romanian economists' insertion

The data collection tool is a questionnaire, that was applied to master's students in the last years of study at the Bucharest Economic Academy, regardless of whether they were employed or not at the time of completing the questionnaire. The questionnaire was filled in 83 master's students. The methods of data processing involve data synthesis in the form of tables and graphs but also the application of qualitative data specific methods: non-parametric tests and binary and multinomial logistic regression models.

The analysis starts with a description of the sample of respondents from the perspective of their answers to questions about their insertion into the labour market.

The number of employees with higher economic education from respondents companies ranges from 0 to 4000 employees. Because we have in the employees series with higher economic education, a person who replied that there are 4000 economist employees, and the rest of the values are between 0 and 25 employees, is not relevant to calculate the average. Age of respondents varies between 22 years and 55 years. The average age is around 27 years, and the standard deviation is 7.181. The age of sample persons varies from the average age to +/- approximately 7 years. The coefficient of variation is 26.51% less than 30%, which shows that the mean age is representative. The results of processing are shown in Table 1

Table 1: Descriptive statistics for quantitative variables analysed

Variable	Minim	Maxim	Average	Standard Deviation
Employees with superior economist studies	0	4000	409,10	1261,734
Employees with superior economist studies on positions which do not require higher education	0	500	50,40	157,976
Employees without higher economic education on positions which require higher education	0	3	,40	,966
Length of service (in years)	,1	31,0	6,815	7,2104
Length of service at the current workplace (in years)	,0	26,0	3,592	5,3013
Number of hours worked per day by contract	4	8	6,25	13,934
Age of the respondent	22	55	27,19	7,181

Source: Own results

About 49.4 % of respondents have shown that there was concordance between the occupied post and the studied field, and 28,9 % of the respondents work in another field than the one for which they have higher education (Table 2)

Table 2: Concordance between the studied field and the occupied position

		Frequency	Percent	Valid Percent	Cumulative Percent
	No	24	28.9	36.9	36.9
	Yes	41	49.4	63.1	100.0
	Total	65	78.3	100.0	
Missing	System	18	21.7		
Total		83	100.0		

Source: Own results

It can be seen that 28, 9% of respondents did not get jobs after university graduation the graduation and 49,4 % of them have integrated into the labour market as shown in Table 3.

Table 3: Employing graduates after completing the bachelor cycle

		Frequency	Percent	Cumulative Percent
	No	24	28,9	36,9
	Yes	41	49,4	100,0
	Total	65	78,3	
Missing	System	18	21,7	
Total		83	100,0	

Source: Own results

Employees also indicated some skills which should be improved, according to their managers. Answers vary: digital competences, creativity, adaptability to crisis situations, ability to analyse and synthesize, teamwork and knowledge of foreign languages. As can be seen from Table 4, 10.8 % of respondents considered that all the surveyed skills should be improved, in the opinion of their managers. 6 % of respondents considered that only the ability of to analyse and synthesize information should be improved in the case of economists. 58.3 of the employed economists indicated more skills that should be perfected

Table 4: Skills of economists that should be improved, in the opinion of managers

		Frequency	Percent	Valid Percent	Cumulative Percent
	Digital competences (1)	1	1.2	1.5	1.5
	Creativity (2)	1	1.2	1.5	3.1
	Adaptability to crisis situations (3)	3	3.6	4.6	7.7
	Ability to analyse and synthesize information (4)	5	6.0	7.7	15.4

	Teamwork (5)	2	2.4	3.1	18.5
	Knowledge of foreign languages. (6)	1	1.2	1.5	20.0
	1,2,3,4,5,6	9	10.8	13.8	33.8
	1,3,5	2	2.4	3.1	36.9
	2,3,4,5	2	2.4	3.1	40.0
	1,5,6	1	1.2	1.5	41.5
	1,4,6	1	1.2	1.5	43.1
	1,3	1	1.2	1.5	44.6
	1,4	1	1.2	1.5	46.2
	2,3,4	1	1.2	1.5	47.7
	2,4,5	2	2.4	3.1	50.8
	1,2,5,6	2	2.4	3.1	53.8
	1,4,6	1	1.2	1.5	55.4
	1,2,5	1	1.2	1.5	56.9
	2,3,5	1	1.2	1.5	58.5
	2,3,5,6	2	2.4	3.1	61.5
	2,3,4,6	2	2.4	3.1	64.6
	1,2,3,4	3	3.6	4.6	69.2
	1,3,4,5	2	2.4	3.1	72.3
	2,3,6	2	2.4	3.1	75.4
	1,2,4,5,6	1	1.2	1.5	76.9
	2,3,5	2	2.4	3.1	80.0
	4,5,6	1	1.2	1.5	81.5
	1,4,5,6	2	2.4	3.1	84.6
	3,1	2	2.4	3.1	87.7
	3,4	2	2.4	3.1	90.8
	3,5	1	1.2	1.5	92.3
	3,6	1	1.2	1.5	93.8
	2,4	1	1.2	1.5	95.4
	1,2,4,5	1	1.2	1.5	96.9
	1,3,4,5,6	1	1.2	1.5	98.5
	4,6	1	1.2	1.5	100.0
	Total	65	78.3	100.0	
Missing	System	18	21.7		
Total		83	100.0		

Source: Own results

According to the Wilcoxon Test of the rank presented in Table 5, there is a significant statistical association between the manager's satisfaction with the formal training of employees and the measure in which the skills of employee were useful to the workplace, at a significance threshold of 0.05.

Table 5: The Wilcoxon Test for the verify of the association between variable

Variable 1	Variable 2	Z	Asymptotic significance
The manager satisfaction with employee training	The extent to which the skills of the employees were useful at workplace	-5,69	0,00

Source: Own results

The chances that managers are satisfied with the employees from the economic field which have been recruited in the last three years have been evaluated based on a multinomial logistics regression (Table 6).

Table 6: Degree of satisfaction of the manager to the graduates of higher economic education, employed in the last 3 years.

The manager is pleased by the training of the graduates hired in the last 3 years		B	Deviation standard	Wald statistics	Degrees of freedom	Meaning	Exp (B)
Very satisfied	Interception	19,957	1,443	191,184	1	,000	
	[Your skills have helped you at your workplace =1]	-18,859	1,848	104,095	1	,000	6,452E-9
	[Your skills have helped you at your workplace =2]	-19,264	1,683	130,982	1	,000	4,301E-9
	[Your skills have helped you at your workplace =3]	-19,957	1,443	191,184	1	,000	2,151E-9
	[Your skills have helped you at your workplace =4]	0b	.	.	0	.	.
Satisfied	Interception	19,264	1,528	159,049	1	,000	
	[Your skills have helped you at your workplace =1]	-17,878	1,893	89,197	1	,000	1,721E-8
	[Your skills have helped you at your workplace =2]	-18,012	1,725	109,004	1	,000	1,505E-8
	[Your skills have helped you at your workplace =3]	-17,878	1,258	201,868	1	,000	1,721E-8

	[Your skills have helped you at your workplace =4]	0b	.	.	0	.	.
Dissatisfied	Interception	19,264	1,155	278,336	1	,000	
	[Your skills have helped you at your workplace =1]	-17,878	1,607	123,725	1	,000	1,721E-8
	[Your skills have helped you at your workplace =2]	-18,571	1,443	165,547	1	,000	8,603E-9
	[Your skills have helped you at your workplace =3]	-18,166	,000	.	1	.	1,290E-8
	[Your skills have helped you at your workplace =4]	0b	.	.	0	.	.

a The reference category: Very dissatisfied

Source: Own results

As fewer abilities of graduates are employed in the workplace, the chances of the manager to be very satisfied, satisfied, or dissatisfied rather than very dissatisfied drops twice. In other words, as the skills of the employees are put to good use, the chances that the manager is satisfied rather than dissatisfied increase twice.

Conclusions

In this study, we focused on the analysis of few aspects related to the insertion of economists that are recent graduates on the Romanian labour market. The main results indicated that almost half of the economists in the sample were employed after they graduated and almost 50% of them were employed in the economic field. Most of the respondents in the sample believed that all the suggested abilities should be improved in the opinion of their managers: digital competences, creativity, adaptability to crisis situations, ability to analyse and synthesize information, teamwork and language skills. The good application of the employees' competences increases the degree of satisfaction among the managers of the companies.

The study is limited by the use of a relative small sample that lacks statistical representativeness. However, the conclusions remain valid for the analysed sample and some recommendations to improve the economists' integration on labour market might be provided. In a future research, the sample will be extended to include private and public universities with graduates in the economic field.

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