The Population and the Labor Force Market

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Abstract

This paper analyzes the demographic status and evolution for Romania by taking into account two economic dimensions: the population and the labor force. The dynamic of the population outlines some key figures relevant for years in the interval 2008-2013, comparison are made against the similar indicators for other European countries. In the present context, which favors the region-based approach, the authors consider and analyze the regional dimension.

Key words: population, labor force, evolution, occupied, region, sector

The occupied population includes all persons – both employees and freelancers – who develop a productive activity within the production limits of the European Accounts System.

The evolution of occupied population, by trimesters, in 2008-2013, followed an ascending course. The occupied population was some 9.5 million people.

Employees represent all the persons working mainly on the basis of a formal or informal contract, for other resident institutional entity, in exchange for wages or some equivalent pay. The number of employees, shows a level oscillating between 6.4 million in quarter II 2009 and 6.6 million in trimester III 2009, 6.5 million in trimester III 2010, 5.9 millions in trimester II 2011, reaching the level of 6.1 millions in trimester I 2012.
The process of reduction of the number of employees continued, reaching the level of 4.328 million in December 2013. From this date on, it can be observed the increase, in a slow rhythm however, of the number of employees, that reaches the level of 4.43 million in July 2014.

This number differs significantly from the one of employees that is currently operated with. It includes the number of employees determined in compliance with the accounts, that take into consideration, both data sources used to determine the cost of labor force occupation, such as the Survey on labor force in households (AMIGO); the Inquiry regarding the cost of labor force (S3); Annual structural survey in enterprises (ASA); and also administrative data sources (information provided by the Ministry of Foreign Affairs, Ministry of Labor, Family and Equality of Chances, Ministry of Interior and Administrative Reform etc.); accounting situations of commercial companies.

I state that the number of employees includes those working in the hidden economy, established according the computation methodology.

Another category is represented by the independent workers (freelancers), they being the sole owners or co-owners of the entities without judicial personality they work in. In this category, can also be included: family workers, non-paid and home workers that manufacture for market; workers that exert, both individually and collectively, productive activities regarding exclusively the final consumption or formation of capital on their own account.

The occupied population, according to the SEC methodology, is the sole indicator that indicates the human potential of the occupied labor force that can be used to determine the social productivity of labor as a ratio between the GDP and the occupied population.

The evolution of the productivity of labor is, within the series, fluctuant enough, from positive elevated levels, to constant decreases starting quarter I 2009 until quarter I 2010, to record a comeback to a positive trend, of 1.6% in quarter II 2010 against the previous year, of 1.9% in quarter III 2010 against quarter III 2009. In 2013 and during the six months of 2014, the productivity have not manifested significant oscillations, but recorded a still low level.

Real hourly productivity marks, in principle, the same evolution as the real productivity per occupied person.
In the analysis of the occupied population, it can be observed the percent evolution of the structure occupied regarding the great employees categories and individual entrepreneurs.

In this context, according to the European Account System edition 1995 also, the employees hold a weight of some 70% out of the occupied population.

On activity branches, the greatest weight is held by agriculture, with 27.6%, followed by industry, with 22.5% and transports with 21%.

The indicator occupied population of Romania compared to other countries proves a concerning discrepancy in negative way and where I think the attention of decisional factors must be focused.

In 2014, Romania, with a rate of occupation of 61.8%, was among the countries with values below EU28 average (for which, the value of the indicator was 64.5%).

The greatest values of the occupation ratio in 2011 were recorded in: Netherlands (76.3%), Denmark (74.1%), Sweden (72.9%), Austria (71.4%) and Germany (71.0%).

In most EU28 member states, the occupation ratio in 2014 was increasing, excepting four member states, in which case slight declines were observed (between 0.1 and 0.4 percent points): Portugal, Lithuania, Luxembourg and Belgium. At the level of EU28 the increase against the previous quarter was +0.7 p.p.

Against the same period of 2009 the occupation ratio was in decline in most European states. At the level of EU28 the decrease was -0.5 p.p. The exceptions are 6 member states, for which the occupation ratio remained at the same level or increased slightly (at most 1.0 p.p.) – among these, Romania.

In 2014, in Romania, the weight of employees in total occupied working age population was 66.1% - one of the most reduced in Europe (the next-to-the-last place, after Greece).

In the same time, the weight of non-employees in agriculture (mainly employees on their own and family non-paid workers) was 26.2% - the greatest in Europe.

The increase of occupation in 2014 against the previous periods occurred on the background of transition towards agriculture, phenomenon visible from:

- Reduction of employees weight;
- The increase of the weight of non-employees in agriculture.
In 2014, the occupation ratio of the working-age population was 60.5%; increasing by +0.2 p.p. against the end of 2013. Regarded through the prism of distribution by development regions, the smallest occupation ratio was recorded in the Center region (53.2%) and the greatest in the North East region (65.3%).

Occupation rates greater than the national average (60.1%) were recorded only in two regions where the agricultural sector is significant – North-East (65.3%) and South (63.2%), and also in Bucharest Ilfov (62.8%) where labor force is drawn into the services sector. The highest growths, established by chain indexes, were recorded in the North East region and South Muntenia, and the highest decreases were emphasized in Bucharest Ilfov and South-West Oltenia.

**Territorial disparities of the occupation ratio (%)**

Data source: National Institute of Statistics.

Information regarding the “budget sector” must be carefully analyzed, because the data refer to the statistics from economic activities (aggregated on homogenous activity) according to CAEN Rev.2.: public
administration, education, respectively health and social assistance (including private education – some 2%, respectively some 4.5% for health and social assistance), excluding the armed forces and assimilated personnel (MApN, SRI, MAI etc.).

These statistics do not take into account the financing form, their purpose being to provide information on economic activities, according to CAEN Rev.2.

The budgetary sector was characterized, during the period 2010 - 2014 by continuous decreases of the number of employees. The most accentuate declines were recorded in 2010 and during the first nine months of 2011.

Also, declines in the effective of employees recorded in the public administration units can be found in the secondary activities developed by these entities: cultural, sport, and recreational activities, landscape design and services for buildings, agriculture, water supply, sanitation, waste management, de-contamination, constructions, transport and storage, production and supply of electrical and thermal energy, gases, hot water and air conditioning, lease and sub-lease of real estate goods etc.

As for the evolution of average monthly salary gains during the period 2009 - 2014, they were characterized, mainly, by declines from one month to another, excepting the months when annual and occasional premiums were granted, according to the national law, sums from other funds.

After 2013, there was re-ruled the increase of salaries, which have been decreased when foreign contracts were drawn.

Compared to the previous year, in 2013, the vacant work places ratio decreased in health and social assistance (by 0.20 p.p.), public administration (by 0.11 p.p.), and in education it increased (by 0.12 p.p.).

The evolution of the vacant work places ratio was more accentuated in health and social assistance (by 2.53 p.p.), followed by public administration (0.67 p.p.), and for education the ratio kept unchanged.

In 2011, little more that 10% of the total vacant work places were recorded in each of the activities: public administration (2.7 thousand vacant places), respectively health and social assistance (2.4 thousand vacant places), while in education the demand for work places was of some one thousand.

Comparatively against the previous periods, in health and social assistance, the most significant decrease of number of vacant places
Programs for Romania’s Economic Recovery in the “Horizon 2020” Perspective

recorded: by 7.8 thousand vacant places, representing more than two-thirds (67.5%) of the number of vacant places that diminished within a year in the whole economy, respectively with 0.8 thousand vacant places against the previous trimester.

In public administration, in 2010-2014, the number of vacant work places decreased. In education, a slight increase of the demand for work places recorded, as against the previous year, following the start of the new school year.

Among the European countries, the evolutions against 2010 are divergent: as the decrease trend is observed in 12 countries, increase in 12 while in 3 countries the weight of administration employees remained constant against the same period of the previous year.

Evolution of the unemployment ratio

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Provisional data


The number of unemployed people, in July 2014, was 700,000 persons, by 39,000 lower than in June 2013.

In June 2014, the rate of unemployment in seasonally adjusted series was estimated at 7.1%, in decrease 0.2 percentage points as against
the previous month by 0.3 percentage points as against the level for June 2013.

The information corresponding to the financing form are managed by the Ministry of Finance, according to the provisions of OUG no. 48/2005, with subsequent completions and modifications. In the basis of this ordinance, the main credit orders for the public institutions financed from the state budget, social security budget, special funds budget and of the autonomous public institutions integrally financed from own revenues, submit, monthly, to the Ministry of Public Finances, for the previous month, situations regarding the monitor of the number of posts and personnel expenses, for their own apparatus and for public institutions in their subordination, co-ordination or authority, regardless the financing mode.

The number of unemployed people (age 15-74 years), estimated for June 2014 is 700 thousand persons, decrease both from the previous month (718 thousand persons) and from the same month of the previous year (739 thousand persons).

**Number of unemployed people during June 2012 – June 2014**

![Bar Chart](chart.png)

*Provisional data*

**Data source:** National Institute of Statistics, press release no. 181 of July 31st 2014
By sexes, the unemployment ratio for men is by 1.3 percentage points higher than the one for women (the values being 7.7% for men and 6.4% for women). For adult persons (25-74 years), unemployment ratio was 5.7% for June 2014 (6.3% for men and 4.9% for women).

### Unemployment Rate on Sexes (%)

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<td>25-74 yrs</td>
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\(^p\) Provisional data

**Data source:** National Institute of Statistics, press release no. 181 of July 31st 2014
The number of unemployed people aged 25-74 years represents 74.3% of the total number of unemployed estimated for June 2014. The salary gain, both in nominal and real terms, increased in 2014 from the previous periods. In July 2014, the average gross monthly salary was 2,378 lei.

**Average gross earnings in July 2014**

Except armed forces and similar (The Ministry of National Defence, The Ministry of Internal Affairs, The Romanian Intelligence Service etc.).

**Data source:** National Institute of Statistics. Monthly Statistical Bulletin no. 7/2014, p. 121

On activities of the national economy, the maximum values of the net average salary gain are in the financial brokerage (with percentage between 115 – 146% above economy average). At the opposite pole, with the lowest net average salary gain, are placed the hotels and restaurants activities (with percentage between 41 – 43% below economy average). To be noted that both sections hold similar percentage as numbers of employees at the level of the national economy (some 2-3% each). In 2014, compared to the previous year, the net average salary gain had a slightly decreasing trend, for most economic activities (excepting those pertaining to the...
budgetary, hotels and restaurants, real estate transactions and shows, cultural and recreational sectors).

In 2014, the average net salary gain realized on various activities of the national economy has recorded, both increases and decreases, in almost equal measure. So, in the economic sector, slight increases were recorded, the greatest being in the activity of production and supply of electrical and thermal energy, gases, hot water and air conditioning (+1.8%). At the opposite pole, with the most significant decrease of the net average salary gain, was the extractive industry (-18.9%, because of the premiums granted for „oilers’ day” in the previous month).

**By main activity of economy, in industry**

![Bar chart showing net salary gain by industry](image)

**Data source:** National Institute of Statistics. Monthly Statistical Bulletin no. 7/2014, p. 121

In the public property units (fully state-owned or state-owned majority), the average net salary gain has the highest values. The lowest average net salary gains are recorded in the privately-owned entities (privately-owned majority, fully private, fully foreign), that hold the majority weight of the number of employees (some 63%). The number of pensioners with pensions above 1000 lei represented, at the analyzed moment, just the fifth part (21.1%) of the total social security pensioners. The average number of social security pensioners had a descending quarterly evolution, from 2002 until 2012.
### Average number and average monthly pension of pensioners and social support beneficiaries

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<td>557</td>
<td>546</td>
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<td>- Social insurance pensioners from the evidence of the State Secretary for Cults</td>
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In quarter II 2012, the number of social security pensioners has followed an ascending trend, reaching 5531 thousand persons.

As for the state social security pensioners, after being on a continuous ascending trend, since quarter II 2007 (4641 thousand persons), since quarter III 2010, recorded a decrease, to 4759 thousand persons, in 2011 and 4720 thousand persons in quarter I, 2012. In 2011, comparative to the corresponding quarter of the previous year, the social security pensioners had the possibility to spend averagely with only 26 lei (+3.6%) additional. In 2012, the index of the real pension decreased as against the previous year (96.0% from 118.1%); subsequently, the purchasing power of the social security pension declined. In quarter I, 2012, the average pension was 766 lei/month. In the analyzed period, some 3/4 of the total departments have recorded a greater number of pensioners compared to the employees. In the top of this group, there are Giurgiu and Teleorman where the report pensioners/employees was almost 2 (1.9) pensioners for one employee.

The Bucharest municipality was at the opposite pole, recording the lowest value of the report (0.6). The departments in which the ratio is 1 to 1 represents a tenth from the total. According to the provisional results of the Survey on Family Budgets realized by NIS in 2010, the average monthly total revenues for a household were 2257 lei, a value relatively constant during 2007-2012. The structure of the money incomes of households reveals the same trend as the total revenues.

In 2011, the average total revenues for an urban household were by 32.3% higher.

References

1) including taxes and social health contributions related to retirement income (O.U.G. no.87/2000 and OUG no.107/2010).
2) Including people retired from the Ministry of National Defense, Ministry of Interior, Romanian Intelligence Service.
3) Paid from the Social Insurance Fund.

Lilea, F.P.C. (2010) ”*Analiza statistică a repartiției regionale a întreprinderilor mici și mijlocii în România*”, Editura Ideea Europeană, București


*** Comunicate de presă pe anul 2014 ale Institutului Național de Statistică