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## **THE WORK IN ROMANIA: AN ANALYSIS OF THE MACROECONOMIC PERSPECTIVE**

*Central objective of this working paper is to analyze the total available time of the Romanian population, and how time is structured, allocated and used by groups of activities. At the same time there will be taken into account the particularities on the use of time in different stages of life, and also the factors associated with influence and effects on social and economic welfare.*

On the individual side, people use the available time depending on needs and personal convictions, experience along life and depending on the context in which they live. There are two components major individual time: *time for work* and *time off work*.

Time for work is one of the most important resources available to the individual intended to provide the necessary financial resources there. This temporal sequence which an individual allots for work is determined, primarily by the social structure in which he lives. Thus, allocating a certain amount of time to work not only appears like an individual decision (what it wants or can be done) but also in a regulatory manner (under with certain rules, e.g. market place rules).

The rules on working time are most often the result of joint guidelines of the actors involved in the functioning of the labour market, such as:

- the supranational structures through the implementation of international norms, such as EU directives;
- the state, in implementing legislation or regulations in collective agreements at national level;
- the companies, through collective labour agreements;
- the individuals through employment contracts signed between an employer and an employee.

Time off work is allotted, in general, for personal care activities, and restoration of the body after work, but is also used for associative life, personality development, voluntary activities etc. In most cases, this sequence of time is associated with leisure, although most of the time encompasses a large range of economic activities. The most relevant

example in this respect is the work in the household, for which the individual allocated a significant part of his available time (business management and food preparation, maintaining housing, childcare, etc.).

Time off work represents an important resource of well-being, therefore, should not be seen as an element opposed to fundamental values, or as a time that does not do anything. Furthermore, in a political level, there is a general concern for all forms of employment facilitation and employment programmes in order to balance time between paid work and leisure.

Therefore, leisure is a distinct part of the budget time, a component of the remaining time outside paid work, in any form of employment in the labour market. This is because leisure implies the existence of a sequence time available at the individual, family, social group or society, not only complementary sequence time work, but also other time intervals imposed. There are implications between size and the use of leisure time, on the one hand and global economic development, on the other.

Work and life beyond the work are not always in opposition, there is not a clear distinction between these two components of the use of time. Reducing working hours will not improve, as necessary, quality of individual life.

On macro-socio-economic dimension, time allocated for work, and also its intensity (expressed by labour productivity) is one resulting in the general level of economic development of a country.

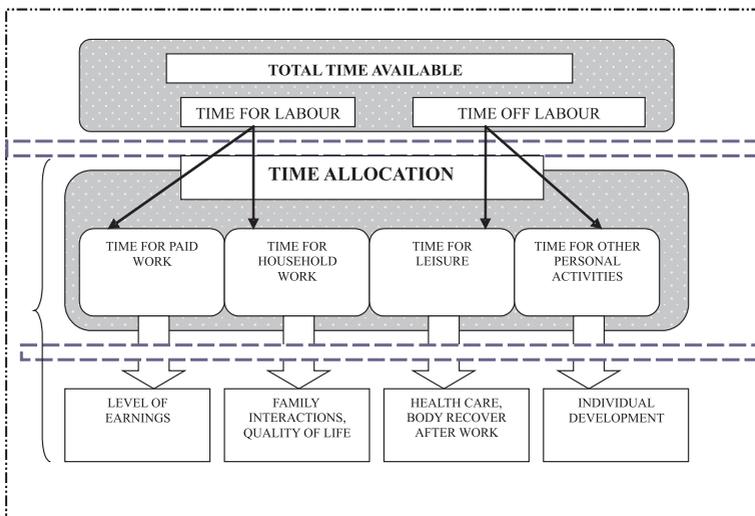
In the context of a dynamic international economic environment and increasingly competitive, the existence of a number of jobs of good quality and as close to the supply of labour, is likely to generate a series of positive consequences on the development of economy and society. Work towards the aims to open a discussion about a new arena of social policies of our country, to reorient its main direction, especially employment policies. Here are some arguments in this regard:

- in view of demographic ageing, increasing employment resources work could lead to avoid the tensions between generations and also to avoid the excessive external migration;
- it could be decreased the conflicts generated by time budget constraints for persons who are in the middle of active labour age (of education throughout the life and career development, the purchase or construction of housing, responsibilities linked care of children or other dependent persons);

- it may identify the factors that can lead to make the market labour more flexible in order to adapt it to new demographic and socio-economic conditions.
- it can be avoided the reducing of labour life, which is manifested by a later entry into the labour market, with a negative impact on the financial sustainable of social security systems.

One of the fundamental orientations in measuring time use is to identify basic activities carried out in a section of time. The analysis presented in the next section is based on information collected through statistical surveys conducted by the National Institute of Statistics, especially the Labour Force Survey (LFS) and Time Use Survey (TUS). It should be noted that methodological issues relating at both the allocation and use of time are continually advanced international level, given the difficulty of harmonizing the different perceptions of time, from one individual to another, from one society to another.

**Fig.1. The structure of total time available**



*Source: by author; on the base of Time Use Survey methodology*

Average duration of time allocated to a task (or a group of activities), though not always reflects all aspects of the plan micro socio-economic, is an important indicator to describe the general pattern of time use and analysis of the structure of the national budget of time.

Where and how much time is spend in work activities by the population of Romania, to what way the certain demo-socio-economic characteristics of the individual, such as age, sex, level of education, professional status, and so on, they could have an impact on the duration of time spent in daily activities? There are a few of the questions that, with this study, I try to find answers.

There are at least two reasons why time for work must be regarded as an important economic indicator:

the first - the quantity of time - is that the use of the population of a country represents an economy of resources national;

second reason - the quality of time - the fact that the volume of economic results obtained in the time used effectively in order to achieve them, it is the expression of the utilization of labour (hourly labour productivity).

Under the quantitative aspect, time for work is in direct relationship with proportionality supply of labour.

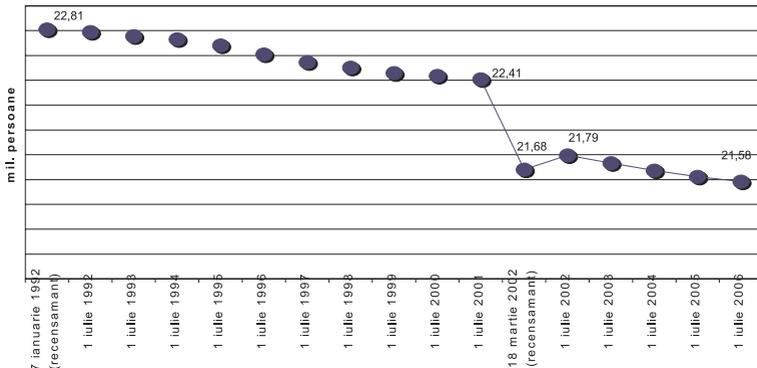
At the macroeconomic level, the supply of labour is modelled by the demographic factor, being matched result of several factors, among which we mention: natural increase of population, the average duration of life, the rate of activity, migration.

The birth rate is very low in Romania, the reaction to pro-birth policies promoted at the end of the years '60 and '70 years, and emigration in the last two decades, are the phenomena generated as a result of the quality life inherited from the last political regime, and the insecurity of the transitional period (very long in Romania). The demographic decline leads to reduced number of generations, with serious consequences economic and social developments in the long term.

If the census of 1992 data registered on people lived in our country were 22.8 million, at 1 July 2001 their number has dropped to 22.4 million people. Census that followed in 2002 show a worrying reality: the total population numbered almost one million people less than a year earlier estimates. Currently, the descending trend is maintained (fig.2) in 2006, the population is 21.6 million inhabitants and projections of demographic change in decades estimate decrease further.

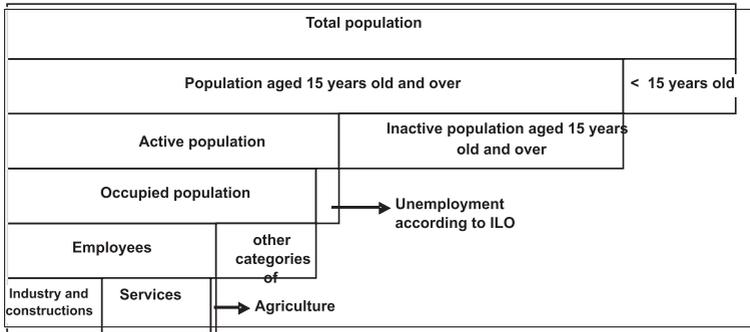
Demographic evolutions are relevant in terms of potential employment in the labour market. A scheme which of population by participation in the labour market is presented below (Fig. 3).

**Fig. 2. Demographic evolutions in Romania (population from July 1, in the period 1992-2006)**



Source: *Statistical Yearbook of Romania, INS, 2007*

**Fig. 3. The population of Romania, by participation in the labour market**

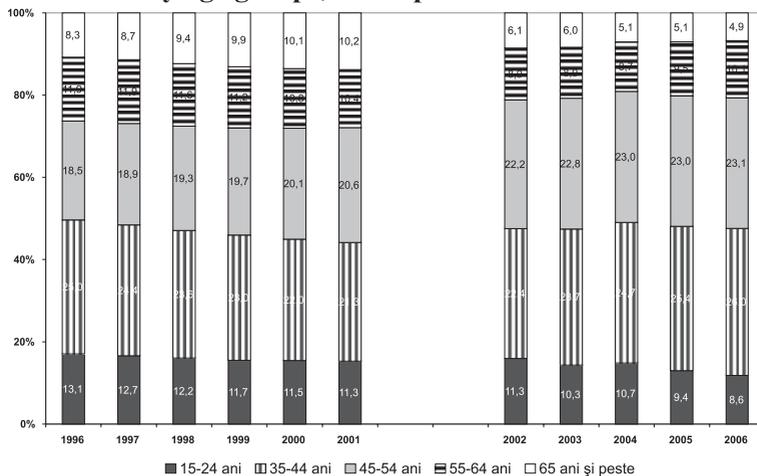


Source: *processing after Labour force in Romania: Employment and unemployment, INS, 2007*

The economic transformation who was triggered in Romania in early 1990 led to a reduction in sensitive occupied population. Analyzing the structure of the age groups during 2002-2006, notes a decrease in population Occupied, May stressed the extreme age groups:

- occupied share of young people (15-24 years) was in 2002 by 6.1% in 2006 registering a decrease of 1.2 percentage points (fig.4);
- weighted persons over 65 years decreased from 11.3% to 8.6%.

**Fig. 4. The structure the occupied population, by age groups, in the period 1996-2006**



Source: Labour force survey, INS, 2007

Compressing the potential for employment is a consequence of at least three factors:

### ***1. Anticipated retirement (before the legal retirement age)***

Privatization of industry in the last two decades has led to massive restructuring in sectors such as mining, metallurgy, railways. Reducing the number of jobs in industry was accompanied by an increase they are in agriculture, which became a refuge for alternative-disposed persons. At present (2006), over 30% of the working population are employed in agriculture, most of them living in rural areas (92.4%).

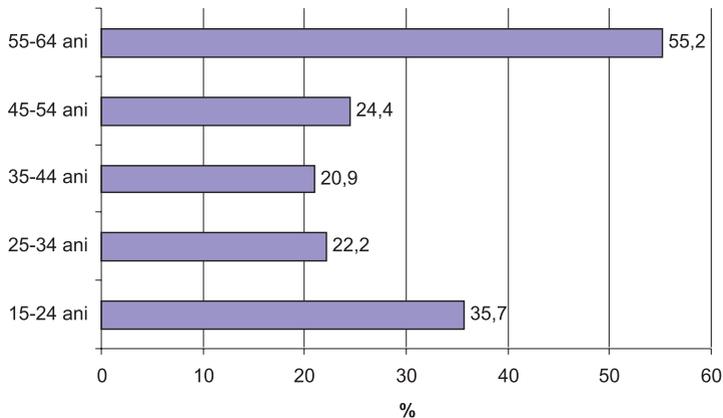
Therefore, agriculture is still a work life saving for many Romanian, especially for those with a low level of education (1.3% of all occupied people have graduated tertiary education in agriculture). The age groups, the structure of the population occupied in agriculture is shown in Fig. 5.

Over half of all occupied people, aged 55-64 years, they are working in agriculture. The second place of this hierarchy is registered for young population aged 15-24, 35.7% of them have a job in agriculture.

On migration, 'the movement of labour markets in European countries is already a reality, which complicates things (...) which relates to employment and proper functioning of labour markets' (M.

Poenaru, *Challenges for social protection derived from the ageing population and labour market developments*). Although there is a statistical official comprehensive nationally, the total number of persons who have left the country and to seek a job, the reality of day to day confirms this fact.

**Fig. 5. The population of Romania, by age groups and the participation in the labour market**



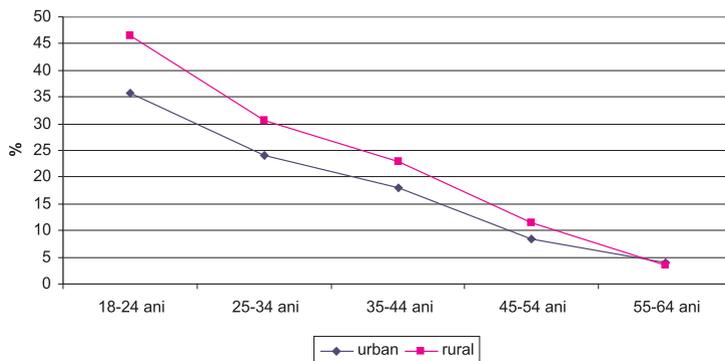
Source: Labour force survey, INS, 2007

## ***2. Migration of active population to other European labour markets***

Migrant workers are typically young people between 18 to 40 years, with high employment potential. Under the conditions in which those who leave to work on other European markets are persons in full working age phenomenon migration becomes a problem that distorts and more functioning of the labour market in Romania.

After integration into the EU, a danger to the labour market is the migration of labour well prepared. Membrea Member of the European Union in the centre and west Europeans have the richest offer of employment, in particular, for young people with training in IT and construction. Regarding interest in working abroad, according to surveys Romania urban and rural Euro- barometer carried out by the Foundation for an Open Society in 2005, 2006, one of four people (respectively 27%) and has signalled its intention to search for a job abroad in the next three years. Moreover, less than 20% of young people believe that can accomplish more easily in Romania, rather than abroad.

**Fig. 6. The intention of Romanians to work abroad, by age groups and residence areas**



Source: Romania urban and rural Eurobarometer, the Foundation for an Open Society

### ***3. Expanding the informal labour market***

Informal economy is often used to refer to the many alternative concepts such as economy, black or hidden as well as subsistence agriculture, business or occasional workers. Activities and informal employment is conducted outside the formal structures such as formal credit markets, tax administration, labour code and social security systems. Informal labour market comprises those economic activities that avoid the costs and obligations and exclusive rights to reside in laws and administrative regulations relating to employment contracts, social insurance system.

On the causes of informal employment in Romania, you can identify large groups of three factors, namely:

- a) socio-economic developments of Romania in the transition period
- b) institutional factors (such as the inflexibility of the formal labour market)
- c) socio-behavioural factors (such as national culture of work, lack of trust in public institutions, the negative perception of the role of the state, understanding partial or underestimate the benefits arising from social security, but also tend to give utility economic leisure time).

The problem grows when accented forms located at the two extremes of education level. The distinguished two large groups:

People who work for informal constitute a survival strategy (some forms of work informal workers in agriculture).

At the other side, there are persons benefiting of a training and a great intellectual capacity, are willing to get involved in the organization and conduct of informal activities.

Conclusions of the OECD Country Report on the informal employment in Romania shows that informal employment persists in Romania and represents between 20-50% of total employment, according to the definitions and methodologies used to record data. The main sectors of activity in which people are working without contract the production (21%) and trade (22%), followed by construction (15%) and agriculture (9%). Informal employment expansion is not, however, a unique feature only Romanian labour market, it is common many states, especially in Member prevailing in transition.

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