

# NEET and Youth Exclusion

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*Poverty and social exclusion represent one of the most important themes in contemporary social policy both in UE countries and the rest of the world. In order to combat this and to improve the inclusion rate among NEET youth the social policies need to be channeled in three directions: education, training and employment.*

*This study allows us a broad view of the proposed policies based on the analysis of this indicator.*

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## Introduction

Although there had been many debates over the exact meaning of social exclusion, one of the more widely accepted definition of the term sought to underline the fact that this concept is about “ the inability to take part effectively in the economic, social and cultural life and in some of its characteristics the growing alienation from society (Duffy, 1995).”

In contrast with poverty and unemployment, concentrated on individuals or households, social exclusion is concerned mainly with the relationship between individual and society. The exclusion among young people, like any other form of social exclusion is a complex and multidimensional process. The young people quality of life and also the equality and cohesion of society is affected by it. The root causes influencing this concept are social and cultural. In most cases young people are excluded through educational/training barriers and discriminatory government policies. On the other hand cultural factors favoring youth exclusion include reaction against rigid social categories (race, sex). Of course, these classifications are also influenced by the choice of the individual (self-exclusion).

In some cases, the young are marginalised because they choose to distance themselves from society, adopting an alternative lifestyle. In other cases these choices are, to some degree, forced on them motivated by fear of discrimination, racial, sexual or any other type. There are situations in which the structural and cultural barriers influence the young people that they feel excluded from society culminating with a loss of access to education.

## NEET & indicatori similari

The acronym NEET was first used in Great Britain, in the late 80's and was later easily adopted in other countries including asian countries like Japan, South Korea and Taiwan. The indicator

quantifies the unemployed young people, which are Not in Education, Employment, or Training - NEET. It offers information about young people age 15 to 24 who satisfy the following two conditions:

- are not employed ( inactive according to the International Labour Organization, or unemployed )
- did not engage in any form of training in the four weeks preceding the UE Labour Force survey.

The information is presented as percent of total population in the same age and sex group, with the exception of those who chose not to answer about their participation in some form of training and as changes three years from now (in % points).

The NEET Rate formula is :: 
$$\frac{(NUY+NYNLF-NEET)}{TNY} \times 100$$
, where

- NUY – number of unemployed youth;
- NYNLF – number of youth not in the labour force,
- NEET – number of unemployed youth and youth not in the labour force who are in education or training;
- TNY – total number of youth..

The appearance of this indicator does not replace or diminishes the value of similar indicators used to understand the connection between the young people and the labour market, rate of unemployment and unemployment rate among young people. Youth unemployment rate for those aged below 25. In 2014 It varied from 7,7% (Germany) to 53,2% (Spain) and the UE average is 22,2%.

The unemployment ratio, i.e. the share of unemployed among the population aged 15-24 varied between 3.9% (Germany) and 19.0% (Spain) in 2014, the EU average standing at 8.9%.

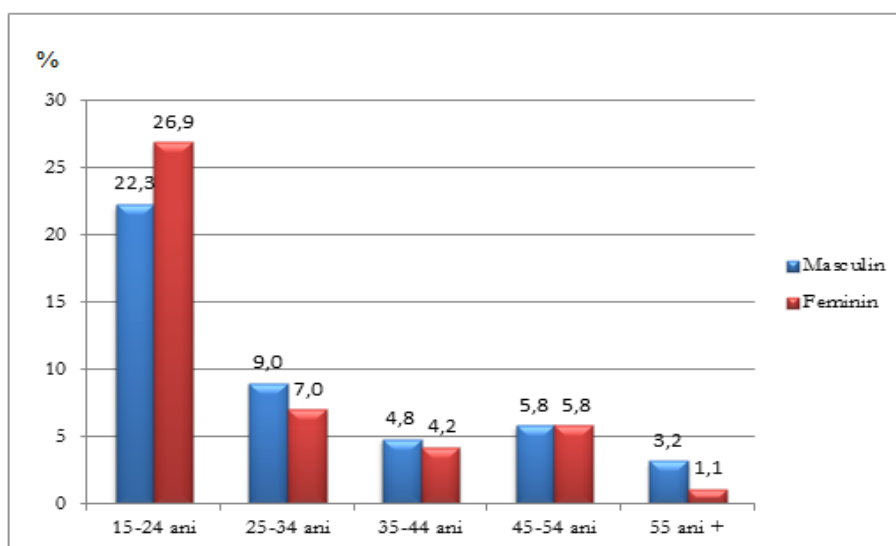
When mentioning the youth unemployment we are talking about all categories of young people which are unemployed. Youth unemployment rate represents the share of unemployed for six

months or more, age 15 to 24 in the active population and the same age group.

According to INS<sup>2</sup>, in the last quarter of 2014, the rate of unemployment for the age group 15 to 64 was at 60,8%, in decline by 1,8 percent points compared to the third quarter of 2014. The rate of unemployment in the last quarter of 2014 was at 6,7%<sup>3</sup>, on an ascending trend compared to the third quarter (6,5%).

**Figure 1**

### The Unemployment Rate in the last quarter of 2014



*Source of data: INS*

Can easily be seen that the rate of unemployment was higher in the 15-24 age group, with an average of 24,1%. At the same time the

<sup>2</sup> Press Release nr. 70 from 24.03.2015, employment and unemployment in the fourth quarter 2014 The statistical survey on labor force in households (AMIGO)

<sup>3</sup> Rate of registered unemployment (according to ANOFM) was at 5,3% at the end of december.

majority of the youth who attend school are not available on the labour market. Which is why there is a higher youth unemployment rate than in other age groups, even worldwide. This is the reason we are comparing the rate of youth unemployment against the whole population in the same age group. Which means we are also considering the inactive population (students ) not only the active one. Education is a very important aspect of someone's life. If, before the crisis, the higher the education the less chance of unemployment, after 2009 there is a reduction of these phenomenon, the protection offered by higher education diminishing in all countries. Thus in countries such as Greece, Italy, Portugal, Estonia, Lithuania, Romania, Slovenia, Denmark and Finland the risk of unemployment for a person with higher education is not less than for anyone else.

For the improvement of this aspect and a rise in employment among NETT youths the social policies must tackle these three problems: education, training, employment.

### **NEET analysis in Romania**

During the economic crisis, there was a global decline of the labour market. For the youths this meant a rise in unemployment by 5% between 2008 and 2013, to 23,6%. According to EUROSTAT data, in 2013, the rate of employment among romanian youths ( 15 to 24 ) was at 23,5%. This is worse by 8,9% than the EU27 average of 32,4%. This is worse by 8,9% than the EU27 average of 32,4%. In case of women there was a 10,9% difference (19,6% in România, and 30,5% in UE27).

There was an alarming rise in the number of youths included in NEET between 2007-2013 which make us believe there is a deficiency between the system of education and the market labour..

The number of people included in NEET in 2013 has grown to 17,2% from 13,3% in 2007. In 2012 the number was 12,9% in the

UE. Here also there is a significant disparity, being worse for young women.

In Romania the number was 18,9% compared to 13,2% in UE27.

## Education

Combating and diminishing the effects of poverty and social exclusion is the responsibility of the governments. According to the 2020 Strategy the UE will take the following actions:

- identifying and promoting of good practices and mutual education
- drafting conditions applicable to the UE
- offering the necessary financial support

One of the crucial actions is improving the access to jobs, social protection, essential services ( medical assistance, housing ) and education.

In Romania, the educational system is not performing satisfactorily compared to the european average. One the causes of this problem is the lack of attendance and the high rate of school abandonment. All in all these represent the effect of different causes. Starting with a lack of funding, antiquated teaching methods not in accordance with labour market standards which signifies a weak link between education system and the business environment. On the other hand, spotty reforms coupled with inadequate policies and methodologies partially implemented prevented and stalled the development of an efficient educational system based on knowledge, competency and cognitive abilities.

According to Europa Strategy 2020, The National Program of Reform concerning education, Romania declared the following national objectives:

- a 11,3% rate of early school abandonment;
- a 26,7% rate of population with tertiary studies;
- a 10% rate of improvement of qualifications adaptability through lifelong learning (IPV), for age groups between 25 and 64.

### **Lack of education and negative effects**

The lack of education or training has a major influence on the individuals and the group they belong. The negative consequences concerning the lack of education are:

- the difference in income between an educated person and an uneducated one, and lacking an education and financial resources their children will face the same problems
- the social exclusion of these people, the majority of those employed on the black market lack an education. Here we also find the youths who abandoned school and have no other training.

### **Too much education and its negative effects**

Many times, the postwar expansion in education was associated with economic growth. As long as the demand and offer on the labour market were in sync, the individual and social return on investment were relatively constant. Once the rate of economic growth started to slow, a loss on the return on investment concerning tertiary education was noticed. The labour force was “overeducated” and a continuation of investment in education was met with skepticism. The problems and concerns about education faced by the developed countries were anticipated by at least a decade by the less developed countries.

For youth integration a series of policies were formulated:

Educational policies – one of the 2020 Strategy objectives is the reduction in school abandonment to less than 10%. All UE countries have started taking measures to meet the objective: in Spain there is “The Program for Initial Professional Training” France opened “schools for a second chance”;

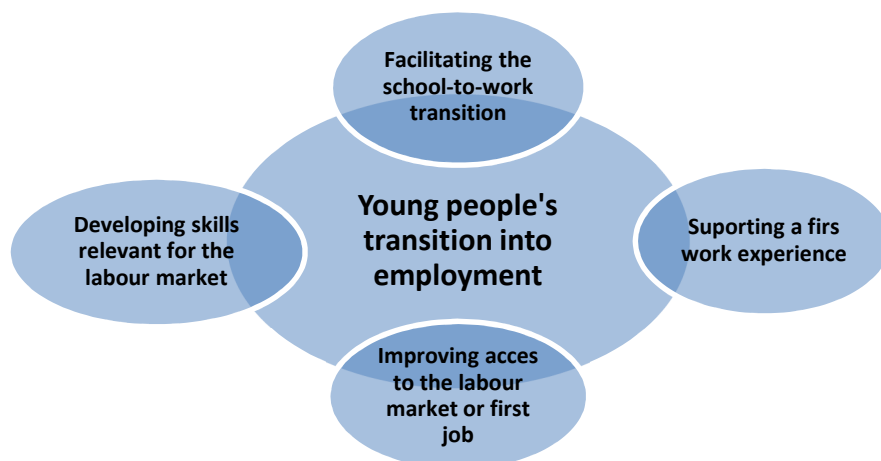
Transitioning from school to labour – creation of policies to facilitate youth employment based on abilities and competency acquired during the education process. These are based on information and professional counseling. Amongst these we find the “apprenticeship programs” in Austria and Germany the “Flexible New Deal” program in UK. At the same time in some countries, guaranties for youths were introduced.

Policies for employment – the introduction of fiscal facilities for businesses who hire youths.



Figure 2

### Young people's transition into employment.



*Source of data: Eurofound (2014), Mapping youth transitions in Europe, Publications Office of the European Union, Luxembourg.*

### Conclusions

In conclusion it is obvious that for the active categories not able to find employment, or lacking training, the risk of poverty and social exclusion is much higher. This is the direct result of the link between education levels, poverty and rate of employment. The EUROSTAT data confirms this phenomenon : the risk of poverty for people lacking education is three times higher than for people with basic education. And thus it is important for the government to facilitate participation and finalization of educational studies apart from decent housing, medical services and social assistance. And last but not least a series of social policies are needed for a better integration on the labour market.

All members UE introduced single or combined policies, based on NEET subcategories in order create new opportunities for young people. Still, we cannot yet evaluate the new inclusion programs introduced. That is why the efficiency of these program needs to be established based on a set of polices promoting employment among the youths.

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