

ANALYSIS ON THE EFFICIENT USE OF LABOR FORCE

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Abstract:

In Romania, the transition to a market economy required the restructuring of the state-owned centralized economy. This restructuring resulted in massive layoffs, followed by remedial social policies: occupational retraining programs, early retirement, severance pay and services. In the Europe 2020 Strategy, in order to reach to an efficient Europe, in terms of its use of resources, the EU promotes the transition to a sustainable growth based on the proficient use of resources. The most important phenomena, affecting the labor market, are the constant population decline, the aging population and also a growing dependency percentage of the elderly.

Keywords: labor force, unemployment, occupational structure

JEL classification: J100 Demographic Economics: General

INTRODUCTION

The fundamental aspect of the existence and evolution of an economic system is represented by the size, structure and quality of human resources. The number and, especially, the quality of human resources determine the size of economic and social activities.

Also, the development of a society largely influence the demographic phenomena (birth, death, health, etc.), by directly conditioning the number and structure of the population (Constantin, Pârlog & Lilea, 2002).

The concept of employment is extremely complex, essential to human nature.

Employment is defined as including any type of the following activities: work rewarded with salaries, entrepreneurship and self-employment, housework, volunteering and any activities on the labor market (Preoteasa, 2008)

In what regards the employment strategy, one must consider the two following dimensions, namely: the quantitative one, referring to the creation of new jobs, but also the qualitative one, referring to the monitoring and improvement of the job quality.

MATERIAL AND METHODS

There are indicators referring to employment and reliance, availability of jobs, occupational structure, proportion and average duration of unemployment, etc. At the same time, there are studies on the quality of work and these include the following indicators: conditions, the nature and content of work, working hours, labor relations, structure, management, material rewards and other benefits, employment outcomes and satisfaction. (Preoteasa, 2008)

The employed population refers to all the individuals, both employees and self-employed, engaged in a productive activity, within the limits of production, in the European System of Accounts (ESA). (Anghelache, Anghelache, Prodan & Manole, 2013)

In Romania, the transition to a market economy required the restructuring of the state-owned centralized economy. This restructuring resulted in massive layoffs, followed by remedial social policies: occupational retraining programs, early retirement, severance pay and services.

The changes that took place after 1990, have led to major social changes in our country, related to the transition to a market economy. This has generated both economic changes and the need to implement a social protection system, able to prevent the economic effects on the population.

Since the pre-accession period, Romania's integration into the European Union has required the adaptation of its social policies to the values and the policy of the EU.

Employment is a main objective of the European Union. The governments of the Member States decided to support the development of a coordinated EU strategy on employment. This strategy has two dimensions, namely: the quantitative one, referring to the creation of new jobs, and the qualitative one, regarding the supervision and optimization of the quality of jobs.

In the Europe 2020 Strategy, in order to reach to an efficient Europe, in terms of its use of resources, the EU promotes the transition to a sustainable growth based on the proficient use of resources.

Natural resources are elementary for the European economy and the quality of life. Crucial to ensuring growth and jobs in Europe is to promote a more efficient use of resources.

The main objective is to strengthen investor confidence, promote innovation and also the efficient utilization of resources. (Comisia Europeană Europe 2020, 2013)

The potential and quality of human resources are important to the organization's performance and its success depends on how members are implementing these objectives.

RESULTS AND DISCUSSION

Romania is still far from achieving the EU 2020 target set by the National Reform Program, which specifies an employment rate of 70% by 2020. In 2012, Romania was faced with an employment rate of 59.5% and serious issues in the labor market. Given the growing gap with respect to the EU average and also the current trends in employment, it is unlikely that the national target for 2020 is likely to be achieved. (Proiect cofinanțat din Fondul European de Dezvoltare Regională prin POAT 2007-2013, 2013)

Table 1
Employment indicators

| Indicators | 2007 | 2010 | 2012 | 2007-2012 |
|---|-------------|-------------|-------------|------------------|
| Total population (15-64 ani) (1.000) | 15.046.3 | 14.999.4 | 14.928.3 | -0.8 |
| Active population (1.000) | 9.994.1 | 9.964.6 | 9.964.1 | -0.3 |
| Employed population (15-64 years) (1.000) | 8.842.5 | 8.822.0 | 8.885.6 | +0.5 |
| Inactive population (15-64 years) (1.000) | 5.563.6 | 5.452.7 | 5.341.8 | -4.0 |

| Indicators | 2007 | 2010 | 2012 | 2007-2012 |
|-------------------------------------|-------------|-------------|-------------|------------------|
| Unemployment (total) (1.000) | 641 | 725 | 701 | +9.4 |
| Activity percentage (15-64 ani) (%) | 63.0 | 63.6 | 64.2 | +1.2 |
| Employment rate (15-64 ani) (%) | 58.8 | 58.8 | 59.5 | +0,7 |
| Unemployment rate (total) (%) | 6.4 | 7.3 | 7.0 | +0.6 |

Source: Proiect cofinanțat din Fondul European de Dezvoltare Regională prin POAT 2007-2013, 2013

According to the data presented, it results that, during the period 2007-2012, there was a decrease in the total population aged 15-64 years, a reduction of the active and the inactive population of the same age group. In the same period, there was an increase in the number of the unemployed population and the unemployment rate as well.

The most important phenomena, affecting the labor market, are the constant population decline, the aging population and also a growing dependency percentage of the elderly.

Over the last two decades, significant changes occurred in the population structure. According to the National Institute of Statistics, from 1990-2010, the share of young population aged between 0 and 19 years, decreased, significantly, from 31.7% in 1990, to 20.8% in 2010, and the number of people aged over 64 years, increased from 10.4% in 1990, to 14.9% in 2010.

Table 2

Activity rates (age 15-64) in Romania and EU27 during the period 2007-2012

| Country | 2007 | 2010 | 2012 |
|----------------|-------------|-------------|-------------|
| Romania | 63.0 | 63.6 | 64.2 |
| EU 27 | 70.3 | 70.9 | 71.7 |

Source: Proiect cofinanțat din Fondul European de Dezvoltare Regională prin POAT 2007-2013, 2013

According to the described data, during the period 2007-2012, there was a slight increase in the employment rates, for people aged between 15 and 64 years, both in our country and in the European Union.

Most of the aging population registers declining activity rates. Thus, in 2011, for people within the age group 55-64, the activity rate was only 41.5%, compared to the national average, which was 63.3%. For women in this age group, the rate was 32.7% in 2011, compared to a rate of 51.6% among men. These rates showed values about 10% below the EU average, for the same categories.

Overcoming this particular situation requires the application of methods to promote the active aging phenomenon and the involvement of elderly citizens in the labor market, but also the encouragement of youth participation in the labor market.

Within the total population aged 20 to 64 years, only 62.8% were active in the labor market in 2011. This value was slightly below the EU average, which, in the same year, reached an employment rate of 68.6%.

Given the value of the employment rate in Romania, one can notice that it is far from reaching the EU 2020 target in terms of an employment rate of 70% of persons aged 20-64 years. (Proiect cofinanțat din Fondul European de Dezvoltare Regională prin POAT 2007-2013, 2013)

According to the data from the National Statistics Institute, there are significant regional disparities in terms of employment rates. Thus, the region with the highest employment rate was Bucharest-Ilfov, with 68.2% in 2011, and the lowest employment rate was found in the Central region, with 56.5% in the same year. In the West, the employment rate, in 2011, was 62.9%.

Differences in what regards the rate of employment exist between rural and urban areas. According to the data provided by the National Institute of Statistics, in 2011, for people aged between 15 and 24 years, there was an employment rate of 17.8% in urban areas and 30.5% in rural areas, the differences being significant.

In what concerns the employment rate of young people aged 15-24 years, there are also significant differences to be noticed. The average rate in the EU, in 2011, was 42.6% and in Romania, in the same year, the employment rate among young people, registered a value of 31.1%, with 11% less.

The lowest regional employment rates were registered in the West (27.9%) and in the North-West (27.6%), while, in the North-East (36.4%) and South-Muntenia (34.5%), all the values were above the national average.

The most important disparities were registered between the employment rate of young men and women, both in Romania as well as opposed to the European average. Therefore, the employment rate for young men, with ages between 15 and 24 years, was 35.3% in 2011, up to 9 percentage points higher than the one of young women of the same age group (26.7%). The two rates are far below the values across Europe.

Table 3
Employment rates of people aged 15-24 years in Romania and the EU in the years 2007 and 2011

| Total | 2007 | 2011 |
|--------------|-------------|-------------|
| UE | 44.1 | 42.6 |
| Romania | 30.5 | 31.1 |
| Women | 2007 | 2011 |
| UE | 40.6 | 39.5 |
| Romania | 24.9 | 26.7 |
| Men | 2007 | 2011 |
| UE | 47.5 | 45.6 |
| Romania | 35.9 | 35.3 |

Source: Proiect cofinanțat din Fondul European de Dezvoltare Regională prin POAT 2007-2013, 2013

Compared to the European average, where young women, aged 15-24 years, are concerned, the differences are of 13 percentage points and for young men in the same age group, the differences are of 10 percentage points.

According to the National Institute of Statistics, in 2007-2011, there was an increase in the number of young people not engaged in any form of education, employment and training.

In Romania, in 2007, a percentage of 16% of people aged 18-24 years were not engaged in any form of education, employment and training. In 2011, the percentage increased to 20.9%. Within the European Union, the percentage of young people aged 18-24, unemployed in any form of education, employment and training, was 14.1% in 2007, and this percentage increased to 16.7% in 2011. As a result, it can be noticed that there are significant differences between Romania and the EU in terms of this indicator.

On a regional level, there are significant disparities, a very high rate of people not engaged in any form of education, employment and training, within the total population in the Central region there was a 33.5% rate, registered in 2011, and a relatively low rate (15.7%) in the West.

The employment rate values are reduced in people with low education.

Globalization has caused significant changes in the occupational structure of Romania, namely new occupations have emerged and have changed the content of others. In some industries, some occupations have become priorities, while others have remained outdated and have even disappeared. (Proiect cofinanțat din Fondul Social European prin Programul Operațional Sectorial Dezvoltarea Resurselor Umane 2007-2013, 2012)

In order to improve the education system, it is necessary to promote the retraining and the rehabilitation of people with low education levels.

Regarding productivity, Romania still lags behind the other EU countries. The main reasons underlying these differences are the significant differences in terms of structure, the distribution of labor between the main sectors of the economy. (Proiect cofinanțat din Fondul European de Dezvoltare Regională prin POAT 2007-2013, 2013)

In recent years, due to the migration of large numbers of people from rural areas to more developed EU Member States, there has been a decline of the employed population in agriculture, leading to 29% in 2011. However, this value is high compared to the value in the EU, which was 4.7% in 2010.

In the industry, employment, in 2011, was 28%, the percentage being closer to the EU average.

Productivity in Romania is very low compared to other EU countries. Our country has 1.5-2 times lower values compared to other former communist countries, except Bulgaria, and the value is 2.5 up to 6.5 times lower than in other Western countries.

CONCLUSIONS

The employment situation in Romania is threatened by two major events, namely: the aging population and the constant labor migration.

The Romanian economy as a whole needs to reach an optimal level of employment.

For the purpose of implementing several development strategies for efficient human resources, it is crucial to improve the functioning of public administration and other bodies that manage the developing of human resource improvement strategies.

In order to overcome the current issues on the labor market, various reforms are required, in terms of the reintegration and the continuity of work for vulnerable groups, namely low-skilled individuals, young people, old and disabled people as well.

A more proficient use of resources will improve productivity and will also reduce costs, at the same time, creating significant economic opportunities and boosting competitiveness.

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