

LABOR MARKET DEVELOPMENT UNDER ROMANIA'S INTEGRATION IN THE EUROPEAN UNION

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Abstract

In all conditions of time and space, economic activity involving work objectively factor designed to exploit natural resources and monetary system in its interest. According to Adam Smith, the work is a primary factor, the original production was considered by him as the sole source of national wealth. This factor of production can be achieved through labor market that is in a competitive market economy. Transactions in this market have as their object or labor work.

Employment policy work focus on boosting production and the flexibility of labor market through an easy tax for economic entities to make hiring, increasing the occupancy of the active population.

In Romania, the pressures exerted on the labor market increasingly higher while the economy is subject to extensive qualitative transformations concerning privatization, restructuring and upgrading.

Keywords: labor market, social dialogue, labor protection, payroll, vendors, buyers.

JEL Classification: M21, M54

1. Introduction

A priority of Romania after the European Union accession was employment policy work. After Romania joined the European Union in 2007, in accordance with EU employment policy covers broad areas, including necessary memory following:

- labor law;
- working conditions;
- equality between men and women;
- social protection;
- Safety;
- a functioning social dialogue.

Employment policy is considered a priority in the national economy. In this regard, since 2001 there have been efforts to adapt the system easier Romanian European Employment Strategy Employment. Thus, in 2001 an Action Plan was drawn up in employment (NAPE) together with program to boost employment and reduce unemployment, which translated Resolution 99/312 / EC guidelines in employment. These efforts were made by the National Agency for Employment (NAE), closely supported by the Ministry of Labour, Social Solidarity and Family at the time.

2. Research methodology

Research methodology used in the preparation of this research is based on the processing and interpretation of information collected from various sources such as the literature, combining in a harmonious way quantitative research with qualitative research, and analyzing at the same time, Romanian authors contributions labor market development in our country.

3. Define the concept of labor market

The labor market is a key component of market inputs, actually considered the core market system. According to literature (Cișmaș and others, 2012), **the labor market** is "free economic space of confrontation equity holders (as buyers) and work capacity owners (as sellers), where through specific mechanisms, labor supply and demand are in balance. The labor market offers which regulates the supply and demand for labor, the free decisions of economic agents and determine the salary, as the price of the transaction. "

According to several authors (Ignat and others, 2002), **the labor market** can be defined as "meeting place in space and time, total and structure of labor demand with labor supply."

We note that some content bibliographical sources introduced in defining **the labor market** some elements of detail, which are designed to clarify the functions of adjusting labor demand with labor supply. In this regard,

Angelescu and Stanescu (1999), states that "the labor market represents all transactions related to hiring, use and compensation of employees".

Without disregarding the general context, Răboacă (2003) introduce labor market defining a multitude of other factors, one of which is "trading venue". Răboacă (2003) defines employment as "concrete or abstract place where you make regular manner, buying and selling of labor."

We consider it necessary to mention that in terms of the concept of **labor market** literature to which we referred above there are considerable differences in content. We see thus that in these definitions is enshrined the concept of **the labor market**.

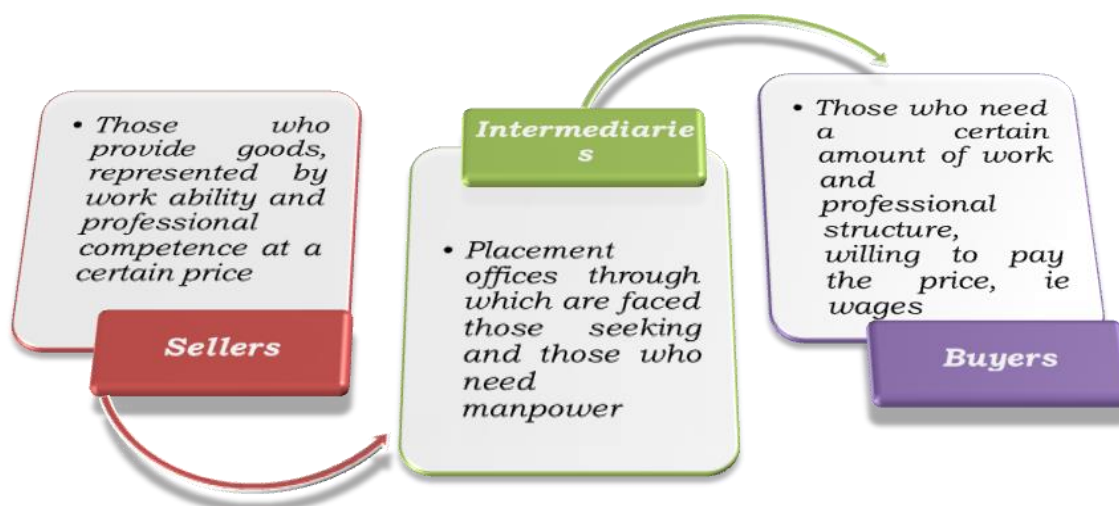
In continuation of our scientific approach we present, as other bibliographic sources, another dimension of the concept presented by professors from Iasi, Adumitrăcesei and Niculescu (1995), namely that the concept of **labor market**.

Adumitrăcesei and Niculescu (1995) make a number of arguments for the use of the term **labor market**, namely:

- real object of transactions conducted in the market is formed human factor, namely the ability to work, which has the power, skill and experience plus performance capability;
- company directly employs labor and not labor. Work is a service provided subsequently an expression capabilities of the workforce;
- social protection is carried out in relation to labor, with different individuals with distinct features and not in relation to the work or services performed.

The two specialists from Iasi (Adumitrăcesei and Niculescu, 1995) define the concept of **labor market** as "all economic relations on the employment and use of labor and social protection of the holders of that particular commodity."

Labor market meet a multitude of actors, of which the most important are shown suggestive in **Figure no. 1**.



Source: own interpretation

Figure no. 1. The actors in the labor market

It should be noted that the outcome of the transaction on the labor market between sellers, brokers and buyers is closely linked to the employment contract and therefore the wage determination.

In view Laura Cișmaș (Cișmaș and others, 2012), labor market performs many important functions such as:

- efficient allocation of labor resources, both through their distribution profession, branches and localities, and through their use in enterprises;
- achieve a balance between the needs of labor resources in the economy and the possibilities for their coverage;
- combination of labor union and the means of production;
- influence the formation and distribution of income;

- contributes to the climate of employment and social protection, providing information on the vocational guidance, retraining and reintegration of labor.

4. Components of labor market

The main components of the labor market are supply and demand work. Besides these, an important role state and union bodies.

In the literature (Cișmaș and others, 2012), labor demand is defined as "the total employment necessary economic, social and cultural activities in a country. Labor demand is expressed by the number of jobs that are created in units producing goods and providing services. Demand for labor is a derived demand, it is a stand alone application; it depends on the demand for goods, the amount of labor required to produce them."

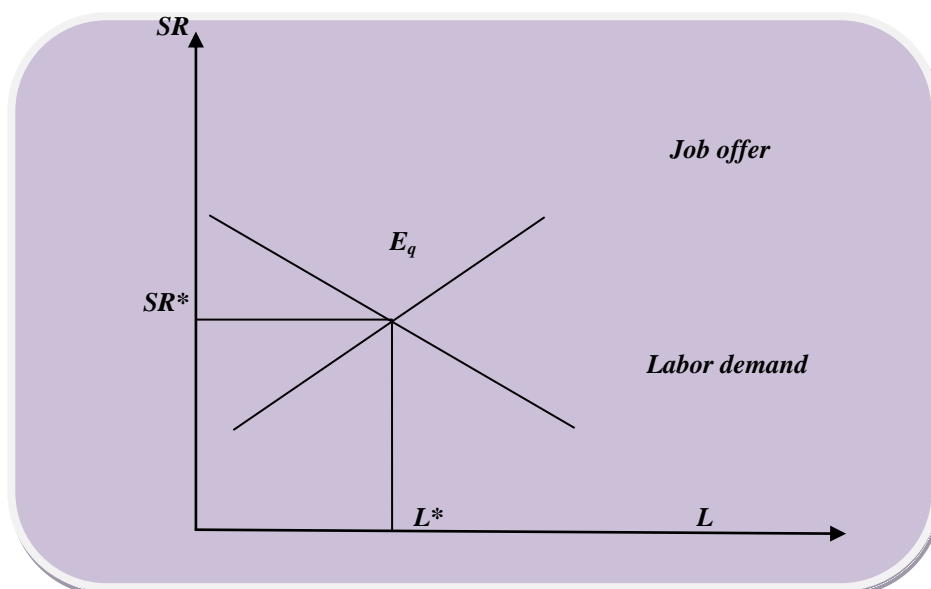
In our opinion, labor demand is the number of jobs in the labor market at some point for consideration is received in cash, called salary.

The most important factors influencing labor demand are considered to be marginal productivity of labor and general business conditions. Cișmaș (2012) states that labor supply is the "work that can be done in terms of salary in a given period of time. It does not include housewives, pupils and students, soldiers, and others who submit work unpaid or unwilling to engage in the activity because they have resources for subsistence. Offer is reflected in the number of those who apply for a paid job."

In our opinion, the job offer is the people who are willing to perform work according to professional qualifications, in exchange for a salary.

Of all the factors influencing labor supply, the most important are considered to be the total population of working and existing legislation on remuneration.

To achieve equilibrium in the labor market, a key element is the relationship between labor demand and labor supply. The ideal situation of balance that should exist in the labor market is shown in **Figure no. 2**.



Source: own interpretation

Figure no. 2. The ideal situation equilibrium labor market

We note that in Figure no. 2. if we fix our attention on the labor demand curve can be seen as the workload increases while real wage declines, and if we can observe labor supply curve proportional increase labor supply and real wages. Labor demand curve and the labor supply curve intersects the point E_q corresponding to the equilibrium employment (L^*), thus the equilibrium real wage. In this ideal situation steady economic entities can commit the amount of work required and people can work as much as they want, the equilibrium real wage.

Labor resources is essentially determining the source of labor supply flow. Labor resources is the largest and most important in the country's total population, representing the whole people by their biological characteristics, physical and intellectual can participate directly and permanently to a socio-economic activity useful. (Constantin, D. L., et al, 2002)

We note that the size of the labor force is under direct influence of several categories of factors, among which demographic factors and socio-economic factors. Demographic factors relate mainly to birth, mortality, life expectancy and migration flows. The most important social and economic factors is the age limit (as the lower limit and upper limit), directly influenced by the level of economic development of the country, existing labor legislation and in particular the existing legislation in the field of retirement.

In the opinion of experts in the field, in terms of participation in achieving labor supply, total population of the country structure can be presented schematically in *Figure no. 3*.

Consider useful to realize, continuing our scientific approach, a brief overview of the national economy variables available to determine total labor resources (*Tobă D. and Tobă E., 2005*):

- *legal working age population* is the people between the lower limit and upper limit of age for employment as established labor laws of each country, usually distinguished men and women;
- *active population working outside the age* that includes young people who work below the lower limit of working age and those who work after retirement age;
- *working age population who are unable to work due to illness or accidents at work*.

Based on these variables we define the most important factor of labor supply, *labor force*, which, economically, providing labor available for the production of goods and services, made up of people of working age available for work, which is able to work.

Active population can be seen in terms of the following two components:

- *employment*, which, statistically, is composed of all persons in employment legal age, working age and the period, social or economic self producing goods or services for at least one hour, being paid under form of wages, payment in kind or other benefits. The employed population includes civilian employees, employers, self-employed, family workers, apprentices and trainees paid military personnel;

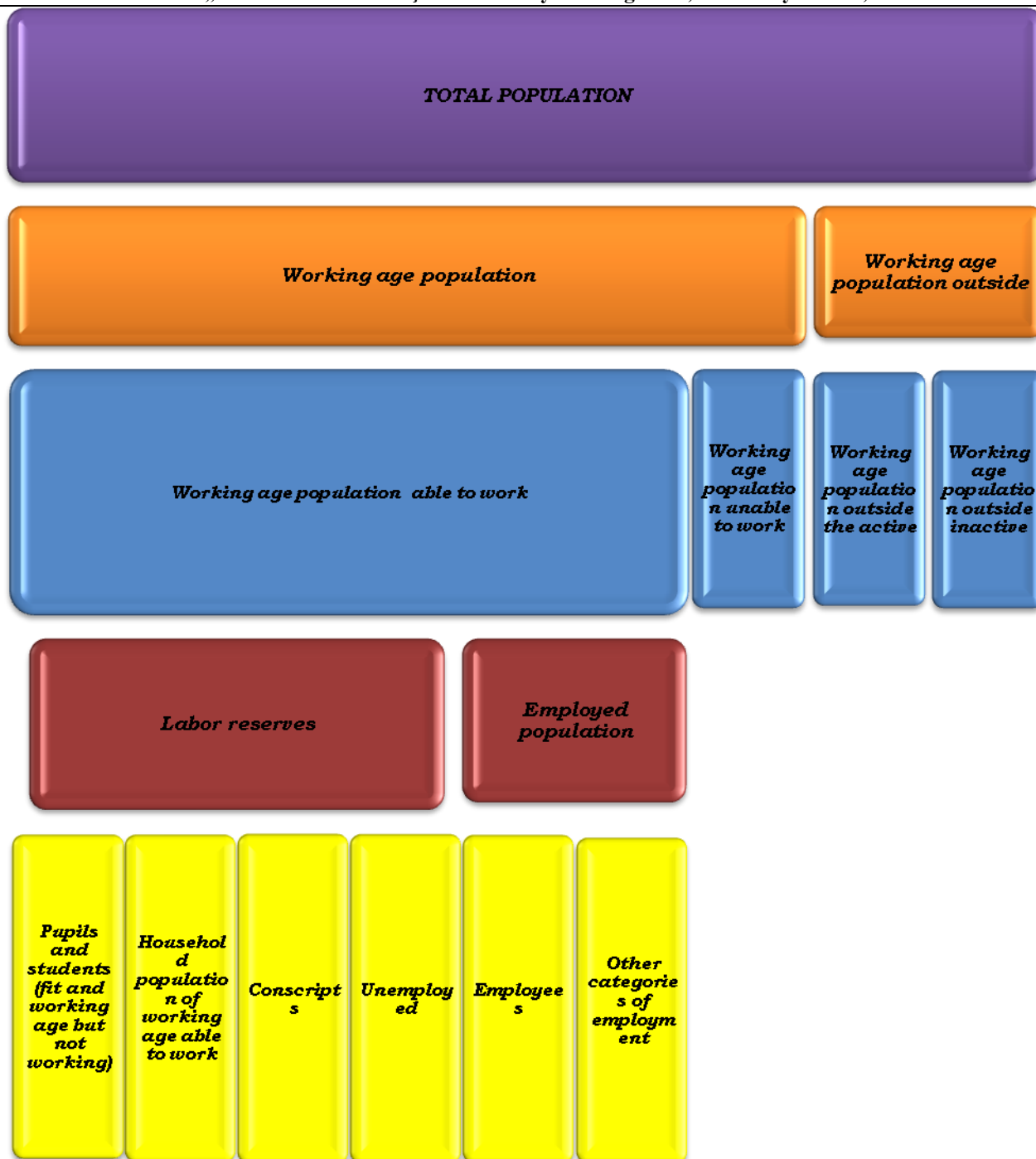
- *active population unemployed* (unemployed). As defined by the International Labour Office (ILO) unemployed able-bodied person is aged 15 years and over who, during the reference period, meets both of the following conditions:

- not have a job in which to obtain an income;
- is looking for a job;
- is available for an employee or otherwise, can start work anytime in the next 15 days.

The difference between total population and working population of a country is called *the inactive population*, which includes domestic population regardless of age, pupils and students not engaged in income generating pensioners who no longer work for obtaining extra income and others assisted.

European Commission report entitled "*Employment and Social Developments in Europe 2012*" ("*Social and Employment in Europe 2012*") on lower income families show the findings that approximately one in four people already living below poverty or threat to achieve this.

In conclusion, the current offer of employment is the active population, some of which occupy jobs offered by employers, turning into population, and the rest remains unoccupied, as unemployed. They, along with students and students fit and working age but not working, household population of working age and able to work and conscripts constitute reserves work. They can always access the labor market, increasing the size of the labor supply.



Source: own interpretation
 Figure no. 3. Total population structure

5. Conclusions

Lately we witness a series of events and processes characterizing the evolution of human society as a whole and that indicates that we are in a period of deep changes that define the transition from industrial society to a new society: the information society - knowledge society. Knowledge is so predominant role in creating added value in the knowledge economy.

In the new economy, we will see significant changes on work first and perhaps most important transformation concerns the nature of work and the emphasis is increasingly more on thinking and creativity. The products created are intangible - information and knowledge. Globalizing labor market and there is a need of further improvement. The labor market will be influenced by the effect of liberalization and globalization of information and communication, in which more and more activities are carried out by "e-citizen" of contemporary society.

Dilemmas regarding the future of work and employment are among the most tense issues facing the world today. Labor and employment, or productive activities in a broader sense, they aim to increase the wealth of nations and creating a better life for all people. The structures and efficiency of employment at a time reflects macroeconomic performance, the body's ability to harness and valorize economically available resources, including human and strength to competitive competition. Work is considered in most cases, the only measure of an individual's contribution to productive activity.

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