

Education In Economics Versus Administrative Sciences. Research On The Graduates' Insertion In The Labor Market In The Context Of The New Economic Changes

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Abstract: *The purpose of the paper is to analyze the graduates' insertion in the labor market in the context of the new economic changes and to reveal the relationship between education and their employability. This paper will focus attention on the role of formal higher education; particularly in Business and Administration graduates. The study will be based on a survey achieved through a qualitative research by the implementation of a questionnaire among a representative segment of graduates.*

It should be noted that this paper focuses on formal education as a mean of human capital accumulation. In the scientific literature there are studies recognized on both specialists and institutions level according to which education is the principal source of economic growth. The role of education consists in transmitting skills and aptitudes towards flexibility. This marks the entry in the new economy or knowledge society, in which competitiveness depends on skills and human capital possessed.

Moreover, education is important not only for future productive capacity building but also for improving living standards. A better educated person will have more chances to get a better paying job and have more freedom to choose and decide what is best for his state of wealth. That person will also have the financial resources to take care of his health and access superior products and services.

Key words: education, human capital, insertion, labor market

JEL Classification: A2, J24, O15

Introduction

Technology and knowledge are crucial elements of the new economic environment with direct influence on the current and future human resource education. Transition from industrialized economy based to high-tech economy has profoundly changed the paradigm of education with increasing demand for qualified workforce, able to adopt new technologies. Current change determines a continuing professional adjustment and economic role of businesses is essential, similar to the way IBM company spends about 500 million dollars annually for training and education of employees, Intel invests 100 million dollars annually, including employees in Romania, and positive examples are not limited only to IT sector, but covered all industries.

In this new environment, human capital - defined as being the qualifications, skills, abilities, abilities and knowledge held by a person who contributes to a production process by creating value, or being a social or economic value - is a fundamental factor for economic development. These characteristics are acquired by a person through the process of formal education and training (elementary and / or higher education) and then to workplace. The idea is supported by theorists in the field showed that a high level of human capital facilitates the adoption of new technologies (Nelson and Phelps, 1966; Acemoglu, 2003). This concept is valued even in human capital theory claiming that high skilled workers will increase productivity more than the poor in human capital employees. Therefore, it can be stated that investment in human capital leads to increased economic activity through the increase of individual productivity (Lucas

1988). In empirical studies, human capital measurement focused on formal education, defined as a percentage of the population holding a high school diploma or higher degrees. During the development of economic research and the changes in the production and technology it was demonstrated that skills and knowledge embodied in an individual is not limited to formal schooling, but can be obtained on the basis of innate abilities, at the workplace through general or specialized training or by the accumulation of experience, and through formal and informal social networks. However, market globalization of products and services generated at the same time the globalization of the labor market. The process of globalization has led to greater competition in these markets in terms of work as well, it generated a greater need for people with high skills, but also with a superior ability to adapt easily to different cultural environments and learn effectively. Therefore, the need for research on the employability of graduates of the two specializations (economic and administrative) is a necessity to assess the quality and adaptation of curricula to the needs of the labor market which is becoming more competitive and rigorous.

1. Methodology and the objective of the research

The analysis of the research aims to provide complete and relevant information about the insertion of graduates in the labor market and to achieve an objective professional trajectory path followed by those who have completed and graduated the Faculty of Business and Administration.

Also, the research utility translates in the elaboration of an available graduate's

database that could be involved in Faculty's projects. Last but not least, the Faculty's aim through this research is to intensify the positive image among graduates promoting a sincere and constructive dialogue.

The research frame consists of individuals who have earned a bachelor's degree in the Faculty of Business and Administration as follows:

Bachelor Degree Studies:

- 2007 Public Administration (full time courses + part time courses)/2008 Business Administration;
- 2009 Public Administration (full time courses + part time course) and Business Administration;
- 2011 Public Administration (full time courses + part time course) and Business Administration.

Total population surveyed - 1330 respondents, of which 693 students of Public Administration and 637 students of Business Administration.

The survey was applied in the Business and Administration Faculty from the University of Bucharest. The main argument of choosing this economic and administrative specialization is that the University of Bucharest, after the evaluation and ranking of universities conducted in 2011 by the European University Association, and recognized by the national bodies, was ranked 1st place as an institution of advanced research and education. Also, the University of Bucharest has been recognized by the international academic community as a top 200 of the best educational institutions in the world, ranking conducted by QS Quacquarelli Symonds Limited. In 2014, according to one of the most famous global academic education network "QS Quacquarelli Symonds"

University of Bucharest ranked 30 in the ranking, with 68.4 points, and the first among the five Romanian universities present in the rankings. Regarding Faculty of Business and Administration, it is one of the newest and most competitive faculty of the University, being in the last 10 years among faculties in the country in the number of enrolled for the primary examination. Also, faculty's specializations are recognized for qualitative curricula by both the national and international institutions. Business and Administration Faculty is a member of the Network of Institutes and Schools of Public Administration in Central and Eastern Europe and it was awarded by the International Association of Paris Eduniversal Excellent Business School Award - three palms.

The research was conducted through a sociologic investigation based on questionnaire. The implementation of the questionnaire has one main objective and several secondary objectives, as follows:

- The main objective of the research represents the tracking of graduates integration and their positioning in the labor market.
- The secondary objectives consider the following:
 - Determine the socio-demographic profile of graduates and achieve a correlation between their integration into the labor market;
 - Correspondence between existing human capital (relevant experience higher formal education and training) and the existing workplace;
 - Making a comparative analysis between graduates of economics and administrative sciences graduates in terms of the use of human capital and the income registered.

2. The results of the research

Most of the survey respondents have graduated in 2011. Only 17 % said they have completed their university studies in 2008, while 15 % of the subjects took their bachelor's degree in 2007.

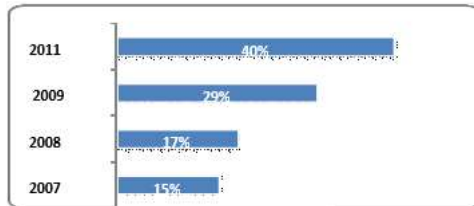


Figure 1. Question: The year when you finished graduated the Faculty of Business and Administration?

Regarding distribution by specialty the graduation specimen is balanced, meaning that respondents who completed the specialization of Public Administration studies represent 48 % of the sample, while graduates with specialization in Business Administration cumulate 52 % of the total population surveyed.

To follow the evolution Faculty of Business and Administration academic graduates, respondents were asked if they have completed a form of postgraduate education. Most of them - 70 % of the total sample gave an affirmative answer.

All 130 respondents (100 %) said they have completed or are currently completing a Master as a form of postgraduate education. Out of this number, 67 choose to enroll at a state university and only 11 % had budgets for private studies.

The study also sought the training outside universities as part of the investment that graduates have invested in human capital accumulation. The results revealed that only 22% of survey respondents completed a training program after college or university.

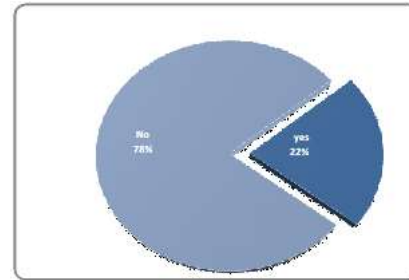


Figure 2. Question: After graduating a higher education (college, university), have you completed any training program?

Of these, 40 respondents indicated the name of the course/ training that they followed after completion of higher education institutional studies. Their responses were analyzed using perceptual maps that are found below. Size of words is given by the frequency of words in study subjects maintained. The most common courses that the respondents have followed after graduating are: Human Resources, Management, Communication, Marketing etc.



Figure 3. Question:

In terms of income, on average, graduates of Faculty of Business and Administration gain in the first month of employment after graduation - 1.854 RON. Compared with the overall results, Business Administration graduates earn on average per month more than the graduates of Public Administration, which reached a cumulative monthly 1.995 RON per month. Data show significant differences for variables in case of these two

specialties.

More than three-quarters have a permanent job, for an indefinite period, but there were some cases in which the Faculty of Business and Administration graduates said the job they have now is temporary, signing determined period employment contracts.

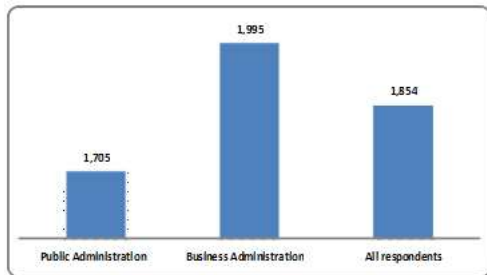


Figure 4. Question: Approximately, what was the salary or net revenue in the first month on the job?

2.1. Establishing a correlation between income and level of education

There are significant differences between those who have chosen to pursue postgraduate courses and instant salary income. Thus, the persons who answered that after graduation of Faculty of Business and Administration have enrolled in a Master program earn an average monthly 2.509 RON, with 51 RON more than those who chose not to continue with postgraduate studies. The latter are situating at an average monthly salary of 2.458 RON.

The difference between the specializations is maintained also in present. The respondents who graduated from Public Administration earn on average less than their colleagues from Business Administration, reaching a monthly salary of 2,232 RON compared to 2.747 RON the salary that earn monthly Business Administration graduates. The differences are statistically significant

if we consider the general sample where an Faculty of Business and Administration graduate earns an average monthly amount of 2.493 RON.

In most activity fields male persons earn on average higher wages than females, which we can observe also in the case of Faculty of Business and Administration graduates, where the graph shows highly significant differences between the two genders. If women reach an average monthly salary of 2.426 RON, men get to be paid up to 2841 RON for their work. The differences reach 415 RON monthly payment that Faculty of Business and Administration male graduates receive more.

In terms of employment from the moment of university graduation and to date, 41% of respondents had one job which shows stability of Faculty of Business and Administration graduates on the labor market. Only 6% of graduates say they had none jobs to date the fact that indicates a very good situation in terms of labor market insertion of graduates at a quantitative level.

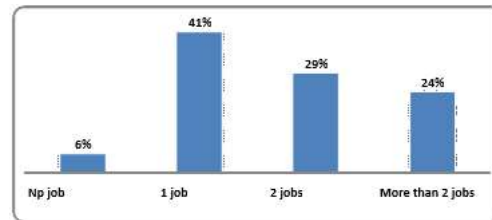


Figure 5. Question: How many jobs did you have since graduating from higher education and to-date?

At the moment of the research, 91% of Faculty of Business and Administration graduates had already a job. Only 4% of respondents said that at the time of the research had declared that their status as an unpaid family worker (no income) while 3% were self-employed. Unfortunately, among responders

there is a rate of only 1% in terms of achieving the development of their own business. This low percentage is particularly worrying for graduates of Business Administration specialization where among specific profile skills obtained is counted also the entrepreneurship skill. One reason for this is the low rates of adverse economic conditions globally and national socio-political uncertainties at the time of graduation and to-date. Another reason could be the lack of specific practical skills that the specialization graduated failed to inspire its students. This usually is a constant criticism for Romanian education in the last 20 years – creation of general and theoretical skills as well as the ignorance of the real needs of the labor market in the absence of effective communication between market entities (representatives of educational institutions and business representatives and even state institutions).

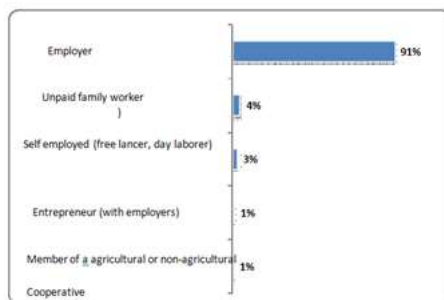


Figure 6. Question: What was / is your status of employment on this job?

After graduating, most of Faculty of Business and Administration graduates have found a place in Sales (17%), Marketing (11%) or Finance (10%). Distribution of responses can be seen in detail in the figure above. The field Other included activities such as Human Resources, Consulting, IT & C, Public Relations etc.

Conclusions

As a conclusion, we can state that the chances that an Faculty of Business and Administration graduate to find a job after graduation and to accommodate the profile of the studies are around 50%. However, compared to the overall sample, there are several significant differences between specializations, such as: business administration graduates have found a job at a much greater extent (69%), job that corresponds to the profession graduated in college, while only 34% of graduates in Public Administration said the same thing. Overall, the insertion degree is high - 91% of Faculty of Business and Administration graduates occupy a job as an employee. Only 4% of respondents declared themselves at the time of the research as unpaid family worker (no income) while 3% were self-employed. The difference between the two specializations in terms of employment rate and income is kept in present as well. The respondents who graduated from Public Administration earn on average less than their colleagues from Business Administration, reaching a monthly accumulation of 2,232 RON compared to 2.747 RON earned monthly. The differences are important compared to the general sample where an Faculty of Business and Administration graduate earns an average monthly amount of 2.493 RON. Also, compared with the average salary recorded in Romania in 2015, which is 2415 RON gross and net 1706 RON, the Faculty of Business and Administration graduates are situated at a higher level.

Unfortunately, there is a weakness identified in research which is that only 1% of graduates have started their own business. This very small percentage, as we mentioned in the paper is especially alarming for graduates of Business Administration specialization where among specific skills obtained is present also the entrepreneurship skill.

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