

Maximizing Labor Market Mobility

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Abstract: *Employment policies are a set of measures developed by the state to intervene in the labor market in order to stimulate job creation, improvement of human resources to adapt to the needs of the economy, to ensure fluid and efficient labor market flexibility, decreasing the imbalances and dysfunctions. This article attempts to link the maintenance and increase of employment rate through direct or indirect actions to ensure jobs for young people entering the labor market, for the unemployed and others who want to hire as employees. Goal of ensuring full employment of labor on the one hand seeks a decent living, and on the other hand a high level of product supply.*

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JEL Classification: O11; F22.

1. Labor market complexity

Labor market is one of the most complex markets, which is defined as all acts of buy and sale of labor, their specific relations, taking place in an economic space; it reveals meeting labor demand with supply, establishing on this basis of conditions for hiring employees, negotiating and securing workers' salaries on performance, achieving labor mobility on wages and jobs, companies, areas.⁶⁵ Labor market is uneven, inconsistent, fragmented, more organized and regulated in relation to other markets, a higher degree of imperfection; also, the market is contractual and particular.

Full employment structure reflects the level and quality of labor resources used optimally, i.e. it favors maximizing effectiveness translated into economic goods to satisfy human needs and human communities.⁶⁶

In relation to employment, unemployment can be also appreciated. The essence of the concept of unemployment is similar to that which causes unemployment as macro imbalance (see Table 1), which however customizes, depending on the economic and social, tangible, specific historical conditions.

⁶⁵ Aceleanu, M., I., Crețu, A., Ș., (2010). Strategii și politici de ocupare în contextul pieței actuale a muncii, Editura Ase, București.

⁶⁶ Burghelea, C. (2011) "Economic Crisis perspective between current and forecast", *Theoretical and Applied Economics*, Vol. XVIII, No. 8, pp. 137-147.

Table 1. Registered unemployed by level of education
(thousands persons)

	2008	2009	2010	2011
Total unemployed	403	709	627	461
Of which women	187	302	264	204
Primary, secondary and vocational	312	503	442	321
Of which women	132	190	164	127
High school	71	156	135	101
Of which women	42	83	71	53
University	20	50	50	39
Of which women	13	29	29	24

Source: www.insse.ro

In 2009, the number of unemployed has increased as a result of the financial crisis, with 306 thousand compared to 2008, after which a slight decrease has been observed, which then widened, at the end of 2011, reaching a little higher than that recorded in 2008 (see table 2).

Table 2. Unemployment rate by gender, age group and area (%)

	2008	2009	2010	2011
Total	5,8	6,9	7,3	7,4
Under 25 y.o.	18,6	20,8	22,1	23,7
25 y.o. and over	4,4	5,4	5,8	5,8
Masculin	6,7	7,7	7,9	7,9
Under 25 y.o.	18,8	21,2	22,3	23,7
25 y.o. and over	5,3	6,1	6,3	6,3
Feminin	4,7	5,8	6,5	6,8
Under 25 y.o.	18,3	20,1	21,8	23,8
25 y.o. and over	3,4	4,5	5,1	5,2
Urban	6,8	8,1	9,1	8,8
Under 25 y.o.	23,2	27,1	30,5	32,4
25 y.o. and over	5,3	6,5	7,4	7,0
Rural	4,6	5,4	5,0	5,5
Under 25 y.o.	14,7	15,5	15,3	16,7
25 y.o. and over	3,3	4,0	3,6	4,1

Source: www.insse.ro

The unemployment rate is an indicator by which the intensity of unemployment is measured. In 2011, in our country this indicator equaled 7.4%, up from previous years: 0.1 percentage points compared to 2010, by 0.5 percentage points compared to 2009 and by 1,6 percentage points compared to 2008, when the lowest unemployment rates were recorded.⁶⁷ The unemployment rate for women was 6.8%, up 0.3 percentage points from the previous year. For men, the unemployment rate was constant, the same level of the previous year (7.9%). In urban areas, the unemployment rate significantly exceeds the rate in rural areas (in

⁶⁷ Mărcuță, L., Mărcuță, A., Tindeche, C., (2013) "Analysis of Romanian GDP during crisis", 20th International Economic Conference - IECS 2013, Post Crisis Economy: Challenges and opportunities, Sibiu, România.

2011: 8.8% vs. 5.5%). Those most affected by unemployment are young people aged 15-24. The youth unemployment rate was 23.7% in 2011, with significant differences in the average (32.4% in urban areas compared to 16.7% in rural areas). For the unemployed aged 25 years and over this indicator was 5.8% (see Table 3).

Table 3. Long-term unemployment rate, by sex and area (%)

	2008	2009	2010	2011
Total (12 months and over)	2,4	2,1	2,5	3,1
Male	2,9	2,4	2,9	3,4
Female	1,8	1,7	2,1	2,8
Urban	2,9	2,6	3,2	3,9
Rural	1,7	1,5	1,7	2,1
Young (6 months and over)	10,5	10,3	13,0	15,0
Male	10,5	10,9	13,8	15,3
Female	10,5	9,3	11,8	14,6
Urban	12,7	13,5	17,8	20,8
Rural	8,6	7,6	9,1	10,3

Source: www.insse.ro

In 2011, long-term unemployment rate was 3.1%. This is slightly up compared to the values recorded in the three years preceding (2.4% in 2008, 2.1% in 2009 and 2.5% respectively in 2010). By gender, this indicator has values of 3.4% for men and 2.8% for women in 2011, and the same year according to the average values of 3.9% in urban areas, compared to 2.1% in rural areas.

Long-term unemployment among young people has followed an upward trend in the period (from 10.5% in 2008 to 15.0% in 2011), especially in the context of the current financial crisis (see Table 4).

Table 4. The incidence of long-term unemployment (as a share of total unemployed)

	2008	2009	2010	2011
Total (12 months and over)	41,3	30,9	34,9	41,9
Male	42,9	31,6	36,9	42,6
Female	38,4	29,8	32,0	40,9
Urban	43,4	32,2	35,2	44,3
Rural	37,5	28,7	34,2	37,1
Young (6 months and over)	56,3	49,5	58,8	63,4
Male	55,6	51,6	62,0	64,8
Female	57,4	46,3	54,1	61,5
Urban	54,6	49,8	58,4	64,2
Rural	58,6	49,0	59,6	62,0

Source: www.insse.ro

The incidence of long-term unemployment was between 2008-2011 on the rise. Thus, after a decline in 2008 from 41.3% to 30.9% in 2009, it starts to increase with the values of 34.9% in 2010 and 41.9% in 2011.

GDP is the gross value of all goods and services for final consumption, made by economic agents operating within a country in a given period of time. Romania National Accounts have been developed since 1989 on the basis of the European System of Integrated Economic Accounts methodology 1979.

Since 1998 Romania started to use the new European System of Accounts 1995, 1998 being the year of connection between the two versions of the European System of Accounts.⁶⁸

Table 5. GDP Values

	2008	2009	2010	2011
GDP - million lei in current prices	514700,0	501139,4	522561,1	578551,9
GDP – change over previous year (%)	7,3	-6,6	-1,6	2,5
GDP per capita – lei	23934,6	23341,4	24383,1	27017,73
GDP per capita – change over previous year (%)	7,5	-6,4	-1,5	2,53)
GDP per capita – \$	12633	11945	11904	12476
GDP per capita at standard purchase rate – \$	11700	11000	11400	-
Rate of gross value added (GVA / Production) (%)	46,5	46,2	45,7	44,6
Investment rate (gross fixed capital formation/GVA) (%)	35,8	27,2	26,5	27,9

Source: www.insse.ro

Gross domestic product in nominal terms in 2011 was 578,551,900,000 lei, returning 27,017.7 lei per capita. Also, the GDP in real terms grew by 2.5% compared to 2010, and this indicator is per capita by 2.5% percentage points higher than the previous year (see Table 5).

Compared to the last two years of contraction, the Romanian economy registered a slight economic recovery (-6.6% in 2009 compared to 2008, -1.6% in 2010 compared to 2009).

Evolution of gross domestic product in 2011 had the following characteristics, by activity sectors: services had the greatest contribution to GDP, namely 45.4% of the total (262 705 600 000 lei), industry ranked second with 26.3% of GDP (152 062 900 000 lei) construction contributed 9.8% to GDP and agriculture, hunting, forestry and fishing contributed with 6.5% of GDP (56,744,500,000 lei construction, 37,837,700,000 lei agriculture). Gross value added recorded in 2011 was 509,350,700,000 lei and accounted for 88.0% of GDP (see table 6).

Table 6. GVA

GVA	2008	2009	2010	2011
Agriculture, hunting and forresting	8,7	8,2	7,8	8,6
Industry	27,8	28,2	29,7	30,4
Construction	14,0	14,6	13,4	13,3
Services	49,5	49,0	49,1	47,7

Source: www.insse.ro

Gross value added in the private sector took in 2011 following characteristics by industry: significant shares in gross value added continues to hold the private sector in

- ⁶⁸ Dobrotă, N., Aceleanu, M., I., (2007). *Ocuparea resurselor de muncă în România*, Editura Economică, București.

agriculture (93.4%), with 22.6 percentage points above the average private sector of the economy, compared to the previous year, this indicator increased by 0.7 percentage points in industry gross value added accounted for 81.9 % of gross value added of the sector, which is 11.1 percentage points more than the average private sector. Compared to the previous year, the indicator decreased by 0.3 percentage points. The private sector in construction was 95.7% , 24.9 percentage points above the average private sector over the previous year, this indicator decreased by 0.2 percentage points, the share of private sector services was 74.3% of total gross value added of the sector, which stood at 3.5 percentage points more than the average private sector compared to the previous year, gross value added in private services was higher by 2.2 percentage points.

Finally, in 2011, an encouraging aspect observed was the change of sources of growth, from an excessive orientation towards consumption to a stronger contribution of exports, agriculture and industry.

Table 7. Labour productivity per person employed

	2000	2008	2009	2010
Romania	23,7	49,1	49,2	48,9
Germany	107,1	107,9	104,9	105,4
France	120,3	116,1	117,2	116,0
Italy	127,4	112,9	112,1	109,4
Bulgaria	31,3	39,6	40,1	41,3
Hungary	57,1	70,9	72,1	71,2

Source: www.insse.ro

Labour productivity per person employed in Germany, France and Italy, is far above the EU average (see Table 7). Other countries, Hungary, Bulgaria, Romania are below the EU average. In Romania, the labor productivity per worker has increased, estimating that it will continue in the next period. This growth has been affected by the current crisis, however, on the other hand, al labor productivity is still well below the EU average.

2. Labour migration

Under capitalism, the issue of labor migration has been and is amply reflected in the socio-economic and political literature, including Romanian one. The process was analyzed by historical subperiods within this timeframe.

International capital flows are closely related to the movement of labor abroad. A part of labor from low developed and developing countries are determined by the tendency of concentration of capital from developed countries to emigrate to the developed countries.⁶⁹

The existence of economic disparities between low developed countries and industrialized countries are the main cause. In the hope of greater gains, these gaps cause individuals to seek better paying jobs. Labor market supply responds to ther higher number of jobs in areas of high growth by territorial mobility of labor. A number of features influence moving to work abroad, including: the individual characteristics of the person who migrates, characteristics of the area of departure and arrival area and distance. The most important

⁶⁹ Gheorghiu, A., Gheorghiu, A., Spânulescu, I., (2009) “[Target market risk evaluation](#)“, *Proceedings of the International Conference on Econophysics, New Economics & Complexity - ENEC-2009*, Editura Victor, București, ISSN 2065-2550, p.113.

individual factors to explain the availability of migration are related to age, marital status, education.

The decision to work abroad also takes distance into account. But geographical distance is not as important as social distance is, the latest referring to the obstacles in front of the person moving to work abroad. Such obstacles arise in the process of its adaptation to the new social area or locality. Government policy on taxes, social protection measures for unemployed and behavior of firms in terms of policies promoting employees also have an important role (see Table 8).

În luarea deciziei de a lucra în străinătate este importantă, de asemenea și distanța. Însă, nu atât de importantă este distanța geografică, cât este distanța socială, aceasta referindu-se la obstacolele care stau în fața persoanei ce se deplasează la muncă în străinătate. Astfel de obstacole apar în procesul adaptării sale sociale în noua zonă sau localitate. Politica guvernamentală în domeniul impozitelor, măsurilor de protecție socială a șomerilor și comportamentul firmelor în termenii politicilor de promovare a angajaților, au de asemenea un rol important (vezi tabelul nr.8).

Table 8. Romanian citizens who have established residence abroad

	2008	2009	2010
Total	8739	10211	7906
By sex			
Male	3069	3768	2917
Female	5670	6443	4989
By age group			
Under 18 years old	1214	1316	1062
18-40 years old	5829	6621	5029
41-60 years old	1419	1915	1562
61 years old and over	277	359	253
By nationality			
Romanians	8485	10052	7834
Magyars	194	103	42
Germans	18	15	8
Jews	27	27	8
Other nationalities	15	14	14
By country of destination			
Australia	82	128	81
Austria	345	421	569
Canada	1738	2045	858
France	431	576	405
Germany	1788	1938	1399
Greece	85	124	133
Israel	50	111	62
Italy	1098	984	844
Spain	238	547	882
U.S.A.	1591	1793	1086
Other countries	932	1198	1304

Source: www.insse.ro

Officials do not hold completely reliable data about the number of Romanians who work abroad. Countries where Romanians are temporarily working do not know their number

and on the other hand they can not provide reliable information on workers in their territory who entered legally. Between 8% and 10% of Romanians aged 15-64 years are left to work abroad. In this regard, there have been outlined three courses of action Romania should follow in the field of migration, namely: policies that are focused on working abroad, policies on immigration and policies regarding migration and development, issues requiring thinking of migration on regional development. Romania lacks the connection between migration policy and development policy. To assess the effectiveness of employment in Romania is necessary to know the size of the income from people - Romanian citizens working abroad . In 2008, Romanians working abroad sent home about 6 billion Euro, or 5 % of GDP.

Workers go to work abroad bring money into the country, but in the long run these departures affect the labor market by creating a skills shortage in certain professions.

3. The capital value of the labor market

In any economy, the labor market was always paramount and required attention because work is the active, primary and determinant production agent and also a factor of circulation, distribution and consumption.

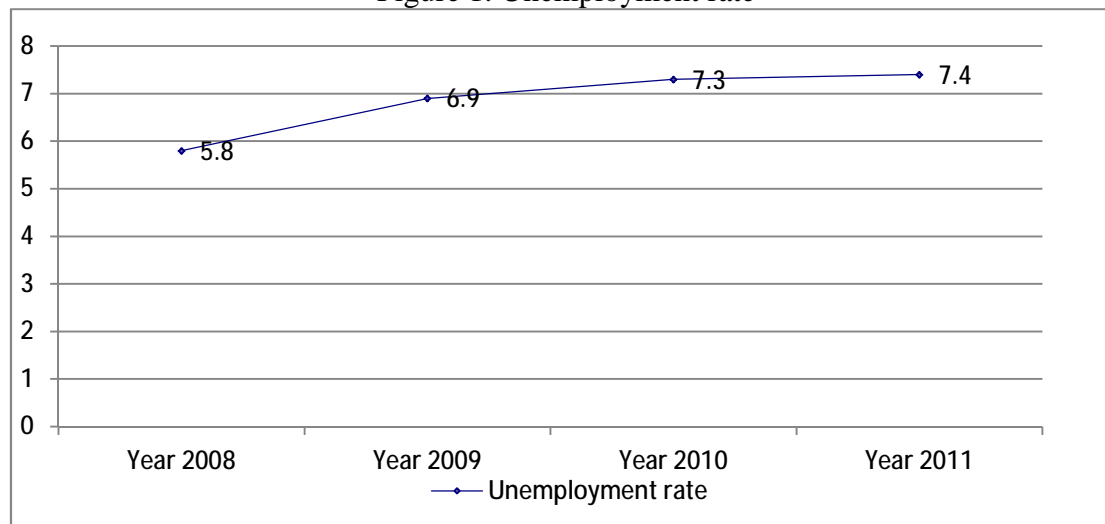
Economic crises can be defined as situations of pronounced instability are accompanied by volatility and uncertainty growing. In various branches of the economy, the crisis has caused and continues to cause various effects, the most important being the effects on jobs and employment policies . Many businesses reduced their activities as a result of the crisis, which is a measure of adaptation to the turbulence in the market, which led to a large number of layoffs and the reduction in salary remuneration. By reducing the number of taxpayers, layoffs have created effects on social security budgets, health, and pensions. There is a reduction in the volume of economic activity as a result of increased unemployment, which has implications on revenues and expenditures. On the one hand, a greater number of unemployed means less revenue to the budget, on the other hand, spending on social protection and assistance.

There is an increase in working poverty due to the impact of the economic crisis on employment and productivity. For many families, the work does not provide enough income to overcome poverty line anymore.

Large foreign investors in Romania gradually restrict their activity, they passed to the application of restrictive economic measures that have direct impact on the employment situation of being under the influence of the consequences of the international economic crisis, closely linked to the financial one. Due to lack of orders internally and externally, companies such as Colgate and Kraft Jacobs Palmolive Brasov, Dacia Renault Pitesti, Ford Craiova, Arcelor Mittal Galati announced decrease of activity. In Romania, Colgate Palmolive still has one production unit working in Bucharest. The company announced it would move its activity in Poland, in a mining area where production deployment will be done with less expenditure.

Capital-intensive sectors, the sectors with a long production cycle and offering durable products are affected mainly by the loss of jobs. First, those hardest hit by the crisis are those that fueled it in their desire to provide as much financing solutions to their clients, commercial banks, investment banks, investment funds and strategic investors.

Figure 1. Unemployment rate



Source: personal processed data from www.insse.ro

The evolution of unemployment in recent years can be seen in the chart above (see Figure 1). If in 2006 the unemployment rate fluctuated until 2008, since 2008 there has been a significant increase in the unemployment rate, to 6.9 in 2009, this reaching values of 7.3 in 2010 and 7.4 in 2011.

In today's society, the dynamics of multiple work potential benefits are discussed, analyzed and assessed with known terms such as: training, professional formation, qualification, use, occupation, employment, enrolment, consumption of labor resources or of employment. Conducting a social activity was always preceded by a special preparation. New methods for people training were developed and diversified. These systems have had to turn adjustments and continuous improvement.

In a world where information is widely available, the role of educational institutions is changed by modern information and communication systems. An integral part of the globalization process is education, and this is also an economic resource base that can sustain long-term competitive advantage. As element of the new society, the central problem of knowledge, it is not in terms of its existence, but the content of new knowledge in ways to stimulate the formation of the whole society and the economy.

From perspective of a perfect society education serves mainly for widening perspective on life and live it to increase satisfaction. It opens new horizons in the individual languages, literature, art, music and the diversity of the world. Those who have benefited over the years from a good education have not doubted for a moment that they do receive and will receive a greater reward; the opportunity to receive a solid education expands and generalizes this reward.

For any economy, education becomes crucial because, through education, the relationship between man and society are diversified. As a member of society, the individual is able to contribute something to balance what he receives from living together with other individuals. With globalization and the technological revolution, the economy needs well-trained labor force, requiring skills, a solid knowledge, creativity and increased accountability.

For an educated population, there may be many social benefits, because there is an increase in productivity. That person will be as adaptable, as it allocates more to education.

By training potential innovators, investment in human capital leads to an advance of knowledge and contribute to economic growth. Winning greater stability in the labor market

is still a reason to support raising the level of education , which reduces the default risk of unemployment.

To support continuing education, lifelong, Romania must realize learning strategies through training and improving the quality and efficiency of education. As a result of European integration, it is necessary to aim career development, improving skills and reducing disparities professional qualification. Reaching an average participation level in lifelong learning at least 12.5 % of the adult population of working age 25-64 years was set as a target at EU level. Achieving these targets is very important because it will allow Romania to meet an increase in productivity and competitiveness to face the labor market. Pursued policies will aim: increasing investment in human resources, investment in adult training in enterprises, access to relevant information on adult education and training opportunities, using information and communication technologies. Educational process involves achieving efficiency and modernization directions.⁷⁰

In the educational process, we follow several lines of action to streamline and modernize it: education seen as a national priority, new legislative basis of education; passing from redressing reforms to systemic reform, integration into the European Higher Education Space; better education funding, increased investment in research, the use of IT&C in education through measures related to training content, the correlation of disciplines and knowledge transmission efficiency.

Objectives of labor resources policies are to maintain and increase the employment rate. These are accomplished by direct or indirect actions, being designed to provide jobs for young people entering the labor market, for the unemployed and other people who want to hire as employees.

Specific performance of the labor market are influenced by the actions and policies that affect themselves the initiatives related to training and education. The rate of return on investment in education can be reduced by progressive taxes. Increasing young people's interest to invest in education is driven by high rates of return on investment in education.

Incentive to invest in education can be enhanced by the financial support of public education in the form of grants and contributions, by reducing the cost of investment. On the other hand, investment in education can be supported by loans and guarantors for students and flows of revenues and earnings may be affected by the expected duration of the studies, which are obtained by accumulating the stock of human capital as a result of investment in education.

OECD has advocated since the early 1990s for application of active policies to active labor markets. These policies are designed to distinguish from passive interventions in the form of unemployment benefit payments. Active labor market policies aimed, in OECD vision, to report rapid development of skills and employment opportunities for employment through education and continuous training, assistance in finding employment, creating jobs directly allowing the accumulation of experience.

On the achievement of the educational conditions necessary for joining the EU, Romania has made some progress, such as Romania's participation in Community programs Socrates, Leonardo and Youth. Our country is also characterized by the lack of an overall policy implementation of active employment based training through a low participation of adults in lifelong learning. In Romania , the education dropout rate is increasing, education

• ⁷⁰ Aceleanu,M., I., Crețu, A., Ș., (2010). Strategii și politici de ocupare în contextul pieței actuale a muncii, Editura Ase, București.

and training system being unfit for the new demands of the market and public investment in education is also limited a long time.

The main purpose of the educational system in our country to face the globalization of the world economy is to provide mass training, and training specialists in the competitive world market. Workers need better training and ability to adapt to changes due to increased international competition. Global economic competitiveness is increasingly based on knowledge and skills. Thus, teaching and learning lead to increased productivity, which corresponds to an increase in the stock of human capital .

By improving the quality and efficiency of education and training, Romania must implement strategies for lifelong learning . Development of a policy for lifelong learning requires continuous training and retraining of the workforce by updating and adapting skills to face competition from an enlarged Union and the global economy .

4. Conclusions

Labor market which is constantly changing attempts to deliberately size for global requirements. People who are part of this massive process of change are the ones who must make their contribution to what today's society that is seeking to implement quality of life. At the macro level, formation and support of a new managerial class is developed, empowered to drive competitive businesses in the harsh conditions of globalized economies. It is intended to apply measures to create and strengthen the middle class able to compete with large companies - especially those in relationships with foreign companies operating in Romania. A great source for creating new jobs is the rural economy, there are many requests for services and availability of unemployed labor force.

Study and evaluation processes in the labor market as size, structure and trends are underlying the definition of active employment policies and social protection under the most different of their sides.

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