

## DIVERSE AND EDUCATED WORKFORCE – REQUIREMENT IN THE RECOVERY CONTEXT

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### *Abstract*

*The existence of a highly skilled workforce is a key factor to the new challenges of globalization, population growth, aging, development of new information technologies and the need for appropriate and rational use of resources. Investing in training in terms of ensuring equal opportunities is a requisite for ensuring a healthy, creative and innovative workforce, with appropriate professional skills and knowledge to produce tangible and intangible goods and services that can meet the challenges of economic recovery, being the main driver of innovation and progress. Also, a diverse workforce with varied characteristics, perspectives and ideas, is more effective in today's society where creativity and innovation are essential.*

**Key-words:** *diverse workforce, education and training, equal opportunities*

**JEL Clasificare:** J11, J15, J24

In the current context of regionalization, globalization and of the financial and economic crisis, **the effective management of diverse and better training workforce** is essential to an economic recovery. More so, under the current global crisis, **investment in human capital should be treated as a key measure of economic growth and social cohesion**, since previous recession periods have shown that **effective programs and investment in human resource management can contribute to economic recovery, allowing deployment of a healthy, educated and competent workforce**, thus making up as a central strategic pillar.

To achieve the objectives of the Year 2010 - **European Year for Combating Poverty and Social Exclusion**, Community policy on equal opportunities requires a comprehensive approach, primarily based on **law, gender mainstreaming, and positive actions** to eliminate inequalities and promote equality opportunities in all European Community.

**European Union Member States have many regulations in the field of equal opportunities**, but reality shows that are not yet sufficient guarantees that discrimination will disappear from all the institutional and organizational practices. European Employment Strategy recognizes the role of labour legislation and of social partners in achieving the goals of equality, the latter being responsible and accountable for them to be actively involved in increasing employment of women, youth, disabled, ethnic, sexual minorities and to ensure their balanced representation and their participation in certain sectors and/or occupations and to improve opportunities of developing their careers.

## 1. The Benefits of a Diverse Workforce

The richness of European society is given by the diversity of origins and cultures of its citizens. In order to fully benefit from this wealth of skills, specificity, talents and ideas, **is essential a serious engagement with the design, implementation monitoring and evaluation of inclusive policies and equal opportunities for all**, measures promoted steadily, as shown, by the European Union. This increasing **diversity** offers us plenty of opportunities waiting to be used, but is also one of the new confrontations which we must cope with.

**In this context, the use of a diverse workforce can help companies to improve their competitiveness, not only represent a legal or moral obligation.** Many reports (for example, the EC Report of 2005) show that **most companies with a clear policy in this regard, obtained real commercial benefits. A diverse workforce with varied characteristics, perspectives and ideas, is more effective in today's society where creativity and innovation are essential.**

Among the strategic priorities contained in the **2007-2013 National Development Plan** relating to human resources, equality refers to the vulnerable labor market: female, disabled, youth, the roma minority, the elderly looking for a job. **Social cohesion, full employment, economic growth ultimately depend on the use of employment potential of these vulnerable groups**, with everything it implies: their increased participation on the labour market, promotion of part-time work, access to positions of leadership in politics, equalization level payroll, reconciliation of working men and women employees' work and family life etc..

Major obstacles facing the women, the disabled, ethnic and sexual minorities, in our society continue to be those related to attitude and stereotypical thinking. In view of economic recovery, a **diverse workforce supports the company' efforts of increasing business, of adapting to new situations and of discovering new development opportunities.**

**A new, performing and in line with European law type of human resource management must take into account the value of a diverse workforce**, the performance of an organization is given by the performance of all its employees, which has to be constantly maximized. This requires to identify the specific needs of each type of employees (women, disabled, ethnic minorities, sexual) and to integrate those into its various policy management of recruitment, promotion, motivation, training and assessment, work conditions, motherhood and combining family and professional life.

**Enhance the quality of management, the organization can obtain each employee's performance increase and thereby of profit and market competitiveness;** the organization's offer for its employees becomes higher than other similar organizations, materialized as an *opportunity to attract the best employees*; may acquires *legitimacy and credibility*, in the respect of labor law relating to equal opportunities for men and women and treating his employees fairly and equitably. Such management can be achieved by developing joint partnerships: companies, SMEs, state institutions, NGOs, companies that provide outsourcing services personnel (recruitment, training, occupational health, etc.) to local level for the development and implementation in these organizations of policies on equal opportunities.

**Difficult access to information** attracts increasing risk factors in relation to discrimination and labor abuses. **Efforts to increase awareness of this problem should be aimed at both employees and employers.** Employees do not know their rights related to work, so can not identify discriminatory practices within the labor market and legal rights and procedures for resolving cases of discrimination. Also, employers are poorly informed about legal provisions on discrimination in employment, the existing stereotypical attitudes on the labor market and the forms of manifestation, consequences and resolving cases of discrimination.

## 2. The Need for an Highly Educated Workforce

**The last decades have seen the essential technological mutations** such as the expansion of production techniques through automation and new Information and Communication Technologies (ICT). *The question is how these technological mutations are acting on the demand for workforce with high level training.* Two hypotheses attempt to explain the relationship between the demand for highly skilled workforce and technological developments. The first concerns the relationship between the rate of technological change and the demand for workforce with high level of training, indicating that workers with higher education levels are at an advantage in adapting to new technologies, which, in turn, being able to increase the demand of highly qualified human capital. If demand for skilled labor supply growth outruns, the rate of schooling increases. According to the second hypothesis new technologies tend to highly qualified. So, investment in workforce training **is a necessary precondition for the implementation of new technologies.**

To understand the theoretical effect of technology evolution on employment, suppose a firm decides to implement a computer-aided manufacturing process. Applying this new process allows the company to obtain the same volume of production with a reduced number employee which generates a negative effect on employment. This translates into lower costs and prices. Lowering prices can have a result in increased demand and the production, generating positive effects on employment. The positive effect tends to increase with the competition in that economic sector with technological knowledge and demand elasticity. These considerations make the relationship between technological development and employment in at company and industry level to be a priori unclear.

Therefore the following objectives are priority:

- **Supporting lifelong training** to avoid both the accelerated depreciation of skills during the rapid technological development and to have a workforce prepared for future economic recovery

- **Improve conditions for accumulation of human capital in research.** An important part of this human capital is generated as a by-product of the research itself, and therefore focused on human capital policies that will strength the link between higher education and research, both public and private.

- **Focus on improving access to education and to skills acquisition of people from disadvantaged backgrounds.**

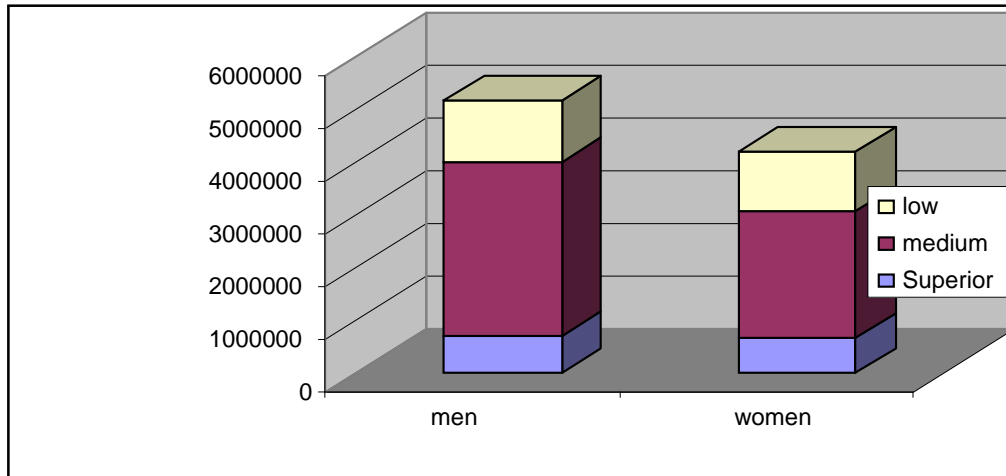
## 2.1. The current situation in Romania

It is now recognized that **human capital is one of the determinant in terms of productivity, both individually and generally, and that has a key role in current knowledge-based economy.** Highly skilled workers are able to adapt to new requirements and to learn much faster. It is expected that they will be more productive than the unskilled workers, irrespective of the production process, and they are able to work with more sophisticated technology which require their capabilities in a higher degree.

In Romania in 2008, over half of total employment, 60.7% respectively, had an average educational level (specialized or technical secondary, secondary, vocational or apprenticeship complementary and secondary stage I), a rate of 24.5% had a low educational level (secondary, primary, without graduated school) and only a percentage of 14.8% of all workers had a higher educational level (university).

Employment segregation by sex and educational level shows that there are more male workers with medium education level (64%) than female workers (56.6%), while the ratio is reversed in favor / against women both high and low level of education and training.

Graphic 1. *Employed population, by educational level, 2008 data*



Source: Workforce in Romania 2009

In conclusion, although **numerically, men are the majority in the labor market in terms of higher level training, in terms of percentage, they are overwhelmed by the percentage of women registered at this level.**

## 2.2. Forecast EU-27

Recently, the **European Centre for the Development of Vocational Training (Cedefop)** published its report "*Skills Supply and Demand in Europe: medium-term forecast up to 2020*". Thus, it is expected that in the next decade, the number of jobs to shrink by 10 million at EU level due to economic crisis and by the year 2020, to reach the level achieved in 2008.

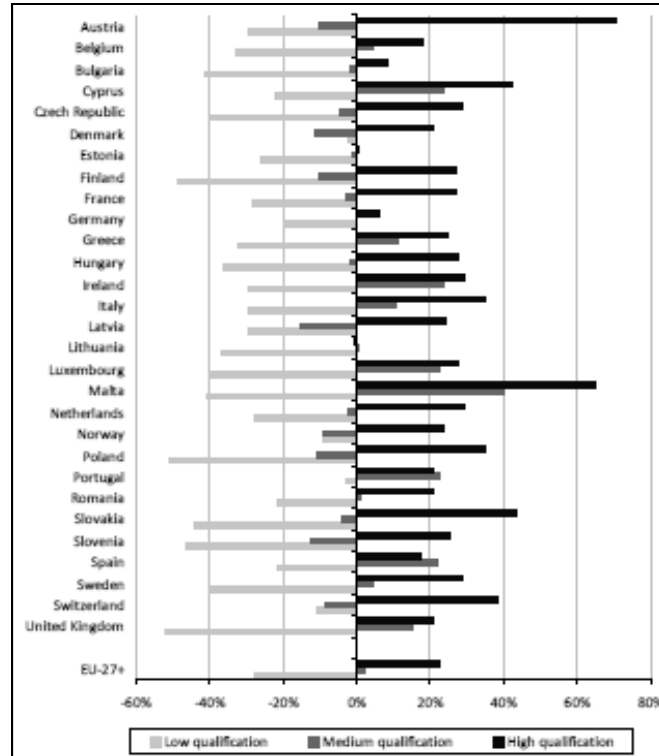
The report findings confirm that the transition to a service economy will increase and it is expected to be created almost seven million jobs, mostly within occupations that require higher skills and education level, such as management functions and jobs highly technical and professional level. Meanwhile, it is expected that jobs with routine activities decrease. In 2020 just over half of all jobs will be filled by skilled workers on average, thus preserving the present situation, while **the share of jobs held by highly skilled people will increase** from 29-35% at the expense of those held by low-skilled workers. Evolution of employment will be correlated with trends in the classification, as the young generation with higher level qualifications will enter the labor market and older people with lower qualifications will leave, retiring.

The development model of EU-27 is retained in the member countries, while differences in size changes occur. Thus, between 2010 and 2020, is provided a similar development, both the number of workers with low skill levels and those with high level, while the development prospects of workers with average qualifications vary from country to country: in some countries, the number is expected to rise and in others to decrease. Graphic No. 2 compares the dynamic changes in the EU27. In all European countries, the share of highly skilled labor will rise while that of low skilled will decline.

In Romania it is expected that the number of jobs requiring low training level will decrease while the number of jobs which require a high level of education and more skills will grow significantly.

Improving skills in accordance with future needs, adapting education and training more closely with the world of work requirements and improving the matching of supply and demand are key objectives for the initiative "**EU New Skills for New Jobs Initiative**" and **2020 European strategy** for smart, sustainable and inclusive growth. This forecast may help policy makers take better informed decisions and progress in implementing these strategies. It might occur imbalances that will cause **strengthen cooperation with employers to build strategies concerning skills of a diverse workforce.**

Graphic 2. *Predicted changes (%) workforce, by countries and level of qualification, 2000- 2020*



Source: Cedefop (IER estimates based on E3ME and StockMOD), Skills supply and demand in Europe: medium-term forecast up to 2020, p.29

## Conclusions

The existence of a highly skilled workforce is a key factor to the new challenges of globalization, population growth, aging, development of new information technologies and the need for appropriate and rational use of resources, whose role will become increasingly important in terms of economic recovery. **Investing in training in terms of ensuring equal opportunities** is a prerequisite for ensuring a healthy, creative and innovative workforce, with appropriate professional skills and knowledge to produce tangible and intangible goods and services that can meet the challenges of **economic recovery**, being the main driver of innovation, and progress.

It appears that the stimulation of measures for ensuring a highly skilled workforce must be an important part of any political action measures to promote development. Thus, implementation of human capital policies presented at the European summit is a particularly important issue for European regions with much lower levels of productivity and income per capita, especially in this difficult crisis period.

We consider useful tracking regional studies attempting assessing levels of competence of the workforce as a whole and support research on determinants of performance of educational systems, because these studies can be a useful contribution to formulate a policy on human resources, which must be an essential aspect of current EU efforts to increase regional cohesion and overcome the current economic and financial crisis.

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