

LABOUR FORCES PARTICIPATION IN THE EUROPEAN ECONOMIC AREA

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Abstract:

The distribution of employment by activities of the national economy shows that the agriculture, forestry and fishing sector has concentrated 28.6 percent of the total population employed in the economy in 2011, of which 6.3 percent were employees. In this respect Romania is well above the EU average, where the share of labour absorbed by the secondary (industry + construction) and tertiary (services) sector was 95.1 percent. The most recent data obtained from the Household Labour Force Survey reveal the continuation of economy restructuring, which impacts the structure of employed population and unemployment. In the next period, labour market stabilization is expected, in the conditions in which the number of people who got out of the unemployed category as a result of non-renewal of requests to be in the evidence of the NEA is low; an eventual reason for this situation could be these people's inadequate training or their migration to foreign countries or to the informal economy.

Keywords: Labour market, vacancies rate, incidence of long-term unemployment, potential additional labour force.

Introduction

The economic activity objectively involves the labour factor designed to exploit the natural and money resources for its own interest. Labour is traded through the labour market. The balances or imbalances in the labour market can be approached starting from the features of this market and continuing with the internal mechanism of its operation. The study and evaluation of the processes in the labour market as dimensions, structures and trends are important for defining the active employment and social protection policies in their most different aspects. In the transformation phase undergone by Romania under the impact of the

economic crisis, it is important to educate the population in order to make it understand and accept the new processes taking place in the economy and the formation of an appropriate behaviour of companies on employment and the efficient use of the labour force. In Romania, the employment rate of working age population (15-64 years) was 58.5 percent in 2011, 2.52 percentage points below the Central European countries (Czech Republic, Slovakia, Slovenia, Hungary, Poland). With the accelerating restructuring and increase of job insecurity, the labour market has accumulated a large number of social problems. The privatization and restructuring of the Romanian economy have significantly influenced the labour market, causing massive layoffs and the occurrence of the unemployment phenomenon. The involutions in the economy have limited employment opportunities; the active population and the activity and employment rate decreased and unemployment became chronic.

In this respect, this study aims to analyze the occupational structure and measuring the size and development of the employment, unemployment and inactivity phenomena.

The Dynamic Analysis of the Labour Market

In the labour force, numerous retirements, restructuring of state enterprises and liquidation of inefficient units, the development of parallel economy, the call for other forms of employment (for example, civil agreement), increasing the number of Romanian workers with contracts abroad, the global crisis, as well as the casual and seasonal factors have led, during 2003-2011, to a decrease in the number of persons involved in increasing the gross domestic product.

Table 1. Evolution of main indicators of human potential in Romania, 2003-2011

Specification	2003	2004	2005	2006	2007	2008	2009	2010	2011
	- thou persons -								
Population	21773	21711	21658	21610	21565	21529	21499	21462	21414
Economically active population	9914	9957	9851	10042	9994	9945	9924	9965	9868
Employment	9222	9158	9146	9313	9353	9369	9243	9240	9138
ILO unemployed	692	799	704	728	641	575	681	725	730
	- percent -								
Activity rate*	62.4	63.2	62.4	63.7	63.0	62.9	63.1	63.6	63.3
⇔ 15-24 years	34.2	36.8	31.9	31.0	30.5	30.4	30.9	31.2	31.1
⇔ 25-54 years	78.0	78.3	78.2	79.9	79.0	78.3	78.5	79.5	79.1
⇔ 55-64 years	38.8	37.9	40.4	42.8	42.4	44.2	43.9	42.5	41.5
Employment rate*	57.8	57.9	57.7	58.8	58.8	59.0	58.6	58.8	58.5

↔ 15-24 years	27.9	29.1	25.6	24.5	24.4	24.8	24.5	24.3	23.8
↔ 25-54 years	73.1	72.9	73.3	74.7	74.6	74.4	73.7	74.4	74.1
↔ 55-64 years	38.1	36.9	39.4	41.7	41.4	43.1	42.6	41.1	40.0
ILO unemployment rate*	7.0	8.0	7.2	7.3	6.4	5.8	6.9	7.3	7.4
↔ 15-24 years									
↔ 25 years and over	18.5	21.0	19.7	21.0	20.1	18.6	20.8	22.1	23.7
	5.4	6.2	5.6	5.7	4.9	4.4	5.4	5.8	5.8

* Calculated for the working age population (15-64 years)

(Source: Statistical publication "Labour Force in Romania: Employment and unemployment in 2011", National Institute of Statistics)

The distribution of employment by activities of the national economy shows that the agriculture, forestry and fishing sector has concentrated 28.6 percent of the total population employed in the economy in 2011. In this respect, Romania is well above the EU average, where the share of labour absorbed by the secondary (industry + construction) and tertiary (services) sector was 95.1 percent.

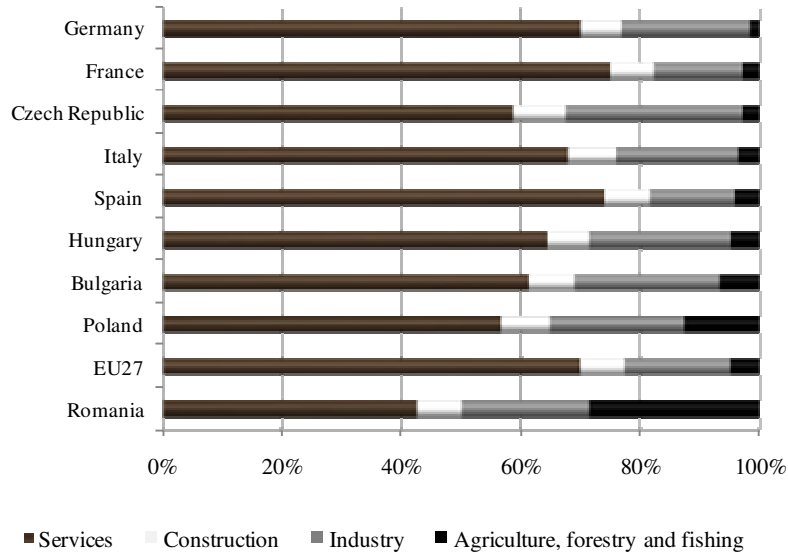
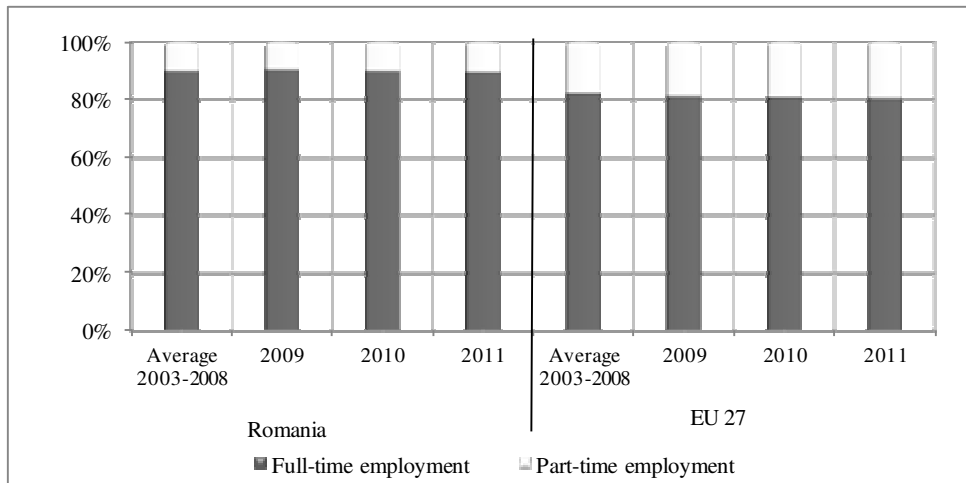
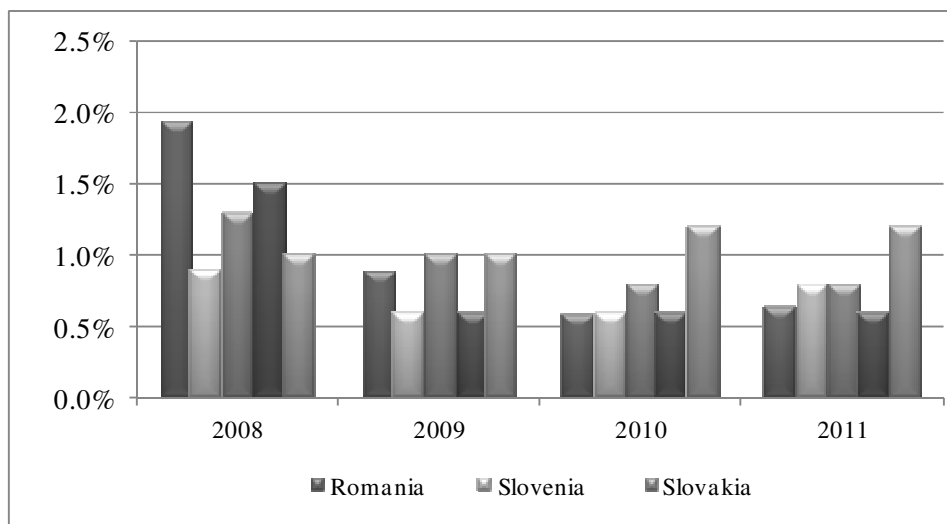


Figure 1. Structure of employment by main activity in the European Union, 2011

Since autumn 2008, keeping the demand services to low levels, the economic contraction and the worsening prospects for companies on the business environment resulted in: (i) the increase of new contracts, with part-time working programme in the total number of hired unemployed, an important factor to prevent the rise of employment decline and the rising of unemployment; (ii) the reduction in the number of new jobs created → in 2011, the vacancy rate by groups of occupations, was of 0.64 percent, by 0.53 percentage points below the last three years.



Source: EUROSTAT

Figure 2. Employment according to working regime

Source: EUROSTAT

Figure 3. Job vacancy rate in selected EU Member States, 2008-2011

In 2011, the incidence of long-term unemployment among youth (the percentage of 15-24 years unemployed with an unemployment duration of 6 months and older, in the total number of unemployed in same age group) amounted to 63.4 percent. The economic dependency ratio (the number of inactive and unemployed persons per 1000 persons employed) was 1340.2 per thousand.

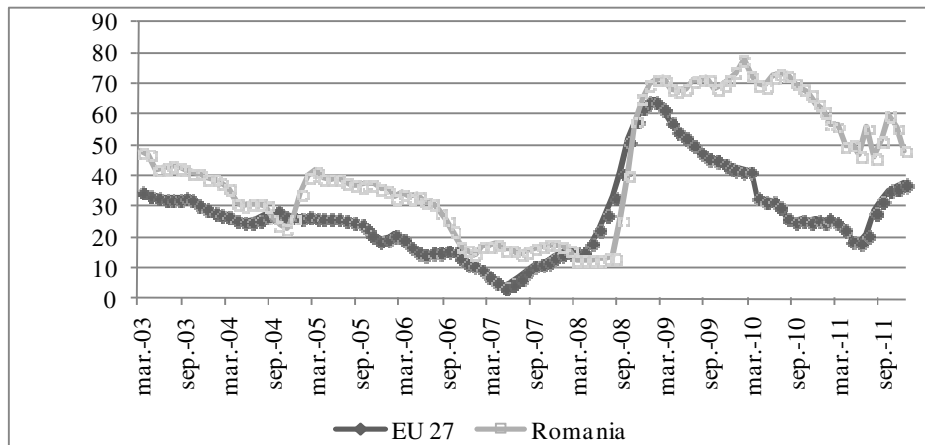
In 2011, 2.4 percent of the economically active population was underemployed. At the level of EU27, 3.6 percent of the economically active persons were underemployed, the highest weights of this indicator were registered in Ireland (6.4 percent), United Kingdom (5.6 percent), Spain (5.3), while the lowest weights were registered in the Czech Republic (0.5 percent), Bulgaria and Belgium (0.8 percent). In Romania, the additional potential labour force represented 5.0 percent of the economically active population. Among the EU Member States in 2011, the additional potential labour force was highest in Italy (12.1 percent of active population), Bulgaria (9.3 percent) and Latvia (8.4 percent) and lowest in the Czech Republic (1.4 percent) and Greece (1.7 percent).

Table 2. Unemployment and supplementary indicators in the European Union, 2011

	Unemployed	Underemployed part-time workers	Persons seeking work but not immediately available	Persons available to work but not seeking
	% of active population			
EU27	9.6	3.6	0.9	3.6
Netherlands	4.4	1.3	0.9	3.3
Germany	5.9	4.7	1.2	1.4
Czech Republic	6.7	0.5	0.3	1.1
Belgium	7.1	0.8	1.4	2.2
Romania	7.4	2.4	0.1	4.9
United Kingdom	8.4	1.8	0.5	11.6
Italy	9.8	4.0	1.5	1.1
France	11.3	0.8	0.8	8.5
Bulgaria	14.6	6.4	0.6	2.0
Ireland	16.2	4.3	0.8	7.6
Latvia	17.7	3.2	0.4	1.3
Greece	21.6	5.3	1.0	4.2
Spain				

Source: EUROSTAT

In Romania, of the 95.3 thousand employees with a temporary working regime 30.95 percent were employed for a period of 7-12 months, citing as the main reason the impossibility of finding a permanent job.



Source: EUROSTAT

Figure 4. Unemployment expectations over the next 12 months

Since October 2008, people's expectations on the rise of unemployment in relation to the following 12 months were enrolled on a deep slope upward, significantly above the European average.

Conclusion

At the level of the National Agency for Employment there is information on the increase of the number of employed people, undocumented, based on the increased uncertainty regarding the volume of new orders. Taking into account the competition from people who, although employed, are looking for a safer job, we can say with certainty that a favourable framework has been created for the reduction in total labour costs for both its components - direct (salary) and indirect (non-salary) – with an effect of improving the inflationary pressures from consumer demand.

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