

Challenges of the Labor Market in Romania

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Abstract: *The present study constitutes a quantitative and qualitative analysis of the Romanian labor market, based on the existing studies, as well as the data provided by the National Institute of Statistics and Eurostat. The analysis considers the main indicators that characterize the supply and demand of work in Romania during the last 10 years (active population, employed population, unemployed BIM, inactive population, vacant jobs, wage costs, labor productivity). Although the development of the labor market in our country is noticeable, the study also highlights its main problems: population aging, labor shortages and intelligence migration, difficult access to the market for young people, women and other vulnerable groups, problems that require sustainable measures leading to stopping the demographic decline and optimizing the potential of the workforce.*

Keywords: *labor market, active population, employed, unemployed*

Introduction

The labor market is the meeting place, confrontation and negotiation of the demand with the job offer. The labor force is currently undergoing major changes: the relative reduction of working time by accelerating the substitution of labor with capital; increasing the role of the intellectual effort in the production processes, resulting in the replacement of the living work with the automation and robotization processes; increasing the expenses with the formation and improvement of the labor resource, etc. The influence of all these changes can be found on the labor market.

1. Theoretical Considerations on the Labor Market

1.1. Labor Force, Main Factor of Production

Any activity that takes place within a national economy involves attracting, combining and consuming, under certain conditions and quantities, the factors of production (labor, nature and capital). *Work is the active and determining factor of any human activity. Work, as it is actually seen, is only the labor force in action, the realization of man's ability to work. The concept of labor force refers to all the physical and intellectual abilities that the body possesses the living personality of man, and which man puts into operation when he produces values of use of some kind (Karl Marx).* These skills exist latently, as potential. They manifest themselves, become real, only in a concrete activity, which is work.

It follows, therefore, that labor without labor cannot exist; the opposite situation, labor without labor, can exist. The proof is the unemployed, who have physical and intellectual skills, have the capacity to work, although they do not work.

In order for the labor force to manifest, to take action and to become a reality, it is necessary to fulfill a basic condition - the existence of the means of production. Only the union of the labor force with the means of production creates the possibility of work. Between these two elements indispensable to any work process, the workforce is the most important, being the only active element, creator of goods and new value. In the absence of the labor force all the other material elements, the means of work and the objects of work, remain inanimate.

It follows, therefore, that the labor force is the main factor of production. It ensures the training of the other factors in carrying out the activities, resulting in their efficient combination and use.

The workforce can be approached in quantitative, qualitative and structural terms.

From a *quantitative point of view*, at the level of the whole economy, the labor force is expressed by the size (number) of the population - the totality of the people who possess all the physical and intellectual characteristics in order to carry out a useful activity in one of the activities of the national economy. The labor resources are determined as the difference between the population within the working age limits and the population within the working age limits but unable to carry out a useful activity, to which the population is added outside the working age limits, but working.

The *working population* is the main segment of the labor supply and is known in the specialized literature and as a potentially active population. It comprises the population of those age groups in which significant activity rates are recorded.

In each country, the labor legislation provides for the minimum and maximum age that a person must have in order to enter or leave the activity. From this point of view there are great differences from one country to another 14 (15) - 60 (65) years.

Other indicators that quantitatively characterize the labor force are:

- the *active population*, from an economic point of view, includes all persons able to work, who, within a specified reference period, provide available labor force (used or unused) for the production of goods and services in the national economy;
- the *employed population* - represents the most important component of the active population. It is the actual producer of the goods and services necessary for the existence of the whole society. At the same time, the employed population measures the demand for labor force in the labor market;
- the *unemployed* (the unemployed active population);
- the *inactive population* (the population in vocational training, household, maintenance and other categories of population).

From a *qualitative point of view*, the labor force is differentiated by several characteristics: the level of professional and cultural training, the degree of qualification, skill etc.

The *structure* of the workforce can be analyzed using various grouping criteria, such as: employment, sex, level of training, branch of activity etc.

The role of the first importance of human resources, both at the level of the whole society and at the level of each organization, is recognized and argued by many scientists, as well as by the managerial practice of the competitive organizations at national and international level. Among the main elements that prove it are the following:

- a) The workforce is the sure creator of value of use. In fact, the company represents the basic economic cell of the company in which people create products and services.
- b) The human resource is the only creator, not only from an economic point of view, but also from a spiritual, scientific point of view. The generation of new ideas embodied in products, technologies, management methods, new organizational solutions and others is the exclusive domain of man.
- c) The effectiveness and efficiency of the use of material and information resources depend to a large extent on human resources. The practice of economic activity reveals not a few situations when enterprises, endowed with the same technical-financial and informational or at very close levels, obtain significantly different economic performances" [5, 449].

Methodologically, the Romanian statistics distribute the persons who are part of the active and occupied population, by sexes and ages, by activities of the national economy, by forms of ownership, by level of education, by groups of occupations and by professional status, by branches and sub-branches of activity, on social-economic sectors.

1.2. Labor Market. Demand and Supply of Work

According to the Explanatory Dictionary of the Romanian language, the market is an "economic category of the production of goods in which it finds expression all the documents of sale-purchase seen in the organic unit with the relations they generate and in connection with the space in which they are carried out."

In the most general sense, the market is the meeting place where the sellers 'offers meet the buyers' demands; they are adjusted to a certain price. In other words, the market represents a way of confronting the supply with the demand, in order to realize an exchange of services, products or capital.

In the modern sense, the market appears as a "set of means of communication, through which the sellers and the buyers inform each other about what they have, what they need and the prices requested and proposed for the conclusion of transactions" [3, 68].

If we refer to the labor force as a commodity, we will define the labor or labor market.

The specialized literature gives us definitions for this concept.

Thus, "the *labor market* or the *labor force market* can be defined first of all, as the economic space in which they meet, negotiate and freely negotiate the demand for labor (capital holders, as buyers) and the supply, represented by the owners of labor force. It therefore presents itself as a system of relations and transactions that ensure, through specific mechanisms - above all through salary and negotiation - balancing the workforce" [2, 319].

In other words, the *labor market* can be defined as "meeting place, in space and time, on the total and on the structure, of the demand for work with the job offer" [4].

We can also define *the labor force market* as the whole of the economic relations regarding the employment and use of the labor force, as well as regarding the social protection of the owners of this special commodity.

As in any "market" and on the labor market, the two elements "demand" and "supply" are confronted. That is, employers, as carriers of the demand for work with carriers of the job offer - the workers.

The *demand for work* represents the amount of work that employers are willing to purchase at different levels of the salary, to carry out their activity in whatever area of the national economy; this is expressed by the number of jobs offered by them.

The *job offer* represents the amount of work that the active population, available for work, is willing to perform at different levels of salary; this is expressed by the demand for jobs.

Employment providers include both the already employed and the job seekers, the unemployed.

Like the other markets, the labor market presents a very complex content, a fact highlighted by the functions it performs within the modern market economy.

The *main functions* of the labor market, which are found and manifested in all national economies, are economic, social and educational in nature:

- ensures the allocation of labor resources, by branches and sectors of activity, in the territory and by professions, in accordance with the volume and structure of the demand for work;
- ensures the combination of two factors of production, capital and labor, factors that are owned by different economic agents;

- influences the formation and distribution of specific incomes for the combined factors of production, respectively profit and salary;
- ensures the achievement of a training-educational framework (through measures, regulations and information) in order to orientate, improve, retrain and professional re-conversion of the workforce.

Strictly from the point of view of social protection and assistance, the labor market fulfils at national, local and local level, the following functions [1, 71-72]:

- informing the employer about the volume of the workforce willing to be hired, its socio-professional structure and the employees or unemployed interested to know the available places for which they can apply to be hired; information on the fluctuation of the labor force by trades and causes; salaries, by companies and trades, working conditions, promotion prospects, possibilities of retraining and graduation;
- granting social assistance to the social partners when negotiations are being carried out in order to conclude collective labor contracts or conciliation negotiations when labor conflicts are seen or have occurred, through the specialized bodies of the state;
- elaboration of forecast studies, by the mentioned bodies, regarding the evolution of the labor market in each locality, to be made available to social partners and educational institutions; based on these, certain phenomena can be predicted in a timely manner and measures can be taken to stimulate the positive and the negative ones;
- social protection".

The contemporary labor market is a contractual, participatory market in which negotiation and contract are fundamental instruments for regulating the demand and supply of labor.

1.3. Employment and Unemployment, the Two Sides of the Labor Market

From the confrontation, on the labor market, of the demand with the supply of labor force, it results a certain degree of employment and unemployment.

The active population has two components: the employed population and the unemployed.

Occupation indicates the level at which the active population carries out an economic or social activity producing goods or services in one of the branches of the national economy; the activity carried out must be income in the form of salaries, payment in kind or other benefits.

It is expressed by means of the indicator "employment rate of the active population", which is calculated as a ratio between the number of employed persons and the number of active population.

There are other employment indicators as well:

- *Gross employment rate*, calculated as a ratio between the number of employed persons and the number of population;
- *Specific employment rates* calculated for certain categories of the population.

The employment rate, regardless of the indicator used, is a key barometer for studying the evolutions in the labor market.

From the point of view of the labor market, unemployment represents an excess supply of the labor force.

The unemployed, according to the international definition (International Labor Office), are persons aged 15-64 years who simultaneously fulfill the following 3 conditions: (i) they do not have a job; (ii) are available to begin work within the next two weeks; (iii) have been actively searching for a job, at any time during the last four weeks.

Registered unemployed are the persons who are in the records of the National Agency for Employment (NAE) and who benefit from the provisions of the legislation regarding the social protection of the unemployed.

There is no equality between the two types of statistical indicators (unemployment by international definition and registered unemployment) since the data sources, concepts, definitions and scope, as well as the measurement methods, is different.

The analysis of the data on the unemployed, recorded in the two modes, gives a complex picture on the Romanian labor market.

Unemployment can be characterized by several indicators:

- *the level of unemployment* that is determined either in absolute quantities (number of unemployed or the mass of unemployment) or in relative quantities (unemployment rate). The unemployment rate is sometimes determined as a ratio between the number of unemployed and the number of the employed population, and other times as a ratio between the number of unemployed and the number of the active or available population (the expression is usually as a percentage);
- *the intensity* with which it manifests, the unemployment being:
 - total, by losing the job and ceasing the activity;
 - partly, by diminishing the activity under the conditions of reducing the working week and correspondingly reducing the salary;
 - disguised, especially in poorly developed countries, where many people have apparent activity, with low efficiency;
- *the duration*, which represents the period from the moment of losing the job or diminishing the activity until its normal resumption;
- *structure*, respectively grouping by age, qualification level, gender, race etc.

The analysis of the current unemployment confirms the very complex character of this phenomenon, but at the same time, it requires the finding of particularities in countries and short periods of time.

Unemployment is a contemporary, complex, comprehensive phenomenon that includes within its sphere economic, social, political, psychological and moral aspects.

2. Statistical Analysis of Labor Force Indicators for 2009-2018

The study aims to determine the current stage of development of the labor market, on its two correlative sides, the supply and demand of labor force, by analyzing the main indicators that characterize it: the active population, the activity rate, the employed population, the employment rate, BIM unemployed, unemployment rate, inactive population, vacancies, wages, labor productivity. The analysis is performed for the period 2009-2018. The information used is obtained from the Tempo online statistical database of the National Institute of Statistics and from Eurostat.

a.) Economically active population

In 2018, the active population was 9,068,217 people, down from 2009 (-508,174 persons). Majority weights for the period analyzed in the total active population are held by the male and those residing in the urban area. (Table no. 1)

Of the active persons, the working age persons (15 and 64 years) hold weights between 95.6% (2009) and 96.6% (2018) respectively (see table no. 2). The highest weight in the employed population is between 35 and 49 years old (39.4% in 2009, respectively 40.8% in 2018), and the smallest population of 65 years, and over. The share of young people between the ages of 15 and 24 is decreasing during the analyzed period, from 8.9% in 2009 to 6.5% in 2018.

Table no. 1
Economically active population by urban/rural area and by sex

	<i>Number of persons</i>									
	Years									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Total	9576391	9364524	9187574	9232261	9202116	9242420	9159296	8978646	9119887	9068217
Urban	5102612	5047735	5057050	5036731	5022115	5077590	5012926	4962391	4993797	4954747
Rural	4473779	4316788	4130525	4195530	4180001	4164831	4146370	4016255	4126090	4113469
Male	5428423	5279967	5131638	5181335	5190963	5227881	5243245	5145030	5183612	5185121
Female	4147968	4084557	4055936	4050926	4011153	4014539	3916051	3833616	3936275	3883096

Source: National Institute of Statistics, Tempo Online Statistical Data Base, Economically active population by urban/rural area and by sex

Table no. 2
Economically active population by age group

Age group	<i>Percentage</i>									
	Years									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
15-64 years	95.6	95.7	95.8	95.8	96	96.1	96.7	96.8	96.6	96.6
15-24 years	8.9	8.2	7.9	7.8	7.4	7	7.1	6.3	6.7	6.5
25- 34 years	25	24.4	24	23.8	23.5	23.6	23.4	22.5	22	21.4
35 - 49 years	39.4	39	38.4	38.8	39.4	40.2	41.1	41.3	42.3	40.8
50 - 64 years	22.4	22	21.5	22.1	22	22	20.8	20.7	21	22.7
65 years and over	4.4	4.2	4.1	4	3.9	3.8	3.1	3	3.2	3.2

Source: National Institute of Statistics, Tempo Online Statistical Data Base, Economically active population by age group, Number of persons

The activity rate of the working age population had a positive evolution, from 65.9% in 2009 to 67.8% in 2018, registering higher levels for the male population compared to the female population during the whole analyzed period. Regarding the area of residence, during the period there is a shift from the rural to the urban environment. (Table no. 3)

Table no. 3
Activity rate of the working age population (15-64 years)
by urban / rural area and by sex

	<i>Percentage</i>									
	Years									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Total	65,9	64,9	64,1	64,8	64,9	65,7	66,1	65,6	67,3	67,8
Urban	63,8	63,5	63,9	64,1	64,5	65,8	65,9	66,4	67,9	68,4
Rural	68,9	66,8	64,4	65,8	65,5	65,5	66,4	64,6	66,6	66,9
Male	75,1	73,7	72,1	73,2	73,4	74,3	75,3	74,8	76,2	76,9
Female	56,7	56,2	56,1	56,4	56,3	56,9	56,7	56,2	58,2	58,3

Source: National Institute of Statistics, Tempo Online Statistical Data Base, Activity rate by urban/rural area and by sex

By age groups, the activity rate of adults (25-54 years) was much higher (between 80.9% in 2011 and 83.6% in 2018), compared to other age groups: young people between 15-24 years - with a decreasing trend from 2009(33.4%) to 29.5% in 2018, people aged 55-64 - between 41.4% (2011) and 47% (2018) and persons aged 65 and over (8.6% in 2018). By sex, a majority of the male population is compared to the female population in all age groups.

By development regions, in 2018, the highest activity rates for the elderly were registered in the Bucharest - Ilfov Region (74%) and the North-East Region, and the lowest in the Central Region (61.6%) (Table no. 4).

Table no. 4
Activity rate of working age population by development regions

Development regions	Percentage									
	Years									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
TOTAL	65,9	64,9	64,1	64,8	64,9	65,7	66,1	65,6	67,3	67,8
NORTH - WEST	63,6	64,2	63,4	65,4	65,7	66,4	66,6	66,9	68,9	69
CENTER	63,4	60,4	59,3	59,3	60	60,4	61,2	61,6	63,4	61,6
NORD-EAST	70,8	68,6	68,3	68,8	69,3	69,9	72,8	71,3	72,2	73,7
SUD-EAST	62,8	62,4	61,4	62	60,9	60,9	63,3	61,3	61,7	63,1
EAST-MUNTENIA	67,4	66,5	63	64,6	66,1	66,8	66,9	66,1	67,6	67,9
BUCURESTI-ILFOV	66,6	67,2	68,2	68,2	68,1	69,5	69,9	71,2	73,2	74
SUD-WEST OLTENIA	67,6	66,1	66,4	66,7	65,1	66,8	62,9	62,2	66,4	67
WEST	63,4	62	61,7	61,6	61,8	62,4	61	60,1	61,7	62

Source: National Institute of Statistics, Tempo Online Statistical Data Base, Activity rate by development regions

b.) Employment

The employed population also registered a decrease in the analyzed period from 8,952,355 persons in 2009 to 8,688,539 persons in 2018 (-263,816 persons); of these, the working age (15-64 years) represents the most important part (96.5% in 2018).

Regarding the distribution of the employed population by residence and sexes during the analyzed period (table no. 5), it is observed a majority of the population employed in the urban area (55% in 2018 compared to 53% in 2009) compared to the rural one (decreasing since 47% in 2009 to 45% in 2008) and the masculine one (56%) compared to the feminine one (44%).

Table no. 5
Employment by urban/rural area and by sex

	Number of persons									
	Periods									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Total	8952355	8712829	8528149	8605052	8549132	8613739	8535386	8448777	8670556	8688539
Urban	4716636	4604642	4623179	4617704	4587129	4668740	4662492	4684240	4768737	4768719
Rural	4235719	4108187	3904970	3987347	3962003	3944999	3872894	3764537	3901819	3919819
Male	5030181	4880492	4734374	4800280	4790884	4843792	4848347	4806101	4893206	4940769
Female	3922174	3832337	3793774	3804772	3758247	3769947	3687038	3642676	3777350	3747769

Source: National Institute of Statistics, Tempo Online Statistical Data Base, Employment by urban/rural area and by sex

The highest weight in the employed population is between 35 and 49 years old (39.9% in 2009, respectively 43.6% in 2018), and the lowest weight is those between 65 and over (4.7% in 2009, respectively 3.5% in 2018). Young people between the ages of 15 and 24 represented 7.6% of the employed population in 2009, decreasing to 6% in 2018. (Table no. 6)

Table no. 6
Employment by age group

Age group	Percentage									
	Years									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Total	100	100	100	100	100	100	100	100	100	100
15-24 years	7.6	7	6.8	6.7	6.3	5.9	6.3	5.7	6	6
25- 34 years	24.9	24.8	24.9	24.4	24	24.2	24.1	23.6	22.8	22.5
35 - 49 years	39.9	40.4	40.6	40.9	41.8	42.3	43.7	44.8	45.1	43.6
50 - 64 years	22.9	23.1	23.1	23.6	23.6	23.4	22.4	22.6	22.5	24.4
65 years and over	4.7	4.7	4.6	4.5	4.3	4.2	3.5	3.3	3.5	3.5

Source: National Institute of Statistics, Tempo Online Statistical Data Base, Employment by age group, Number of persons

The analysis of the employed population after the level of education shows (table no. 7) an increase in the number of people employed with higher education level (long term university, short term university (colleges), including master's, doctoral, postdoctoral and postgraduate studies) and a decrease of those with low training (gymnasium, primary, no education).

Table no. 7
Employment by educational level

Education level	Number of persons									
	Periods									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Total	8952355	8712829	8528149	8605052	8549132	8613739	8535386	8448777	8670556	8688539
Superior	1373841	1373918	1475785	1527412	1560263	1588588	1724319	1735892	1778070	1782126
Medium	5342713	5111617	5027479	5072587	5017510	4848426	4896066	4984050	5186353	5256265
Lower	2235801	2227295	2024885	2005053	1971359	2176725	1915001	1728835	1706133	1650148

Source: National Institute of Statistics, Tempo Online Statistical Data Base, Employment by educational level

Of the category of employed persons with medium level of education (High school, including High school first cycle, Post high school specialty or technical foremen, Vocational, complementary or apprenticeship), high school people hold the highest share (2,556,398 in 2009, increasing, reaching at 3,469,567 in 2018).

If one considers the structure of the employed population according to the professional status, the highest share is the employees (74.78% in 2018), followed by the self-employed workers, and the least represented sector is the one of the agricultural companies and the cooperation, which is constantly decreasing, from 3,969 in 2009 to 100 in 2018 (Table no. 8). The largest gender discrepancy is registered in the case of employers, the number of male employers being almost three times greater than that of women. Instead, women hold the majority among unlisted family workers.

Table no. 8
Employment by status in employment

Status in employment	Number of persons									
	Years									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Total	8952355	8712829	8528149	8605052	8549132	8613739	8535386	8448777	8670556	8688539
Employee	5940866	5648607	5697235	5734492	5743493	5850256	6062244	6200639	6389733	6497186
Employer	132583	115200	101437	106486	108394	98618	96002	87431	90810	91424
Self-employed	1794041	1850057	1679817	1717068	1690859	1669732	1560559	1444134	1482029	1412127
Contributing family worker	1080897	1095035	1049660	1047005	1006385	995133	816580	716573	707985	687702
Member of an agricultural holding or of a cooperative	3969	3931	:	:	:	:	:	:	:	100

Source: National Institute of Statistics, Tempo Online Statistical Data Base, Employment by status in employment

The distribution of the employed population by forms of ownership shows that most of them work in the private sector (83.2% of the employed population in 2018), of this 58.8% are male and 51% with the residence in the environment urban.

Regarding the distribution of the employed population by activity branches, there is a reduction of the population from the agricultural branches from 29.98% in 2009 to 22.3% in 2018.

During the period analyzed, the decrease of the employed population in agriculture and the increase of the one occupied in services are observed. Thus, in 2018, the working age population worked in the highest proportion in services (49.2%), followed by industry and construction (31%) and agriculture with 19.8%.

The number of people who had a secondary activity was in 130,784 in 2018, lower by 143,550 compared to 2009. Of these, 61.8% are men, compared to 66% in 2009. Of these, 44.4% are high school graduates, 28.5% graduates of vocational education and only 9.5% of higher education.

Part-time work is less represented in Romania, its evolution being presented in table no. There is a reduction from 10.02% in the total population employed in 2009 to 7.55% in 2018 (Table no. 9).

Table no. 9
Part-time Employment

Population category	Years									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Total employed population	8952355	8712829	8528149	8605052	8549132	8613739	8535386	8448777	8670556	8688539
Population employed with part-time work	897420	973342	910186	903882	880909	859532	846798	723085	681970	655821
Percentage of the employed population	10,02%	11,17%	10,67%	10,50%	10,30%	9,98%	9,92%	8,56%	7,87%	7,55%

Source: National Institute of Statistics, Tempo Online Statistical Data Base, Part-time Employment

66.1% of the employed part-time population in 2018 lived in rural areas (577,671 persons) and 53.1% were male (348,484 persons).

Romania is the only country in Europe where the number of men working part-time is higher than for women ((at EU level there is an average of 31% for women and only 8% for men). The main reasons for this type of work are: the difficulty of obtaining a full-time job, the care to be given to children or persons with disabilities, unlike other countries of the European Union, where health problems or growth have been invoked, for example time for vocational training.

Of its total, self-employed and unlisted family workers hold the highest share, respectively 95.4% of this category of population in 2018.

80.5% of the total population employed with a complete work program in 2018 (8,032,718 persons) is represented by employees (6,468,131 persons).

Employment rate is a key social indicator for the study of labor market developments.

The employment rate of the working age population (15-64 years) had an ascending trend from 61.4% in 2009 to 64.8% in 2018, having higher values for the employed persons (69, 4% in 2009, 73.2% in 2018) compared to only 53.4% (2009) and 56.2% (2018) for women. Regarding the residence environment, there is a tendency to approach the employment rates towards the end of the period: if at the beginning of the period, the rural area held the majority with 64.8% compared to the urban environment (58.9% in 2009), at the end of the period, the rates had values close to the two residences (65.8% in the urban area compared to 63.5% in the rural area in 2018). (Table no. 10)

Table no. 10
Employment rate of the working age population by urban/rural area and by sex
 Percentage

	Years									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Total	61,4	60,2	59,3	60,2	60,1	61	61,4	61,6	63,9	64,8
Urban	58,9	57,9	58,4	58,7	58,9	60,5	61,3	62,6	64,8	65,8
Rural	64,8	63,3	60,5	62,2	61,8	61,7	61,7	60,2	62,7	63,5
Male	69,4	67,9	66,3	67,6	67,6	68,7	69,5	69,7	71,8	73,2
Female	53,4	52,5	52,3	52,8	52,6	53,3	53,2	53,3	55,8	56,2

Source: National Institute of Statistics, Tempo Online Statistical Data Base, Employment rate by urban/rural area and by sex

The employment rate of young people (15-24 years old) decreased from 26.7% in 2009 to 24.7% in 2018, registering very large differences in terms of residence 19.7% in urban areas and 35.1% in the rural one in 2009 decreasing to 16.7% in the urban area and 31.7% in the rural one in 2018. The same significant discrepancy is also observed for the age group of 65 years and over, where the employment rate in the rural area reached 15.2% in 2018 compared to only 1.7% in the urban area.

By development regions, the employment rate of the working age population has the highest values for the entire period analyzed in the North-East region (71.8% in 2018) and the Bucharest-Ilfov region (71.3%) and those smaller in the Central Region (59% in 2018) and South East (59.1% in 2018).

c.) ILO unemployment

The number of unemployed during the analyzed period decreased from 624,036 in 2009, to 379,678 in 2018, a decrease generated both by the decrease of the total population and by the economic growth sustained in the last years. The distribution of the unemployed by residence and sex shows the decrease in the number of unemployed in the urban area (from 61.9% in 2009 to 49% in 2018) and the higher percentage of male unemployed (63.8% in 2009, 64.4% in 2018) compared to that of women (36.2% at the beginning of the period and 35.6% at the end of the analyzed period) (according to Table no. 11).

Table no. 11
ILO unemployed during between 2009 and 2018 by residence and by sex

	Years									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Total	624036	651695	659426	627209	652984	628682	623910	529869	449331	379678
Urban	385976	443093	433871	419027	434986	408850	350434	278151	225061	186028
Rural	238060	208601	225555	208182	217999	219832	273477	251719	224271	193650
Male	398242	399475	397264	381055	400079	384089	394898	338928	290406	244352
Female	225793	252220	262162	246154	252906	244593	229012	190941	158925	135327

Source: National Institute of Statistics, Tempo Online Statistical Data Base, ILO unemployed by residence and by sex

The distribution of the unemployed by education levels shows the significant share of those with high school education (47.1% in 2018 compared to 29.3% in 2009), followed by the graduates of the secondary education (19.8% in 2018, 20.8 % at the beginning of the period) and of professional, complementary and apprentice schools (14.3% in 2018 compared to 27.8% in 2009). Higher education graduates have a lower share of total unemployed (only 10.3% in 2018 compared to 9.2% in 2009) (Table no. 12).

Table no. 12
ILO unemployed during the period 2009-2018 by education level

Education level	Percentage									
	Years									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Total	100	100	100	100	100	100	100	100	100	100
Tertiary	9,2	10,7	11,1	13,1	13,7	15,6	11,9	10,6	9,8	10,3
Post high school specialty or technical foremen	2,5	3,4	2,1	2,2	2,6	2,4	2,1	2,3	1,9	1,5
High school	29,3	33,0	34,2	35,1	36,4	40,9	42,6	43,9	44,8	47,1
Vocational, complementary or apprenticeship	27,8	28,4	25,3	23,8	22,9	16,2	16,4	16,2	15,9	14,3
High school first cycle	3,6	3,2	3,5	2,9	2,7	:	:	:	:	:
Gymnasium	20,8	17,7	19,2	18,6	17,8	19,8	21,3	21,9	21,5	19,8
Primary	5,7	2,8	3,8	3,7	3,2	4,0	4,7	3,9	4,7	5,3
No education	1,1	0,8	0,8	0,7	0,8	1,0	1,1	1,2	1,3	1,8

Source: National Institute of Statistics, Tempo Online Statistical Data Base, ILO unemployed by education level, Number of persons

In the total of the unemployed, the age group between 15 and 24 years represented 26.6% of the total unemployed in 2018, registering a slightly downward evolution from 2009, when the share of the total unemployed was 27.2%.

Also, 19.3% of the total number of young people is represented by young people between the ages of 18 and 24 who are not employed, are not included in the education system and do not take part in a vocational training system (NEET youth - Neither in employment nor in education or training), representing only 14.3% at EU level (2017). Also, in Romania is registered the biggest difference between the percentages obtained for men (15.1%) and those for women (23.8%).

Of the total unemployed, long-term unemployed (12 months and over) represented in 2018 44.1% (167,390 persons), increasing compared to 2009, when they represented only 30.8%. Young people aged 15-24 in long-term unemployment totaled 41,663 persons, representing 10.97% of the total unemployed and 41.3% of the total unemployed in the respective age group.

The number of unemployed who never worked increased in 2018 to 193,811 persons (62.4% men and 37.6% women), representing 51.05% of the total unemployed, compared to 2009, when there were 208,925 persons, representing only 33,5% of the total unemployed. Among the reasons that cause the unemployed to refuse a job are: lack of a work contract, change of residence, long distance from home, unmotivated salary, etc.

The unemployment rate registered a reduction from 6.9% in 2009 to 4.2% in 2018, being higher in the male population for the whole period analyzed (7.3% in 2009, respectively 4.7% in 2018). Regarding the distribution of the unemployment rate by residence, the unemployment rate is currently higher in the rural area, compared to the beginning of the period when it was higher in the urban area. (Table no. 13)

Table no. 13
ILO unemployment rate by sex and by urban/rural area between 2009 and 2018

	Percent									
	Periods									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Total	6.5	7	7.2	6.8	7.1	6.8	6.8	5.9	4.9	4.2
Male	7.3	7.6	7.7	7.4	7.7	7.3	7.5	6.6	5.6	4.7
Female	5.4	6.2	6.5	6.1	6.3	6.1	5.8	5	4	3.5
Urban	7.6	8.8	8.6	8.3	8.7	8.1	7	5.6	4.5	3.8
Rural	5.3	4.8	5.5	5	5.2	5.3	6.6	6.3	5.4	4.7

Source: National Institute of Statistics, Tempo Online Statistical Data Base, ILO unemployment rate by sex and by urban/rural area

The unemployment rate among young people aged 15-24 has dropped from 20% in 2009 to 16.2% in 2018, but it is still very high compared to the EU level.

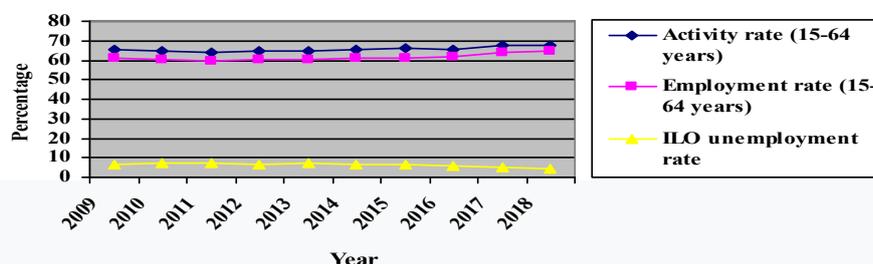


Figure no. 1 Rates during the period 2009-2018

d.) Civil economically inactive population

The inactive population in the analyzed period registered a decrease in the analyzed period from 10,827,472 persons in 2009 to 10,463,981 in 2018, 58.8% being represented by women. Making additional investments in childcare structures could lead to a better integration of women into the labor market.

The majority, 52.8%, is represented by the population with a low level of education. Of the total inactive population, the young people in the age group 15-24 years old represented 14.2% in 2018.

As for the people discouraged to find a job, during the period analyzed, a decrease with 75,498 persons (from 169,751 in 2009 to 94,253 in 2018), the main reasons invoked by them being the lack of professional training, age, insufficient knowledge of job vacancies.

e.) Vacancies increased from 38625 in 2009 to 60,586 in 2018. In 2018, the highest number of vacancies was registered in the industry (29.8%), followed by the public administration and defense with 12.6% and the health and social assistance sector (11.55%), and the fewest places in the Extractive Industry with only 66 vacancies and in Agriculture, Forestry and Fisheries with only 634 vacancies (1.05%) .

Given the growth of vacancies at national level and the deficit of domestic labor force, the importation of labor force, especially from outside the EU, is a necessity for the activity in many fields of activity. Romania ranks second in the EU among the countries with the highest demand for labor outside the EU, after the Czech Republic, most workers from Turkey, China, Moldova, Vietnam, Sri Lanka, Nepal. However, annually, a government decision limits the import of extra-Community labor force.

f.) The average monthly nominal net earnings increased from 1361 RON in 2009 to 2642 RON in 2018 (1.94 times).

The largest wage increases were registered in Health and social assistance (where average monthly net nominal earnings increased 2.52 times) and in Administrative services activities and support services activities (with 2.38 times increase). In agriculture these earnings increased 2.12 times, from 1013 RON in 2009, to 2138 RON in 2018.

The biggest gains are currently in Information and communications (5202 RON in 2018), Financial intermediation and insurance (4532 RON), Public administration and defense (4407 RON in 2018), Production and supply of electricity and heat (3815 RON), Extractive industry (3789 RON in 2018), Health and social assistance (3388 RON in 2018).

g.) The minimum wage on the economy

The minimum wage on the economy has had an upward trend between 2009 and 2018, from 600 lei in 2009 to 1900 lei in 2018, often this growth having no objective mechanism. In 2018, 33% of employees - 1.8 million people, representing 20.8% of the employed population, received the minimum wage in the economy [8]. Under these conditions, raising the minimum wage is no longer a social protection measure.

In 2019, a new increase in the minimum wage for the economy followed, at 2080 lei (450 Euro). Also, a higher minimum wage of RON 2,350 (approximately EUR 510) was set for persons with higher education and a minimum and higher salary of RON 3,000 (EUR 652) for construction workers.

h.) The labor productivity increased during the period 2009-2018 by 1.84 times, from 53,530.8 RON / person in 2009 to 98,686.2 RON / person in 2018, Romania being at the bottom of the list between EU countries.

The participation of population in the labor force in the period 2009-2018 is represented in figure no.2.

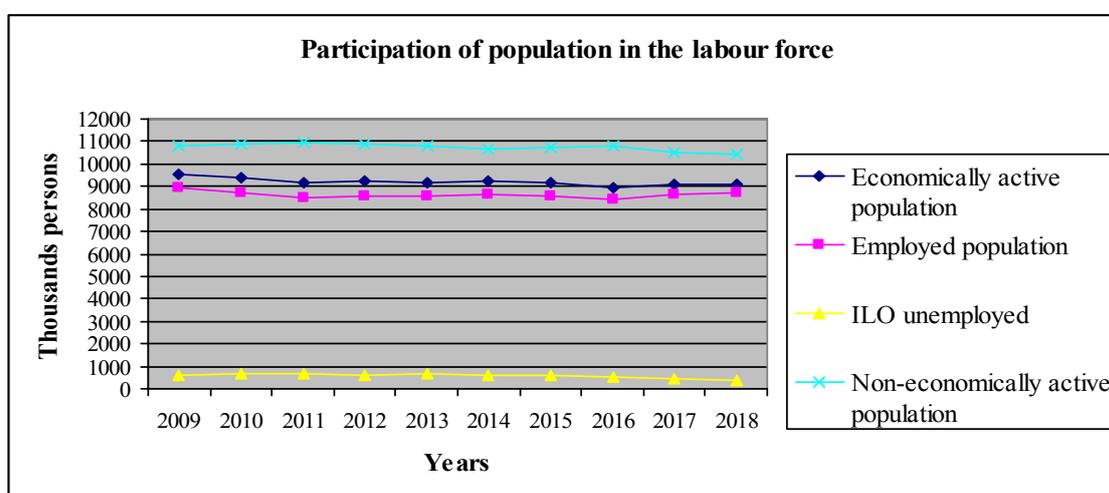


Figure no. 2. Participation of population in the labor force

If we consider the objectives of the Europe 2020 Strategy - the EU's global strategy for smart, sustainable and inclusive growth in employment, education, social inclusion and poverty alleviation, the following are recorded in Romania:

- The employment rate of the population between 20 and 64 years has increased from 63.5% in 2009 to 69.9% in 2018, close to the target of 70% established by our country for 2020, but far from the average Europe (73.1% in 2018) and the Europe 2020 Strategy target, set at 75% by 2020
- In 2018, Romania registered a high level of early school leaving, of 16.4%, as well as a low rate of the population aged between 30 and 34 years, who graduated from higher education (24.6%), being far from the objectives set by the Europe 2020 Strategy (reducing to less than 10% the rate of early school leaving and increasing to at least 40% the percentage of population aged 30 to 34 with higher or equivalent education).

3. Active Measures to Manage the Crisis in the Labor Market

The active policies in the field of labor market aim to increase the chances of employment for the people looking for a job and to improve the correlation between the vacant and the unemployed. In Romania, these active measures can be found in the national strategies regarding the labor market [6, 7] and take into account:

- a.) *Increasing the participation of women in the labor market* (organizing information and awareness campaigns on the right to non-discrimination and equal opportunities between women and men or on the importance of involving men in family life, raising awareness

among employers in the private environment about the importance reducing the pay gap between women and men, organizing scholarships for women's jobs, developing the infrastructure to provide childcare facilities in all communities and access to this type of services, supporting the development of entrepreneurship among women)

- b.) *Reducing employment in subsistence agriculture and redistributing the human resources available to non-agricultural activities* (stimulating entrepreneurship in rural areas, developing vocational guidance programs for rural people, fiscal facilities granted to entrepreneurs who start businesses in rural areas and those creating jobs for disadvantaged groups in rural areas, setting up units / educational institutions or vocational training centers in rural areas)
- c.) *Increasing the employment of young people in the labor market* (adapting the vocational training of young people to the demands of the labor market through vocational training courses, supporting training in the workplace - apprenticeship, career guidance and counseling, developing entrepreneurial skills among young people and supporting them in setting up and developing micro-enterprises, free evaluation of skills acquired in non-formal and informal systems, tax facilities granted to employers who hire young people, providing personalized support to young people at risk of social marginalization, applying integrated programs oriented to young NEETs, applying the Program of Guarantee for young people, the EURES platform for finding jobs in Europe)
- d.) *Increasing the participation of the elderly in the labor market* (development of mentoring, coaching programs that allow the transfer of knowledge and work experience from older workers to young employees)
- e.) *Supporting mobility on the labor market at local, regional and transnational level*. Internal mobility is required as a result of the differences between regions and counties in terms of supply and demand for labor and can be achieved, for example, by granting the hiring premium and the installation premium, housing subsidies for mobile workers, etc.) . Support for external mobility can be achieved by facilitating the return of Romanian citizens to work abroad and by favoring immigration from countries with cheaper labor force.

Also, it is necessary to permanently update the curriculum in the education system in order to adapt it to the demands and expectations of employers, including in the curriculum significant programs of practice, internships, job shadowing and volunteering, as well as the development by companies and the educational units of the programs dual education.

However, as mentioned in the European Commission's Country Report [9], these policies offer a limited response to the needs of the labor market, focusing more on the financial facilities granted to employers than on providing integrated services and updating the skills of the unemployed

Conclusions

Although there is an improvement in the labor market in Romania, the labor shortage and migration represent the main problems facing it, other challenges being the high unemployment among young people, the high rate of early school leaving, the low level of qualification of the employed persons, high employment rate in black, discrimination, difficult access to the labor market of women, young people and socially vulnerable and marginalized people.

The analysis of the indicators that characterize the labor market in Romania during 2009-2018 highlights the following:

- a.) Both the active and the employed population registered a negative evolution, with the tendency to dominate the urban and the male population;
- b.) Despite the continuous reduction of the disparity in employment, the employment rate is still higher among men than among women;
- c.) Reduced weightings of young people (15-24 years) in both the active and the employed population;
- d.) Reducing the population with a medium and low level of education in the total employed population;

- e.) Increasing the number of employees in the total employed population as a result of the reduction of the employed population from agriculture, represented mainly by self-employed or unpaid family workers;
- f.) The employment rate of the population between 20 and 64 years has increased from 63.5% in 2009 to 69.9% in 2018, close to the 70% target set by our country for 2020, but far by the European average (73.1% in 2018);
- g.) Positive evolutions of the employment rate in the Bucharest-Ilfov Region and the North-East Region;
- h.) The decrease in the number of unemployed, as a result of the economic growth and the decrease of the population;
- i.) Low unemployment rates throughout the economy, which does not, however, mean an indicator of real efficiency, given that in many sectors of the economy there is not enough staff and adequate training;
- j.) Increased rates of unemployment among young people due to the level of education, early leaving of the education system, the mismatch between the qualifications and competences of the young people and the demands of employers, the poor motivation to take a job, etc., this determines increasing the degree of poverty and social exclusion among the population;
- k.) Lower unemployment rates among graduates of higher education compared to those with medium or low education;
- l.) Increase of long-term unemployment (12 months and over);
- m.) A large part of the employed population receives the minimum wage on the economy;
- n.) Significant wage increases in the public sector;
- o.) Increase of vacancies, most of them being occupied by importing labor from outside the European Union;
- p.) In order to manage the crisis facing the labor market, a series of measures were taken, which aim more at granting financial facilities to employers or employees, than by providing integrated services for the unemployed and improving their skills or improving the employment of young people, women and other vulnerable groups.

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