

SUPPORT 4 YOUTH DEVELOPMENT

**AN OUTLINE ON THE CIRCUMSTANCES FOR
YOUTH PRECARITY IN ROMANIA**

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INTRODUCTION

Based on population, Romania is the 7th European Union country, thus an important one and a flagship in the eastern part. However, based on several factors, ranging from economic to historical and even political, Romania is still one of the most troubled and contrasting countries on the continent.

Starting with joining the EU in 2004, Romania has gone through an extensive and deep public reform which led to improvements in all the aspects of day to day life. Large European funds also contributed deeply to the growth of the living standard. Today, some parts of the country have reached the economic and comfort levels of the Western European countries.

Unfortunately, the gap between regions within Romania is very deep and utterly visible. From 2% unemployment in the west part to 7 % in the south part, from after tax minimum wage of over 650 Euros/month in the capital city and 580 Euros/month in the west to barely 371 Euros in the south part, there is a clear difference in standard of living, literacy, life expectancy and many more aspects that affect the day to day life.

The category of people most affected by this peculiar development of the Romanian society is the youth category which lies in uncertainty and instability. Yearly, drastic changes in the educational system, political decisions, public policies in immediate areas of interest, the mirage of the European Union's benefits, emigration possibilities, demographic changes, huge geographic discrepancies in economic development, lack of governmental support, poor work legislation and even work ethics and mentality shaped this age group and actually paved the way to an emerging new global class – the precariat.

The following chapters will portray the characteristics of the Romanian work environment and will shed light on some changes in society that led to the imminent change in social classes.

STATISTIC DATA

The last 10 years have brought demographic changes that shaped the class system. The last national census was conducted in 2011 and it showed major difference from the previous one. There is no doubt that the next census from 2021 will reveal even more demographic changes that structure and alter the society.

According to the last national census from 2011, Romania has a population of 20.121.641 inhabitants of which 10.333.064 women (51,4%) and 9.788.577 men (48,6%) (Institutul National de Statistica, 2011).

Compared to the previous census in 2002, the stable population has dropped 1.559.333 people (7,2%). The level of the population now is the same as 1966. The highest decay happened in the east and south parts of the country (between 12% and 15%), which are also the least economically developed regions. Contrary to this, in the capital city the drop was only 2,2 %. This downfall has affected both men and women equally. In the meantime, the regions in the west and north part of the country have reported a growth in population due to the economic development.

When it comes to residence areas, the census has shown that 10.859.000 people live in the urban areas (54%) while 9.262.641 people live in the rural part (46%).

In age groups, the census has revealed that Romanian population is formed of 15,9% children (ages 0-14), 12,3% youth (ages 15-24), 55,7 % adults (ages 25-64), 16,1% elders (ages 65-85) and 1,3% people over 85. According to the analysis of the collected data, compared to 2002, the age distribution in 2011 clearly shows the phenomenon of ageing population. For example, the elderly age group (75-79, 80-84 and over 85) now stands for 7,2% of the stable population compared to the 4,9% in 2002. This leads to an economic burden on current employees that have to sustain the social benefits for the elders.

Other type of data established by the national census was the population structure according to education. Of the total stable population over 10 years old, 44,2% have a low level of education (primary, second or no education at all), 41,4% have medium education (high-school, vocational) and 14,4% have higher education (university, college, postgraduate). The illiterate people were 245.400 in number at the time of the data collection (2011). Compared to the data from 2002, this number has decrease by 50 %. For example the share of women with higher education in 2011 was twice as high as that recorded in the 2002 census.

A phenomenon observed at the 2011 census was the category of the stable population that has been living abroad for more than a year. The number of people that belong to this category is roughly 727.500 and obviously represents only a part of the number of emigrants. The major area of emigration is the east part of the country which is less economically developed.

It is difficult to assess this kind of data according to the information put forward by the authorities in other member states, there are more than 3.600.000 Romanian citizens working and living abroad which is approx. 17% of the total population (United Nations, Department

of Economic and Social Affairs, 2017). It represents a very high number for a country that has not been affected by armed conflict.

All this statistic data is relevant for determining the characteristics of the labor market in Romania. As seen above, the west, north and center of the country have more population, urbanized, younger and highly educated compared to the east and south parts of the country where a major phenomenon of emigration occurred during the last years. Alongside poor political decisions and economic hindrances, the demographic changes have led Romania towards a clear separation of regions between poor and rich and towards the creation of a divergent gap between them.

GENERAL OVERVIEW OF THE LABOR MARKET IN ROMANIA

LABOUR MARKET

On 1st of January 2017, the active civilian population in Romania was 8 735 800, representing 44.5% of the country's resident population (approx. 19.640.000 inhabitants in 2017). Out of the total active population, 54.6% were men and 45.4% were women..

The employed civilian population stood at 8 317 600, of whom 5 223 800 were salaried employees. These numbers have grown constantly since a record low of 4.095.200 employees in 2011. All-time record happened in 1990 when 8.496.000 people were employed (Trading Economics, 2018).

Most employees were working in the services sector (3 241 700 people), while 1 857 700 persons were employed in industry and the construction sector. The number of people employed in agriculture, forestry and fisheries was 124 400. In the 2nd quarter of 2017, the employment rate of the working age population (15-64 years old) was 65.5%, with a higher rate for men (73.2%, compared to 57.7% for women) (Eures - The European Job Mobility Portal, 2017).

UNEMPLOYMENT

At the end of 2017 the registered unemployment rate, determined by the National Employment Agency (ANOFM)¹, was 4,6%, in the lower half of the European Union Chart.

¹ Calculated on the basis of the number of unemployed people registered in the ANOFM database

The highest rates of registered unemployment were recorded in the South-West region (7.1%) and the South-East region (6.0%). The lowest rates of registered unemployment were recorded in Bucharest (1.2%) and the West region (2.2%).

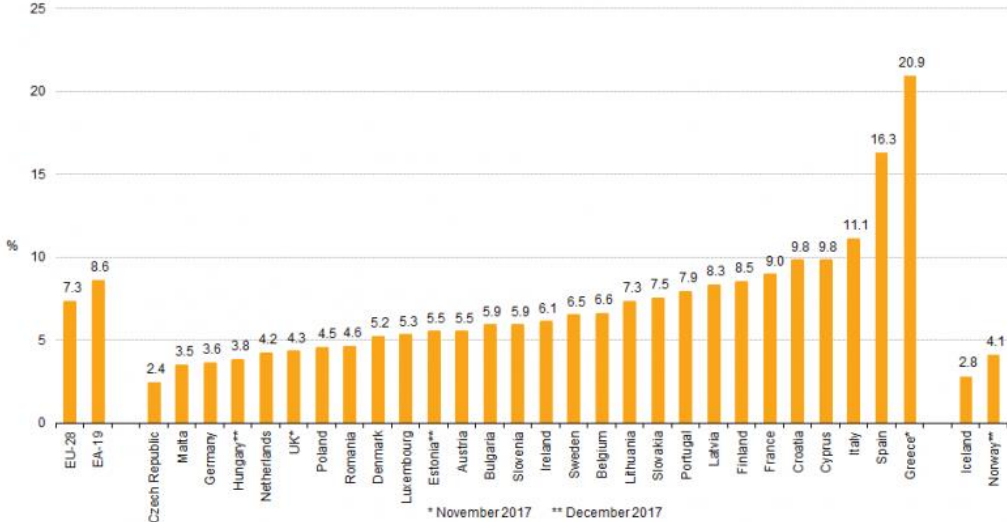


Figure 0.1 Unemployment rates seasonally adjusted, January 2018 (%) (Eurostat, 2018).

YOUNG PEOPLE IN THE LABOR MARKET

Youth constitutes a significant potential for support, sustainable economic recovery, growth and competitiveness increase, based on new qualitative job creation but a significant share is practically unused labor force (Pisica, Vasile, & Dobre, 2015). Young people who are just at the outset of their professional careers are the most severely affected by the economic crisis in many European countries. They are the most vulnerable to falling into the employment “precarity trap” (Polkovska, 2017). More or less, that is the situation in Romania too nowadays.

Because the labor market doesn’t provide full time jobs, young people are more inclined to work involuntarily in a part time job. This percentage goes up to 60% of the youth aged between 15 and 29 years old (Rimbu, Constantinescu, & Ialomiteanu, 2016) who accept this kind of work.

In regards to youth unemployment, in September 2017, the rate was 17,8%, almost 10 points less than the highest ever achieved in October 2011 (26,10%). Also, the average transition time period for a recent graduate is between 8 months for those from secondary

education and 12 months for tertiary education graduates (Ghincea, 2015). All these lead to part time or temporary jobs as the viable solution for youth.

WORK LEGISLATION IN ROMANIA

Romanian elaborated the first Labor Code in 1912, even before the great union of the country from 1918. Even then, there was great interest in substantiating the rules of labor and the worker's rights. The Romanian Labor Code in effect today dates from 2003 but has been updated and supplemented several times over.

TYPES OF CONTRACTS

According to the Labor Code there are 2 types of employment agreements in Romania, no matter if the individuals are residents or non-residents:

- Employment agreement for indefinite period;
- Employment agreement for definite period;

As a measure of protection for the employee, as a general rule, the employment contract has to be signed for an unlimited period.

By way of exception for project based work, the individual employment contract may also be concluded for a limited duration, under the terms expressly provided by the law, maximum number of defined employment agreement is 3 successive ones, and the maximum period is 36 months.

EMPLOYING RESIDENTS

According to Article 13 of the Romanian Labor Code, the minimum age required to be employed is 16. A legal entity can also conclude a labor contract, as an employee, after turning 15 years of age, based on his/her parents' or legal representatives' consent, for activities in accordance with his/her physical development, aptitudes and knowledge, unless this places under risk his/her health, development, and vocational training (Romanian Labor Code, 2018). Employment of individuals under the age of 15 is prohibited.

Another important aspect of the labor relations in Romania is the fact that an individual can be employed on positions that are not related to his or her university qualification, if the law doesn't say otherwise. Also, contrary to other country's work

legislation, in Romania a person with higher education is not prohibited from being hired on a lower position that only requires secondary studies. However, there are some positions specified in the National Classification of Positions that require superior studies and it is not allowed to hire an individual without the necessary qualification.

EMPLOYING NON-RESIDENTS

When it comes to non-residents, the situation is more complicated. People that come from countries outside the UE are usually employed with agreements concluded for indefinite period, because they need to prove stability and the fact that they will be able to support themselves during the term they will live in Romania. The procedure is quite complicated and there is need for approval from The Immigration Office. For the EU citizen it is simpler to conclude an employment agreement in Romania. If the period of their staying in Romania exceeds 180 days in one year, they have to register at the Romanian Immigration Office. After the conclusion of the employment agreement, all employees (residents, non-residents from the EU or third countries) have the same rights and obligations in relation with the Romanian Employer.

Considering the employment conditions of non-residents, immigrants from countries outside EU would have a hard time starting a new life and a new job in Romania first because of the complicated legal procedures and then because of the mentality of the Romanian people that don't accept immigrants in a large percentage.

LABOUR CONTRACT AND MINIMUM REQUIREMENTS

An important specification of The Labor Code is the requirement that the employment contract is concluded in written form and in Romanian language. The major minimum requirement before signing an employment contract is the medical check which is mandatory.

WORKING TIME/REST TIME

According to article 140 from The Labor Code, the minimum length of the annual holiday is 20 working days with 3 extra days at the employer's discretion. This places Romania among the countries with the smallest number of minimum annual leave in the E.U.

The minimum number of working hours per month is 40. The maximum working time for a week cannot surpass 48 hours per week, including overtime. In the EU Romania places

1st with among the countries with the highest amount of hours worked.

Payrolls and Contribution	Employee	Employer
Income tax	10%	N/A
Health insurance contribution	10%	N/A
Social (Pension) insurance contribution	25%	N/A
Work insurance contribution	N/A	2.25%
TOTAL	45 %	2.25 %

Figure 0.1. Contributions according to the labor legislation (Labour Law and Employment in Romania – 2018, 2018).

The medical leave allowance can be in the amount of 100% or 75% from the regular remuneration, depending on the cause of the incapacity.

In cases of special family events, the employees have the right to paid days off. These days are stipulated by law, collective labor agreement or Internal Regulation of the company and there is also the possibility of asking for unpaid days.

REMUNERATION

The minimum gross salary in Romania is RON 1,900/per month (approx. 410 EUR), valid starting with January 1st, 2018 which according to the Government calculations represent roughly 11,40 RON/hour (approx. 2,4 EUR).

After tax, the minimum salary is between 1.162 RON and 1.235 RON/month(250-266 EUR).

The average gross monthly wage increased to 3.662 RON (790 EUR) in December 2017, thus reaching the highest average wage in history. After tax, the average monthly wage is 2.014 RON (435 EUR). However within the country there are big differences in average wages between rich areas like the west and the capital flourishing to the detriment of the poor areas like the east or the south.

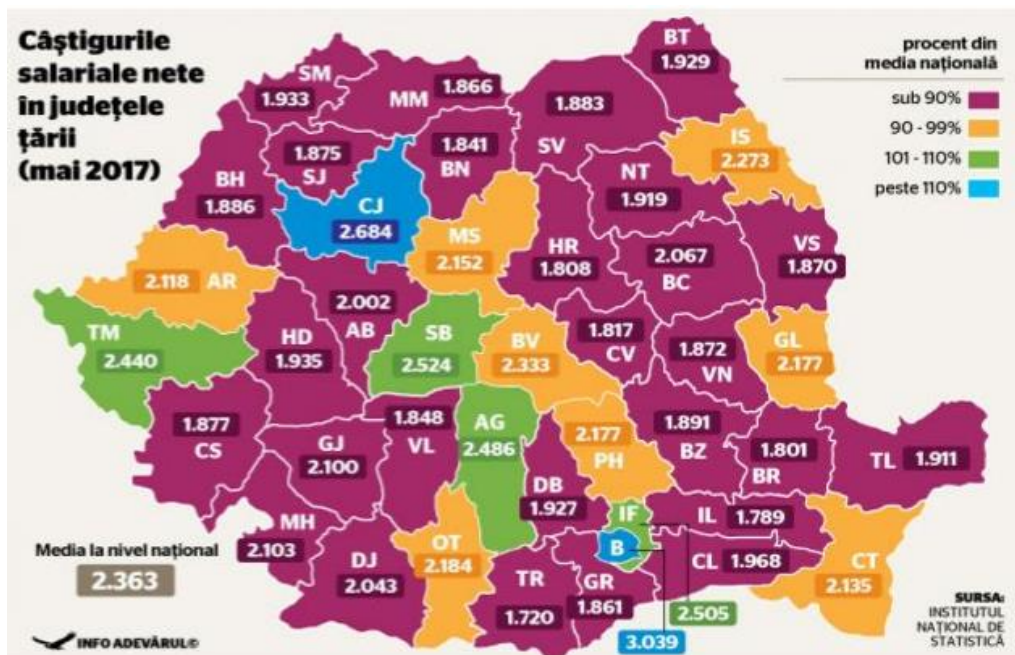


Figure 0.2. Salary map (Ghica & Spiridon, 2018).

This map shows in detail the differences between regions. Only 6 counties including the capital city surpass the national average. The rest are well below and some of the counties have a minimum wage of almost half the average.

TEMPORARY EMPLOYMENT

Even though not so common, temporary work exists in Romania. According to the legislation, a temporary position must not surpass an initial duration of 24 months and can be renewed such that the total duration does not surpass 36 months.

The temporary employment agency is authorized by the Ministry of Labor and Social Solidarity that temporarily provides the user with skilled and/or unskilled personnel employed and paid for this purpose.

In 2015 in Romania there were only 67.000 temporary workers. Even if this rate of 0,2% of the work force has doubled since 2010, it's still well below the European Union average of 1.8%. However, the doubling of the number of temporary employees over the past few years, confirms the viability of temporary work as an economic and career solution that responds to the occupational need of both employers and the workforce.

As previously stated, areas where temporary work has a larger widespread are:

production (58%), services (27%), agriculture (3%) and construction 1%.

The average duration of employment increased over the last 5 years, most of the contracts being over 3 months (51%).

37% of the temporary contracts were held by young people up to 25 while 13% of the contracts were held by employees over 45.

A big change has occurred with regards to the level of temporary staff training. In 2010, most of those who worked temporarily had average education (43%) and 23% had higher education. In 2015 things have reversed: -over 53% of the employees were college graduates and 12% were students. This development of temporary work clearly shows the precariousness of youth in the labor force. Even if the number of highly educated people has grown, indirectly, the number of temporary workers with university degrees has grown as well showing how unstable and unreliable the workforce is nowadays for the youngest employees.

TRADE UNIONS

There is no concrete data about this but in Romania the union density is around 30 to 50% among employees. This means roughly 2.000.000 workers but the data is not accurate because it is based on the declaration of trade union presidents, which can be biased. However this number is above the EU average but is below the current estimate from EIRO², which puts union density at 40% (Chivu, 2011).

Currently there are five main union confederations which are all classified as representative at national level, giving them the right to be members of the National Tripartite Council for Social Dialogue (CNTDS) which brings together the unions, employers and the government (plus the national bank). Nationally representative unions also have the right to be members of the Economic and Social Council (CES), which includes representatives of civil society, as well as unions and employers. In order to be classified as nationally representative, a union confederation must have at least 5% of all employees in membership and have a territorial structure in more than half of Romania's administrative districts.

These trade unions are not divided by class, each major national trade union having a large number of different industry federations. The divisions between the confederations are

² European Industrial Relations Organization.

in part political (Fulton, 2013). Even if around the year 2000 there have been higher levels of membership in industry than in public administration, now the situation has changed and the trade unions' member are at least 50% civil servants.

The situation escalades rapidly with trade unions considering how much they are politicized nowadays. For example in 2011 the labor law reform considerably diminished employees' freedom of association and restricted the right to form unions to an extent that the ILO has criticized as non-compliant with its standards. Through legal reforms, the collective agreement coverage rate dropped by 2/3 to only 35 % making the enterprise level the main level of collective bargaining, in effect crowding out representative trade union organizations (Stoiciu, 2016).

Taking into consideration all the above, it stand clear that until the trade unions will depoliticize, they won't represent a valid option for acquiring more power in the design and development of the national labor market.

CONCLUSION

In conclusion, the labor force in Romania is changing from year to year because of the several causes that have been underlined previously from demography to economics and political decisions. Among this level of uncertainty about the future, young people are the ones that are going to be the most affected and they will have to figure out ways of reconstructing their future.

As seen above in the data presented on Romania's workforce, the precariat as a new global class hasn't established such deep roots yet. Temporary work, even if in constant growth is still not sustainable as a valid variable. Also, young people even if they seek other employment contrary to what they have learned in university, in Romania they still look for their main field of expertise more than other European countries. Finally in Easter Europe the loyalty to the work place still has roots in the collective conscience, thus making precariat not fully developed.

However, things are changing rapidly and this new global class will soon have their own seat at the table in Romania too.

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