

THE IMPACT OF HUMAN RESOURCES MANAGEMENT ON THE EUROPEAN MAP OF EMPLOYMENT RATES

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Abstract

By joining the European Union, the Romanian labor resources benefits of many advantages: greater flexibility of the labor market and increased job security, the labor market adapted to the changes caused by globalization, facilitating the transition to a more open, free labor market, creating new jobs by foreign investments in Romania, which will implicitly generate the decrease of the number of unemployed by investing in human capital.

Over time, due to the benefits they have, the labor resources in the EU will face an increasing opening of borders on the labor market, wages will be balanced, and living standards will improve, so we will talk about development as freedom.

This paper provides statistics on the number of employees, employment and salary levels, including an analysis based on socio-economic dimensions: the differences between the EU Member States on the labor market.

The employment rate (short term structural indicator), calculated as a percentage of employed people out of the total working-age population, is a key social indicator used for analytical purposes to study labor market developments. As a structural indicator, it brings clarifications on the structure of labor markets and economic systems, measured by the quality of employment. As an indicator in the short term, employment follows the economic cycle, being a delay indicator.

Although a permanent development has been attempted, the conclusion is that the growth of human resources is limited by a series of obstacles, including the wage bargaining system and the contribution of the education system.

Keywords

human resources management, employees, employment rate, forms of ownership, salary level

JEL Classification

J2, J3, M54

Introduction

Integration into the European Union is an advantage for Romania as it guarantees an added stability and security in this part of Europe. Upon joining the European Union, Romania has the benefit of belonging to a larger "family" of nations, so implicitly the advantage of

participating in the single market, new jobs will be created and the quality of life and the well-being will improve through the alignment of the salaries in our country to those in the EU. We will also benefit from consular and diplomatic protection from the other Member States. From the point of view of the labor market, the accession helped us organize ourselves better, in a totally different rhythm, intensity and discipline of work, the Romanian citizens having more confidence in their own forces.

The labor market also played an overwhelming role in the integration process, the potential trigger factors of the economic growth process being important prerequisites for the convergence of each state. A first important factor in both Romania and Central and Eastern Europe is employment. Also to analyze the cost competitiveness of the candidate countries should be followed by labor productivity, which aspires to an upward trend, as well as in terms of raising wages to meet the criterion of price convergence, so it is necessary to analyze the labor resources.

If in the European Union member states, human resource management has begun to have a great importance, labor resources becoming the most appreciated active on the labor market; Romania is not very good at this chapter, the notion of labor resources being considered relatively new, putting the issue of the existence of a labor resources management at the level of the companies.

The state of knowledge

The theories about the labor market, in particular employment, unemployment and salary are far from being unitary. The European labor resource strategy is quite broad, starting in 1997, the year when the Treaty of Amsterdam was signed, the treaty whereby the European Union set itself the objective of "promoting economic and social progress, as well as a level high employment and achieve a balanced and sustainable development, notably by creating an area without internal borders, by strengthening economic and social cohesion." (Angelescu, Ciucur, 2005).

The action of European Community, according to Article 2 (European Community Treaty, 2009), means "to promote coordination between the Member States' employment policies in order to strengthen their effectiveness by developing a coordinated employment strategy". Within the European Union, it is hoped that the labor market will promote skilled labor resources, adaptable to new and specialized formats. (Grigorescu, 2010). Also, the labor market must have the ability to react quickly and efficiently to the evolution of the economy.

Romania, with a labor market that does not cover job applications from the waves of young graduates, is trying to reach the working conditions at the level of the European Union, considering that "the working conditions must be set so as to determine the employees to remain, and at the same time attract new applicants within the organization. " (DeCenzo, Robbins, 1988). Greek philosopher Protagoras asserts that "Man is a measure of all things," man is the key factor in the labor market, being able to integrate any present or future demands that are aimed at him. Essential in analyzing the workforce is to pay attention to the changes that follow with great rapidity, must be permanently adapted to the new, able to support the change, which means having multiple professional competencies, the labor resources being vital resources for organizations.

The characteristics of the Romanian labor market versus the EU - challenges

In Romania, the main methods for increasing labor demand were: the creation of new jobs through various amendments to the Labor Code (extension of the probation period, use of short-term contracts, flexible working hours), introduction of the single rate taxation, as well as improving the qualification and re-qualification programs of the unemployed. It is also important to increase the mobility of labor resources and to introduce an article on prudent

wage policy in the Labor Code (the article aims that both the work done and the productivity should be remunerated through efficiency bonuses and also the remuneration overtime). (Ciucur, Popescu, 1996).

Due to the status of EU member state, Romania has to adapt to the conditions imposed by the community on the labor market, because this is the only way to ensure the harmonization of labor resources (Grigorescu, 2006). Compatibility of the workforce with the requirements of the European Union mainly aims at a policy of change, structural adjustment of the economic, cultural and political environment, environments that are in a permanent process of change.

For a better launch of Romania in the race for European integration it was necessary to re-evaluate the performances in various fields, but in particular it was necessary a careful re-evaluation of the labor market. With the integration into the European Union, a series of challenges have emerged regarding the compatibility of labor resources in the two markets: general challenges (stopping the demographic decline, accelerating the growth of the employed and active population in the total population), specific challenges The European Council in Lisbon, which aims to achieve values set for 2010: 70% total employment rate, over 60% women's employment rate, 50% employment rate for older people) and strategic challenges (in the perspective of sustainable development – the need for a new one, the structure of employment based on increasing productivity and labor cost. (Dobrota, Aceleanu, 2007).

Human resources management on the labor market

The human resource, an essential resource at the organization level, can be conceptually analyzed in two ways: human resource or personal. Although the two concepts seem similar, the orientation is different. If the staff is composed of the employees of the organization, a clearly defined group of people with clearly defined place and tasks, generating a result of the work as expected, the human resource highlights the specific characteristics of each employee. When the right conditions are created, human resources are the ones that can grow and develop a business, being a real source of profit for the organization. (Ivancevich, Glueck, 1983). But the emphasis should not only be on human resources, but also on human resource management. At the level of a company, whether public or private, managers need to be the ones who know how to create the organizational space that is right for the employees to achieve their maximum potential. (Mathis, Nica, Rusu, 1997).



Fig. no. 1 Human resources management – orientation

Source: Dodu, M., Raboca, H. and Tripon, C., 2013, Human resources management, Typography UBB, Cluj Napoca

The working-age population depends on the legal limit of work established at the level of each state. In Romania, according to the Labor Code, a natural person acquires work capacity at the age of 16, but can conclude an employment contract as an employee and at the age of 15, but with the consent of the parents or legal representatives. However, there are heavy or dangerous jobs, where employment can be done only after the age of 18; these jobs are set by the Government's decision. These legal work limits are set according to the degree of socio-economic development of the country concerned: the lesser the country is, the lower is the limit, and in the case of the developed or developing countries, the lower limit grows, as more emphasis is put on education and training.

The way in which human resources management helps to streamline the organization's activity is directly influenced by its most important feature, orientation. The focus of human resources management activity is on the orientation towards action, orientation towards the individual and orientation towards the future (figure no.1).

Two other similar concepts, but with a different result from the point of view of human resources management, are efficiency and effectiveness at work. If efficiency has a tangible result, measured in productivity at work, so implicitly in profit - money, efficiency can not be measured directly in money, representing both productivity and employee satisfaction at work. That's why it is very important how managers implement the human resources management plan, because employees are the ones who help the organization's permanent development.

Human resources management must be seen as a development plan that together with employees and the company creates a whole. The main objectives of human resources management in the process of organizational effectiveness are:

- Helps the organization to achieve its goals;
- Provide the organization with well trained and motivated employees;
- Use effectively the skills of the workforce;
- Helps to maintain and develop the quality of the work environment;
- Ensure safety and health at work;
- Communicate personnel policies to all employees;
- Helps to maintain professional ethics and equal opportunities;
- Increases the level of satisfaction of the human resource employed at the workplace;
- Helps to increase the flexibility of the workforce.

If all of these goals are met then human resource management is useful and efficient in the organization.

A difference that could have a direct impact on the outcome of human resources management is the type of organization they are part of: public or private. The public domain is characterized by uniformity imposed by laws and regulations, while the private environment is more flexible, and a firm can apply a vast model of human resource management policies. Traditionally, the human resources management department has two main functions: processing administrative burdens (salaries, allowances, retirement and other wage benefits), and overseeing compliance with laws and regulations at work. Now, however, a large number of activities have been added (recruitment, selection and orientation of human resources, analysis and design of job descriptions, evaluation of staff performance, employee consultancy for the future of personal care and work relations, health and safety at work, compensation and benefits specific to the workplace) focusing on innovation, flexibility and efficiency of the human resource at work.

Employed population by sectors of activity in EU-28

According to statistical data, in Romania out of the total of 4.3 million people employed at the level of the economy, employees employed in the field of human resources management hold a relatively small percentage of about 7%, the annual growth rate being 2%. In 2016, from the point of view of the field of activity, the largest professional category, both in Romania and in the EU-28, is represented by personal and sales staff. If in Romania 17% of the total number of employees in the economy, with an absolute value of 8 million people, in the EU-28 the share is 9.5% of the labor force, respectively 21.4 million people. Sales employees are followed as a share in the workforce by specialists with commercial and administrative functions. On the opposite side, the situation is similar in both Romania and the EU-28, with the lowest share being those in the agricultural sector and workers in the food processing industry. Agricultural workers account for only 3-4% of the labor force both in Romania and in the EU-28.

Romania is characterized by a dual labor market, agriculture being a sure way of winning the existence for the unemployed; this phenomenon is particularly remarkable in the rural environment, where due to the lack of schooling, the labor force does not meet the demands of the market or has been eliminated from the market along with the industrial restructuring, and so quits looking for a job, to do so. This is the reason why a large number of people prefer "black" work, the real (effective) employment rate, including the informal economy workers, being difficult to assess.

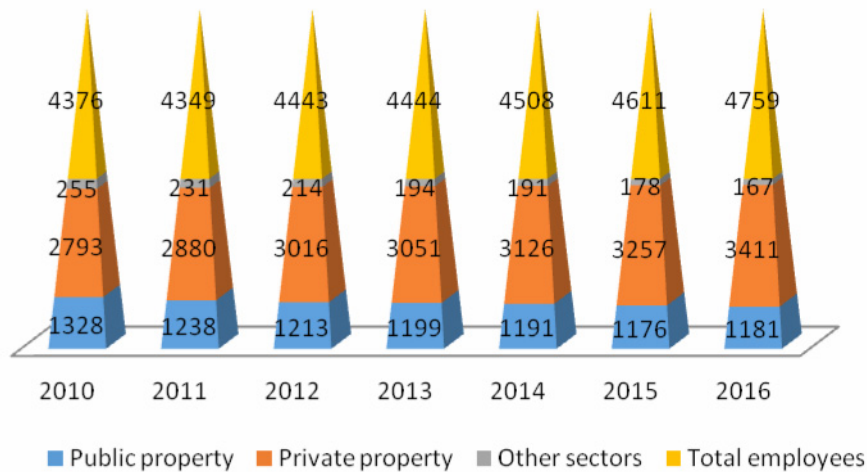


Fig. no. 2 Number of employees in Romania by forms of ownership – thousands of people

Source: Authors conception based on data from <http://statistici.insse.ro/shop/>

According to figure no.2, the largest share of employees is recorded in the private sector, with a share of over 68%, followed by public sector employees by 27% and the remaining 5% by other sectors of activity (cooperative, public).

Although the active population has fallen from 2010 to the present with more than 50,000 employees in the year 2017, there have been major job vacancies in the public sector in Romania, with about 20000 new jobs being made. According to the Finance Ministry's report, the number of employees employed by the state reached 1.21 million in December 2017. If we also look at the fact that the average net salary increased by 20% in 2017, reaching 3700 RON, we conclude that at national level the state has become a top employer. However, a disadvantage in the labor market economy is represented by the increase of the

wage bill as a percentage of GDP, in 2017, the highest value in the last decade, 8.3% of GDP, by almost a more varied percentage from the value recorded last year (7.5%).

In Romania, the employees in the budgetary sector represent 30% of the rotation number of employees of the economy. According to the data provided in the Romanian Statistical Yearbook 2016, in the last years there is a 12% decrease in the number of public sector employees, the highest value being recorded in 2010, and 1.3 million employees. Gradually, the number of employees in the public sector started to decrease, now their share in the total number of employees is 15%.

In the private sector, 2010 was also the year with the lowest number of employees, 2.8 million employees, with 64% of the total number of employees in the economy. This was the year when the financial crisis was felt on the labor market, Romanian and foreign private companies being forced to significantly reduce their wage costs in order to be able to stay on the market. Subsequently, the number of private employees started to increase, currently accounting for 83% of all employees in the economy.

At the EU-28 level, in terms of the share of public sector occupied population in the total occupied population, Romania with a 15% share is among the last in the rankings along Italy, Spain and Portugal. Denmark, Latvia, Sweden, Slovakia and Hungary hold the largest shares of the public sector with 27-35%.

The ranking would look different if we report the employees in the budgetary sector to the total resident population. In this case, the top is occupied by Denmark, Latvia, Sweden and Slovakia, with over 100 budget members per thousand inhabitants. Romania ranks 18th with 69 budgets per thousand inhabitants, less than half the EU-28 average of 115 state budgets per one thousand inhabitants.

Wage level and employment rate in the European Union

According to figure no.3, in Romania, at the end of 2016, the employment rate of labor resources (expressed as a percentage ratio between the employed population and labor resources) was 66.2%. Romania records a value below the European Union average in 2016, with the EU-28 employment rate recording the highest annual average in history, 71.1%.

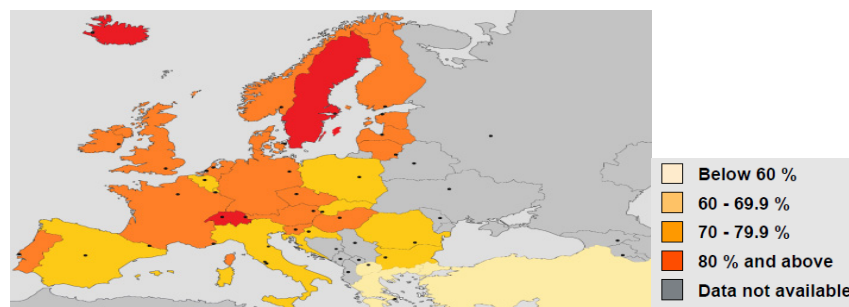


Fig. no. 3 Employment rate – EU-28 – year 2016

Source: Eurostat - http://ec.europa.eu/eurostat/statistics-explained/index.php/Main_Page

The top ranking of Europe's employment rate is held by Iceland (87.8%), Switzerland (81.3%) and Sweden (81.2%). The ranking is followed by EU countries with a 70% employment rate (England, France, Germany, Ireland, Hungary, Finland, Portugal). Employment rates of 60% are recorded in Poland, Spain, Slovakia, Italy, Belgium, Croatia and Bulgaria, while employment rates below the 60% level are in the labor markets of Greece and Macedonia.

In terms of gender distribution, employment rates are higher among men than women, a trend that has always been seen in the Member States of the European Union. Lithuania and Latvia are exceptions to this rule, where in recent years the employment rate among men has fallen sharply compared to the female employment rate. At the EU-28 level, there is a narrow gap in employment rates by gender. In general, the reduced gap is the result of rising employment rates amongst women (Spain, Finland, Poland, the Netherlands) or the drop in employment rate among men (Cyprus, Estonia, Greece).

According to Eurostat statistics, labor trends vary from one country to another. If some countries have had a steady evolution with a slight increase in the employment rate (England, Austria, Belgium, Germany, Finland, France, Luxembourg, Romania, the Netherlands, Sweden), other states have registered high fluctuations on the labor market (Bulgaria, Estonia, Ireland, Latvia, Lithuania, Poland, Spain). The highest stability in the labor market was registered in Denmark, Italy, Portugal, Slovakia and Slovenia.

Although in terms of the employment rate Romania does not feel bad (as it can be observed in figure no.4), the salary position occupies the last positions, with the third lowest EU minimum wage - 408 euros, after Latvia (400 euros) and Bulgaria (261 euros). With a minimum gross salary of 1,900 lei, the Romanian employee earns 2.2 times less than the EU-22 average wage (six EU member states do not have a minimum wage: Austria, Cyprus, Denmark, Finland, Italy and Sweden) and almost 5 times less than Luxembourg, the country with the highest gross salary (1999 euros). It should be noted that the major labor market disparities in Romania versus the EU are registered with entry-level employees, in the case of specialists there is some balance.

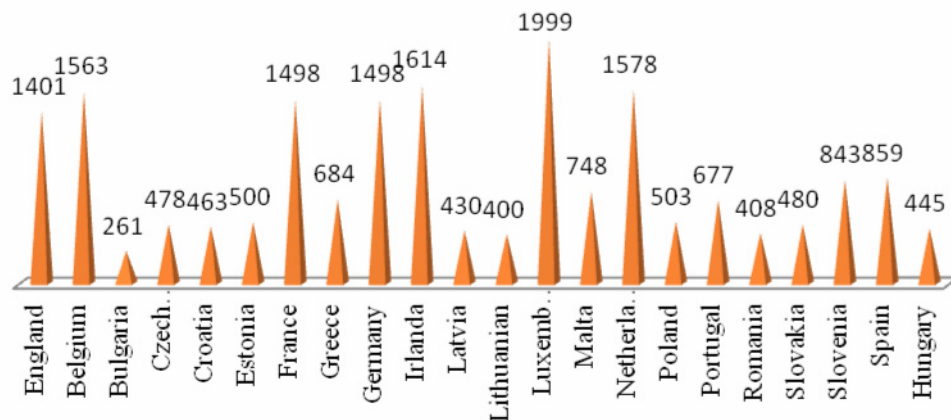


Fig. no. 4 EU-28 gross minimum wage – year 2018 – euro

Source: Authors representation; data from <http://ec.europa.eu/eurostat/data/database>

Currently, if Romania maintains the growth rate, the Romanian employee would earn 2000 euros/month (the EU's highest gross minimum wage) in about 15 years, as the rest of the states would keep the annual low rate of growth.

Conclusions

At the request of the European Council to identify the obstacles limiting the growth of employment, Romania considered it opportune to develop employment-oriented policies, among the major obstacles in the labor market being the poor functioning of the wage bargaining system, but and the insufficient contribution of the educational system to the formation of human capital.

In this respect, the Government of Romania, for the modernization of the Romanian educational system, has promoted the new law of national education, a law that includes

provisions which, in the medium term, are expected to create a qualitative human capital that supports smart, sustainable and favorable growth inclusion.

In order to achieve the best compatibility in promoting employment with the labor market in the other EU countries, Romania has already implemented a series of measures: achieving a unitary wage framework in the public sector through the adoption of framework laws on the unitary salary of staff paid from public funds, but also measures to promote flexicurity and to promote employment. It also sought to create new jobs by establishing ways in which EU Member States can encourage employment, reduce wage taxation or better support new start-ups. The proposals also aimed at identifying the economic domains with an important potential to create a considerable number of jobs (organic economy, health services, information technology and communications).

Another key point to be followed by Romania is the link with the Europe 2020 flagship initiatives. The first initiative is "New Skills for New Jobs", which although launched since 2008 is still underway. It established the Commission's action program to anticipate, correlate and improve competences. Although it has a very similar name, the major initiative "A Agenda for New Competences and New Jobs" has a much broader scope, which includes the necessary steps for the national implementation of the concept of flexicurity and the measures to lead to increase the chances of integrating people from disadvantaged groups, older workers, young people and women into the labor market. The National Qualifications Framework will also be finalized, the Classification of Occupations in Romania will be reviewed and the development of partnerships between the education and labor market will be supported, notably by involving the social partners in the planning of education and training offerings. The Youth on the Move program also aims to facilitate young people's entry into the labor market through guidance, counseling, apprenticeships and the setting-up of businesses.

In implementing the Europe 2020 strategy for smart, sustainable and inclusive growth, the European Commission is a key support point in contributing to the 75% employment target for women and men in the EU aged 20-64, reducing the early school dropout rate to below 10% and increasing the number of young people in the higher education or professional equivalent to at least 40%.

The conclusion at the level of the Romanian labor market is that, although it has well-trained work resources, it does not know how to handle it, which is why it has a lot to do until it becomes a competitive country in the world.

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