

LABOR MARKET STUDY IN ROMANIA

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Abstract: In this paper I aimed to outline an analysis of the evolution of the Romanian labor market. I performed a comparative analysis on labor resources and how they are used, employment, working conditions, in Romania, referring to data recorded on Eurostat. The research will be conducted at national level between 2016-2019. In the research I used the observation method based on the description of the indicators that characterize the labor market in Romania and in the EU member countries. Second, we analyzed the statistics provided by the NIS and identified measures that stimulate the growth of employment in order to achieve a sustainable development. The results show that employment in the EU continued to grow unexpectedly during the third quarter of 2017, while the unemployment rate continued to decline. In 2018, Romania registered 237.7 thousand inactive persons, the employment rate of the population aged 20-64 years was 69.9%. In the first quarter of 2019, the employment rate of the population aged 20-64 was 69.2%, down from the previous year and at a distance of 0.8 percentage points compared to the national target of 70% established in Europe 2020 strategy.

JEL classification: C5, J2, R1.

Keywords: labor market, Romania, labor force, indicators, working conditions.

1. INTRODUCTION

In some specialized studies [9] the demand for labor force is strongly correlated with the changes in the unit cost of labor. Within the model developed by Belot and van Ours [1], the demand for labor force is considered according to the real wage (the difference between the gross wage and the price level) and other institutional factors such as wage taxes, employment protection and active policies on labor market.

Dobrescu studied the functioning mechanisms of the labor market by analyzing the dependencies between the participation rate in the labor force, the unemployment rate and the income per employed person [2]. Algebraic transformations have resulted in some relationships that describe the link between labor demand and income per employed person.

Romania promotes and implements complex management systems and practices, trying to respond to all the challenges facing the labor market, both regionally and locally. The permanent adaptation of the education system to the tendencies of the labor market, in correlation with the development of technology, especially of information technology, represents in the deepest sense the state of health of a nation, indirectly the level of population education and its performance in the workplace.

2. STRUCTURE OF THE LABOR FORCE BY AGE GROUPS

The labor market in Romania continues to be under the influence of major challenges, which tend to become more acute and may in time become threats to the stability and sustainability of macroeconomic development. The main challenges are. [6]: the migration of the skilled labor force, intensified with the liberalization of the labor market at European level and amplified by the significant wage differences in certain sectors of activity between Romania and the majority of the Member States of the European Union, but also by the lack of predictability of the legislative framework governing the relations of work in Romania; closely related to the phenomenon of labor migration is the brain-drain phenomenon, which is still very intense in the fields of research, industrial development and high technology;

The low added value of some economic sectors included in the National Competitiveness Strategy, generated by the fact that some sectors identified as a priority in the National Competitiveness Strategy (Textiles and Leather, Woodworking), beyond the fact that they involve the cheap labor force, nor they are not able to produce satisfactory profit margins; moreover, the statistics presented in this study show that these areas of activity have been affected in the last years by the increase of labor costs, against the background of repeated increases of the minimum wage; the disappearance of the industry and of the specialists in different trades, amplified by the strong crisis of identity of the national education and by the quasi-absence of a technical and professional education (technical high schools, professional schools) performing and attractive; the persistence of a reduced degree of urbanization, which corresponds to a large number of the rural population, engaged in subsistence agriculture, unmechanized and underperforming, or in various forms of unpaid labor, which expose rural population at risk regarding occupational health and safety, social protection and insurance, etc.

The overall picture at national level constitutes an aggregate dimension of the state of fact existing at the level of all the 8 development regions, each of which can be subsequently analyzed from a multidimensional perspective in the following sections of the present study. Addressing in a comparative way the main peculiarities of the labor market for each of the 8 development regions of Romania, we emphasize a number of nationally relevant issues regarding the degree of employment and the structure of the employees. Thus, in 2017, approx. 5.2 million employment contracts, related to a civilian occupied population of 8,735,800 persons. These figures confirm the Eurostat report, according to which Romania is among the European countries with the least coverage of the active population with employment contracts. Moreover, Romania is, along with Greece and Turkey, among the countries where the share of employees in total active population is below 75%, due to the large number of active persons registered as authorized natural persons or liberal professions, under the conditions where the European average of the indicator is 84.6%, and in the group of 5 countries (Denmark, Estonia, Luxembourg, Sweden and Norway), the share of employees in the total active population exceeds 90%. This correlation also explains certain imbalances highlighted in the present study, such as for example the fact that in Romania there are 4 counties (Teleorman, Mehedinți, Vaslui and Buzău) in which for each registered unemployed there are less than 5 employment contracts.

Beyond the relatively high density of freelancers, the low degree of coverage of the active population with employment contracts is also due to an increased diversity regarding the legal alternatives for the remuneration of the active population, respectively administration contracts, mandate contracts, employment contracts. copyright, commission

agreements, etc. At the same time, the practice of subsistence agriculture, or working with the day, especially in rural communities, significantly affects the share of employees in the total working population. Analyzing the counties with the lowest coverage rate through national employment contracts, an empirical causal relationship can be established inversely proportional between the agricultural potential of these counties and the number of active persons employed in a form of paid work. Last but not least, it is necessary to specify that the active population is also under the influence of the phenomenon of migration, which, according to a recent report of the United Nations, has increased in Romania by 7% in the last 15 years, to the level of 3.4 million by Romanian citizens living abroad. [6] Also, according to Eurostat information, based on which the training needs included in the "Human Capital Operational Program 2014-2020" were based, in Romania, the employment rate of the population aged 20-64 was 66.3 % at a distance of 3.7% from the national target of 70% set in the context of the Europe 2020 strategy. Higher values were recorded for the male population (75.0% compared to only 57.4% for the sex population women) and for people in urban areas (66.9% compared to 65.6% for people in rural areas); given the significant difference between the male population and the female population, the hypothesis of a certain degree of gender segregation of work is prefigured, which is more pronounced in rural areas than in urban ones [6]. The profile of economic development but also the demographics of each development region directly influence the weights held by the regions in the total number of registered employment contracts at national level (Table no. 1).

Table 1. The share held by each development region in the total employment contracts at national level: comparative analysis

Hierarchy	Region	Number of employment contracts	Share in total jobs at national level, %
1	București- Ilfov	1.408.758	27,07
2	Nord-Vest	686.305	13,19
3	Centru	638.923	12,28
4	Sud Muntenia	577.275	11,09
5	Nord-Est	541.694	10,41
6	Vest	503.208	9,67
7	Sud-Est	486.990	9,36
8	Sud-Vest-Oltenia	361.605	6,93
	Total	5.204.758	100,00

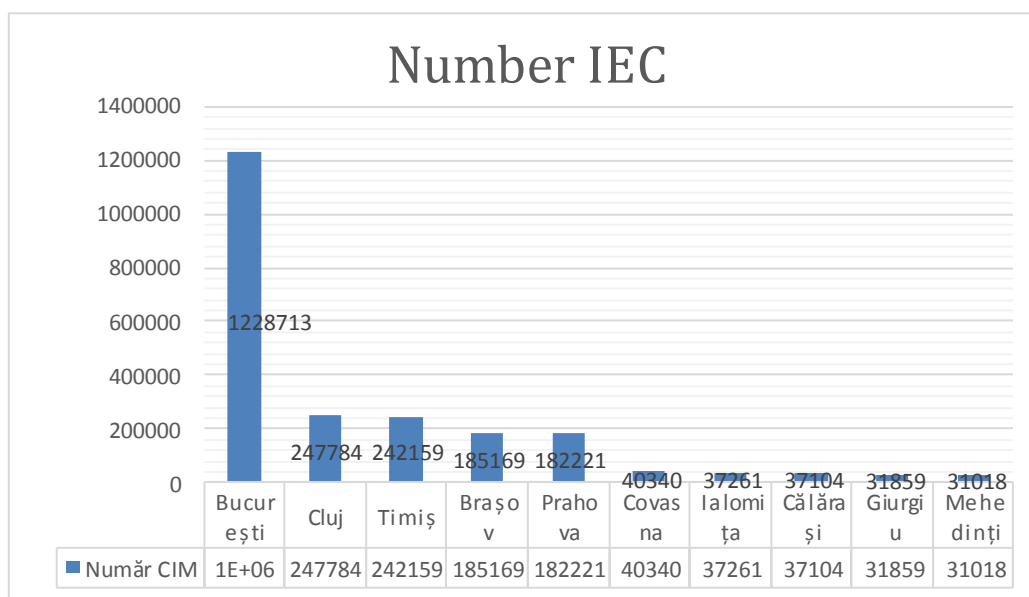
Source: Study on labor market dynamics in the main industries employers from Romania in the period 2016-2017.

From the information presented in the table above, it can be concluded that the Bucharest-Ilfov region has the highest level of development of the labor market with over 1,400 thousand employment contracts, representing 27.07% of the total work contracts concluded. nationally. The next position is occupied by the North-West region with about half of the number of contracts held by the Bucharest-Ilfov Region, the difference between

the Bucharest-Ilfov Region and the other development regions being significant, if we consider the fact that it has a double number of contracts. work towards the region ranked 2nd. With a very close value, the Center region follows the North-West region with approx. 638 thousand employment contracts [6]. The lowest value is registered in the South-West region, respectively 361,605 contracts, with a weight of 6.93% in the total employment contracts. A similar position is held by the South-East development region, with 486,900 contracts and a weight of 9.36% in the total national employees. Very close to this value, the West region registers 503,208 contracts, respectively a weight of 9.67% at national level. Although the Western Region is on the forefront in terms of number of employment contracts, this region is still on the second place, after the RBI, in terms of coverage of the home population with employment contracts (239 labor contracts per 1,000 place.). Therefore, the position of the Western Region on the penultimate position is due primarily to demographic factors. [6].

The distribution of the number of employment contracts at the level of the development regions, also reflects two major directions of economic and social development at the country level, respectively [6]: the status of the metropolis in the future of the Municipality of Bucharest, respectively of the metropolitan area of Ilfov County, in which the majority of the resources at national level are concentrated;

The polarization of the labor market according to the level of economic development of the regions, due to the fact that two of the 3 development regions adjacent to the capital (respectively South-West and South-East Region) occupy the last two places in terms of number. labor contracts; a possible explanation of this fact may be represented by the small distance from the metropolis, which allows for easy relocation as well as the mobility of the intra-regional workforce.



Source: Study on the dynamics of the labor market at the level of the main employers in Romania in the period 2016-2017.

Figure no. 1 Distribution of the number of employment contracts by level I administrative-territorial units

Therefore, if the Bucharest-Ilfov region is distinguished by high values of the share held at national level, the South-West region requires considerable investments in the direction of the qualification of the labor force and the creation of new jobs. Graphically, the situation is represented in Figure no. 1.

Thus, in Bucharest Municipality there are more employment contracts than in the following 7 counties in the ranking, while Cluj County (second, according to the number of registered employment contracts) has more employment contracts than the last 5 counties in the ranking (Mehedinți , Giurgiu, Calarasi, Ialomița, Covasna). It should also be noted that among the counties with the smallest number of individual employment contracts 4 are riverine counties of the Danube River (Mehedinti, Giurgiu, Calarasi, Ialomița), which also have a relatively high agricultural potential, 3 of them are adjacent directly with the Bucharest-Ilfov Region (Giurgiu, Călărași, Ialomița). Regarding the dynamics of the number of individual labor contracts in 2016-2017, it is noted that the most dynamic is registered in the counties of Argeș and Dolj (against the background of the development of the car manufacturing industry), followed by a series of counties belonging to some development regions with low coverage with employment contracts, according to the data in Table no. 2.

Table 2. Dynamics of CIM by counties in the period 2016-2017 - the first 5 and the last 5 counties according to the evolution of CIM (%)

Nr. Crt.	County	CIM evolution in 2016-2017	CIM evolution in 2016-2017,%
1	Dolj	11.576	9,04
2	Argeș	13.230	7,99
3	Olt	4.379	7,49
4	Giurgiu	1.897	6,33
5	Tulcea	2.179	5,70
...
38	Neamț	563	0,79
39	Caraș Severin	318	0,66
40	Hunedoara	541	0,61
41	Covasna	137	0,34
42	Teleorman	-441	-0,60

Source: Study on the dynamics of the labor market at the level of the main employers in Romania in the period 2016-2017.

From the available information, presented above, it follows that Teleorman county is the only county in Romania where the number of individual employment contracts had a negative dynamic in the period 2016-2017, decreasing by about 0.6%.

3. LABOR FORCE SPECIALIZATION

On 01.10.2017, the structure of the labor force at the level of the first 15 employing fields, respectively the economic activities with the highest number of CIM, is presented in Table no. 3. Data analysis reflects the following relevant issues:

- The economic activity with the largest number of CIMs is Retail Trade in non-specialized stores, with a predominant sale of food, beverages and tobacco – CAEN Code 4711, respectively the retail sector, with 204,168 employees;

- although the main major area of activity (CANE section) is the employer, the processing industry, none of the processing industry is among the first 7 employment activities; the first employer sector in the manufacturing industry, respectively Manufacture of other garments (excluding underwear) – CAEN Code 1412 is only on the 8th place, with less than half of the number of CIM registered in the CAEN Code 4711;

- Of the economic activities defined in the Competitiveness Strategy of Romania as having an important economic role and influence on employment (tourism and ecotourism, textiles and leather, wood and furniture and creative industries), only 2 CANE codes (1412 and 3109) are among the first 20 employing sectors, which reflects a certain contradiction between the role assumed by industries with influence on employment and the reality of fact;

- of the first 10 CANE codes analyzed, only 2 experienced reductions in the number of CIMs in the period 2016-2017, respectively Protection and guard activities – CAEN Code 8010 (-0.59%, - 700 CIM) and Manufacture of other garments (excluding underwear) – CAEN Code 1412 (-5.8%. -6.011 CIM), therefore economic sectors characterized by a majority share of unskilled labor, mainly affected by the increase in labor costs.

Table 3. Economic sectors (CANE Codes) with the highest number of employees as of 01.10.2017

Nr. Crt.	CAEN code	CAEN name	Total employees 2016	Total employees 2017	Quantitative evolution	Percentage evolution, %
1	4711	Retail sale in non-specialized stores with food, beverages or tobacco predominating	192.806	204.168	11.362	5,89
2	8610	Activities of the hospital nurse	176.755	186.276	9.521	5,39
3	8531	General secondary education	172.333	185.669	13.336	7,74
4	4120	Construction work for residential and non-residential buildings	167.601	181.368	13.767	8,21
5	4941	Freight transport by road	139.599	152.318	12.719	9,11
6	8411	General public administration services	116.163	135.472	19.309	16,62

7	8010	Protection and guard activities	119.613	118.913	-700	-0,59
8	1413	Manufacture of other articles of clothing (excl. Underwear)	103.573	97.562	-6.011	-5,8
9	2931	Manufacture of electrical and electronic equipment for motor vehicles and motor vehicles	88.480	89.806	1.326	1,5
10	5610	Restaurants	73.679	87.622	13.943	18,92
11	2932	Manufacture of other parts and accessories for motor vehicles and motor vehicles	74.990	79.964	4.974	6,63
12	6201	Custom software activities (customer-oriented software)	52.270	60.087	7.817	14,96
13	1071	Bread making; manufacture of fresh pastry cakes and products	56.493	59.103	2.610	4,62
14	6419	Other monetary intermediation activities	57.443	56.424	-1.019	-1,77
15	8532	Secondary education, technical or professional	52.517	55.240	2.723	5,18
16	3600	Water capture, treatment and distribution	46.603	54.129	7.526	16,15
17	3109	Manufacture of furniture n.c.a.	53.567	53.220	-347	-0,65
18	0111	Cultivation of cereals (excluding rice), leguminous plants and oilseed plants	46.166	49.826	3.660	7,93
19	8542	Higher education	47.912	48.653	741	1,55
20	7820	Activities of contracting, on a temporary basis, of the personnel	48.454	46.563	-1.891	-3,9

Source: Study on the dynamics of the labor market at the level of the main employers in Romania in the period 2016-2017.

On the other hand, the period 2016-2017 also brought reductions in the number of CIMs at the level of some economic activities, specifying that these reductions were not as significant as the increases and affected in particular sectors, respectively sectors in which work unqualified has the majority share, but also the construction sector (civil engineering works). Therefore, the main causes of these reductions can be identified as, on the one hand, the increase in wage costs as a result of successive increases in the minimum wage, and on the other hand, the lower volume of investments in infrastructure.

4. CONCLUSIONS

A pretty important problem we are facing right now Romania is concerned about the decline in the employment rate, especially in the less developed regions. These include the North-East region, where most of the population lives employees are active in the field of agriculture. This study addresses the labor market from the perspective of the general demand of the labor force, without going into details regarding the demand for labor force according to professional competences, groups the age of the employed population or the fields of activity. The model estimated in this study shows the influence of the important indicators socioeconomic demand for labor force, quantified by the employment rate of labor resources. The results obtained for the North-East region can contribute to building strategies to increase employment in region or can be used as a decision support for investors.

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