

Comparative Study on Labor Management in Romania and Spain

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Abstract

In a globalized world, the labor markets of different countries are increasingly interconnected, and their study can provide a broader perspective on the current trends and challenges of the world economy. This comparative study aims to analyze and compare the labor markets of Romania and Spain, two countries with different economies and cultures, but facing similar labor market problems.

The results of this study could be useful for researchers, politicians and managers in the field of employment and could contribute to the development of more effective public policies adapted to the needs of the labor market in the two countries.

Key words: *comparative management, international management, labor market, resources*

Jel classification: J53; M11; M54

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1. Introduction

This paper was based on an in-depth analysis of available labor market data and statistics in the two countries, as well as research and analysis of government documents and economic policies in the field of employment. By analyzing and comparing these aspects, this dissertation aims to provide the most complete overview of the labor markets in Romania and Spain and to identify their main trends and challenges.

The topic related to the study of the labor market in Romania and Spain is extremely current and relevant in the current context of the global economy. This is

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due to the impact of the COVID-19 pandemic on the labor market, labor migration, technological development and automation, as well as economic and social policy. This topic can be useful to evaluate the effects of the pandemic on the labor market in the two countries, the reasons for labor emigration, the adaptation of employees to new technologies and the identification of solutions to improve the situation on the labor market (Petrariu, R. I et al, 2023).

Over time, the content of the labor market has been the subject of optional theories, some supporting labor, while others favor other factors of production, such as capital or the natural factor.

The labor market arose and operates in close connection with the essential role that labor plays in economic-social development and with the general requirements of market and price theory. This market is a complex system of relationships, reflecting, for the most part, the interactions between people, as well as how they evolve in time and space, influencing the types of civilization that develop (Baskaran, 2022).

The labor market can be defined as an economic system in which labor is traded and the terms of employment and payment are determined through the interaction of labor supply and demand. This process involves salary negotiations and employee performance evaluation (Cristache, N., et al, 2023).

Labor is a distinctive characteristic of the human being, involving both physical and intellectual abilities, used for the purpose of producing an economic product or service (Pricopoaia, O., et al, 2023). The quality and value of this workforce is determined by the level of education and professional training.

2. Literature review

Comparative management is the science that studies managerial processes and relationships in organizations operating in different national cultural contexts, focusing on the identification and analysis of managerial similarities and differences, in order to favor the international transfer of managerial knowledge and the growth, functionality, effectiveness and efficiency of organizations (Bodislav& Buzoianu, 2020).

Comparative management responds to a wide range of needs, both individual and group, with the tendency to intensify, in line with the deepening of the social division of labor, the development of international relations and the increase in the role of information, which is also reflected in the significant increase in the role of focused comparative management on the valorization of managerial information approached contextually (Pauna et al, 2022).

Thus, management has an increasingly important role, often even decisive, comparative management representing one of the most precious conquests of the last decades in terms of the intensification and efficiency of economic, scientific and technical activities with an international character (Carlsen, 2021).

Dimitrov& Hadad (2022) studied a number of aspects regarding vacancies on the Romanian labor market. Anghel, Grigorescu and Dumbravă (2020) studied

the relationship between labor force and GDP. Anghelache and Anghel (2017) conducted an extensive analysis of labor resources in the EU. Jasova & Kaderabkova, B. (2021) studied the correlation between natural population movement and labor force. Georgescu & Herman (2019). Analyzed the main elements regarding the demographic evolution that. Donangelo (2014) and Kurmanov and colleagues (2017) focused on the effects of labor mobility. Pati (2023) referred to the effects of globalization on the workforce.

Dhokal & Burgess, (2020) carried out a spectral analysis of the evolution of the number of unemployed. Jacob (2019) applied the econometric tool in economic analyses. Maestas, Mullen, and Powell (2016) studied the correlation between population aging, the labor force, and economic growth. Neumark and Yen (2020) analyzed the implications of the size of older age groups on labor force participation.

Dokić & Jovanović (2019) addressed a number of issues regarding the effect of informal care and the implications for work and wages. Wonka, Baumgartner, Mahoney and Berkhout (2010) addressed a number of issues regarding interest groups in the European Union.

3. Results

The characteristics of the labor market in Romania and Spain are different and are influenced by cultural, economic and political factors specific to each country.

As for the labor market in Romania, it is characterized by the following elements: a relatively high level of unemployment, especially among young people and women; structure of the economy dominated by the service sector and a smaller presence of industry; significant increase in the IT sector and start-up businesses; relatively low levels of wages and poor working conditions in some sectors; an education system that needs to be modernized and improved to adapt to the demands of the labor market.

On the other hand, the labor market in Spain has the following characteristics: high unemployment rate, especially among young people and people with little education; a strongly developed tourism sector, which generates a significant number of jobs in the coastal regions; a construction sector that has suffered a severe crisis in recent years; tendency towards hiring young people with temporary contracts and lower wages; a higher level of wages compared to Romania, but with a significant difference between wages in higher and lower income regions.

Number of jobs available

Currently, the labor market in Romania and Spain is influenced by a number of economic, social and demographic factors, and one of these factors is the number of available jobs. In recent years, both countries have experienced a number of changes in terms of the number of jobs available, as well as in terms of labor market demand.

In the last quarter of 2023, the number of available jobs was 41.9 thousand, registering a decrease of 3.4 thousand compared to the previous quarter.

Compared to the same quarter of 2022, there was a decrease of 3.8 thousand in the number of vacancies and a decrease of 0.09 percentage points in the vacancy rate.

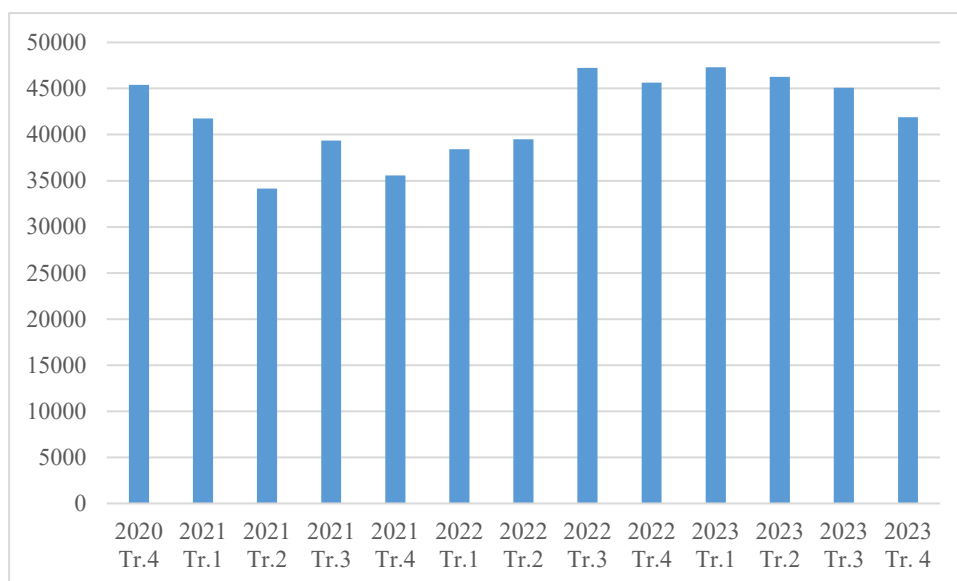


Figure 1. Rate and number of vacant jobs in Romania - fourth quarter 2020 - fourth quarter 2023

Source: National Institute of Statistics

In the last quarter of 2023, the highest percentages of available jobs were recorded in the public administration sector (1.61%), entertainment, culture and recreation (1.46%), transport and warehousing (1.44%), and in the water and waste sector, sanitation management and decontamination (1.41%).

From this chart we can conclude that the job market is starting to recover slightly as we notice that starting from the first quarter of 2023. The number of jobs started to decrease.

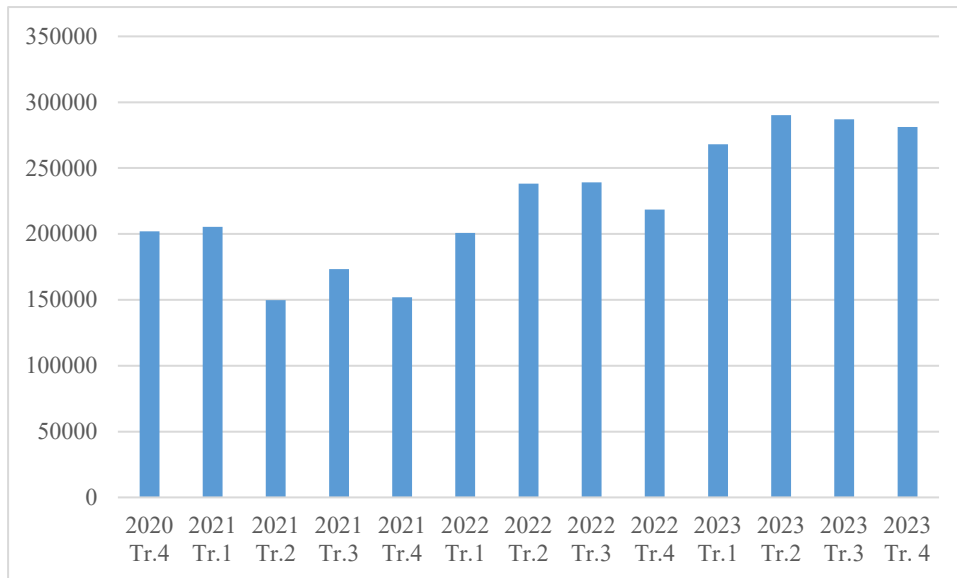


Figure 2. Rate and number of job vacancies - fourth quarter 2020 - fourth quarter 2023 in Spain

Source: INE-Instituto Nacional de Estadística

Comparing on the same level with the situation in Spain, we will clearly notice that there will be more jobs available there, due to the almost double area compared to Romania, as well as the population of over 47.3 million inhabitants.

From the graph above, we can see that during the analyzed period, the number of job vacancies fluctuated between 150,000 (quarters 2 and 4 of 2020) and 275,000 (last three quarters of 2022). This growth was due to several factors, including the economy, politics and labor market trends.

After the economic crisis of 2008, the Spanish economy recovered, thus increasing the number of vacant jobs in certain sectors of the economy. At the same time, political and economic decisions attracted foreign investments in the country, which led to the growth of economic power and the creation of new jobs. The government has supported staffing through various rulings, which have eliminated the payment of taxes for companies that hire young people or the long-term unemployed. All these aspects have led to an increase in the number of jobs available in Spain.

In Romania, the vacancy situation is influenced by the same factors as in Spain, namely the economy, politics and labor market trends

With the arrival of the pandemic, the number of jobs was also affected by labor market problems, one of the most important being the migration of young people and the lack of investors from important sectors of the economy.

Number of unemployed and unemployment rates

Unemployment can be defined as a situation where the demand for jobs is less than the number of people available and willing to work, leading to an imbalance in the labor market and a surplus of labor. In this case, there is a surplus of economically active people looking for a job.

From the beginning of 2008, with the financial crisis, until the end of 2010, the unemployment rate rose again towards 10%, but started to fall again, reaching the historical low of 2.69%- 234.757 unemployed.

In the period January 2020- December 2021, the situation of the unemployed in Romania was more or less constant, fluctuating between the values of 292.216 – 234.757. Although during this period the country was greatly affected by the COVID-19 pandemic, the number of unemployed did not experience a very large increase, but even a decrease.

However, from 2022, this value experienced a very large increase, reaching 474.785 unemployed at its peak.

Many businesses could no longer adapt to the economic market after the pandemic or simply the market sector no longer produced as before the pandemic and thus the bankruptcy of many companies intervened. At the same time, the unemployment rate increased a lot during the COVID-19 pandemic, while in 2022 it started to decrease (Anholon et al., 2021).

The definition of unemployment is a universally valid one and thus I will not define this term again for Spain. According to data provided by Spain's National Institute of Statistics, the average unemployment rate in Spain was 15.5% in 2021.

Despite the fact that it has fallen significantly from the high level recorded during the economic crisis of 2008-2013, it still remains one of the highest unemployment rates in Europe.

Studying the two graphs above, we notice that in Spain the unemployment situation was very serious during the pandemic, in contrast to Romania where in the same period the unemployment rate and the number of unemployed were constant.

In 2022, the unemployment situation in Romania worsened, and in Spain it decreased quite a lot, in some regions even halving.

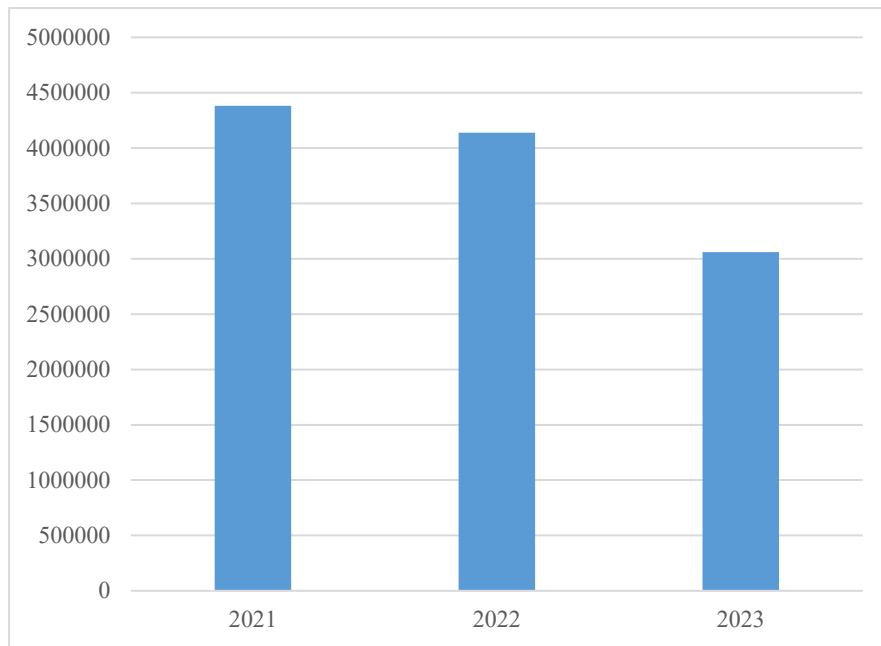


Figure 4. The situation of the number of unemployed in Spain in the period 2021-2023
Source: National Institute of Statistics

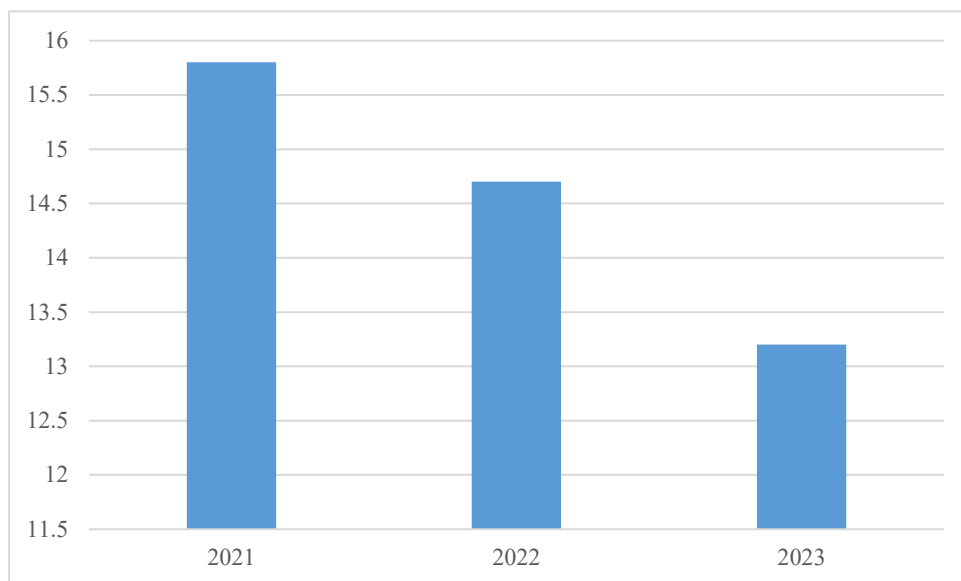


Figure 5. The unemployment rate in Romania between the years 2021-2023
Source: Instituto Nacional de Estadística

4. Discussion

4.1 Labor market trends in Romania/Spain

The labor market is constantly changing, influenced by a number of factors, such as the evolution of the economy, globalization, technology and legal regulations. In this context, it is important to analyze the labor market trends in Romania and Spain to better understand these changes and to anticipate the future directions of the labor market in these two countries.

This analysis will help us understand the needs of employers and employees and identify the current opportunities and challenges of the labor market in Romania and Spain.

4.2 Demographic changes and their effects on the labor market

In recent years, Romania has undergone significant changes in terms of the structure and evolution of its population, affecting the labor market as follows:

- **Population decrease**

In recent decades, Romania's population has registered a significant decrease, mainly caused by migration. Estimates from 2021 show that the population is approximately 19.5 million inhabitants.

The reduction in the number of inhabitants can produce a series of influences on the labor market in Romania, such as:

- Decrease in the labor force
- Decrease in consumption demand
- Increase in social costs
- Decrease in innovation
- Increased migration

The decrease in the population in Romania can lead to an increase in migration, especially since the country has a well-trained workforce with potential for development. However, such migration can have a negative impact on the economy by reducing production capacity and innovation capacity.

- Migration has been a significant trend in Romania in recent years, with large numbers of Romanians going abroad in search of better paying jobs. This trend has had the effect of reducing the number of available labor in the country, which has led to an increase in wages in some fields.

- **Urbanization**

In recent decades, Romania's urban population has grown significantly, and this trend is forecast to continue in the future. Currently, about 55% of the population lives in urban areas.

The population of Spain is constantly evolving in terms of numbers.

- Population growth- in 2021, the population of Spain reached approximately 47 million inhabitants, reflecting a significant increase in recent years.
- Population aging- one of the consequences of the increase in life expectancy in Spain is the aging of the population, and currently around 20.5% of the population is over 65 years old. The aging of the Spanish population can have various consequences for the labor market. As some workers end their careers and retire, the number of available workers may decrease and some fields may be affected by a lack of skilled labor.

- Migration

In recent years, Spain has attracted a significant number of migrants, especially from Spanish-speaking countries. However, the number of immigrants has decreased recently. At present, about 13.7% of the population consists of foreigners.

Population migration can have a significant impact on the labor market in Spain. On the one hand, it can bring into the country skilled labor from other countries, which can be advantageous for certain sectors that require specialists.

Overall, migration can be an important force of transformation and progress in the Spanish labor market, but proper management may be necessary to prevent problems such as discrimination and exploitation of migrant workers.

- Urbanization

In Spain, there is a clear urbanization trend, which has led to a significant increase in the urban population in recent decades. Currently, almost 4 out of 5 inhabitants of Spain live in urban areas, and this trend is expected to continue in the future.

The urbanization of the population can affect the labor market in Spain in various ways. First, the increase in the number of urban residents can generate new business opportunities and jobs in fields such as trade, construction or services. In conclusion, demographic changes have a significant influence on the labor market, both in Romania and in Spain.

4.3 The impact of technology and automation on jobs

In recent years, technology and automation have had a significant influence on the labor market in Romania. There are differing views on their effects on jobs, with some experts believing that automation may create new employment opportunities in the areas of technology and innovation, while others warn that it may lead to the loss of traditional jobs such as those in production and factories.

The manufacturing industry, especially automobile manufacturing, is an example of an industry that has been heavily affected by automation. By upgrading production lines with robots and advanced technology, manufacturers have reduced the need for manual labor.

Automation can have both a negative and a positive impact on the labor market, and an example of a sector that has benefited from it in Romania is the technology industry.

In recent years, it has seen significant growth, leading to the creation of new jobs in areas such as IT, programming, data analysis and cyber security. Overall, automation will continue to significantly influence the labor market in Romania and it will be crucial that employees are prepared to adapt to the changes and improve their skills and competencies to meet the new demands of the labor market.

In Romania, technology and automation have a significant impact mainly in the fields of IT, financial services, manufacturing, trade and the food industry.

Automation has had a significant impact on the manufacturing industry, reducing the need for manual labor, especially in factories and the automotive sector. At the same time, technology has improved production and distribution processes in the food industry, leading to increased efficiency and reduced costs.

The financial sector has undergone a significant transformation thanks to technology, which has enabled the development of new products and services, such as electronic payment and online banking.

These innovations have reduced the need to visit a physical bank and enabled access to financial services from anywhere, thereby improving efficiency and convenience. Technology and automation have brought significant changes to the commerce sector, with a rise in e-commerce and online stores such as and an improvement in sales and distribution processes.

In recent years, technology and automation have brought about a fundamental change in the way many industries in Spain operate, with a significant impact on jobs.

Automation in the manufacturing industry has led to a significant decrease in the number of jobs, as machines are able to perform many tasks faster and more efficiently than humans. As a result, this has caused a decline in jobs in factories and other manufacturing industries.

Automation has had a significant effect on Spain's workforce, especially in the manufacturing sector. With the introduction of automation and robotization in production processes, many manual jobs, which required the use of basic skills, were replaced by machines, which led to a significant decrease in the number of employees in this sector.

Automation has created new employment opportunities for skilled workers such as engineers, programmers and maintenance technicians who are indispensable in designing, implementing and maintaining the automation system.

In contrast, automation has increased productivity and efficiency in the manufacturing industry, giving companies greater competitiveness in the marketplace. This development has helped to increase incomes and generate new jobs in other areas.

Technology and automation have a significant impact on the labor market in Romania and Spain, having both advantages and disadvantages. On the one hand, the introduction of technology and automation can lead to increased productivity,

improved working conditions and the creation of new employment opportunities for skilled workers.

In order to ensure economic and social stability and sustainability, it is crucial to find an appropriate balance between the introduction of technology and automation and the maintenance of a sufficient number of jobs. It is essential to provide training and retraining for workers who are affected by changes in the labor market so that they can adapt to new employment opportunities.

In addition, it is important to consider the social and psychological impact of job loss for them. This can ensure a gradual and sustainable transition to an economy based on technology and automation.

4.4 Trends in job types and required qualifications

With the adaptation of the economies of Romania and Spain to the new technological and economic trends, there is a rapid change in the requirements and types of jobs. These trends have a significant impact on the labor market, affecting both companies and job seekers.

Next, some of the major trends in job types and skill requirements in Romania and Spain will be examined.

In recent years, economic and technological transformations have influenced trends regarding job types and qualification requirements in Romania. These include:

- Digitization and automation of work processes- the adoption of technology and automation to increase efficiency and productivity is a global trend that has had a significant impact on the labor market in Romania.
- The growth of the services sector - the services sector has experienced significant growth in recent years in several countries, including Romania. This trend has led to an increased demand for skilled workers in various fields of activity, such as tourism, financial services, health and education.
- Increased demand for specialized workers - more companies today want specialized workers in a certain field or with experience in a certain sector, due to the increased competitiveness in the market and the need to have employees who contribute to innovation and growth.
- The tendency to seek flexible work options- an increasing number of people are looking for work options that allow them some flexibility, such as remote or home working. This trend has been amplified by the pandemic and has had a greater impact on the IT&C and services industry.

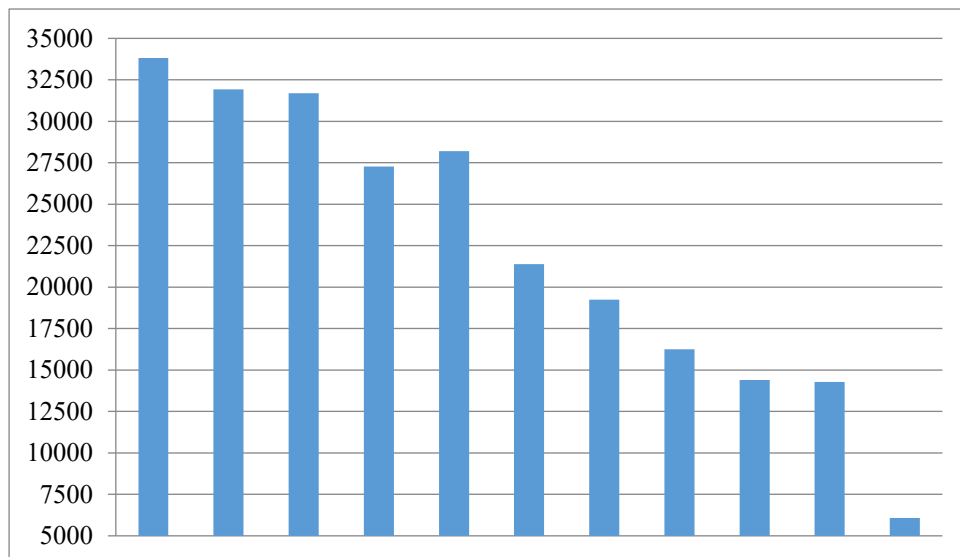


Figure 6. Jobs sought in Romania in January 2023

Data processed by ANOFM

From this graph it can be observed that the most jobs are for unskilled workers in various fields, that is, about 100,000 job vacancies. One reason for this reality could be the rather low pay for these jobs. Communication skills are considered essential in a knowledge-based economy and in dynamic and interconnected work environments.

One of the major trends observed in Spain is the significant increase in demand for technology and IT jobs, which require specialized skills such as programming, data analysis and software development.

There is also an increase in demand for skilled engineering workers, particularly in renewable energy and green construction.

The tourism industry remains a key sector in Spain, generating a significant volume of jobs for those with language and communication skills, as well as service and customer relations expertise. A trend in Spain is increasing demand for health and aged care workers due to the aging population and the need for specialist medical care.

In general, there is an increase in demand for specialized workers with a high level of skill, while the demand for jobs with minimum skill requirements or involving manual labor is decreasing.

In conclusion, the last years have brought significant changes to the labor market in Romania and Spain, with varied trends. In both countries, there is a growing demand for skilled workers in various fields such as technology and IT, engineering, services, tourism and health care.

In addition to the increase in demand for specialized workers, there is also a trend towards digitization and automation in work processes, leading to a higher demand for workers with technological skills in Romania and Spain. In contrast, demand for manual or unskilled jobs is declining. In general, there is a trend towards

greater demand for specialized workers with higher skill levels. These trends have been accentuated by the pandemic and are forecast to continue in the near future.

5. Conclusion

By choosing the topic Comparative analysis between the labor market in Romania and Spain, we wanted to highlight the very great similarities between the societies of two countries opposite in terms of geographical location, as well as economies. Geographically, Romania is in the poorer part of Europe, in the eastern part, while Spain is in the richer part of Europe, in the west.

Spain is considered to be a much more developed country than Romania, but the last economic crises and the pandemic have greatly affected the economies of states, but especially of larger states that have problems with migration. Spain is a country very affected by migration, being also on the border with North Africa.

Thus, in the study carried out on the basis of this theme, in the first chapter we addressed the term labor market both for our country and for Spain. We talked about the content and importance of the labor market, as well as the system of its operation.

There is primarily a trend towards the demand for specialized and highly skilled workers in areas such as programming, data analysis and software development.

There is also a growing demand for skilled workers in important sectors such as industry, tourism, health and aged care. At the same time, both countries are experiencing a downward trend in demand for jobs that require minimum skill levels or manual labor.

On the other hand, in Romania, the service sector is experiencing a significant expansion, which leads to an increase in the demand for qualified workers in areas such as tourism, financial services, health and education. At the same time, in Spain, the technology and IT sector is developing rapidly, generating an increased demand for workers with specialized skills in programming, data analysis and software development.

In addition, both Romania and Spain are experiencing an increasing trend in demand for flexible working and communication and collaboration skills, as the work environment becomes increasingly diverse and dynamic.

Overall, it can be seen that the labor market in Romania and Spain is in continuous development, and workers who possess the skills and qualifications required by the current market are more likely to access safe and well-paid jobs.

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