

# THE IMPACT OF THE LABOR FORCE AND LABOR MARKET PROGRESSES UPON THE ECONOMIC, SOCIAL AND PROFESSIONAL TRAINING PROCESSES DURING 2006-2009 IN ROMANIA

PhD. Student **Mihaela MOSTAVI**

Considering the period of reporting, in 2008 the rate of activity and occupancy for the working age population were classified to 62,9%, respectively 59%, regarding the occupancy rate an increased constant progress was registered for the past years.

In adverse conditions, due to the crisis, it is estimated that occupancy rate (age 15-64) will decrease with approximately 1,6 percentage points in 2009. Nevertheless, the forecast indicates a resumption of the rising course for both of the rate, as from 2010.

## Comparison situation with regard to Lisabona target within the occupancy field

**Label 1**

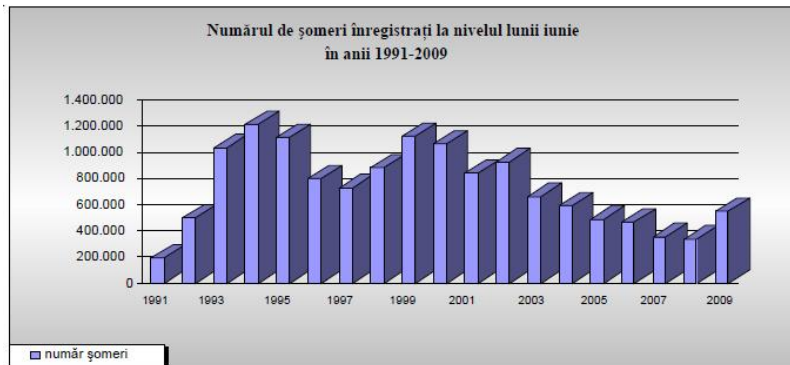
	RO 2008	UE 27 2008	UE 2010 (target)
<b>Total occupancy rate</b> (age group 15-64)	59%	65,9%	70%
<b>Women occupancy rate</b> (age group 15-64)	52,5%	59,1%	60%
<b>Old people occupancy rate</b> (age group 55-64)	43,1%	45,6%	50%

Source: Eurostat

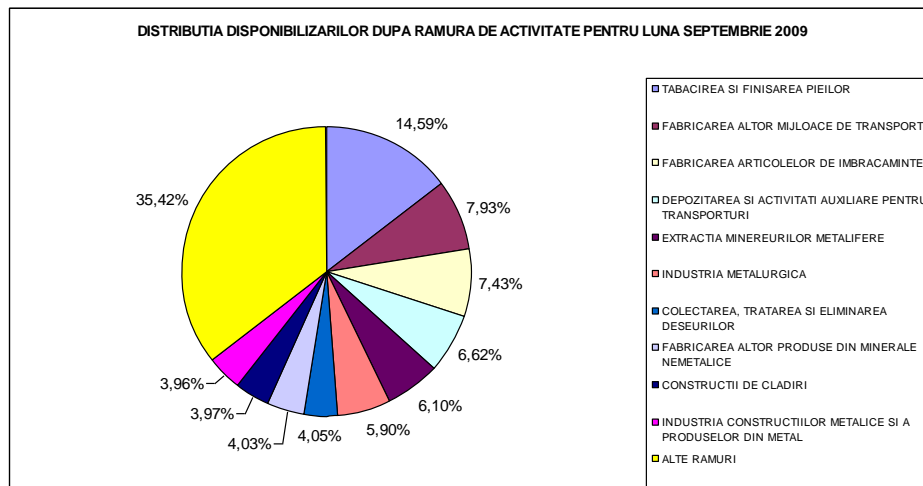
The *Bureau of International Labor Affairs* (ILAB) unemployment rate in Romania registered a descending course as from 2006 so that in 2008 the mentioned rate's value was 5,8%. Throughout the II nd semester 2009, (ILAB) unemployment rate was 6,3%, on the decrease in regard to previous semester (6,9%) and on the increase in regard to the adequate semester, foregoing year (5,6%) in accordance to Romanian National Institute of Statistics (House Labor Force Survey). Therefore, Romania succeed to maintain an reasonable low level of unemployment comparing to European Union's average and some UE states which have registered important increase on unemployment. The forecast regarding the unemployment rate (ILAB) in Romania indicates an increase up to 8.4% in 2009, as of 2010 to decrease to 7.7% **(Unemployment chart of July 1991-2009)**

### ■ Unemployed number

The total number of unemployed at the and of October 2009, the 653.959 people, has increased with 28.799 amongst the previous month. From the total of unemployed registered, an amount of 374.209 were paid and 279.730 were unpaid, The number of paid unemployed increased with 32.268, and the number of unpaid unemployed decreased with 3.469 persons amongst the previous month.



The number of unpaid unemployed from the total number of unemployed (42.78%) is decreasing amongst the previous month by 2.52%



***Potential effects of financial crisis on labor market:***

Following the tightening of crediting conditions, the companies are facing and will continue to face difficulties of financing the business activities – this fact could follow to dismissal caused by restricting the company activities or even bankruptcy.

The local companies does not depend as much as the multinationals of the financing – from exchange market – and therefore will be less affected by the exchange market crisis.

The financial crisis will determine a slow economic increase and this will be projected in the companies activities on Romanian market, so that, due to forecast review for the next year, we can expect at least to a reluctance of the companies regarding the increase jobs and employees.

The most affected fields by the crisis are the Real Estate and Finance – Banking market.

Regarding the activity on the labor market, at least for this year and on short term, the best action seems to be to refocus on performance. Considering the actual trend of expense increase with labor, without an increase of productivity, the companies might find

themselves in the situation that they will not only to be able to employ, but also they would not be able to maintain the existing jobs.

However, the financial crisis could have advantages, such as focusing on the maximization of the employees performance, increase competitiveness on the Romanian market, salary according with added value of the employees, cooling rate of the salary increase, could reduce the labor instability on market, and to maintain or increase the Romanian business environment, outsourcing, decrease employers or investors outgoing to take unpredicted or irrational risks, focus on precaution and planning, employees efficiency and productivity increase, increase of added value of the employee, is the best reason of creating new jobs.

Towards employment and temporary work projects, particularly during peak periods of business activities will be another way to handle the economic crisis.

***The ability of change of the companies for the following period:***

Due to the needs of new proper competences and taking into account the factors that have caused changes in the content of jobs, the companies ability of change in the coming period is as follows: approximately 10% of the companies are anticipating changes on equipments and technologies field; less then 5% are expecting to face changes in administrative field and approximately 2.5% are expecting changes in work procedures.

In the reference period, the companies that employed young collage graduated is varies with the company size; as much as large the company is, likelihood that they will hire graduates.

Chronic deficits are task-specific skills in hotels and restaurants, manufacturing, agriculture, forestry and fisheries, construction, health and social work - double compared to the national average.

As smaller the companies are, the more they have higher rates of labor shortages

The main reasons that the jobs remain vacant (in 2008- 6.4%, and the balance between vacant jobs and unemployment was 1.14) are the labor shortage ( that explain 23.7% of the vacant jobs); the poor labor conditions (explain approx 14.1% of the vacant jobs); the highly handover of the labor within the branches (explain approx 12.1% of the vacant jobs)

***Development of continuous training in the reference period :***

To modernize the system of training and increasing participation in training programs, Romania applied a mix of legislative, institutional and financial instruments. The legislation regarding the training is currently under adjustment aiming at ensuring coherence with policies for education; FPC system adaptation to the market needs; strengthening the quality assurance of FPC programs.

The most training programs have been organized in the past 2 years, by the following branches: Health (23.9%), other activities and services (31%), real estate (20.3%)

The least training programs were conducted, in the same period by: Finance (5%), construction (6.9%), trade )8.8%), hotel and restaurants (9.2%)

The companies which have organized training courses, by size class of company: Micro company (0-9 employee): 10.5%; Small company (10-49 employee): 32%; medium company (50-249 employee): 57.7%; large company (over 250 employee): 73%.

The main reason employers have organized training courses in the last 2 years at national level: 46.3% - satisfaction with the knowledge and skills of employees; 19.2% - 'employees might qualify at work'; 14% - 'we did not have budget'

Type of training programs available in the past 2 years: acquisition / improvement of technical knowledge / technology – 45.1%; acquisition/ improvement of foreign languages – 5%; acquisition/ improvement of quality control – 11.5 %; acquisition/ improvement of environment protection norms 5.9%

Training courses over the past 2 years, were offered primarily outside the company with authorized training providers, approx. 55.1%.

### ***Promoting employment and training of the workforce in Romania***

To attract labor market in Romania and to stimulate, the Ministry of Labor, Family and Social Protection (as well as all institutions having responsibilities or impact area) ensure implementation of the following laws and key strategic documents: Revised Lisbon Strategy; The guide lines for development and jobs (2005-2008); National Reform Program 2007-2010; National Strategy for Employment 2004-2010; Short and medium term strategy for continuous training 2005-2010; Law nr 76/2002 regarding unemployment insurance system and boost employment with its changes and additions; Government Ordinance nr. 129/200 regarding the professional training of adults, republished with amendments and additions to its

Integrated guide lines for development and jobs - macroeconomic, microeconomic and employment – are following the necessary measures to promote knowledge, attract as many people in the labor market and creating as many jobs. IN concrete, this measures are targeting the implementation of employment policies aimed at full employment, improving quality and productivity and strengthening social and territorial cohesion; promotion of a new approach to work throughout life; ensuring the inclusion of the labor market to people looking for a job and disadvantaged groups improve the correlation with labor market needs; promote flexibility combined with employment security and labor market segmentation; ensuring providing incentives for employment and other labor costs, expand and improve investment in human capital; adapting education and training in new skills requirements

### ***Assessment on the national context of flexicurity:***

As of 2007, simultaneous debates has take place between the representatives of public institutions related to labor market and social affair, the representatives of all employers and national trade union organizations, representatives of business and academia as well as of nongovernmental organizations, regarding the flexicurity, being proposed and approved measures to optimize the legislation and institutional framework.

Thereby, for Romania, priority policy areas in the application of principles of flexicurity is lifelong learning and active labor market policies Regarding the other two components of the concept of flexicurity – labor relationship and modern systems of social protection, Romania has applied or is implementing a series of major reforms: changes in the meaning of flexibility of certain provisions of Labor Code; diversification of funding the pension system through the operationalization of the two privately managed pillar; diversification and focus benefits and social services to enable people at risk of social exclusion.

Currently, the specific norms adopted in the reform process in labor, is offering legislative support to the companies in order to achieve the targeted occupational strategies. The essential transversal dimension for promoting of an integrated approach of all of the flexicurity specific politics elements is the efficient administrative system of labor and social affairs

Aspects related to flexicurity are vital to aim an equilibrium regarding the rights and obligations of the employers and employees. Social dialogue and collective bargaining are essential tools in the development and implementation of any type of labor market reform.

***Poverty in Romania: characteristics and evolution:***

During 2000-2007, the evolution of relative poverty in Romania was a sine, with an ascendant trend between 2003-2006, reaching a maximum leveling 2006 (18.6%)

In 2007, approximate 18.5% out of Romanian citizens were poor (18.3% males and 18.8% females), 29.9% compared to 29.6% in rural areas compared to 2006.

In terms of area of residence, rural areas still face a higher incidence of poverty and severe poverty, rural poverty rate in 2006 accounting for 29.6% of the value of 9.6% in the urban area

The population percentage in Romania that will live in poverty this year will increase by 1.7 percentage points from 2008, to 7.4% and among the most affected are children, according to Strategy Partnership with Romania for the period 2009-2013 conducted by the World Bank.

As a result of the economical-social politics during 2000-2007, favorable growth and living standards of people, caused a substantial decrease of poverty, from 35.9% in 2000 to 9.8% in 2007, in the ;last year registered the lowest level from 1995 ((first year that data are comparable survey)

The social protection measurement applied are: social pension: social benefits – 34 types, in this period, an important program of promoting of the social inclusion politics and of poverty combat and which also meet the obligations assumed by Romania by ratifying the revised European Social Charter (Law 74/1999) and the provisions of Article 13 concerning the right to social and medical assistance is the Minimum Income Guarantee (VMG); measures to prevent and combat the social exclusion in employment

The goal of these measures is to ensure an effective access , particularly for the young people, to the elementary and fundamental rights such as right to employment, housing, health care and establish measures to prevent and combat the social exclusion; mobilization institutions in these tasks; attenuation of the social effects of restructuring in the economy and persistent risk of social exclusion for certain categories of persons who have difficulty in filling a job.

The social economy also started to occupy an important place in developing social inclusion policies in Romania. The objective is to create jobs for the benefit of disadvantaged people in order to find answers to the identified social needs and which can not find solution by it selves.