

EMPLOYMENT AND DECENT WORK: A REGIONAL APPROACH FOR ROMANIA

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Abstract

This study is focused on Romanian employment evolution and challenges at regional level. The concept of decent work is highlighting the change of status in employment. Based on core objectives of the Decent Work Agenda: creating jobs, guaranteeing rights at work, extending social protection and promoting dialogue and conflict resolution we considered some of the indicators which measure decent work in the Romanian development regions. Decent work and economic growth are some of the Sustainable Development's goals of the United Nations Development Programme that promotes full and productive employment and decent work for all women and men; these goals must be achieved until 2030. In the last few years labour resources decreased nationwide, accompanied by a decrease in employment and unemployment, too. The decrease in the number of employed population should be viewed in terms of migration of a significant part of the workforce with increasingly more skills. The low unemployment itself is not a real indicator of efficiency as long as many economic sectors could not hire enough staff or a properly qualified/ skilled one. It is obvious that the extend of mismatches between supply and demand has increased the risk of losing productivity and the education and training system; thus, the most important lever to counter this phenomenon is to work with many shortcomings. Finally, we have made a classification of the Romanian regions in terms of decent work indicators.

JEL Classification: J28, R23

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1. Introduction

Vulnerable employment (about 46 per cent of total worldwide employment) (ILO, 2016, p.3), associated with *precarious work*: own-account work and contributing family employment, employment of women, ethnic minorities, long term unemployment, underemployment, secondary and informal labour markets, summarized in low pay jobs and poverty is still the main concern for international and national organizations. (ILO, 2016; Williams and Green, 2016; Tesliuc et al, 2016; Davidescu (Alexandru), 2016; Lee and Ofreneo, 2014; Patache et al, 2012; Jayaweera and Anderson, 2008 and others)

The European Union (EU) promoted the *quality of jobs* through Lisbon Treaty 2000's strategic goal for the next decade: 'to become the most competitive and dynamic knowledge-based economy in the world capable of sustainable economic growth with more and better jobs and greater social cohesion.'(European Council, 2000)

Based on Europe 2020 objectives, EU is focusing on economic growth and employment but its measures are accompanied by deterioration in the quality of jobs all over Europe and long term mass unemployment in the South of Europe. (Lundvall and Lorenz, 2014, p.80-81)

Since 1999, International Labor Office (ILO) has promoted *decent work* for all, regardless of race, creed, sex or country of origin. Decent work sums up the aspirations of people in their working lives as "opportunities for women and men to obtain decent and productive work in conditions of freedom, equity, security and human dignity". (ILO, 1999, p.3)

The decent work definition mentioned above can be understood as such: *freedom* summarizes the right for all persons to work and to be able to find work encompassing all forms of economic activity, including self-employment, unpaid family work and wage

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employment in both the informal and formal sectors, and also workers can choose their work without being forced and they are free to join workers organizations. Regarding *productive work* is essential for workers to have acceptable livelihoods for themselves and their families and to ensure sustainable development and competitiveness of enterprises and countries. *Equity* in work aims workers' need to have fair and equitable treatment and opportunity in work. *Security* at work is mindful of the need to help safeguard health, pensions and livelihoods, and to provide adequate financial and other protection in the event of health and other contingencies; and *dignity* at work requires that workers be treated with respect and be able to voice concerns and participate in decision-making about working conditions. (Anker et al, 2002, p.2)

The five Millennium Development Goals indicators related to employment and decent work are: growth rate of labour productivity (GDP per person employed), employment - to - population ratio, proportion of employed people living below the poverty line, proportion of own-account and contributing family workers in total employment (vulnerable employment rate) and share of women in wage employment in the non-agricultural sector. (ILO, 2009)

The *Goal 8* which aims to 'promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all' is one of the 17 *Sustained Development Goals* of 2030 Agenda adopted in September 2015.

An overview on literature, both academic and institutional, regarding the quality of employment revealed the confusing terminology, expressions such as 'quality of working life' (predominantly linked to workers' own evaluations of one's job), 'job quality' or 'quality of work' (often focusing on the job content and work environment) and 'quality of employment' and 'Decent Work' (which include all of the above as well as other issues such as: labour relations, rights, gender gaps and work-life balance) are often used interchangeably and without clear definitions. (Burchell et al, 2014, p.463)

According to Romania's National Strategy for Employment 2014-2020, until 2020 the national labour market will be an efficient, dynamic and flexible one and at least 70% of people aged between 20 and 64 years will have access to a quality job, complies with their capacity and competence, and an income that ensure them a decent living. (Romanian Government and Ministry of Labour, 2014, p.43)

2. Measuring decent work on development regions of Romania

The three most used indicators used to analyze the employment opportunities for decent work are: the labour force participation rate (activity rate), employment-to-population ratio and unemployment rate (Anker et al, 2002, p.9; Ghai, 2003, p.115), even if 'decent work remains a very broadly defined concept, which is impossible to measure across countries' (Burchell et al, 2014).

At national level, during 2008-2015, we can observe that activity rate decreased from 66.6 in 2008 to 62.8 in 2011 as a consequence of the economic crisis, and it rose to 70.7 in 2014. A higher activity rate is registered in Bucharest-Ilfov region, with more than 10 p.p. than the second placed North West region. The worst activity rate is registered in the North East region, the largest region of Romania but with a population predominantly located in rural areas and first in terms of economic international migration. (table 1).

Based on a study regarding informal employment at regional level, the regions with highest ratio of informal employment during 2000-2013 were the North East (42.6% in 2013), the South East – Oltenia, (28% in 2013) the South – Muntenia (23% in 2013) and the South East (24% in 2013). (Davidescu 2016, p.68)

Table 1. The employment dimension of decent work in Romania by development regions

(%)

INDICATORS		2008	2009	2010	2011	2012	2013	2014	2015
Activity rate	AVG	66.6	65.7	64.1	62.8	64.6	64.6	70.7	70.3
	MAX	86.2	82	80.4	81	81.9	83.8	82.9	84.6
		B-I	B-I	B-I	B-I	B-I	B-I	B-I	B-I
	MIN	56.6	56.1	54.9	52.8	54	53.1	62.9	61.5
		NE	NE	NE	NE	NE	NE	NE	NE
Employment rate of labour resources	AVG	63.6	60.6	59.6	59.6	61.1	60.9	66.9	66.8
	MAX	84.8	80.1	78.5	79.5	80.3	82.1	81.3	83.1
		B-I	B-I	B-I	B-I	B-I	B-I	NW	B-I
	MIN	53.6	51.3	50.6	49.7	50.8	49.6	58.7	57.6
		NE	NE	NE	NE	NE	NE	S	NE
Female employment rate	AVG	60.9	58.9	57.9	58.4	59.6	59.1	66	64.7
	MAX	80.3	76.2	77.3	77.4	77.8	80.6	79.2	80.1
		B-I	B-I	B-I	B-I	B-I	B-I	NW	B-I
	MIN	52.5	51.1	50.2	50.4	51.2	49.7	59.9	57.8
		NE	NE	NE	NE	NE	NE	W	NE
Unemployment rate	AVG	4.4	7.8	7	5.2	5.4	5.7	5.4	5
	MAX	6.9	10.4	9.2	7.7	8.2	8.7	8.2	8.2
		SW	SW	SW	SW	SW	SW	SW	SW
	MIN	1.6	2.4	2.4	2	2	2	1.9	1.8
		B-I	B-I	B-I	B-I	B-I	B-I	B-I	B-I
Female unemployment rate	AVG	4.4	7.1	6.3	4.9	4.9	5.1	4.8	4.6
	MAX	6.8	9.3	8.4	7.1	7.2	7.7	7.2	7.3
		SW	SW	SW	SW	SW	SW	SW	SW
	MIN	1.9	2.6	2.3	2.1	2.2	2.1	2	2
		B-I	B-I	B-I	B-I	B-I	B-I	B-I	B-I

Note: NW - North-West Region, C - Centre, NE - North East, SE - South East Region, S - South Region Muntenia, B-I - Bucharest-Ilfov Region, SW - South West Region Oltenia, W -West

Source: Romanian National Institute of Statistics (NIS), TEMPO Database, 2017

The study of employment rate evolution placed Bucharest Ilfov region in first place, except in 2014 when the North West region took its place, while the last ranked, the North East was replaced by the South region Muntenia, a region characterized by mono-industrial and rural areas. (table 1)

Female employment rates are lower than male employment rates. The maximum female employment rate is in Bucharest Ilfov, and the lowest in the North East, except in 2014 when the highest rate is registered in the North-West and the lowest in the South West Oltenia.

The unemployment rate increased during the crisis period and decreased in the last years.

Bucharest Ilfov seems not to be so affected by the crisis, the general and female unemployment rates being lower than the natural unemployment rate. The highest level is registered in the South-West Oltenia region.

The South-West region is characterized by: mainly rural, precarious employment in agriculture (more than 30%), a low number of small and medium enterprises, the presence of some mono-industrial areas, serious problems with poverty and poor social

services. (Association for Development and Socio-Economic Promotion Catalactica, 2016)

The low unemployment itself is not a real indicator of efficiency as long as many economic sectors could not hire enough staff or a properly qualified/ skilled one (such as medical services, tourism).

In the majority of EU countries, employers reported that difficulties in filling their vacancies fell during the period of the economic crisis; nevertheless, there are some countries, namely Austria, Germany, Greece, Hungary, Italy, Romania, Sweden and the United Kingdom, where firms experienced increasing challenges in finding suitable talent in the post-crisis era. (European Commission, 2016, p.22)

The low Romanian unemployment rate can be explained even by the fact that people cannot afford to stay unemployed, in spite of the developed country status of our country. The unemployment rates are generally low in most developing countries because people cannot afford to stay unemployed, unlike the situation in rich countries. (Fadda and Tridico, 2013, p.118)

In terms of quality of employment, the 8 development regions are divided in medium-high and low quality of employment. The North-East, South-East, South and South-West regions form the low part, summarizing the following differences: unemployment and occupancy in agriculture are higher, the general employment and the share of employees per total employed persons are lower; the structure of the employed population by economic activity sectors is different, but negative compared with Romania's structure (the manufacturing and tertiary sectors employ fewer persons than the national average). The medium-high quality of employment pattern includes the Centre, West, North-West and București-Ilfov development regions. In these regions the general rate of employment, employment in non-agricultural activities, and the percentage of employees registered higher values than the national average. (Mocanu, 2016, p.124)

Youth neither in employment nor in education and training (NEET) rates is higher and got worse in 2015; the Centre region standing out with the highest values of the indicator. (table 2)

Table 2. Youth neither in employment nor in education and training (NEET) rate, age group 15-24

(%)

INDICATORS	2011	2012	2013	2014	2015
Total	17.5	16.8	17.0	17.0	18.1
North – West	14.1	12.5	13.1	12.3	14.8
Center	28.4	24.5	22.3	25.1	28.2
North – East	13.6	13.3	11.9	11.1	10.4
South – East	22.2	21.1	22.1	22.4	25.4
South Muntenia –	22.9	22.6	23.3	22.5	23.5
Bucharest Ilfov –	11.1	12.7	14.2	15	12.6
South – West Oltenia	14.2	13.5	15.3	14.4	18.3
West	12.4	14	13.9	14.8	12.7

Source: NIS, TEMPO Database, 2017

In the analyzed period, in all regions we can observe an increase in labour productivity (indicator calculated as a report between Regional gross domestic product and Civil economically active population at regional level), except for Bucharest Ilfov

region in the first year of economic crisis. Productivity growth is most often a consequence of staff cuts and not a more efficient economic activity. (Figure 1)

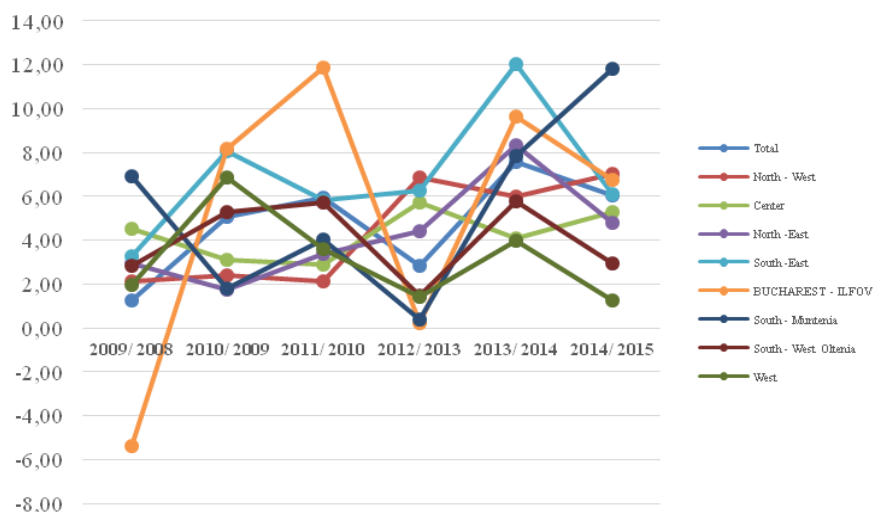


Figure 1. Increase in labour productivity by development regions

Source: Author based on NIS, TEMPO Database, 2017

An important attribute of decent work is that workers should benefit from “remunerative” employment, which is one element in the “quality” of work. The poverty indicators are used to underline this issue. (Ghai, 2003, p.119)

To create an image concerning poverty at regional level we took 3 indicators into account: AROPE, relative at risk of poverty rate and severe material deprivation rate. (table 3)

The AROPE indicator is defined as the share of the population in at least one of the following three conditions: at risk of poverty, meaning below the poverty threshold; in a situation of severe material deprivation; or living in a household with very low work intensity. (NIS definition)

If the AROPE and severe material deprivation rates have improved in the analyzed period, the relative at risk of poverty rates rise at average from 23.6 to 25.4; the highest level is registered in South–West Oltenia and North East regions (more than 30%) and the lowest in Bucharest Ilfov region. The differences between maximum and minimum values of the indicator are significant. (table 3)

Table 3. Poverty indicators by NUTS regions

INDICATORS	u.m.	2008	2009	2010	2011	2012	2013	2014	2015
AROPE-at risk of poverty or social exclusion rate	%	44.2	43	41.5	40.9	43.2	41.9	40.3	37.3
MAX	%	56.6	53.2	52.4	51.7	54.1	53.9	53.2	46.2
	Region	SW	SW	NE	NE	SE	SE	SE	NE
MIN	%	34	31.8	31.3	29.7	31.4	30.7	25.1	20.5
	Region	B-I	W	C	B-I	B-I	B-I	B-I	B-I
Relative at-risk-of-poverty rate	%	23.6	22.1	21.6	22.3	22.9	23	25.1	25.4
MAX	%	37.6	37.3	30.8	32.1	31.9	34.5	36.1	35.9

INDICATORS	u.m.	2008	2009	2010	2011	2012	2013	2014	2015
	Region	SW	SW	NE	NE	SE	NE	NE	NE
MIN	%	5.6	6	3.4	3.5	2.6	4.1	4.8	5.9
	Region	B-I	B-I	B-I	B-I	B-I	B-I	B-I	B-I
Severe material deprivation rate	%	32.7	32.1	30.5	29.5	31.1	29.8	25.9	22.7
MAX	%	40.5	41.9	40.3	38.6	37.5	38.7	34.4	32
	Region	NE	NE	NE	NE	NE	SE	SE	SE
MIN	%	22.8	20.6	19.7	18.9	22.7	21.9	18	13.7
	Region	W	W	C	C	NW	NW	NW	B-I
In-work at-risk-of-poverty rate	%	16.9	17.2	17.6	18.9	18.9	18.1	19.5	18.6

Source: NIS, TEMPO Database, 2017

3. Conclusion

Based on the concept of decent work, Romanian regions can be ranked in this order: in first place Bucharest Ilfov region, followed by the North West, the West, the Centre, the South East, the South, the South-West Oltenia and the North East.

Even judging by the formal employment dimension of decent work, the regions with lower rates have recovered faster after the economic crisis; certain domestic issues still unresolved (informal activities, mono-industrial areas, large proportion of employment in agriculture with low productivity, high rates of poverty, migration, etc.) generate an increase in disparities across the Romanian development regions and the situation is getting worse.

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