

**FEATURES OF THE CURRENT STATE OF THE LABOR MARKET IN ROMANIA**

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*Abstract: The article showcases that at the macro-economic level the labor market policy should be arranged so as to facilitate the redistribution of employment and equitable sharing of costs between different segments of the population. After the SWOT analysis carried out for this issue there have been emphasized the essential characteristics regarding the need to implement some educational programs and economic resources to augment both the natural and human resources. There is a need for creating favorable conditions for investments based on knowledge.*

*Key-words: labor market, unemployment, economic downturn, competent insertion*

In the last few years the labor market has undergone a number of changes so that both employees and employers have gained a new perspective with respect to the insertion in the labor market. The responsibility and the criterion value have grown exponentially in the private service sector, a good job is much more valued by the young labor force, and the efficient employees are more valued.

The specialists in the field of human resources have reached the conclusion that we will be witnessing a sudden improvement in the economic situation, but rather a slow rate of change with respect to occupational integration into the labor market of young qualified staff. No one does not expect a return to the situation that existed between 2007-2008, but at the change of the labor market to emphasize the phenomena which they started to make presence more and more over the last years: the diversification of the forms of collaboration, flexible working programs, migration activities to online environment, etc. As regards to the opportunities for salary increases in 2013 and the sectors concerned which are of interest to the labor market, forecasts HR specialists consider that sectors which will record salary increases such as: IT sectors, Telecom, pharmaceuticals and industrial sector. Over 80% of the large enterprises in Romania have implemented management systems of performance in such a way that it is expected to carry on so as to continue to reward performance, i.e. to grant pay raises and bonuses on the basis of obtained results. Another trend recorded in 2013 is the concern of companies to primarily focus on the development of positions which have a direct role in increasing businesses (positions of sales, marketing, development, trade, etc. ), and less by commitment on support positions.

Because of the financial crisis and the attempts to overcome by implementing various management strategies that the tendency of decrease in the benefits offered employees, it has to be noted in 2013 a decreasing in the benefits packages, in parallel with the orientation of companies to pay their employees according to the results. Increased number of companies concerned with the system of deployment for performance evaluation, in fact was stimulated and the new provision in the Labor Code on the introduction of the assessment criteria in performance. Of the forms of reward on the basis of performance, most often encountered are bonuses, given on the basis of the criteria set out at the individual level and/or at the level of team. Through this has occurred in a clearly visible way a replacement of the old "materials" with the instruments of performance-related rewards.

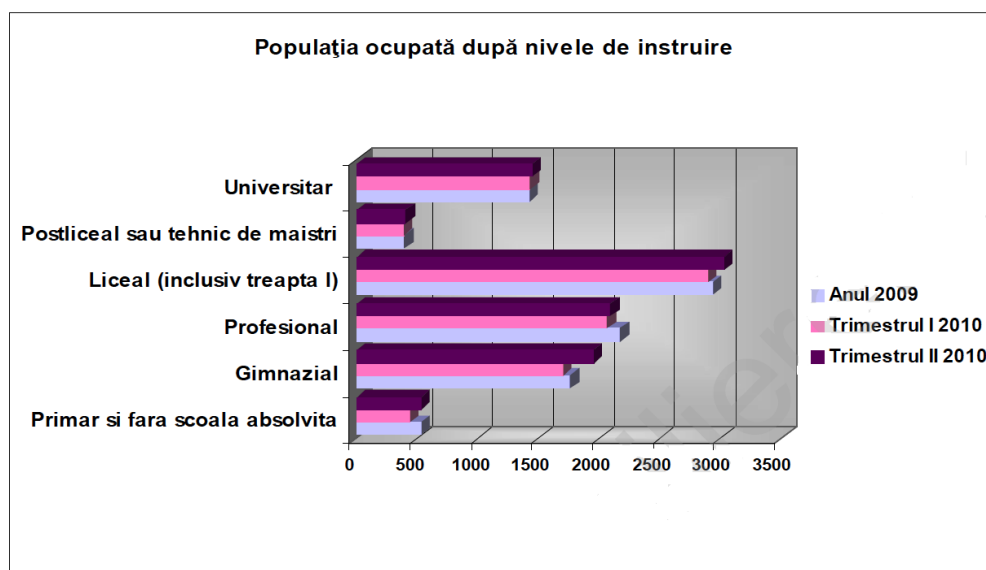
Fixed side of wages do not recorded reductions in 2013. On the other hand, offer wages at the time of commitment has been located at a level slightly upward from 2012. The recruitment projects have been more numerous than in the previous years, but it is better

documented, on the basis of the needs of business. Employers proved to be more cautious in decision-making of employment than in previous years of crisis. In general employers have proved a demanding level, very healthy for business, high demands being present at both the selection and acceptance candidates on post, and subsequently on probation and after this because of the economic crisis and we witnessed in the last few years a surplus of the application for employment in relation to the offer of the market. On the other hand, there has been a growing concern of companies compared to the results, which has caused major changes in practices of staff. For many of the vacant positions businesses now require further qualification and consistency in the acquired experience. Under these conditions, the Romanians are faced on the one hand with no opportunities, and on the other side with a high level of requirement of the companies.

There are numerous malfunctions on the labor market in Romania. Some are older, and are amplified in time by the crisis, and some of which have been generated by this. The amendments to the Labor Code, which introduces some provisions that affects more flexible labor market, it seems, does not generate major effects, at least for the period of crisis. The dysfunctions appear to be more complex, taking the behavior of economic agents, conservatism that came from some traditions to which they give up the hard, fast adoption of modern methods and techniques of the regulations on the labor market.

The experience so far shows that it is necessary to ensure a balance and a dynamic between the measures to protect the budget (which, as a rule, are measures having an effect on the short term) and those which stimulates mobility and flexibility on the labor market, the eliminating any dysfunctions in this market (which in general has effects in the medium and long term). Along with other factors, mobility and flexibility of employment is influenced significantly by the level of income this being at the base of the standard of living of the occupied persons. In their turn, the income from work has several forms, but the most important are derived from the wages. According to the National Statistics Institute, in the second quarter of 2010, the active population, i.e. persons fit to work were of 10,185 people, of who 9488 persons were placed into the work - market, and 697 000 were registered as unemployed persons. The employment rate of the population of the group age between 20 - 64 years has been in 2010 of 64, 8 %, recording higher values for male persons, respectively 72.3 % compared with those of women, i.e. 57, 3 %.

With regard to the level of educational attainment of the workforce is to be noted that people with secondary education, i.e. with the high school training level that were employed have registered a greater percentage in 2009 than in 2010. On the next step of insertion in the labor market are placed the trained persons qualified at a professional level. Next there are the persons with the expertise and university qualification, as shown in figure below:



**Fig.1. Population's levels of training. Source: INS**

In the reports sent by INS for the year 2010 there are showcased that the share of the occupied population was of 60 %. The employment rate in the city was 57, 6 %, and for the rural areas of 63, 7 %. 81% from the population which were inserted in the labor market operated in the private sector, and 17, 5% in the state sector. The fields of activity in which it was noted the greatest amount of employment of the population are: agriculture, forestry and fisheries, processing industry and commerce. There is also a number of areas of activity which have recorded less than 1% of the total occupied population, respectively, activities of performances, cultural and recreation, real estate, waste management, public health, distribution of water, the mineral-extracting industries.

On the other hand, with regard to the application of employment in the sector of the medical care has been most in demand. In accordance with the European Monitoring Center for the vacant jobs, recently published by the European Commission, between 2008 and 2012, the number of jobs in the sector of the medical care in the EU has increased by almost 2 percent annually. This increase is the result of combined effects of an aging population, technological and therapeutic advances, population with growth expectations in terms of quality of services and putting a greater emphasis on prophylactic support, according to the data. Only in 2012, the equivalent of almost half a million people have been employed to work in the field of the medical care.

The Center presents the places of vacancies being with 6% less in the fourth quarter of 2012 in comparison with the last quarter of 2011. The number of employed persons has dropped in the fourth quarter of 2012 for the most part of the main professional groups and has fallen for the "experts" for the first time since the second quarter of 2010 (5 %).

Professions with the highest increase in the number of employees after workers providing services for personal care in the field of the medical care, designers and analysts of software, administrative secretarial staff and specialized personnel in the mining sector, supervisors in the processing industry and buildings, as well as teachers.

In the South - Muntenia region, in order to start a relevant analysis of the current situation regarding the possibilities to inclusion into the labor market of qualified staff, it is therefore necessary, the creation of a SWOT analysis to identify the strengths, weaknesses, threats and opportunities that can be created for this area, laying down the analyzed items.

From the point of view of the existing resources and strengths specific to the South - Muntenia region there are highlighted the following:

- A rich potential of natural and rich resources with possibilities of economic development,
- Ideal geographically positioning for deploying various development strategies,
- Tourist potential raised in the counties of the northern region,
- Important developers in the region such as the Russian company LukOil, Dacia Renault, Petrobrazi Arpechim, Coca Cola, Arctic, etc. ,
- Large percentage of SMEs average total 250 employees in active units,
- High volume of investments,
- Existing training programs and professional reconversion,
- „Oil and Gas University” of Ploiesti generating annually graduates of higher education for the various areas of activity,
- Program implementation of active measures to combat unemployment, differentiated according to the market needs.

Specific weaknesses to the South - Muntenia region are as follows:

- Decreasing tendency of the population,
- Presence of an important populations in rural areas,
- During the period of financial accentuated crisis, hires have been the most affected,
- Degree of insertion on the labor market is on the down path as compared to the previous years,
- Uneven distribution of investments in the region,
- Still quite low interest, from the active population to entry to educational programs on long life – learning,
- Lack of employment opportunities in rural areas,
- High level of poverty of people in rural, agricultural areas.
- Increase of school abandonment and the entry of the specialized vocational training courses or higher education,
- Low level of training and adaptability of unemployed persons,
- Insufficient harmonisation of the educational system and the vocational training requirements from the labor markets,
- Marginalisation of the elderly regarding the insert on the labor market,
- Low occupational mobility and fluctuation of the teaching staff concerned with the not granted wage compensations for transport difficulties,
- Low degree of involvement of the various social partners in the programs for the development and promotion of human resources,
- Lack of statistical studies of relevant labor market message or local and county needs on the active labor force and the number of employees on administrative units.

The opportunities that the South - Muntenia region can produce would be:

- Development services for bio agriculture,
- Consultancy for the development of services specific to the South - Muntenia region,
- Existing capital city in the center region which creates opportunities for the development of neighboring localities,
- Assessment of the quality of education studies by ARACIS (Romanian Agency for quality assurance in higher education),
- Decentralization of public employment services through the creation of a permissive legal framework for the provision of services,
- Viable strengthening partnerships for accessing structural funds.

This SWOT analysis could not deprive the specific threats or risks of the South - Muntenia region, thus it is worth mentioning the following:

- Insufficient developed infrastructure which contributes to the decreased attractiveness of the business environment for new investors in the area,
- Regress of some economic areas such as the chemical industry, mineral-extracting industries, metallurgy and engineering,
- Low number of employment in the rural areas based on financial and travel considerations,
- Accentuated phenomenon of aging of the population,
- Reducing the number of employees in the sector budget and restructuring of activities,
- Possibility of highly qualified labor migration,
- Economic recession,
- Increasing unemployment among the graduates,
- Low level of adaptability of persons that are seeking for employment in accordance with the requirements of the current labor market,
- Reduction of efficiency in continuing vocational training in the absence of further developments and changes which have occurred in the labor market.

Regular participation in courses of young employees are important because in this manner this training would be able to provide opportunities for the development and that is why it is necessary that the companies should be encouraged to invest in such actions. As a solution to determine employers to invest in their employees, it is worth being referred to possibility to access special loans. On the other hand, the development at the work place, the acquisition of new skills can be undertaken also by young people. Unfortunately, employers are not willing to cover the necessary costs, especially in time of crisis, or have an employee engaged in different courses. The solution applied by firms is employment of qualified individuals with experience, (the "right man in the right place") and support more difficult professional development of employees in the workplace.

Another solution is organizing seminars and meetings to raise the awareness of employers to acceptance of young people, despite their lack of experience. It is necessary to a much greater extent on the part of employers who would be able to provide for a trial period for the employees, in which to familiarise themselves with the requirements of the job. Ensurance by firms of a number of posts specifically allocated for courses of practical activities could be another solution. Here, however there has been a fault cost to support these jobs, being proposed the idea that they should be paid with money from the state budget. Ensurance for that periods of work experience for young people requires material and time resources on the part of employers, and they are not willing or cannot afford to cover the costs. Lack of resources from the state budget also makes it difficult the supporting training periods of practice by public institutions, thus there is a process of appearing challenges regarding the insert on the labor market of young qualified staff.

### **Conclusions**

At the macro-economic level the labor market policy should be arranged as to facilitate redistribution of employment and equitable sharing of the costs between the different segments of the population, through:

- Raising the preparation of employment in needed professions in order to develop skills for a career which generate flexible preparation and permissive frequent changes in the number of jobs, rather than a particular profession, as well as a matter of prioritizing in the case of young people;
- Production regulated realistically regarding the decency in the minimum wage having interest to increase somewhat artificial and excessive wage inequality;

- To avoid discrimination of any kind in the work field;
- A current legal system rather generous on the granting of aid to the unemployment allowance;
- Activation of active measures which would contribute to an increased employment level.

In the case of the South - Muntenia region the research showcases essential characteristics emphasizing the need to implement some educational programs and economic resources to augment, both the natural and human resources. There is a need for creating favorable conditions for investments based on knowledge. The attraction and retainance of highly skilled human capital in the region is one among a number of elements of these central strategies developed with the aim of improving competitiveness in the context of a region development based on knowledge.

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