

Means of Action for the Sustainable Competitiveness of Human Resources in the Construction Sector in Romania

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Abstract

The article aims at highlighting the most important means of action for the sustainable competitiveness of human resources in the construction sector in Romania.

These include: urgent promotion of provisions to generate tax deductibility for training expenses, given that experienced workers migrated; combating undeclared work; reorganization of vocational education - arts and crafts for the qualification of workers, foremen and technicians; expanding the need for testing candidates for university technical education in construction, agreeing whether or not maintaining the Bologna system for training of engineers in construction and the creation of mechanisms for conducting productive practice.

Keywords: resources, human, construction, competitiveness, Romania.

JEL classification: M 54

1. Introduction

Despite the economic downturn, the construction industry remains one of the sectors with significant contribution to GDP (about 10% of GDP) and one of the main employers nationwide. The current situation of the workforce in the construction and construction materials sector shows a mismatch between the skills acquired during their studies by new graduates and the dynamic of labor market needs in this field.

„Global economic crisis has had, among other effects, the decline in real estate market” (Rus, Hegyi and Păstrav, 2014). Starting with the third quarter of 2008, the construction sector and the production of construction materials, as the entire economy of Romania and the European Union, have entered a period of extended recession marked by the steep decline of demand both in the execution of construction works and the production of construction materials. The vast majority of construction companies registered a decline of orders and turnover which had a similar effect on the building materials market.

The demand for highly skilled labor in the sector was significantly reduced

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compared to the period before 2008 when the building sector was the main employer of workforce nationally. This situation has dramatically affected the employability of new graduates in the sector. They do not have the knowledge and experience to face competition in the labor market with qualified experienced staff who was dismissed as a result of reduced demand for construction work and hence construction materials. The situation is not radically different from that of the national and European economy.

According to ministry statistics, the youth unemployment rate registered a value of 23.7% at the beginning of 2013 with a chance to reach the critical threshold of 25% by the end of the year, well above the global average of 12.6% communicated by the International Labour Organization as a forecast for 2013. The unemployment rate among young people with tertiary education (technical schools and faculties) is very high in Romania, reaching 29.3% in 2011, up from 2010 and more than triple the rate registered in 2000. The unemployment rate among young people under 25 in the euro area grew by about 50% in the last five years, i.e. from about 16% in 2008 to 23.9% in May this year. The ratio of youth and adult unemployment in Romania is 2.7 which means that the probability that a young graduate is unemployed is almost three times higher than the labor with professional experience. In Romania, the gap between the knowledge and skills of graduates and those required by employers remains high, the percentage rising to 8.5% in 2012.

2. Context

One of the most important indicators in the construction sector is labour input. As seen in the figure below, Romania is one of the EU countries in which this indicator is superior to those of 2010.

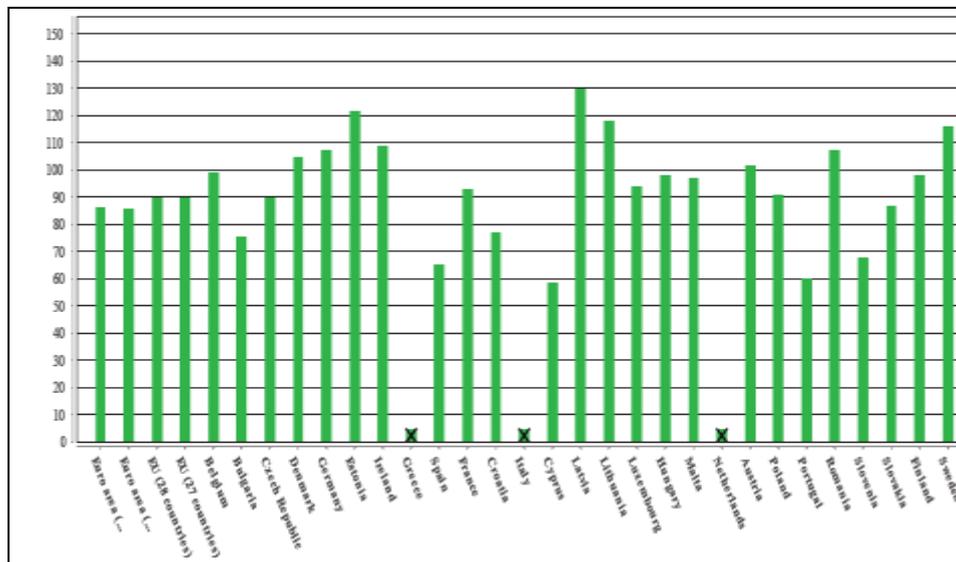
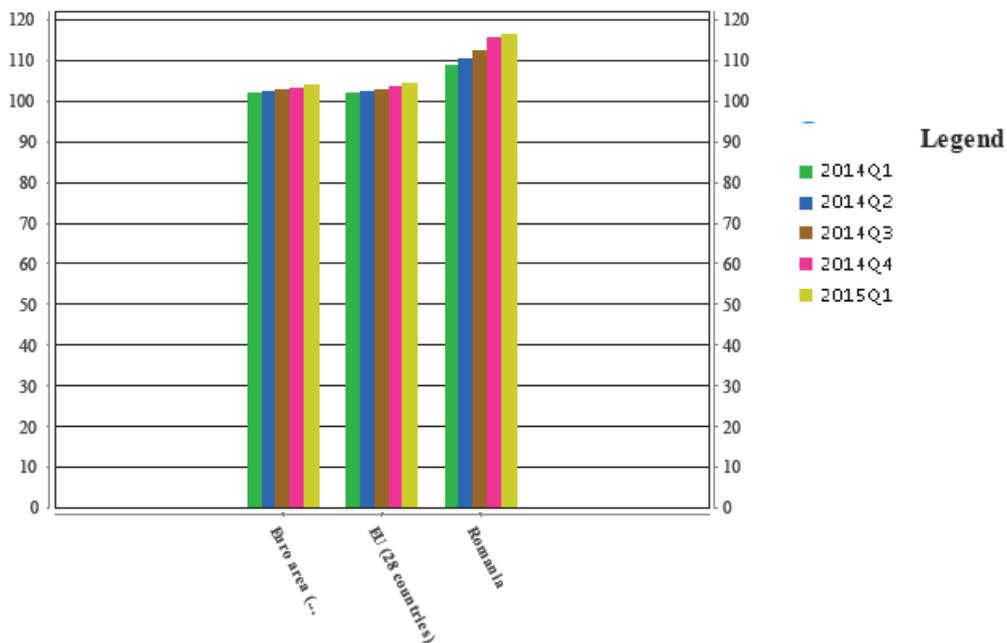


Figure 1. Labour input in construction (Quarter 1 – 2015). Index (2010 = 100) - seasonally adjusted

Another important indicator of human resources in construction is labour cost. Labour cost index shows the short-term development of the total cost, on an hourly basis, for employers of employing the labour force. Labour costs include gross wages and salaries, employers social contributions and taxes net of subsidies connected to employment. The labour cost index is compiled as a "chain-linked Laspeyres cost-index" using a common index reference period (2012 = 100). The index is presented in calendar and seasonally adjusted form. Growth rates with respect to the previous quarter (Q/Q-1) are calculated from seasonally and calendar adjusted figures while growth rates with respect to the same quarter of the previous year.



**Figure 2. Labour input in construction (Quarter 1 – 2015).
Index (2010 = 100) - seasonally adjusted**

In the European Union, the first major objective of the Europe 2020 strategy is a high rate of employment of labor force, aiming to achieve an employment rate of 75% for the population between 20 and 64 years in member countries. In the Europe 2020 strategy, the construction sector plays a significant role as a factor of economic recovery being present both in initiatives to increase energy efficiency but also in those concerning the Union's overall competitiveness gain.

Nationally, one of the key strategic directions in order to resume and maintain the upward trend of growth in the period 2014-2020 is relaunching private and public investment in infrastructure with a direct effect on the construction sector and construction material production.

3. Means of action for the sustainable competitiveness of human resources in the construction sector

In Romanian organizations „employees are not motivated, involved or rewarded when it comes to change” (Nastase, Prediscan and Roiban, 2013). Given the need for well trained human resources to work in the construction sector in Romania, four courses of action are required:

a. Promoting urgent provisions to generate tax deductibility for expenditure on training, given the fact that experienced workers migrated

Training of personnel in the construction industry should be included as a deductible expense because it contributes directly to the achievement of quality work, according to the specific business activity. These are operating costs that should be considered fully deductible, especially given that the studies conducted by the House of Builders' Trades revealed that even in times of crisis there are some specializations for which there are shortages of qualified staff.

Training of employees in the construction industry has the following main objectives:

- adaptation of the employee to the job or workplace requirements;
- obtain a professional qualification;
- updating knowledge and skills specific to the job and workplace and professional training for basic occupation;
- retraining determined by socio-economic restructuring;
- acquiring advanced knowledge, modern methods and procedures necessary to carry out professional activities;
- prevent the risk of unemployment;
- promotion at work and career development

The training of employees in the construction industry can be achieved through the following actions:

- participation in courses organized by the employer or by the training providers in the country or abroad;
- traineeships for vocational adjustment to the job and workplace requirements;
- internships and specialization in the country and abroad;
- apprenticeship organized at the workplace;
- customized training;
- other forms of training agreed between employer and employee.

b. Reorganization of vocational education - arts and crafts, for workers, foremen and technicians' training

Emphasis should be placed on vocational education, where learning a trade is paramount. The education system needs to be scaled to the requirements of the labor market in the construction field, especially regarding technical staff with secondary education.

In the vocational education system, restructuring the curricula should follow two major directions:

- modernization of material and technical base of educational institutions so that theoretical and practical training reflect the latest developments regarding construction technologies;
- organizing internships on construction sites so that future workers, foremen and technicians have some working experience in construction projects, with all the involved problems that may arise;
- reduce the periods of change for textbooks in order to keep them up to date with new technologies.

Of all the above proposals, organizing internships is the most difficult to implement under current conditions. Therefore, employers' associations and trade unions in the field should develop programs to facilitate practical training.

c. Combating undeclared work

To combat undeclared work, three priority lines of action can be followed:

1. Prevention of undeclared work

To prevent cases of undeclared work, civil society awareness of the consequences of undeclared work practice should be considered through the following means:

- development of information campaigns aimed at employers and employees which highlight the negative effects of undeclared work;
- realization of round tables at the level of labor inspectorates, in collaboration with trade unions and employers, with the participation of labor law experts, sociologists, economists, psychologists, representatives of the National House of Pensions and Other Social Insurance Rights, Ministry of Health, Ministry of Education, Research, Youth and Sport, Ministry of Finance etc. on issues that concern labor relations and their interference with other social relationships;
- designing and editing by the Labour Inspectorate of a guide for employees and employers on disadvantages of practicing undeclared work and the free distribution of the guide in vocational schools, high schools, faculties, through local labor inspectorates;
- carry out regular contact with local media, in order to form a proper and responsible civic attitude, unfavorable to undeclared work;
- creating a web page on the website of the Labour Inspectorate which provides information to the interested citizens about employment laws in force;
- talk-shows on identifying and tackling undeclared work in prime-time radio and television broadcasts, organized in each inspectorate;
- training representatives of employers on their obligations in labor relations with employees, during guidance and control actions carried out by labor inspectors;
- active involvement of social partners either through direct cooperation

with the Labour Inspectorate or the Economic and Social Council in supporting the promotion of the necessary legislation and accessing funds for Labour Inspection for the prevention of undeclared work.

2. Identifying cases of undeclared work

The detection of cases of undeclared work is one of the main objectives of combating undeclared work, given that the measures ordered by labor inspectors and the sanctions applied lead to discouraging such practices. In this regard, the media will be extended through:

- setting up the Undeclared Work telephone line;
- use of mail boxes inside inspectorates, where interested persons can provide information on undeclared work anonymously;
- background and "campaigns" type checks in sectors with high incidence of undeclared work;
- carrying out cross-checks on the basis of cooperation agreements with other "line" institutions with new control practices and inter-district controls;
- increased media coverage of the negative aspects of undeclared work, by presenting the results of controls.
- Combating cases of undeclared work
- The main courses of action to combat cases of undeclared work are:
- remedy the direct effect of the practice of undeclared work by obliging employers to conclude written contracts for persons providing undeclared work;
- intensifying controls on employers where cases of undeclared work were found;
- laying out binding measures to comply with the legal provisions on labor relations and monitoring the fulfilment of such measures in due time;
- national media coverage of the Strategy by broadcasting advertisements on the Romanian Television Company and the Romanian Radio Broadcasting;
- local media coverage through the organization of press conferences, round tables by the labor inspectorates which transmit messages to all citizens regarding the disadvantages of undeclared work;
- proposals for collaboration with various radio stations and TV channels to broadcast shows that enable all participants in the labor market to intervene and address the issues raised by the restrictive application of labor laws.

d. Extend the necessity of testing candidates for university technical education in construction, agreeing whether or not maintaining the Bologna system (4 years) for the training of construction engineers and creation of mechanisms for productive practice

One of the most important measures in this area is the introduction of the admission exam. It will act as main selection tool for the human resource in the construction sector, especially since the staff with higher education plays a decisive role in ensuring the quality of implementation both in design and in the execution.

4. Conclusions

The construction sector in Romania remained, even in the global economic crisis, one of the main employers nationwide. However, phenomena such as the migration of qualified and experienced human resources or the lack of correlation between graduates' knowledge and the specific labor market needs require measures to increase the competitiveness of workers in the sector.

The most important mechanisms for carrying out the productive practice are creating, through European projects financed by the European Social Fund (HRD OP and, in the future, Social Fund OP) of simulated enterprises linking the knowledge and skills of graduates with the requirements of the specific labor market. In the curricula of bachelor and master, there are no complex simulations or games of enterprise management which can help construction graduates acquire management skills (making group decisions) or entrepreneurship skills, which is a big gap in their professional training with obvious disadvantages on the labor market. The activities in simulated enterprises must be designed so as to ensure the achievement of several training objectives, among which we mention the following ones in priority:

- ✓ increasing teamwork ability;
- ✓ the training and development of students' economics skills regarding the economic analysis of phenomena, technical and material supply, production scheduling, sales of products;
- ✓ developing trainees 'systemic approach of the company and its components through the main economic objectives set out in the market economy vision;
- ✓ compression of the improvement processes' duration, as a result of simulations in a short period of a few weeks of managerial and economic processes which take a year in any company;
- ✓ providing a set of objective indicators for assessing the readiness of students.

In practical training the emphasis should be put on developing skills for a constantly changing labor market that needs to face the economic and financial issues at a regional, national and international level.

The most important means of action to increase the competitiveness of human resources in the construction sector are: fiscal measures to encourage training, combating undeclared work and rethinking training and higher education in the field.

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