
ANALYSIS OF THE LABOUR FORCE IN THE MOST TWO INHABITED REGIONS FROM ROMANIA – SOUTH-MUNTENIA AND NORTH-EAST

Maria-Floriana Popescu¹ and Bogdan-Cristian Chiripuci²

^{1) 2)} *The Bucharest University of Economic Studies, Romania*

E-mail: maria.popescu@rei.ase.ro; E-mail: bogdan.chiripuci@gmail.com

Please cite this paper as:

Popescu, M.F. and Chiripuci, B.C., 2020. Analysis of the Labour Force in the Most Two Inhabited Regions from Romania – South-Muntenia and North-East. In: R. Pamfilie, V. Dinu, L. Tăchiciu, D. Pleșea, C. Vasiliu eds. *6th BASIQ International Conference on New Trends in Sustainable Business and Consumption*. Messina, Italy, 4-6 June 2020. Bucharest: ASE, pp. 1203-1210

Abstract

Throughout recent years, the economy has changed in the face of numerous challenges, and adults and young people are still struggling to thrive, as employers are still struggling to find eligible job applicants. While regional policies and national programs have tried to solve these challenges, a great deal of action is taking place locally to promote healthy workforce and boost economic development. The country we shall analyse, Romania, has started to face lately a lack of labour force in almost all fields. To this end, the research will try to make an x-ray on the number of vacancies in the two most populated areas of the country, North-East and South-Muntenia regions, but also on the volume of unemployed available. In this sense, based on the connection between the analysed indicators, a correct and clear perspective to current and future entrepreneurs will be possible to be offered. At the same time, it will be considered the accomplishment of some proposals which, in the short and medium term, will reduce the number of vacancies and unemployed both locally and nationally. In addition, areas of shortage were found - manufacturing, wholesaling and retail; motor and engine repairs; transportation and storage; public administration and defence; public social insurance; health and social assistance. In this sense, the aim of this article is to establish a sustainable strategy, including to suggest partnerships in all fields.

Keywords

Labour market, Unemployment, Regional policies, Job vacancies

JEL Classification

P10, J40, O10

Introduction

There are significant shifts in the way social and economic processes unfold nowadays and city areas have become modern strategic hubs where public policy plays an important role in the local development and progress. Cities are drivers of economic growth but also places of

social exclusion, and urban policymakers face the dual task of preserving prosperity while tackling the rising social inequality. Increasing income and spatial inequality in city regions underlines the increasing divide between high-paid, knowledge-intensive jobs, and low-paid, discretionary jobs, highlighting the fact that many people are stuck on the wrong side of the “talent divide” of the modern economy.

Integrating a wider cross-section of society into local labour markets has not only the ability to increase the workforce available, but also to provide pathways to poverty alleviation (Hagglblade, Hazell and Reardon, 2010). Although the advent of collaborative structures to tackle diverse policy areas that span policy fields, scalar rates, and public and private realms is traditionally correlated with European urban areas, countries from all over the world are increasingly focusing on alternative modes of cross-sectoral governance involving community-based actors, the convergence of social and economic policies, and the importance of a local-based approach. Local employers are searching for employees with the skills needed to help them run and expand their businesses. Local leaders are finding ways to improve their economies and communities by developing their workforce and increasing the employment opportunities. The system’s primary purpose is to act as an intermediary to ensure that managers, teachers, service providers and participants work together to achieve their individual and mutual objectives.

However, in the absence of consistent national and regional labour market policies that are responsive to local needs, municipal governments lack the resources and policy ability to implement workforce development strategies on their own and networks of public and private labour market partners have begun partnering to tackle local labour market challenges. The presence of new players in the policy process, the resulting blurring of public-private borders and the perceived weakening of local political authority have drawn attention to the role of local networks in the process of urban policymaking in general (Pierre, 2016; Hambleton, Savitch and Stewart, 2002; Di Gaetano, 1999), and in particular in the creation of workforces (Clarke, 2004; Pastor, 2000; Duranton, 1999; Clarke and Gaile, 1998). Though inadequate theoretical attention has been paid to the design and longevity of these networks, or to the essence of their relations with each other and the local state. Cross-sectoral cooperation between the interests of social and economic growth is a dynamic threat to governance and an inherently political mechanism (Haiss and Sümegi, 2008; Lafferty, 2006; Chapple, 2005; Clarke, 2004). Workforce growth, with its focus on balancing economic performance and social justice issues, offers a valuable framework in which to empirically analyse how abstract discussions regarding collective government and democratic networks in democratic communities play out in the daily life and activities.

Over the past decades, the character and conditions of labour markets have been redefined by various social and economic factors (Wilthagen and Tros, 2004; Schmid and Gazier, 2002; Leontaridi, 1998). Also, the same factors that have increased productivity and put the economy on a record path of growth and development have made it harder for both employers and employees to manage the business, acquire the skills required and exploit opportunities that foster success and innovation (Banting and Medow, 2013). Although the evolving nature of work and industry is daunting for all, in the last years especially hit were vulnerable and moderately competent individuals. Trends which include externalization of non-essential roles and subcontracting, and the increasing growth in contractual and contingent job arrangements attest the fact that businesses are cutting back on their internal employees in an attempt to minimize costs, improve flexibility (Wilthagen and Tros, 2004), and concentrate more energy on the core aspects in their companies as to stay competitive. Many attempts to improve productivity have seen businesses and industry as a whole abandon urban places in search of tax cuts and lower overheads in outlying suburbs. Such patterns increase the probability that low-income job seekers, many of whom are concentrated in urban areas, would have small opportunity horizons for the positions they fill (Ihlanfeldt, 1997). Jobs that

are readily accessible to low-skilled individuals are less likely to provide steady, stable employment, thus reducing the chances of employees obtaining the skills, training, and personal relationships and networks that have historically allowed upward mobility. Community officials face many challenges when it comes to building and improving their workforce. Some local industries can experience rapid growth while others decline. Although more staff with unique skills and qualifications may be required to help a particular industry, local training providers may not be able to provide similar programmes. Significant numbers of adults may be lacking practical skills or have other personal barriers to operate, such as a lack of accessible childcare or appropriate transportation means. Young people may not be getting the proper guidance from college or the professional experience needed to train them for workplace success. A local area may be a single county or city, or a wider region that includes several jurisdictions, each with its own distinct and dynamic employment problems and economic challenges to tackle (Herrschel and Newman, 2003; Stöhr, 1990).

The job vacancies and the unemployed from South-Muntenia and North-East regions

At European level, any public policy evaluation process is based on the data and information provided by the monitoring system under the responsibility of the institutions empowered to implement, examine the monitoring framework of the strategy in terms of decision, information circuit and structuring and the quality of the information provided, that is on a necessary and important approach. In this regard, the National Employment Strategy is an element of integration of the national public policy at the level of the EU public policy, fact for which, before analysing the monitoring system at national level, an analysis of the monitoring system is necessary and evaluation at EU level.

The monitoring system at EU level is not just a mechanism for collecting data and calculating indicators, because it aims to achieve the reforms with which policies in various fields (including employment) in Romania tend to be converged.

At national level, in Romania, the implementation of the National Employment Strategy 2014-2020 (SNOFM 2014-2020) is nearing the end of its strategic period and in this context, we propose to analyse its effects and course in the most populated regions development in Romania, respectively South-Muntenia and North-East, for the period 2014-2019. This research aims to conduct a transparent analysis of both the number of job vacancies and the unemployed, to represent a starting point for implementing a new strategy at the regional level. In this way, depending on the field of activity and the number of unemployed, we propose to make a classification according to each person's qualification to later observe the real need for job vacancies, declared today. Moreover, if there is an oversupply of staff in a certain field, we think that a good idea would be the conducting of training courses strictly in areas that have a labour shortage.

Regarding the implementation of development policies strictly at regional level, it was carried out according to Government Decision no. 488 of May 24, 2001, the organization and functioning of the National Institute of Statistics, which provides for the creation of eight general directorates regarding regional statistics. In this regard, according to NUTS (Nomenclature of territorial units for statistics in Romania) II, the eight development regions at national level were realized. From these, the two regions chosen for analysis are South-Muntenia, which is entirely in Muntenia area and has a population of 3,267,270 inhabitants with an area of 34,489 km², while the Northeast region includes the area of Bucovina and most from Moldova, with a population of 3,712,396 inhabitants, spread over 36,850 km².

Table no. 1 Job vacancies in the South-Muntenia region

Activities of the Romanian economy	YEAR					
	2014	2015	2016	2017	2018	2019
	NUMBER					
A. Agriculture, forestry and fisheries	46	81	102	117	100	144
B. Extractive industry	2	7	4	4	:	19
C. Manufacturing industry	1.406	2.008	2.861	2.405	2.169	1.533
D. Production and supply of electric and thermal energy, gases, hot water And air conditioning	7	1	4	12	4	7
E. Water distribution; sanitation, waste management, decontamination Activities	83	171	119	116	180	127
F. Constructions	203	150	199	332	130	106
G. Wholesale and retail trade; repair of vehicles and engines	176	448	519	680	669	598
H. Transport and storage	232	494	471	440	515	483
I. Hotels and restaurants	29	55	49	97	113	38
J. Information and communications	11	13	70	47	51	84
K. Financial and insurance intermediaries	49	54	75	105	74	63
L. Real estate transactions	3	8	12	13	28	31
M. Professional, scientific and technical activities	107	182	258	151	123	89
N. Administrative services activities and support services activities	132	94	97	90	74	90
O. Public administration and defense; social insurance in the public System	818	1.475	1.132	1.140	841	678
P. Education	244	30	27	22	67	115
Q. Health and social assistance	656	1.120	1.800	1.451	1.263	1.387
R. Performance, cultural and recreational activities	65	115	138	133	100	95
S. Other service activities	988	1.037	1.062	1.125	1.375	1.160
TOTAL	4.288	6.527	7.949	7.375	6.524	5.698

Source: National Institute of Statistics in Romania

Regarding the number of job vacancies in the South-Muntenia development region, it is found that areas such as manufacturing, health and social assistance, but also other service activities register the highest level of labour shortage. On the other hand, the extractive industry, the production of electricity and heat, gas, hot water and air conditioning, but also real estate transactions report the minimum level of job vacancies. At the same time, according to Annex no. 1, it can be observed that the manufacturing industry registers the highest level of labour shortage at national level, the South-Muntenia region reporting approximately 15% of this total necessary of Romania, in the period 2014-2019. Among the fields that registered a decrease in the number of job vacancies, within the analysed period, we mention constructions, professional, scientific and technical activities, administrative service activities and support service activities, education, but also public administration and defence; social insurance in the public system. Therefore, a worrying thing is due to this low number of economic activities, because most entrepreneurial activities report an increase in the need for labour, an aspect that is found, of course, in this region, where job vacancies support an increase in approximately 32.5% in 2019, compared to the base year.

Table no. 2 Job vacancies in the North-East region

Activities of the Romanian economy	YEAR					
	2014	2015	2016	2017	2018	2019
	NUMBER					
A. Agriculture, forestry and fisheries	143	130	128	94	103	126
B. Extractive industry	10	29	51	6	4	2
C. Manufacturing industry	1.235	1.093	1.158	1.306	1.347	1.199
D. Production and supply of electric and thermal energy, gases, hot water And air conditioning	10	13	17	35	31	38
E. Water distribution; sanitation, waste management, decontamination Activities	60	68	100	84	142	129
F. Constructions	177	283	311	276	600	972
G. Wholesale and retail trade; repair of vehicles and engines	205	368	455	362	590	581
H. Transport and storage	76	129	104	122	240	176
I. Hotels and restaurants	49	146	75	96	120	167
J. Information and communications	51	115	93	122	194	113
K. Financial and insurance intermediaries	54	52	81	81	54	42
L. Real estate transactions	-	1	1	1	7	3
M. Professional, scientific and technical activities	48	96	125	107	116	57
N. Administrative services activities and support services activities	166	147	216	176	227	305
O. Public administration and defense; social insurance in the public System	447	819	799	600	420	355
P. Education	387	454	331	229	133	108
Q. Health and social assistance	991	1.175	1.402	1.638	883	775
R. Performance, cultural and recreational activities	99	122	156	159	136	68
S. Other service activities	1	9	2	50	1	4
TOTAL	4.209	5.249	5.605	5.544	5.348	5.220

Source: National Institute of Statistics in Romania

It is found that the number of job vacancies in the North-East development region has the highest level of labour shortage in areas such as manufacturing and health and social assistance (table no. 2). On the other hand, the extractive industry, real estate transactions, but also other service activities report the minimum level of job vacancies. At the same time, according to Annex no. 1, it can be observed that the manufacturing industry registers the highest level of labour shortage at national level, the North-East region reporting approximately 8.6% of the total of this necessary of Romania, in the period 2014-2019. At the same time, the minimum necessity for job vacancies at national level is reported in real estate transactions, where this development region registers approximately 1.7% of the necessity of Romania. Among the fields that registered a decrease in the number of job vacancies, within the analysed period, we mention agriculture, forestry and fishing, extractive industry, manufacturing industry, financial intermediation and insurance, public administration and defence; social insurance in the public system, education, health and social assistance, but also entertainment, cultural and recreational activities. Therefore, a worrying thing is due to these economic activities, because most entrepreneurial activities report an increase in the necessity for labour, an aspect that is found, of course, in this region, where job vacancies support an increase of approximately 24% in 2019, compared to the base year.

Table no. 3 Unemployed registered in the South-Muntenia region

COUNTY	YEAR					
	2014	2015	2016	2017	2018	2019
Arges	189.587	168.137	148.478	130.375	108.369	93.268
Calarasi	96.179	92.016	85.478	65.349	48.773	41.218
Dambovit	188.575	176.747	158.027	136.667	111.501	81.128
Giurgiu	78.130	77.331	60.667	43.732	29.279	21.612
Ialomita	94.576	90.933	89.963	79.117	66.772	54.851
Prahova	190.648	175.770	149.970	112.765	98.350	83.120
Teleorman	215.751	230.089	217.331	189.323	154.637	118.010
TOTAL	1.053.446	1.011.023	909.914	757.328	617.681	493.207

Source: National Institute of Statistics in Romania

Regarding the number of unemployed registered in the South-Muntenia region, there is a gradual decrease in the analysed time interval. At the same time, the job vacancies within the region located in the south of Romania report a much smaller number than the total unemployed (Table no. 1). This aspect certifies the hypothesis that the research should be developed at the level of each qualification of the registered unemployed, to place them in the labour force. Within the above-mentioned region, there has been a decrease in the number of unemployed for each county, and therefore at the regional level. At the same time, according to Annex no. 2, the share of unemployed in the analysed region compared to the national level is about 17.5%. Since there are eight development regions at national level, we consider this aspect decisive regarding the importance of this area in the Romanian economy.

Table no. 4 Unemployed registered in the North-East region

COUNTY	YEAR					
	2014	2015	2016	2017	2018	2019
Bacau	179.171	171.145	171.490	160.156	156.861	135.478
Botosani	91.749	84.799	87.056	72.249	51.312	46.059
Iasi	183.234	167.005	157.530	153.796	123.593	102.978
Neamt	143.535	141.291	131.073	121.884	109.158	91.140
Suceava	190.040	190.826	174.905	142.416	144.196	134.516
Vaslui	207.328	200.738	199.471	183.576	145.852	126.313
TOTAL	995.057	955.804	921.525	834.077	730.972	636.484

Source: National Institute of Statistics in Romania

In the North-East development region there is a gradual decrease during the period 2014-2019 on the number of unemployed (Table no. 4). At the same time, the job vacancies within the region from north-eastern of Romania report a much smaller value than the total unemployed (Table no. 2). This aspect certifies the hypothesis that the research should be developed at the level of each qualification of the registered unemployed, in order to include them in the labour force. Certainly, this decrease in the number of unemployed is also determined by other factors such as mortality or maintaining and increasing the level of voluntary unemployment. However, despite the number of job vacancies, we believe that they can be supported by involuntary unemployment, but also by the implementation of policies to reduce voluntary unemployment. Within the North-East region, there has been a decrease in the number of unemployed for each county, and therefore at the regional level. At the same time, according to Annex no. 2, the share of unemployed in the analysed region compared to the national level is about 18.4%. Since there are eight development regions at national level, we consider this aspect decisive regarding the importance of this area in the Romanian economy.

Conclusions

The most inhabited development regions in Romania, South-Muntenia and North-East, represent a potential still untapped for current and future entrepreneurs. In this sense, the

number of job vacancies represents only about 1.17% of the total unemployed, which indicates the hypothesis that this research should be developed at the level of each qualification of registered unemployed, in order to include them in the labour force. If there will be trades with an oversupply of labour force, we propose the creation of qualification courses to other fields, to cover the existing deficit on the labour force to other economic activities. Based on the analysis above, it was found that there is a decrease in the number of unemployed, possibly caused by factors such as mortality or maintaining and increasing the level of voluntary unemployment. However, the number of job vacancies, we consider, can be supported by involuntary unemployment, but also by the implementation of policies to reduce voluntary unemployment. Moreover, the biggest demand from entrepreneurs comes to the area of the manufacturing industry, a field that often accepts unskilled personnel. If in the analysed time interval, the level of unemployment is on a decreasing trend, the number of job vacancies registers an increase, reaching the maximum value in 2018, where the value of 60,586 was reported. In conclusion, the two development regions are currently facing a high level of unemployment, compared to the job offer, which shows that there are some dysfunctions at the regional level regarding, probably, the way of tendering made by the current entrepreneurs but also the lack of government policies to diminish this high level of unemployment.

Acknowledgement: This work was co-financed from the European Social Fund through Operational Programme Human Capital 2014-2020, project number POCU/380/6/13/125015 “Development of entrepreneurial skills for doctoral students and postdoctoral researchers in the field of economic sciences”

References

- Banting, K. and Medow, J., 2013. *Making EI Work: Research from the Mowat Centre Employment Insurance Task Force*. McGill-Queen's Press - MQUP.
- Chapple, K., 2005. *Building Institutions from the Region Up: Regional Workforce Development Collaboratives in California*. Berkeley: University of California.
- Clarke, S., 2004. *The politics of workforce development: Constructing a performance regime in Denver*. Philadelphia: Temple University Press.
- Clarke, S.E. and Gaile, G.L., 1998. *The work of cities*. U of Minnesota Press.
- Di Gaetano, A., 1999. *Power and city governance: Comparative perspectives on urban development*. U of Minnesota Press.
- Duranton, G., 1999. Distance, land, and proximity: economic analysis and the evolution of cities. *Environment and Planning*, 31(12), pp.2169–2188.
- Haggblade, S., Hazell, P. and Reardon, T., 2010. The Rural Non-farm Economy: Prospects for Growth and Poverty Reduction. *World Development*, 38(10), pp.1429–1441.
- Haiss, P. and Sümegi, K., 2008. The relationship between insurance and economic growth in Europe: a theoretical and empirical analysis. *Empirica*, 35(4), pp.405–431.
- Hambleton, R., Savitch, H. and Stewart, M., 2002. *Globalism and local democracy: challenge and change in Europe and North America*. Springer.
- Herrschel, T. and Newman, P., 2003. *Governance of Europe's City Regions: Planning, Policy & Politics*. Routledge.
- Ihlanfeldt, K.R., 1997. Information on the Spatial Distribution of Job Opportunities within Metropolitan Areas. *Journal of Urban Economics*, 41(2), pp.218–242.
- Lafferty, W.M., 2006. *Governance for Sustainable Development: The Challenge of Adapting Form to Function*. Edward Elgar Publishing.
- Leontaridi, M., 1998. Segmented Labour Markets: Theory and Evidence. *Journal of Economic Surveys*, 12(1), pp.103–109.

- Pastor, M., 2000. *Regions that work: How cities and suburbs can grow together*. U of Minnesota Press.
- Pierre, J., 2016. *Partnerships in urban governance: European and American experiences*. Springer.
- Schmid, G. and Gazier, B., 2002. *The Dynamics of Full Employment: Social Integration Through Transitional Labour Markets*. Edward Elgar Publishing.
- Stöhr, W.B., 1990. *Global Challenge and Local Response: Initiatives for Economic Regeneration in Contemporary Europe*. United Nations University Press.
- Wilthagen, T. and Tros, F., 2004. The concept of 'flexicurity': a new approach to regulating employment and labour markets. *Transfer: European Review of Labour and Research*, 10(2), pp.166–186.

Annex no.1: Job vacancies in Romania

Activities of the Romanian economy	YEAR					
	2014	2015	2016	2017	2018	2019
	NUMBER					
A. Agriculture, forestry and fisheries	382	611	606	637	634	755
B. Extractive industry	101	83	100	80	66	127
C. Manufacturing industry	10.711	13.685	15.793	15.756	16.403	13.304
D. Production and supply of electric and thermal energy, gases, hot water and air conditioning	98	113	297	365	300	293
E. Water distribution; sanitation, waste management, decontamination activities	803	1.094	1.068	1.094	1.269	1.279
F. Constructions	1.147	1.479	1.623	1.821	2.412	2.398
G. Wholesale and retail trade; repair of vehicles and engines	2.949	4.656	5.216	5.075	5.641	6.269
H. Transport and storage	1.650	2.568	2.686	3.323	4.567	4.061
I. Hotels and restaurants	439	540	1.141	866	1.133	1.380
J. Information and communications	939	1.668	2.257	2.027	2.946	2.462
K. Financial and insurance intermediaries	790	864	1.253	1.435	991	708
L. Real estate transactions	98	135	151	128	184	106
M. Professional, scientific and technical activities	818	1.124	1.499	1.602	1.624	1.330
N. Administrative services activities and support services activities	1.841	1.943	2.901	2.858	2.574	2.851
O. Public administration and defense; social insurance in the public system	6.455	8.158	9.685	8.695	7.612	6.200
P. Education	2.619	2.471	2.500	2.473	2.701	1.480
Q. Health and social assistance	4.881	6.451	8.461	9.197	6.948	6.452
R. Performance, cultural and recreational activities	814	1.272	1.454	1.430	1.206	1.206
S. Other service activities	988	1.037	1.062	1.125	1.375	1.160
TOTAL	38.523	49.952	59.753	59.987	60.586	53.821

Source: National Institute of Statistics in Romania

Annex no. 2: Unemployed registered in Romania

Development region	YEAR					
	2014	2015	2016	2017	2018	2019
Northwest Region	566.718	509.367	467.007	438.818	352.233	306.523
Center Region	726.176	684.146	576.500	496.847	399.004	340.825
North-East Region	995.057	955.804	921.525	834.077	730.972	636.484
South-East Region	832.693	830.482	799.202	739.688	578.478	504.913
South-Muntenia Region	1.053.446	1.011.023	909.914	757.328	617.681	493.207
Bucharest-Ilfov Region	300.208	282.764	261.066	241.138	222.257	196.949
Southwest Oltenia Region	884.986	874.980	823.114	760.816	623.230	537.043
West Region	350.192	321.391	264.291	227.086	196.947	177.547
TOTAL	5.709.476	5.469.957	5.022.619	4.495.798	3.720.802	3.193.491

Source: National Institute of Statistics in Romania