

LABOUR MARKET AMID THE CHANGES IN LIGHT INDUSTRY

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Abstract:

The Romanian economy has undergone a number of changes after 1989, their effects being present all over the areas and causing chain reactions. An eloquent example is light industry, whose internal supply market has known a significant decrease due to the reducing activity in agriculture, animal husbandry, etc., while internal outlets had to face imports, usually of a low quality. In this respect, light industry has turned to international trade, given the cheap labour force, over time has been developed the Lohn production system. The gross labour was among the most required in this area, the design and sales activities were often external customer's responsibility. The old factories were not able to adapt to the new conditions, so many of them reduced the activity. In the end it led to a major layoff of labour force both in light industry, as well as in associated areas. Only a part of it has managed to reintegrate in the new enterprises which were more adapted to current market conditions. Solving the problem of excess labour force, given its presence especially in rural areas and in mono-industrial towns, representative areas and the developing Region South-West Oltenia, also involves the relaunching of light industry. There is need to support the internal sources of supply of raw materials, as well as a new view related to the selling of products, based on creative activities and exploration of markets. These marks can lead to occupational integration of the excess labour force and to ensure the social balance in the areas affected by the restructuring of national economy.

Key words: social equilibrium, excess labour force, mono-industrial areas, light industry, Lohn

JEL Classification: J21, L11, L67, R11

1. Introduction

Under the impact of reform and privatization processes in Romania, after 1990 significant changes have occurred in all areas of activity under the correlated influence of the economic, social and demographic factors. In this context, in all the development regions have existed and continue to exist a series of important issues concerning the labour market and employment. The number of active and employed population has decreased, the unemployment and external migration increased. (Marcu N. and Meghișan M. G., 2011)

In Romania, the light industry field has known in the course of time a significant development. Having a particular movement power, the human one, this part of the Romanian economy has been fitted with equipments and technologies designed on the basis of professional experienced workers in the industry, equipments which, at that time, were absolute premieres, being applied immediately in units in the area. (Mirciu V., 2004)

Romanian economy reform is a complex and time-consuming process, taking as a starting point privatization of Romanian companies, a first stage in this process is to set up the five Private Property Funds (PPF) and the State Property Funds. By Order No 187/1993 concerning distribution of 30 % of the share capital of trading companies with share capital of state between the five funds, PPF II Moldova (the actual SIF Moldova) has been assigned companies in textile and clothing sector, while PPF V Oltenia (the actual SIF Oltenia) has been assigned companies in leather, furs and shoes industry. Low profitability of companies in these areas, the necessary investments required to solve some of the environment and technology revamping problems, opportunities of the capital market in placing the liquidity in other fields of activity, with financial-banking tendency, led these financial investment companies to liquidate an important part of holdings in these sectors, overall progress is to decrease the share held by these industries in their total portfolio. Worth mentioning that some of the companies in these sectors at present are gaining income from other sources, some of them reorientated their activity to other products and for other companies rental and sale of assets is an alternative to the production and do not require a significant volume of labour. An important part of light industry enterprises aimed towards the Lohn system, the internal market outlets being considerably decreased.

For Romania, the phenomenon of active improvement had a series of advantages, the most noticeable was to maintain the jobs in sectors which produced and exported based on that improvement phenomenon. But

there were also other benefits, such as transfer of technology that accompanied foreign investments, an increased level of skills gained by the labour force and management capacities including in marketing departments, as well as to the competitiveness adapting to quality and control standards of the latter, specific to foreign markets, the contribution of foreign shares resulted from the trading reduction and deficit of the current account. [14]

Privatization of national economy, including the light industry, captivated foreign investors' attention. In many enterprises we can no longer talk about the *lohn* system considering the fact that quite often the external customers transformed themselves into shareholders of the those enterprises. In this respect, the strategy of such customers aimed to generate financial difficulties to domestic producers, even bankruptcy of these *lohn* companies, followed by the take-over.

On a long term, the *lohn* production will have undesirable consequences for Romanian economy. There are two points of view concerning this problem: (Muscalu M. S., 2007)

- Managers and trade union leaders' view, etc. They consider the *lohn* system as the most convenient type of business for the companies in Romania to trade with western companies, because the exporter's effort is minimal, and the incomes and jobs are ensured. While the majority of enterprises in Romania are experiencing considerable problems (lack of orders, financial blockage, etc.), those that perform *lohn* exports have no problem. In such an optical view, the only aspect that matters is to receive orders from abroad, aimed to ensure business survival. Nobody thinks what will happen if one day orders will disappear. We are facing a tacit acceptance, of a neo-colonialism industrial type.

- Specialists' view: economists, analysts, researchers. Most of them have noticed that the "ascension of *lohn* system" is a phenomenon with serious long-term consequences. To agree upon the idea that *lohn* system is the only way in which Romania can capitalize the advantage comparatively (based on cheap labour cost) means that Romania is doomed to remain a manufacturing country. It is not advisable to give up to *lohn* system, but neither to further increase of its percentage.

The producers' gradual orientation would be advisable towards direct exports of goods wholly obtained from their own production to ensure an increasing profitability of companies in the light industry.

There are some exporters who affirm that Romania is still a favourable development ground for *lohn* contracts. It is true that there are a lot of *lohn* contracts which are lead to other countries, but these losses are compensated by the transfer of other *lohn* industries: sector of vehicles spare parts manufacturing, sector of electrical and electronic products, machines manufacturing. These are areas that require a high level of qualification and they have a competitive remuneration. (Iancu C., 2006)

2. Evolution of light industry

2.1. General considerations concerning the light industry

The light industry represents an important part in the national economy, especially, for the following reasons: (Mirciu V., 2004)

- requires relatively small costs for modernization, revamping and establishment of small and medium-sized enterprises comparing to other industries;
- has great flexibility and a high degree of adaptability to changes.

Both before and after Romania's accession to the European Union, occurred changes within the Romanian economy determined by the need to maintain competitiveness on the internal and international market in accordance with the new standards of quality, environment, etc. Criteria for the selling the products at European level, established by the Customs code of the EU, and worldwide, imposed though a faster system in internal changes, which, as a result of unknown or incorrect application of the rules on performance, without initial development of the necessary legal and material basis, led to inefficiency and low profitability of trade in this field.

The textile and clothing sector exemplifies one of the "heavy" trends in terms of protectionism, the battle between industrialized countries and the developing countries. From a historic point of view, this sector has been the origin of development in industrial capitalism in Europe; today, it represents an activity in respect of which many developing countries have obvious advantages over the more developed countries, owing mainly to labour costs used in the manufacture of the product and access to raw materials. (Rainelli M., 2004)

Trading products of light industry has been confronted with anti-competitive practices especially in the field of counterfeiting, accompanied by smuggling luxury goods. Over the time, customers have developed sensitivity to certain brands, therefore many of the companies have reoriented toward franchise system, as well as on the development of the accessories shops to promote those products which have provided them additional income comparing to the main activity. In addition, competition of counterfeit products, as well as the development of second hand goods trading, have also affected the competitive of Romanian light industry.

Another competition factor of Romanian light industry products is related to particularities of consumers from rural areas and those with the lowest income. That explains the appearance after 1989 of footwear and plastics products clandestine factories, as well as the shops with renewed products. These factors

had a negative influence on traditional producers, traders from fairs, and on units belonging to handicraft cooperatives.

The disadvantages of light industry are found in the weak points, namely: (Mirciu V., 2004)

- the high percentage of low-performing tools and technologies in primary sectors;
- high manufacture costs in the primary sub-sectors, mainly due to: large, non-restructured capacity, with low flexibility and adaptability to market requirements; use of capacities below the profitability limit; over-staff; low productivity; large consumption of materials and energy; lack of investment funds and working capital.

Besides these aspects, we identify and other factors which have affected the light industry: the high price of electricity, natural gas, etc., necessary to the primary procedures in this industry; appreciation of leu towards the US dollar and Euro during period 2005-2007 which caused financial losses to exporters; the decrease and even disappearance of some sources of raw materials used in manufacturing process of light industry.

Companies can produce starting from intermediate imported goods, practising thus a form of international division of the manufacturing processes. In this way, national asset incorporates imports. This policy may have various forms, however, having following consequence: competitiveness in companies does not depend any more only on conditions that characterise national economy. (Rainelli M., 2004)

The decrease of income and purchasing power among people have determined a new reallocation of personal incomes as a result of the increased price of main food, amounts intended to purchase specific products of this industry are decreasing continuously.

Decreasing of domestic demand of light industry products has been also determined by abolishing compulsory uniforms both in nursery schools and secondary schools, reducing the number of employees in defence and public order department, accompanied by abolishment of compulsory military service, and last but not the least by the decrease of employed people in the national economy who had ensured work equipment and protection.

2.1.1. Lohn

The appearance and development of the lohn system of production and trading are a response of internal producers from the light industry as a result of dissolution of CAER market, which represents the main outlet market for the Romanian products, and orientation of Eastern countries towards the Western markets. Also, adapting to the new market conditions require an important contribution of working capital necessary to purchase raw materials, especially in textile domain, and high performance equipment. The labour force, at that moment, was an important source for Romania who had to compete with the countries in the EU and the third countries.

Besides the lower level of labour costs, Romania has also offered other comparative and competitive advantages for lohn transactions: geographical proximity to EU market, a well trained labour force, able to ensure the quality production to the levels required by the the Western European companies. An advantage for Romania was the reorientation after 1996 of western companies towards Romania, because of conflict situation in Yugoslavia, which up to that date was the main producer of clothing in lohn system for the EU. [9]

However, processing in lohn system was accompanied by the influence of foreign customers, especially in the design sector, raw materials and products sales. Under these conditions, the marketing activity neglected the research/development sector, the only concern was to be profitable on short term by attracting foreign customers who wanted to externalise some of the activity of production. In addition, the danger that those customers' orientations would be aimed towards countries with cheap labour force was not taken into consideration.

Some analysts consider that the strategy to change a part of the production had a different purpose, namely to transform production structures of potentially competing countries, in complementary structures. [9]

2.1.2. Textiles and wearing apparel

Textile and clothing manufacture industry integrates vertically a few processes. They begin by obtaining textile fibres from agricultural raw materials in smelters, then follows the production and yarn spinning and chemical combination. Next stage is weaving and knitting the yarns to obtain the fabrics or other other finished textiles, which after a specific preparation complete the cycle by assembling them into garments. Technological separation on intermediate stages of production, as well as many opportunities to use labour intensively along this production chain, have made this industry the ideal candidate for internationalization of production. (Voinea L., 2005)

Synthetic raw materials used in the textile industry are no longer a novelty on the specialized market. Currently there is an increasing demand for products made of natural fibres which will determine a new structure concerning the capital requirements for investment and a new reassessment on the labour force used in the domain.

Textiles and garments represented for decades the only processed products whose trade was set at international level by the system of import quotas (Multi Fibre Arrangement during the period 1956-2000 and the Agreement on Textiles - WTO). The latter agreement prepared the gradually liberalized trade with these products, elimination of any quantitative restrictions had effect from 1st January 2005. [9]

Liberalisation of textiles trade, since 1st January 2005, correlated with the increased payrolls has generated rapid relocation of production, in search of minimum cost for the labour force. [14]

Romania confronted with both competition of Asian products and the lack of raw materials. Thus, the production of wool per capita decreased from 1,6 kg in 1990 to 0,9 kg in the year 2011. Globally, the production of wool halved, decreasing from 38.167 tones in 1990, to 19.026 tones in the 2011.

The production of textile plants also fell, textile industry was seriously affected, especially smelters. These circumstances led to imports of raw materials in the domain. In fact, internal agriculture no longer represented a supplier of raw materials to the textile industry. Thus, the production of textile plants reduced from 125,8 thousand tones in 1990 to only 0,3 thousand tones in 2008. Since 2009, the production of textile plants has been under 50 tones annually, per territories it was obtained in the following counties: in Dolj (30 tones in 2010), Iasi (15 tones in 2010 and 9 tones in the 2011), Timiș (2 tones in the year 2009).

To resist on Western markets where clothing industry infiltrated during the "pre-capitalist" period, the industry was forced to adopt the Lohn system of operation. This involves the supply of raw materials, accessories, know-how documentation by foreign partner, use the cheap labour force in the country and export of the products to other markets. In this way, most part of the clothing industry was isolated from textile industry, whose main beneficiary was during the socialist period. The internal demand for textile industry has been reduced considerably, thus explaining the decline of this industry. (Popescu C. R., 2000)

The separation between the textile industry and clothing industry was caused not only by the Lohn system and the disappearance of large factories established before 1989, but also by the absence of national strategy and financial support of the state for this domain. All these have led either the extinction, or to a limitation of arts and crafts workshops, creative workshops, and dressmakers shops within the handicraft cooperatives and large factories. We also note the disappearance of correction section from textiles and garments shops. At present, the tailoring business is focused on evening clothing.

To revive this sector, no substantial investments in technology are required, but in design and the branding, essential elements in the framework of this industry. For this reason, an offensive to promote their own brands of Romanian companies (little known outside Romania) can stimulate business sector. [14]

The solution would be that the garments companies shall begin the manufacture under their own brand - but it is a matter of time. Time is needed in order to impose a brand on the market. (Iancu C., 2006)

2.1.3. Leather, footwear, furs

International character of the markets and production intensified the competition. Thus, traditionally developed countries that produce and export footwear, and confronted with an internal market relatively saturated, gave away to developing countries the leading position in mass products, with low added value, while still maintaining on the top of hierarchy of the fashion products, of high-quality, or to custom products, with high added value. [9]

Enterprises in this domain are confronting mainly with:

- high costs of production in the leather tanning and dressing domain as a result of the existence of oversized, non-restructured capacities, with old technologies which consume large quantities of materials and energy.

- environmental problems that involve significant investment in tannery and in factories of rubber processing. Not only the ecological pressure leaves its mark, but also the pressure of organizations for animal protection, in terms of giving up to use animal fur or other products of animal origin and other specific items.

- dropping the livestock, in especially cattle, as compared to 1990, with influence on internal production of natural leather. Also, the increase of sheep in Romania appears only for the purpose of slaughter, the production of wool does not matter any more.

2.2. Light industry in regional level

Light industry has a low degree of enterprises business concentration, competition between them being tough. In table no.1 are presented the indicators recorded by small and medium-sized enterprises in light industry in 2009 on development regions.

The main indicators recorded by the small and medium-sized enterprises in light industry during 2009 on regional level and activities

Table no.1

Development region	Manufacture of textiles			Manufacture of wearing apparel			Tanning and dressing of leather; manufacture of travel and leather goods, harness and footwear; preparation and dyeing of furs		
	No. local units	No. employed persons	Turnover (million lei)	No. local units	No. employed persons	Turnover (million lei)	No. local units	No. employed persons	Turnover (million lei)
North-West	242	3.156	273	826	16.555	742	434	11.703	541
Center	261	4.454	411	687	14.139	1.150	255	8.644	466
North-East	259	2.772	395	864	15.428	564	224	4.371	211
South-East	125	881	89	562	13.179	461	63	1.636	70
South	175	2.198	227	609	15.105	545	69	939	38
Bucharest	301	2.320	221	868	8.366	543	376	4.516	296
South-West	111	1.519	101	384	8.118	281	74	1.758	53
West	155	2.413	298	492	10.402	414	253	8.950	527
TOTAL	1.629	19.713	2.015	5.292	101.292	4.700	1.748	42.517	2.202

Source: National Institute of Statistics - Small and medium-sized enterprises in Romanian economy 2011, pp.34, 36 and 38

The highest volume of activity is recorded in the case of wearing apparel manufacture, this field has the largest number of employed persons and provides the highest turnover. Differences in labour productivity (102.216 lei/employee in case of textile products manufacture, 46.400 lei/employee in the case of garments manufacture and 51.791 lei/employee in case of leather and footwear manufacture, etc.) indicates an important manual character of the activities of clothing manufacture. Totally and per region, the situation is presented in figure no.1.

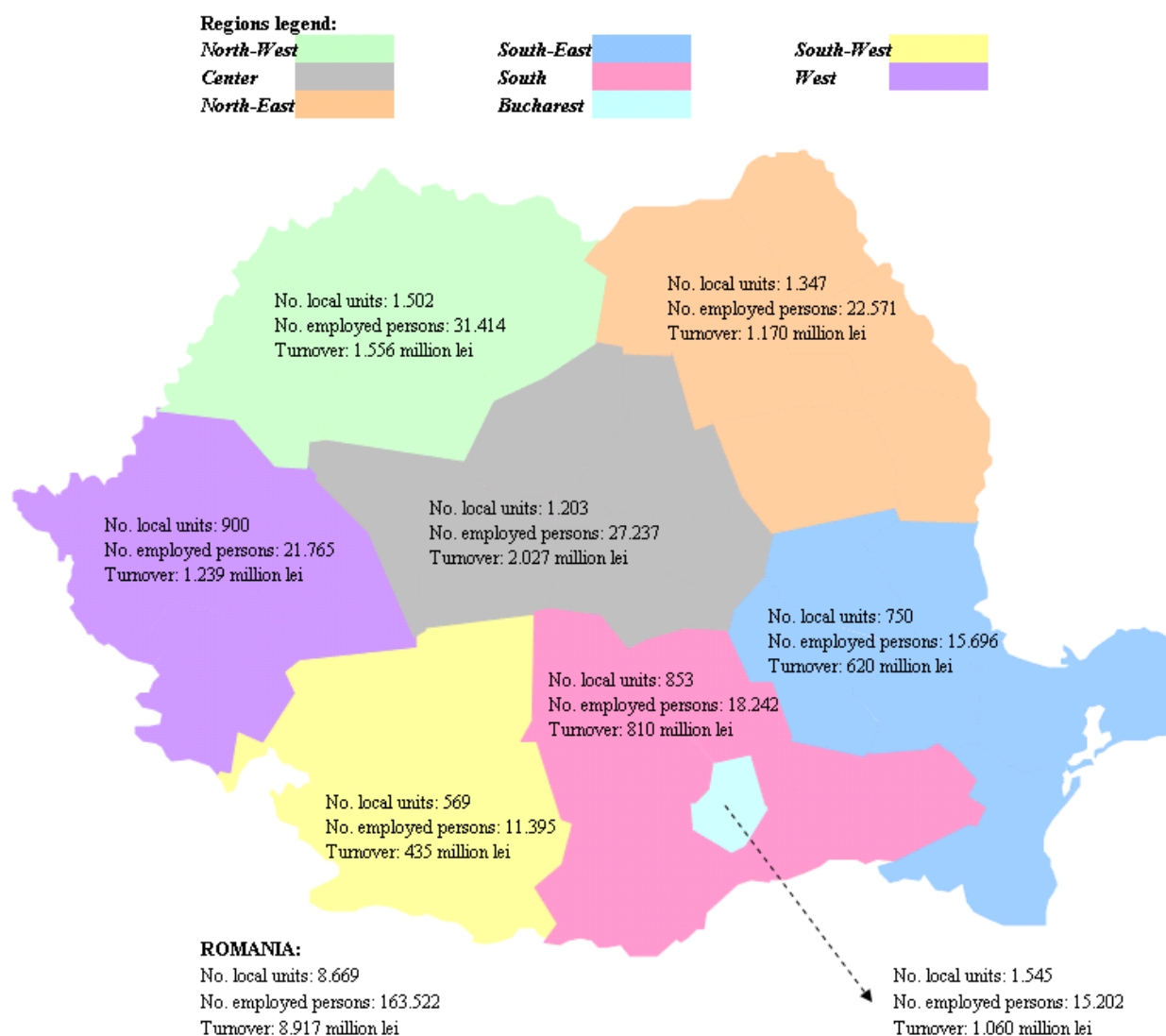


Figure no.1 Regional distribution of light industry in 2009

The best representation of light industry from the point of view of the employed persons number is in the North-West Region with a number of 31.414 employed persons (19,21 % of the national total), the light industry in the area being focused on the clothing manufacture that requires a higher number of employees as compared with other areas. The advantage of the turnover is held by the Centre Development Region recording a turnover of 2.027 million lei (22,73 % of the national total) especially from the manufacture of garments (1.150 million lei), but under the degree of the labour productivity of 81.335 lei/employee, almost the double of the national productivity in the domain. This indicates a high degree of mechanisation in the production and/or a program of production characterized by the use of raw materials for own production and not their processing in Lohn system, which has as consequence the increased value added.

South-West Region is located at opposite points, both in terms of turnover, as well as from the point of view of employed persons number, although the area has an excess of labour force and natural resources for raw materials. Such a situation could exist owing to the investment in these regions, especially the external ones for which the light industry represented during a certain period an important interest point. In table no.2 is presented the foreign investments evolution directly on development regions during the period 2003-2011.

Direct foreign investments on development regions on 31st December

Table

no.2

Euro

million

Development regions	Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Total	9.662	15.040	21.885	34.512	42.770	48.798	49.984	52.585	55.139
Bucharest	5.236	8.426	13.264	22.205	27.516	30.594	31.699	32.720	34.021
Center	629	1.038	1.610	2.559	3.541	4.146	3.703	3.909	4.215
North-East	211	18	292	411	672	1.136	975	1.244	1.627
North-West	648	1.035	1.257	1.570	1.907	2.108	1.940	2.232	2.454
South	798	1.273	1.388	2.228	2.942	3.411	3.576	3.816	4.059
South-East	1.041	1.752	1.838	2.653	2.448	3.551	2.938	3.290	2.970
South-West	355	405	745	938	1.379	1.226	2.058	1.928	1.806
West	744	1.093	1.491	1.948	2.365	2.626	3.095	3.446	3.987

Source: Annual Statistical Surveys "Foreign direct investment (FDI) in Romania" for years 2003-2011, available at [http://www.bnro.ro/Investitiile-straine-directe-\(ISD\)-in-Romania-3174.aspx](http://www.bnro.ro/Investitiile-straine-directe-(ISD)-in-Romania-3174.aspx)

Excepting 2009, each year of the analysed period, the South-West Oltenia Region was on the second to last position concerning the volume of investments, followed by the North-East Region. From a percentage point of view, the situation of direct foreign investments on development regions on 31st December 2011 is graphically shown below:

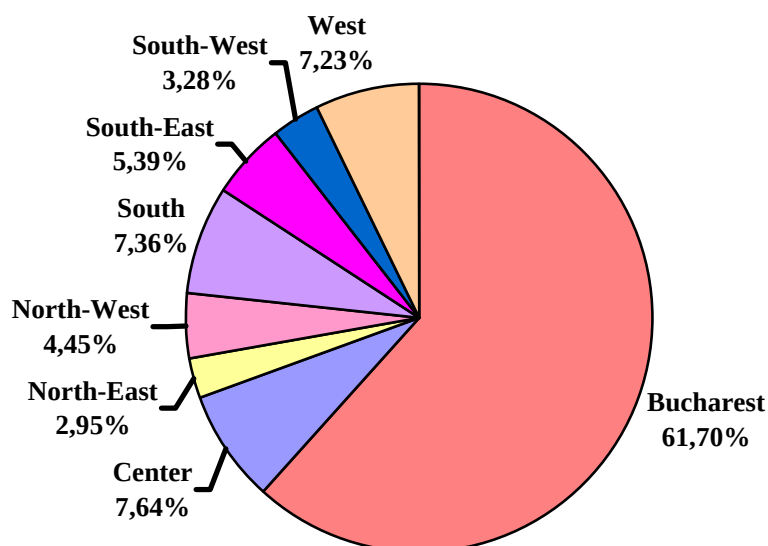


Figure no.2 Regional distribution of the direct foreign investments on 31.12.2011

2.3. International trade with light industry products

Significant dependence of Romania's industry towards the international trade represents an economic vulnerability as regards the conditions of internal static market. Although intra-industrial vertical trade is a frequent phenomenon within the world markets, the fact that the production structures of the industry cover only a part of a value chain of finite products, usually with lower added value, determine the structural vulnerability of the sector. Increasing of domestic demand and the strengthening of some segments of industrial production with higher added value represent long-term solutions to reduce the risks determined by the appearance of external shocks. (Dachin A., 2012)

In commercial relations between Romania and the EU, the latter acts as an intermediary. EU does not need our products, but simply to re-export them. (Muscalu M. S., 2007)

Both on European and worldwide market, the products of light industry are facing massive presence, more or less legal, of goods produced in Asian countries, mainly in China. In this respect, to combat the distortion of competition on these markets, as a result of dumping prices used by these suppliers, and to protect

the brand owners there are strict measures to be taken in order to ensure the protection manufacturers and suppliers.

In table no.3 is presented the international trade evolution with products of Romanian light industry during the period 2008-2011.

International trade with light industry products during the period 2008-2011

Table

no.3

Name of activity	Export FOB (Euro million)				Import CIF (Euro million)			
	2008	2009	2010	2011	2008	2009	2010	2011
Textile products	615	633	754	893	2.431	1.898	2.147	2.479
Wearing apparel	2.818	2.244	2.382	2.679	880	702	725	835
Leather and related products	1.086	1.040	1.209	1.416	974	877	1.004	1.187
Total	4.519	3.917	4.345	4.989	4.285	3.478	3.876	4.501

Source: National Institute of Statistics - The Romanian Statistical Yearbook 2012, p.543 and The Romanian Statistical Yearbook 2011, p.569

It is noted that the exports of textile industry products are lower than imports, being the raw material for garments which present a positive balance on the activity of international trade. This also applies for leather products.

Many of exports are to be performed with inputs of import, which decreases the value added which is obtained in the country. (Visileanu E. and Toma D., 2008)

Regarding the evolution of export and import proportion of products from textile and leather industry in the total exports/imports during the period 2002-2011, the situation is presented in the figure below.

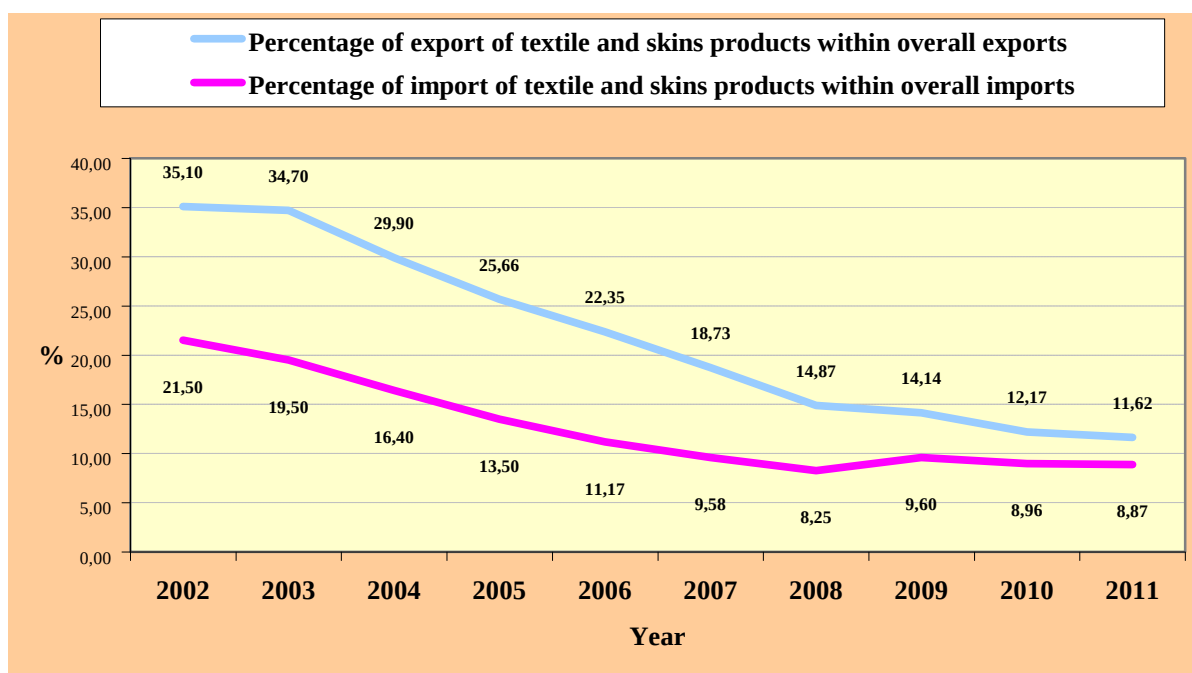


Figure no.3 Evolution of export and import with products from textile and leather industry during 2002-2011

Source: Monthly newsletters during the period 2003-2011 with reference to evolution percentage of the exterior trade, available at http://www.dce.gov.ro/Materiale%20site/Sinteza/Indic_com_ext.htm

Both indicators have recorded declines throughout the analysed period, but the most significant were recorded in the case of exports. Each year that passed, the light industry reduced its role of leading exporter of Romanian economy. Also, the difference between exports and imports is to be reduced, and the situation in which Romania would be transformed from exporter state to importer of products of light industry should be avoided.

The mainly artisan structure of Romanian exports does not allow to activate the "shock wave" which involves other industries of the national economy in international competition, with positive effects regarding the quality of products and economic efficiency. The positive influence of the exports is obvious provided that when processing a complex product more industries shall participate, so that foreign market requirements of the finite product shall be forwarded to the supplier or collaborative industry. (Muscalu M. S., 2007)

The decreased percentage of foreign investment in the sector of light industry shall be added to the ideas mentioned above, as presented in table no.4.

Foreign direct investments (FDI) textile , clothing and leather domain on 31st December

Table no.4

Indicator	Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Investment value (Euro million)	427	503	575	726	737	794	717	835	798
% from total ISD	4,4	3,3	2,6	2,1	1,7	1,6	1,4	1,6	1,4

Source: Annual Statistical Surveys "Foreign direct investment (FDI) in Romania" for the years 2003-2011, available at [http://www.bnro.ro/Investitiile-straine-directe-\(ISD\)-in-Romania-3174.aspx](http://www.bnro.ro/Investitiile-straine-directe-(ISD)-in-Romania-3174.aspx)

2.4. Characteristics of labour market in light industry

According to the data supplied by National Agency for Employment, unemployment rate in counties in December 2012, expressed as a percentage, is presented graphically in figure below:

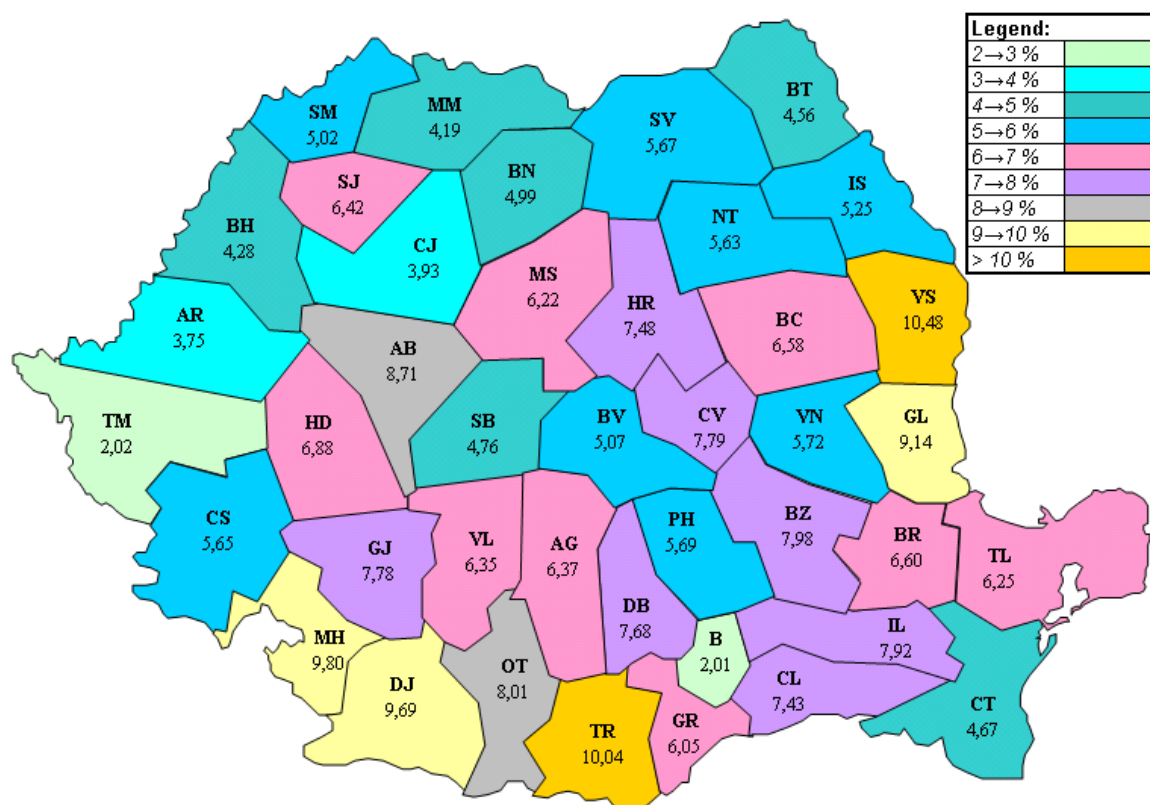


Figure no.4 Unemployment rate on territories in December 2012

The highest values of unemployment rate at the end of 2012 (higher than 9 %) were recorded in Vaslui county (10,48 %), Teleorman county (10,04 %), Mehedinți county (9,80 %), Dolj county (9,69 %) and Galați

county (9,14 %), the most affected area from unemployment point of view was Development Region South-West Oltenia.

Economic development of a country or company could not be achieved without the most important resource, namely the human resources. (Marin C., 2012)

It is specific to light industry to be present in all the geographical areas, this thing allows the attraction on labour market of local available labour force. Another feature is given by the low expenses of creating jobs compared with other domains of the national economy.

However, labour force in the light industry is about to decrease as a result of higher financial incomes gained from both from external migration, as well as from internal professional movement to other areas of activity.

The decreased internal and external demand determined the reduction of exploitation degree of the capacities to produce, and the emphasized decline of the force labour. (Popescu C. R., 2000)

For the small and medium sized enterprises engaged in the Lohn production the main source of competitive advantage is represented by the low costs. In these circumstances, employees are considered, most of the times, just as workers, being paid with the lowest wages just to maintain the competitive advantage. There is the question concerning the internal social responsibility towards the employees and the form/forms in which it occurs, in the case its existence. In case of small and medium sized enterprises engaged in Lohn system production, the internal social responsibility can exist, but it is limited to the interest of low costs a source of competitive advantage; and if there is one, the internal social responsibility is not carried out, most often, in a formalized/intended manner, considering that, most of the time, these companies are experiencing, in their great majority, both with a lack of knowledge in the field of management of human resources, as well as the lack of a responsible department/person in this domain. (Racolța-Paina N. D. and Mateescu V. M., 2006)

Regarding the professional training in the domain there should be re-established the professional education which was transformed in theoretical education. There are differences between employers' expectations and the knowledge acquired in school, requirements of the labour markets being quite different. Education reform will have to take into account the practical part of the knowledge, focusing on training of apprentices and craftsmen for the national industry sectors. In this way, the numerous training courses would be avoided as retraining/vocational retraining which often have no positive effect as regards employment. At present women do not use the traditional handicraft regarding the tailoring; in many households there are no longer traditional sewing machines as a result of the period when they were sold of financial reasons. It should be borne in mind that other jobs, as well as the shoemaker, are about to be extinct. Also, the distribution of school population on domains must be carried out according to the needs and possibilities of the labour.

The research activity which is not supported in the domain of light industry also had a negative influence, both because of the reduction in the number of employed persons, as well as the expenses aimed to support these activities.

Labour market from the light industry has some special notes related to the predominance in the total of employed female population. There were several times when the female staff employed in light industry has been used in electoral advertising, without benefiting from a subsequent real help in the domain of activity. Also, there is a fluctuation of employment depending on the demands, to which is added the phenomenon of illegal labour. Regarding the working conditions, they are generally deficient (noise, natural light, no heat) in order to cut the costs. In addition, the work performed is routine, having implications on labour productivity. Usually, the staff in this industry works for extra hours after work, either in their domain or in agricultural activities, to supplement the necessary financial resources.

Labour conflicts are rare in the light industry because of the excess of labour force. To settle the claims of employees in this industry, besides the existence of a national trade union in the domain it is also required to have local trade unions in areas with high unemployment.

The table below presents the evolution of the average number of employees in the light industry during 2008-2011.

Average number of employees in the light industry by sex during 2008-2011

Table no.5

Activity	Total (thou persons)				Men (thou persons)				Women (thou persons)			
	2008	2009	2010	2011	2008	2009	2010	2011	2008	2009	2010	2011
Light industry	327	265	221	233	59	49	40	44	268	216	181	189
Manufacture of textiles	35	27	25	28	10	7	7	8	25	20	18	20
Manufacture of wearing	211	176	138	144	29	26	18	20	182	150	120	124

apparel												
Tanning and dressing of leather; manufacture of travel and leather goods, harness and footwear; preparation and dyeing of furs	81	62	58	61	20	16	15	16	61	46	43	45

Source: National Institute of Statistics - The Romanian Statistical Yearbook 2012, p.107 and The Romanian Statistical Yearbook 2010, p.107

As mentioned earlier, the light industry is characterised by a predominance of female labour force. But, from the above table it is noted a general tendency to a decreased average number of employees in all 3 areas, with a certain revival in 2011. The decline tendency is more evident in case of garments manufacture which had significant staff cuts for both male and female.

These were determined by the reduced level of net monthly payrolls as presented in table no.6.

Monthly net average nominal payroll in light industry by sex during 2008-2011

Table no.6
lei/employee

Activity	2008	2009	2010	2011
TOTAL - Industry - Total	1.189	1.300	1.388	1.470
Manufacturing	1.050	1.146	1.237	1.324
Manufacture of textiles	853	979	1.057	1.161
Manufacture of wearing apparel	750	773	858	909
Tanning and dressing of leather; manufacture of travel and leather goods, harness and footwear preparation and dyeing of furs	750	857	894	951
MEN - Industry - Total	1.343	1.463	1.549	1.646
Manufacturing	1.174	1.276	1.373	1.479
Manufacture of textiles	913	1.071	1.107	1.216
Manufacture of wearing apparel	834	848	953	998
Tanning and dressing of leather; manufacture of travel and leather goods, harness and footwear preparation and dyeing of furs	827	920	978	1.043
WOMEN - Industry - Total	989	1.082	1.170	1.238
Manufacturing	915	1.000	1.085	1.153
Manufacture of textiles	829	944	1.038	1.140
Manufacture of wearing apparel	737	759	844	894
Tanning and dressing of leather; manufacture of travel and leather goods, harness and footwear preparation and dyeing of furs	726	835	864	919

Source: National Institute of Statistics - The Romanian Statistical Yearbook 2012, pp.155-157 and The Romanian Statistical Yearbook 2010, pp.153-155

The three sectors of the light industry has earnings records that are located below the average of processing industry, incomes of the latter being also lower than those of national industry. By domains, the highest earnings are recorded in the case of textile manufacture products, at the opposite point is the manufacture of garments. Also, male staff gains are higher than those of female staff.

In conclusion, at one end of the market segment we have quality fashion, characterised by high qualified labour, designers, modern technology and flexibility. Competitive advantage of this segment is represented by the capacity to produce designs that influence consumer preferences. At the other end of the market we have standard production, mass production, characterised by low and medium qualified labour force, and the growing power of the multinational retail chains. Lately, the two segments have begun to meet, on the one hand forced by the need for low cost of production, and on the other hand to integrate on international networks of distribution and sales. (Voinea L., 2005)

2.5. Light industry and labour force market in Development Region South-West Oltenia

The structure and division of economic activities in the region were and still are determined by the natural resources, the tradition in their processing, technological facilities, by capital, but also by the system of prices and the proper functioning of market motion. (Marcu N. and Meghișan M. G., 2011)

The strong tertiary tendency of the economy in the region caused a quicker increase in certain branches than in other activities. (Marin C. and others, 2012)

This results also from the table below.

**Structure of employed population in Development Region South-West Oltenia
by activity sectors during 2000-2008**

Table no.7

Activity sector	2000	2005	2006	2007	2008
Agriculture (%)	59,0	48,9	46,4	43,9	44,8
Industry and constructions (%)	20,2	23,9	24,1	25,8	24,8
Services (%)	20,8	27,2	29,5	30,3	30,4

Source: National Institute of Statistics - Economic and regional social highlights: Territorial Statistic 2010, p.161

South-West Oltenia region is marked by its dependence of agriculture, one of subsistence, practised by an old rural population and other unemployed inhabitants from urban areas. (Marcu N. and Meghișan M. G., 2011)

In this respect it is noted a return of the unemployed and still active population in the rural areas where the agriculture is the main occupation, without using the knowledge and resources in other areas of development, as also is in the light industry.

The light industry is present in nearly all the counties in the region by the existence of a large number of small units, part of their business activity being the production of goods in Lohn system.

Thus, the textile and knitting industry products can be found in every county of the region, including the small towns. Olt county has the possibility to process the textile and industrial plants, Drăgănești-Olt town has a cotton mill. As regards the tanneries, they are mainly found in the main places as Bucovăț (Dolj county), Corabia (Olt county), the latter town having a tradition in leather processing. Besides the other areas of light industry, Vâlcea county has production units of travel and leather goods, furs, leather and footwear. Also, until recently in Drăgășani town there was a factory specialised in rubber processing for the production of footwear.

Nationally, the light industry companies' options may concern both a symbol product, but that is risky, or a mix of marketing. Light industry in the Region South-West Oltenia, although it has not been threatened by significant presence shopping mall in the area (the number being reduced) or foreign companies representatives of important brands, has not registered a favourable evolution. Revival of this industry has to be made starting from certain regional aspects, as the promotion of creative industries, especially those designed to produce handicraft products, at the same time with steps taken to the register the local traditional brands (ie. the silk veil, sheepskin waistcoat, etc.).

To move from processing with original equipment to original production and original design, a proper reorganisation must take for the production lines and distribution systems, together with the development of managerial capacities and the accumulation of the capital for new investments. Shifting is a signal of industrial modernization, which ensures a higher added value, greater stability of the demand and even of wages, improving local company position in the productive chain. (Voinea L., 2005)

3. Conclusions

Light industry, as well as other sectors in the national economy, has recorded significant declines after 1989. The result was reflected in decreasing production in this sector of activity, at the same time with the reduction of employed persons.

Low level of wages in the light industry has caused a high mobility of employment in this domain. Thus, the possibility to be employed in other areas, either in the country, but especially from abroad, much better-paid, has contributed to migration a significant part of the employees in this industry. Under these conditions, the employment adverts in this field are numerous. A significant part of the activities in this industry does not require prior knowledge, the professional training is performed at the work place.

Reduction of employees in this field is not the result of the decreased volume of production, but it is a consequence of technical progress. The option of world largest producers in the domain of outsourcing activities that require gross labour force may not disregard the danger to standardize the costs with the manufacture under the conditions of markets globalization, including labour globalization. The competitive advantage is reduced, the producers being forced to externalise these activities on new markets.

Development in light industry cannot take place outside technical progress, no matter if it is sustained by substitutes for natural raw materials, or by improving the production process as a result of automation. Modern technologies and the involvement of the prestigious companies in this kind of investments can provide the re-launching of this industry. Internal specialists must not be forgotten, experts of national and regional particularities. Even if the new technologies will replace the labour force in the industry due to the increased labour productivity, the positive effect for the labour market as a result of revival in this industry represents the appearance of new jobs in related fields: contractor for raw materials, designer, tools maintenance staff, distribution, promotion etc.

Until the revival of external market, producers should regard to revitalise the internal market through a policy for the promotion of the products, in accordance with consumer requirements. However this is quite difficult, given competition of Asian products and second-hand goods, accessible for a large part of Romanian population, unlike the luxury products belonging to certain important brands. Protective measures need to be taken both for internal control line of trading such products, as well as for effective implementation of existing rules at community level.

Also, given the danger of disappearance of Romanian Lohn system, internal producers of light industry will have to speculate skills and knowledge acquired during the period of commercial contacts with external partners, even from the point of view of outsourcing certain activities in other states which have lower costs for labour.

On long term, it is likely that we witness a revolution in this field. The process has already begun, mass production has started to lose ground to custom and quality production, the consumption market being highly segmented. Importance of gross employment shall be reduced, becoming creative activities main. The predominant employed persons in this industry will have to gain new and more complex knowledge.

Of course, there will be an intermediary period. The natural advantages which represent the source of raw materials, the existence of a professional trained staff in this field represent the grounds for relaunching this industry in Romania. For development region South-West Oltenia, this desideratum is imperative, given the very high unemployment rate.

The extension of agricultural land on which textile plants can be grown, the possibility of developing farming sector to ensure the raw material for tanneries and finally for the the industry of footwear and leather goods, etc., the existence until the 1989 of traditional units in the domain come in support the ideas mentioned above.

The status of the Development Region South-West Oltenia as an area with with economic and financial problems, that generate social conflicts, derives from the low results recorded. High level of unemployment, due to a low level of investment in the area, denotes malfunctions in the regional economy. In conjunction with the unattractive regional business environment, bad and unsatisfying management and lack of business initiative in the manufacturing domain could be blamed for these syncope.

High percentage of services domain in the regional economy suggests a preference of employment in this area, which is easier and better paid than other areas, although the region has a tradition in the agriculture domain.

Opportunities offered by the relief of Region South-West Oltenia, high degree of independence of its energy given by the presence of the lignite resources and hydroelectric plants, can contribute to the development of the areas. Re-launching the light industry may also be achieved by supporting local farmers, the suppliers of raw materials for textile domain and processing of those seasonal raw materials.

Also, almost every domain of the economy, including light industry, is also influenced by other domains of the economy. Through an overall regional economic growth strategy, which aims to establish and support small and medium-sized enterprises, more flexible to the market requirements, with positive effect on employment rate, may solve a great part of the problems on labour market, and finally it can ensure sustainable development of the region.

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