

**HIGHER EDUCATION'S IMPORTANCE. CASE STUDY ON UNEMPLOYMENT RATE**<sup>1</sup>STINGA (CRISTEA)VIORELA- GEORGIANA, <sup>2</sup>OLTEANU ANA-CORNELIA<sup>1,2</sup>Constanta Maritime University, Romania**ABSTRACT**

Through our paper we tried to highlight the importance of diversity in higher education system, but also the important role of higher education for the economy in general. The skills and advantages of higher education graduates play an important role in reducing the unemployment rate, due to the fact that in order to obtain a good job one need to be prepared, when referring to both transversal core skills and subject or sector-specific skills. Within our case study we showed that higher education graduates have been comparatively protected from unemployment than lower qualified groups, this being confirmed through the low rate of unemployment.

**Keywords:** *Institutional diversity, unemployment rate, higher education graduates, labour market.*

**1. INTRODUCTION**

As stated by the European Commission<sup>1</sup>, higher education plays an important role in Europe's collective well-being, due to the fact that it creates new knowledge that in the end is transmitted to students. Even if in Europe there is a large institutional diversity, this is in the same time one of the major key strengths of higher education in Europe. It is well known that almost four thousand higher education institutions (that operate within the legal and administrative frameworks of their national or regional higher education systems) are the ones that made the higher education landscape of Europe. We have to highlight that studies have shown that this diversity is the one that has a positive impact on performance (van Vught, F.A.et al.; 2010). Even if we speak about small specialized teaching colleges or about large research-intensive universities, they all play an important role in Europe's higher education system. Considerable diversity remains in European higher education, between systems, which retain their own characteristics, between institutions, which vary in size, mission and profile and even, within institutions (Reichert, S.; 2009).

Why do we need diversity in higher education system? According to the European Commission there are many reasons that support it like: diversity is the one that sustains institutional specialization (every institution try to became the best in what they do), it allows access to higher education to students with different educational backgrounds, it responds better to labour market needs (due to the increased variety of specializations) and it offers greater possibilities for exploring new approaches. But beside these reasons it is important to say that in the end higher education institutions contribute to socio-economic development, improving individual's knowledge and skills and contributing to innovation in the wider economy.

**2. THE SKILLS AND ADVANTAGES OF HIGHER EDUCATION**

When referring to higher education graduates, we need to highlight the importance of both transversal core skills and subject or sector-specific skills for all individuals. Studies have revealed that the most important transversal core skills are considered to be: team-working, communication skills, computer skills and adaptability. So higher education programmes should focus not only on sector-specific knowledge and skills, but also on core transversal competences notably in terms of critical thinking and learning, communication, entrepreneurship and creativity. Table 1 shows the ten most important capabilities that an employee, as a higher education graduate, should have, together with their importance ranking. We can see that the degree classification, relevance and reputation of qualifications achieved by graduates are very important. Figure 1 shows the employers' main complaints concerning the higher education graduates as presented by many studies.

Table 1. Top 10 capabilities employers are most satisfied with and their importance ranking

Capabilities	Satisfaction rank
IT skills	1
A postgraduate qualification	2
Good degree classification	3
Qualification from an institution with a good reputation	4
Intellectual ability	5
Character/personality	6
Team-working skills	7
Relevant course of study	8
Integrity	9
Cultural fit with your company	10

Source: Will Archer, Jess Davison, 2008

<sup>1</sup> The Commission's Communication on Supporting growth and jobs – an agenda for the modernization of Europe's higher education systems, 2011

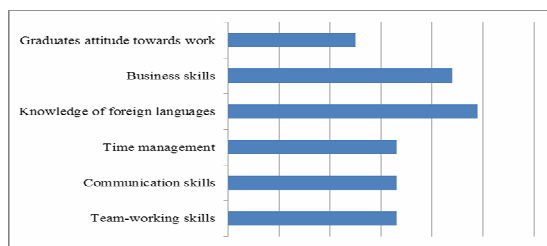


Figure 1 The employers' main complaints

At present, in Romania, the rate of leaving in education is quite high about 19% (while at European level this rate is 15%) which will adversely affect the European level of competence. It is important to highlight that many studies conducted by the Romanian Ministry of Education showed that almost 75-80% of high school graduates go to college and 17% of Romanians of all ages have higher education.

The advantages that higher education graduates have are:

- The unemployment rate for college graduates is lower;
- The revenues are much higher, the taxes on income for college graduates are higher than those with low qualifications, this leading automatically to higher state revenues and to higher pensions;
- Lower stress and higher levels of health;
- Greater opportunities in changing the workplace and to promote;
- Higher level of satisfaction at work;
- Parents that are higher education graduates are more interested in their children's education and they are willing to spend more money for their school training;
- High school graduates are three times more likely to live in poverty and eight times more likely to seek social assistance programs than higher education graduates.

Why should high school graduates go to university? First of all there are the legal policies that stipulate a higher remuneration for those who hold a university degree, second of all there are the skills acquired during their studies (from their lectures or during their practice) and the last one refers to the professional network that ones can build upon their work relations.

Figure 2 and 3 present the results that were obtained during a sociological study that was made among high school students in 2009, trying to find out which are their opinions regarding their future plans. The study investigates high school students' opinion concerning their prospects for future employment.

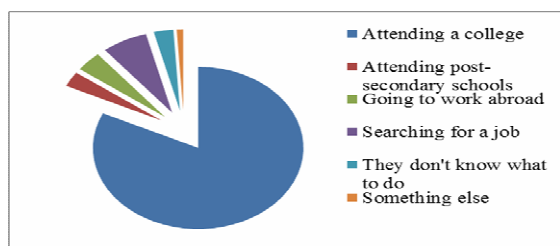


Figure 2 Which are the future plans of a high school graduate?

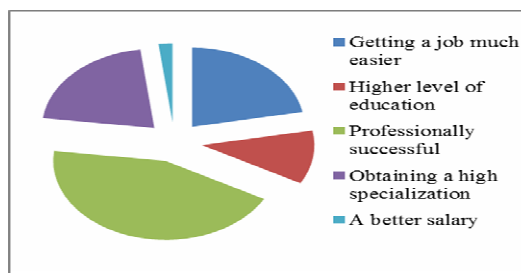


Figure 3 Which is the main advantage gained through a college graduation?

### 3. CASE STUDY: THE UNEMPLOYMENT RATE AMONG GRADUATES

It is clear that higher education has a positive impact on employment outcomes, at both individual and societal level, due to the fact that European higher education graduates have significantly higher rates of employment than those with less advanced levels of qualification. Compared to forecast future labour market needs and taking into consideration the European Union's target, the number of Romania's students is insufficient.

Studies have shown that by 2020 in Europe, over 35% of jobs will require higher qualifications (it will increase from 29% in 2010), around 50% of jobs will require medium-level qualifications and the share of jobs employing those with low qualifications will decrease from 20% to less than 15% (CEDEFOP, 2010a), due to the global economy, which requires specialized people in all sectors. The European Commission stated that by 2020, the demand for highly-qualified people is projected to rise by almost 16 million; this is why it becomes urgent to support and encourage high school students to attend university cycles.

It is important to say that an unemployed person is defined by Eurostat, according to the guidelines of the International Labour Organization, as someone aged 15 to 74 without work during the reference week who is available to start work within the next two weeks and who has actively sought employment at some time during the last four weeks.

According to the National Institute of Statistics in December 2014, the Romania unemployment rate (the number of people unemployed as a percentage of the labour force) was at 6.40%, compared to 7.00% last year. This is lower than the long term average of 6.76%. The employment rate for the population aged 20-64 years was 67.2%, at a distance of 2.8 percentage points of the national target of 70% established in the context of the Strategy Europe 2020. Figure 4 presents the number of persons unemployed from 2004 till 2014 in Romania.

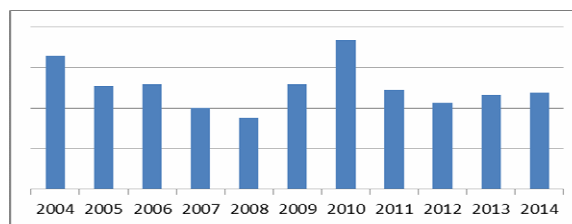


Figure 4 The number of persons unemployed Source: www.anofm.ro

In Romania, as in most European countries, unemployment among young people remains a major social problem. In November 2014 a percentage of 22.5 young people (15-24 years old) were not employed, as for people over 25, the unemployment rate was of 5.2%. This problem is due transition from school to work, a transition that refers to the period between graduation and employment on a stable full time job (Boajă, D. M.; 2011).

Studies have shown that over the last years, higher education graduates have been comparatively protected from unemployment than lower qualified groups in most Member States even if in some countries there have been moments when the graduate unemployment rates have bucked the general trend.

According to the data revealed by AMIGO, the structure of unemployment by level of educational attainment in 2014 is presented in the figure below. It is important to notice that the "employment advantage" of tertiary graduates over those with only upper secondary qualifications is highest in almost all European Member States. As we can see in Romania, in 2014, the number of unemployed persons with high school is of 19.24% from the total number of unemployed persons, while the ones that are higher education graduates totals a percentage of 6.05%.

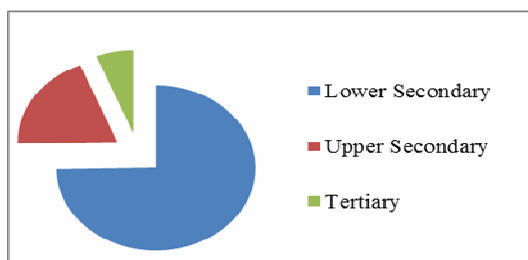


Figure 5 The structure of unemployment by level of educational attainment

Source: National Institute of Statistics

#### 4. CONCLUSIONS

Studies have shown that young people are recognized as one of the most vulnerable categories in society and nowadays more young people have been affected by unemployment, but we need to highlight that even on the severe economic crisis on employment, the tertiary education graduates were less affected than those with lower levels of qualification.

As shown in our paper there are many advantages that came along with education especially when referring to higher education. In the end higher education is a very good investment in terms of annual earnings compared to those of high school graduates, but also when referring to knowledge or to work habits, people with a higher level of education being more satisfied in their jobs (Hardy Marcelina, 2014). We should also say that

higher education definitely has a positive impact on employment outcomes, an on the economy in general when referring to unemployment rate.

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