STRUCTURAL CHANGES OF ROMANIAN LABOR MARKET AT REGIONAL LEVEL DURING 2005-2020 PERIOD

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Abstract

The paper aims to analyze the labour resources a NUTS 2 level, between 2005 and 2020, by using the national databases regarding the Romanian workforce. We analyzed the employed population by total, residence environments and main economical national activities. The research revealed the increase in human resources in North-West of the country and in the areas surrounding the capital Bucharest, but the regions from North-East and South retain the higher shares in the structure of employed population. By observing the development pattern for 2005-2020 period we identified many challenges: the decrease of population and employment rate in the majority of the regions; the shift of employment from agriculture to industry and especially services sector.

Key words: labour resources, employment, unemployment, rural workforce

INTRODUCTION

After the revolution of 1989, Romania entered a decade of transition to the market economy, dominated by decreases in the Gross Domestic Product and the collapse of the labor market, i.e. decreasing employment rates, increasing unemployment, reducing working time and decreasing real wages [7]. During this transition period, the first regulations of the labor market appeared, the activity of trade unions increased, fiscal measures appeared, etc. At the beginning of the 90s, Romania had an active population of over 13 million people (of which 84.6% were employed), an activity rate of 87.3% and about 73% of the employed population were employees [9]. Inflation, lack of investment and, above all, the mechanisms implemented to balance the labor market (reduction of working time, extension of vacations) had cumulative effects of demotivation, indiscipline, non-adaptation, etc.

Changes related to the labor market have been rather slow. In 1991, the first law on the protection of the unemployed and professional reintegration was drafted [6] and it was only in 1994 that household surveys were carried out that measured unemployment according to

the criteria of the International Labor Office (ILO). The Employment Agencies were established only in 1999.

During the period 1990-2000, the labor market was reconfigured: labor resources began to decrease; the population employed in manufacturing, construction, tourism and transport has decreased considerably; the privatization processes created jobs in the private sector (trade and services in the first phase), etc. The decrease in the period 2000-2010 was less than in the period 1990-2000, while the restructuring of economic activities intensified and the private sector was encouraged to create jobs [11].

Since 2010, Romania was characterized by positive natural growth and migratory balance, but also by a major flow of temporary emigrants. Chivu et al. [1] mentioned a decrease in Romania's population of almost 14% in only 15 years, but also an increase in economic dependency ("per 100 people of working age there were 23 young people and 27.4 elderly people") and inactive people (only about 46% of the total population are active people). To these we also may mention that: many people are not found in the records regarding the labor market (they are unemployed after the

unemployment period or are employed in subsistence agriculture); there is a lack of information on jobs; there are many people who live on social benefits; entrepreneurship is very low compared to other European countries, etc. However, currently, industry, constructions and commerce act as polarizing sectors for the labour force [10].

In this context, the purpose of the paper was to analyze the labour resources a NUTS 2 level, between 2005 and 2020, by using the national databases regarding the Romanian workforce.

MATERIALS AND METHODS

We assessed the main characteristics of labour resources at national and regional level using the annual statistics regarding the workforce in Romania made by National Institute of Statistics- NSI Romania.

We focused on the dynamics and structure of employed population, within the 2005-2020 periods, by residence environment and main economical national activities (agriculture, industry and services).

RESULTS AND DISCUSSIONS

In 2020 the Romanian employed population reached 8.5 million persons, from which 3.8 million persons in rural areas. The North-East region had about 17.1% and 24% of that employed in rural areas, this being followed by the South Region - Muntenia with 14.5% and, respectively, 19.5% (Fig.1). The Bucharest-Ilfov and North-West regions had approx. 1.15 million employed people each (13.8%). From a structural point of view it can be seen that these regions increased in the period 2005-2020 by approx. 1.2-2.7 percentage points in total and by approx. 1-1.5 percentage points in rural areas. Moreover, in the period 2005-2020, the employed population increased in the Bucharest-Ilfov Region (by 18.8%) and the North-West (by 4.1%), while in the other regions there were decreases of approx. 5-15%. In the rural environment, the dynamic was more accentuated in the Bucharest-Ilfov Region, of 67.8% demonstrating a development of the labor market at the level of Ilfov county in the last decade.

Fig. 1. The dynamics and structural changes of the employed population (15-64 years) in the period 2005-2020 at the regional level
Source: own calculation based on the data from AMIGO, NSI Romania [8].

If we compare the regions from the point of view of the employment rate ("the ratio between the employed population aged 15 and over and the total population of the same age group"), we can see that the North-East Region ranks first, with a rate occupancy of over 60% and Bucharest Ilfov with approx. 58% (Fig. 2). In the West and Center regions, where only about 9-10% of the country's employed population can be found, the employment rate was only about 47% and only 42-44% in the rural areas.
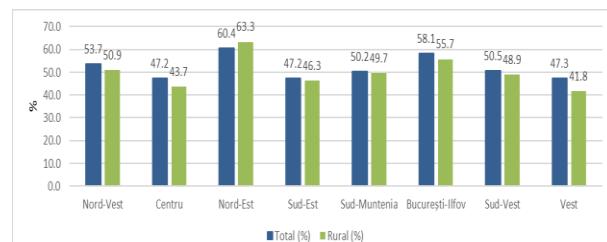

Fig. 2. Regional employment rates in 2020
Source: own calculation based on Romanian labour force: employment and unemployment AMIGO, NSI Romania [8].

The unemployment rate exceeds 7% at regional level and 9% in rural areas in the Center and South-East regions (Fig. 3). The Northeast region, which has the highest employment, has the lowest unemployment rate in 2020, of only about 3%.
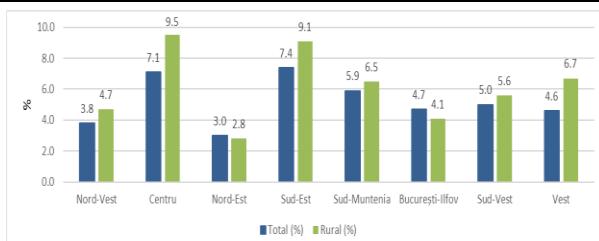

Fig. 3. Regional unemployment rates in 2020
Source: own calculation based on Romanian labour force: employment and unemployment AMIGO, NSI Romania [8].

The population employed in agriculture was decreasing in the period 2005-2020 with values of almost 70% in the West Region and only 20% in the North-East Region. Under these conditions, in 2020 the North-East Region managed to hold almost 40% of the resources used in agriculture, with approx. 11 percentage points more than in 2005. In the traditionally agricultural regions of Romania (South-East, South-Muntenia and South-West) there are still about 40% of the labor resources in agriculture.

The industrial sector, which includes the construction sector, had a positive dynamic in the west of Romania, but recorded increases in the rural environment in all regions (from approx. 13% in the South-Muntenia Region to over 60% in the North-West Region) (Fig. 4).
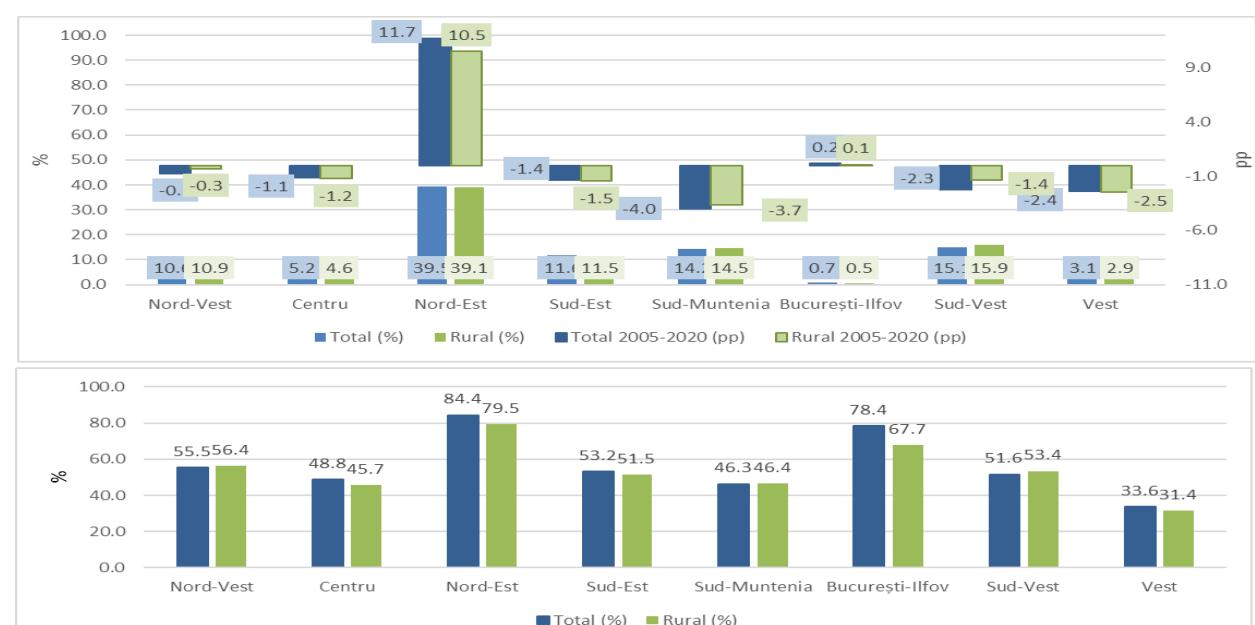
Fig. 4. The dynamics and structural changes of the employed population in agriculture, 2005-2020 at the regional level
Source: own calculation based on the data from AMIGO, NSI Romania [8].

However, the changes recorded in the period 2005-2020 at the level of all regions led to insignificant structural changes, namely a decrease of about 3-4 percentage points in the share of the Bucharest-Ilfov Region (urban environment) and the South-Muntenia Region (rural environment) and an increase of about 2-3 percentage points in the share of the North-West Region.

The dynamics of people employed in the service sector had a higher amplitude, especially in rural areas, from about 22% in the North-East Region, to 110.7% in the Bucharest-Ilfov Region (Fig. 5). In the regional structure, there is an increase in the share of people employed in the service sector in the Bucharest-Ilfov, South-Muntenia and South-East regions.

Similar remarks and results regarding the features of workforce and employment in the rural areas and at regional level were made by Cofas (2013)[2], Iorga (2017)[3], Iorga et al (2014) [4] and Iorga et al (2020)[5].
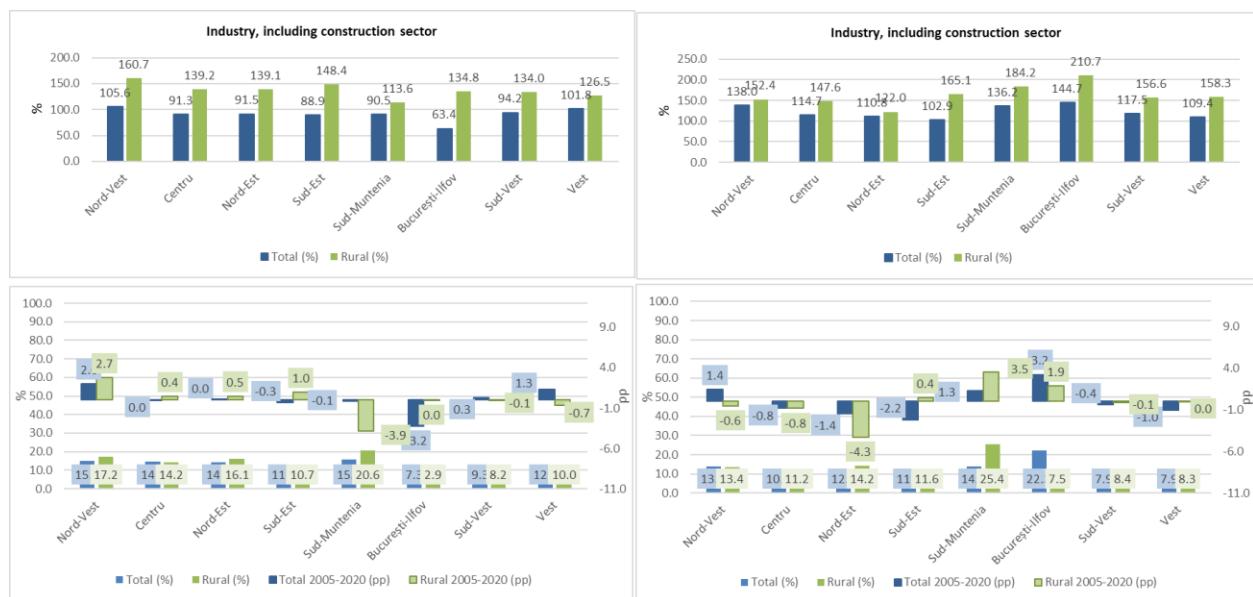

Fig. 5. The dynamics and structural changes of the employed population in industry and services in the period 2005-2020 at the regional level
Source: own calculation based on the data from (AMIGO), NSI Romania [8].

CONCLUSIONS

This sector lacked a coherent strategy in the last two decades, being characterized by the diminution of the capacity to face the competition market. At the same time, as a result of Romania joining the EU, its competitors from the EU both in the production and processing sector are testing.

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