

The impact of the economic crises on Romanian labour market

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Abstract: - The international economic crisis, initially emerging as a series of financial disruptions in the world's highly developed countries, has severely destabilized all the sectors of our daily life, whether economic, social, cultural or otherwise. The labour market is the most afflicted area given its particular sensibility to negative stimuli. The important role played by this market (it ensures the labour supply in relation to the employment demand of firms), is no longer a new concept. Therefore, we can say that the Romanian labour market represents a good example to illustrate the difficulty of creating the conditions that could make labour supply more adaptive and flexible in a very dynamic business environment, satisfying a very exigent labour demand taking into account the technology evolution and building high quality new work places. In the last almost two decades, the evolution of the Romanian labour market was spectacular, by comparison to the analogue phenomena in the developed countries of the European Union. The transformations undergone by the labour market have been quite profuse and their impact on the environment significant. One of the most important ones being that the global economic crises generated a reduction of the general economic activity. As a direct consequence of this evolution, the labour market suffered a strong imbalance, a lot of Romanian workers are returning for a safe work place in Romania, but the national economy is not capable to help them. The subject of this paper is to make some appreciations about what could happen in the future and how the Romanian firms and authorities could react to one of the biggest issue of economic crises, respectively the unemployment and the instability of the work places in a very disturbing economic environment.

Key-Words: - Labour market, Economic environment, Economic crises, Unemployment, Work place, Instability, Dynamic

1 Introduction

Regardless of the type of economic and social organization espoused by a nation or even a geographical region, as well as the historical period that we are looking to characterize, the labour factor represents the central element in the economy of any organization.

The level of profitability and the efficiency of the national economy, in its entirety, as well as the living standards of particular individuals depend on the manner in which this particular resource is handled.

Over the last two decades, under the impact of the profound transformations undergone by all the sectors of modern society, the fundamental role played by human resources in the development of various companies has been greatly emphasized.

On account of this, we can easily infer that the weight on the shoulders of the employees is maybe too heavy-set, as far as maintaining the competitiveness of companies at very high levels and the responsibility that they engender in ensuring

an elevated rhythm of financial and economic growth.

Compared to the starting period of the development of economy as a science, where labour was defined as an ensemble of the physical and intellectual efforts oriented towards reaching a certain goal, the labour factor currently engenders a variety of elements, for example [1]:

- The owners of small businesses, including categories such as plumbers, electricians, builders etc.
- Highly-skilled professionals, such as teachers, doctors, researchers, lawyers, psychologists.
- All manner of employees, whether undertaking manual or nonmanuale labour, generally called blue and white-collar workers.

Despite the key stance that is currently attributed to human resources, these are extremely vulnerable, especially during times of economical downturn or

great instability in the business environment. During periods of economic crisis, the labour factor is severely affected even if it is a capital of utmost importance in today's economy.

As a result, the more precarious the state of the present economy is, the more troubled the horizon of counterbalance becomes and a superficial treatment of this problem could lead, in the long run, to increasingly dire consequences as far as the capacity of national economies to reintegrate into a development rhythm is concerned, this capacity governing the ability to keep up and progress at the same pace as other economies which proves of vital importance in a highly aggressive and competitive environment.

Throughout history, the majority of economists have addressed in the respective theories they elaborated the work production factor, at a greater or smaller scale. In our present state of economic development, delineated oftentimes as a knowledge-based or skill-based economy, all the approaches of specialists have elected human resources and their role in economic and social progress as a springboard for any manner of activity.

This is why the key aim of this paper is to emphasize once more the present conditions of evolution of the work resources, in general, particularizing the Romanian labour market in the process.

2 Some specific elements for the Labour Market

In undertaking any kind of activity, be it of an economic, social or any other nature, this endeavour generates a labour demand over a given period of time, which can be manifest or not on the labour market.

The functionality of the labour market expresses its capacity to ensure decent wages, correlated with its economic performance, of creating attractive, new, high quality work places as well as to further support the development of the economy. Consequently in the overall economy of markets, the labour market presents special concerns because sooner or later any individual will be involved in it [2].

In other words, the labour market is an aggregate of relations referring to the employment and complex uses of the workforce, as well as the social services associated with it. From this point of view, the labour market simultaneously fulfils the following functions:

- It mediates the equilibrium between the supply and demand available.
- It ensures the orientation of labour resources by providing an even territorial, professional and divisional distribution of these.
- It contributes to the general reference frame for the creation and implementation of welfare policies.

On the basis of the elements mentioned, it can be concluded that the main function of the labour market is to facilitate the mediation between potential candidates and available job vacancies.

If these two elements were to be homogeneous in nature, then the common ground would be easy to find and the mediation per se would be a simple affair however these are rather heterogeneous and hard to quantify as such [3].

The labour market is generally affected by a great number of imbalances, and the specifics of the work factor makes attaining a true equilibrium utterly difficult.

A myriad of factors generate such imbalances. Among the most important ones the general state of economy, the economic development pace, the salary regulating policies, the heterogeneous state of labour the segmentation of the market and the level of information should be duly noted.

At the same time, the unprecedented liberalization of workforce circulation, contributes largely to the ever increasing amplification of the distortions in the present day labour market, visible especially in terms of structure and employment levels.

The fluctuations in international supply and demand are periodical and selective in character, and the occupations in demand require either highly qualified individuals, or unskilled labour, a middle level of qualification being rarely needed, a fact that can only lead to an unprecedented growth in the already precarious equilibrium in this domain.

Under the influence of a major economic breakdown, when the volume of occupational activity is drastically reduced, the easiest way to attain rapid cost reduction for an employer is letting go of a percentage of the employees.

However, the immediate effect of such reactions is to reduce the consumption in households and firms, which will result in an even more dramatic disruption of an economic environment already on a downward spiral.

On a short and medium term, the negative phenomena affecting the labour market, such as unemployment, have long-term residual effects which are very hard to ameliorate and those bring

about significant supplementary costs taking their toll on the national economy as well as on individuals.

2.1 General appreciation about recent evolution of Romanian economy

In 1990 Romania embarked upon a long and difficult journey. Building a viable and functioning market economy presupposes major transformations in all the segments of economic and social living conditions.

This objective set by Romania has been juxtaposed with other ongoing processes brought about by the expansion of economical globalization as a natural consequence of the application of certain policies of a neoliberal persuasion, initially at the level of the most developed countries of the world, though gradually proliferated over increasingly greater regions.

Just like globalization represents an integration process at a world level, the increase in number of EU member states is an undertaking akin to it, at a continental level, which affects the life of the citizens and the economic policies conceived, applied both by the public organs and the economic agents in an absolute manner.

Romania's attainment of member state status in 2007, within a framework of final membership privileges, caused all the transformations suffered by its national economy to turn into more complex matters.

This aspect was brought about by the need to accelerate the process of implementation of the economic macro stabilization measures, those of economical reconfiguration, as well as measures pertaining to the rise in functionality of market relations and the competitiveness of the country's economic agents.

2.2 European influences on Romanian Labour Market

At a European level, owing to the necessity of reformation of the labour market with the purpose of creating a better balance between supply and demand on the labour market, after the Luxembourg Summit concerning work place improvement in November 1997, the European Employment Strategy (EES) was developed in an attempt to find solutions to the problems in terms of employment and unemployment of the EU and its member-states. Consequently, the member-states, as well as the provisional candidates elaborate on a yearly basis

National Plans for Employment Action (NPEO) aiming to apply certain measures that would lead to a growth in the occupational rates and a dramatic decrease of unemployment. Certain representative mutations brought about by the EES in the reformation of the labour market are [4]:

- The reinforcement of the full employment level concept which entails that until 2010, the degree of employed population would rise to 70% (presently; the level of employment hovers around 62%).
- The amplification of the role of cohesion and economic and social partnership with a view to promoting a full employment rate, which would presently entail creating quality work places for a highly skilled and qualified workforce, performance-related remuneration, qualitative employment, convenient and accepted employment, etc.
- Setting more store on the importance of education and professional training by anticipating the structural and qualitative mutations of the future demand of work force.
- Ensuring the coherence and complementarity of the employment programs, following the guidelines offered by European Commission decree out in February of 2005 with regard to launching the new Social Agenda for 2006-2010, which concludes the cycle defined by the EES, according to the medium term perspectives defined in Lisbon, at all levels (the purpose of this document is to improve the manner of implementation of the employment strategy at a European level);
- Harmonizing the full integration of the NPEO in the dominion of employment with the future strategy of economic and social development.

All the transformations previously mentioned have been generated on the basis of certain strategies constructed in the wider frame of a global economy in with a trending growth and relatively normal and harmonious development.

However, the economic conditions have suffered dramatic changes starting with the first trimester of 2008, at the same time with the successive arrival of the developed economy countries to a crisis period, a fact that triggered the progressive deterioration of the business environment in all the other regions of the world.

Thus, the efforts initially oriented towards a growth in the number of workplaces available and the improvement of the employment rates at the end of 2007, were hurriedly turned into targeted attempts towards maintaining the present number of work openings, the survival of small and medium-sized firms, who, as we are well aware, generate more new workplaces created over normal development time spans, stopping the steep economical decline, etc.

2.3 Recent history of Romanian Labour Market (the last two decades)

The economic reforms set in motion after 1989 meant to create a competitive, efficient and functional market economy, where the labour market should continue to play centre stage. Anyhow, this did not happen.

The labour market is still treated as a secondary or market at best, and the institutional reform of this market in particular has not been finalized.

At the same time, strategies targeting human resources are formulated for limited periods of time, with more damage control objectives than prospective ones on a medium and long term, turning human resources in insufficiently emphasized and valued decision factors, without special concern as to the stimulation of the attainment of economic performances.

Against the backdrop of a long term economic recession, even if in the 2000-2008 interval a certain economic growth was registered, the labour market has accumulated structural, sector-based, institutional, legislative and political imbalances manifest in all the other markets.

One of the direst consequences of these factors has been the high level of emigration phenomena dubbed “brain-drain” and “waste-drain” as expressions of the decapitalization of the labour resources.

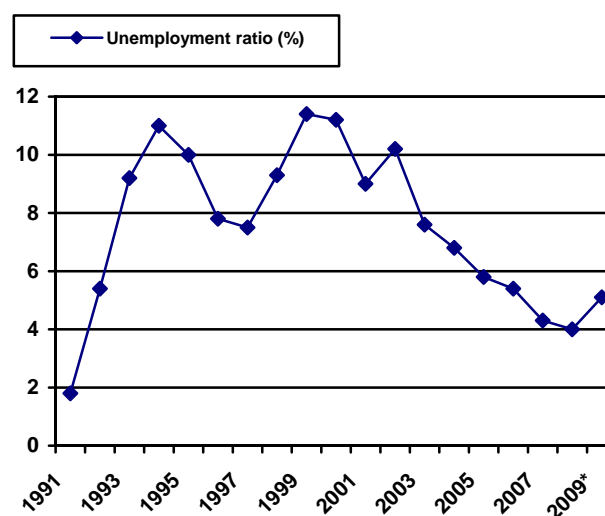
In Romania, the labour market has certain specific traits that set it apart from other countries.

First of all, although the labour resources have met a rather slow pace of dwindling (from 22,459 thousand individuals in 1999 to 21,455 thousand individuals in 2008, thus a 4.47% reduction, the forecast for 2009 being of 21,391 thousand individuals), the employment rate has diminished dramatically (from an occupational rate of 64.5% in 1997, to a rate of 58.8% in 2007, that is it has dropped by 8.84% over a 10-year time span) [5].

In the interval 1991-2009 (April), the unemployment rate in Romania has had a fluctuating evolution,

correlated to the general evolution of the national economy (Fig. 1).

We can notice the presence of two distinct periods displaying significant rise in the rate of unemployment, those meant values of over 9% of unemployed population, between 1993 and 1995, as a natural consequence of the reduction in the overall production capacity of the country, and between 1988-2002, due to the commencement of the ample process of restructuring of the Romanian economy in an effort to align itself to the demands imposed by the EU integration process (in 2007).



Source: National Agency for Labour Force Employment

Fig. 1 The Evolution of the unemployment rate between 1991 and 2009 (April)

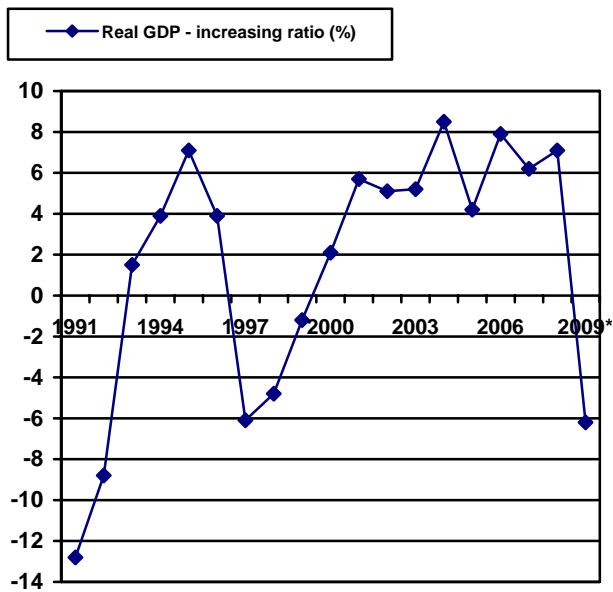
A short comment about the evolution of certain significant indicators in point of their function in the state of economy is in order. Those indicators are: the real value of the Gross Domestic Product (GDP), the rate of inflation and the industrial production recorded (Source: National Institute of Statistics - NIS, National Bank of Romania - NBR).

The real value of the Gross Domestic Product exhibited very low growth rates between 1991 and 1996. Starting from the year 1997, this indicator has been declining rapidly during the three consecutive years that followed, the most dramatic downward trend compared to the previous year having been registered in 1997 (-6.1%), closely followed by 1998 (-5.4%) and 1999 (-3.2%).

After the year 2000, the real GDP has been constantly evolving upwards, Romania ranking amongst the first countries in the world with annual growth rates of around 8%.

As is clearly evident, the last positive reading of the growth rate of the real GDP took place in 2008

(7.1%). The trends observed in the business environment of late have amounted to a tendency in the results of the Romanian economy of regressing dramatically.



Source: NIS, NBR

Fig. 2 The evolution of real GDP between 1991 and 2009 (April)

Thus, from the provisional data assembled by the National Institute of Statistics it can be gathered that the estimated value of the read GDP during the first trimester of 2009 has declined with 4.6% in comparison with the value registered in the final trimester of 2008 [6].

From the point of view of the manner of usage of the GDP, the source cited shows an important dwindling in domestic demand of around 13.7% and of household actual individual final consumption of 10.5%.

As we can see, the negative evolution of Romanian GDP in the first part of 2009 was worst than the evolution of GDP in the American economy, for example, where the declining of the indicator was around 6.1% in the first quarter of current year [7].

For companies, the present tendency of demand and household actual consumption materialized through a drastic reduction of sales, which determined a rise in stocked items and brought about a period of financial hardship, for some even major economic hardship, reaching an altogether cease of activity, which gradually propagated at the level of the entire economy.

Public domain must be included here as well as it was forced to quickly reduce the budget of state-

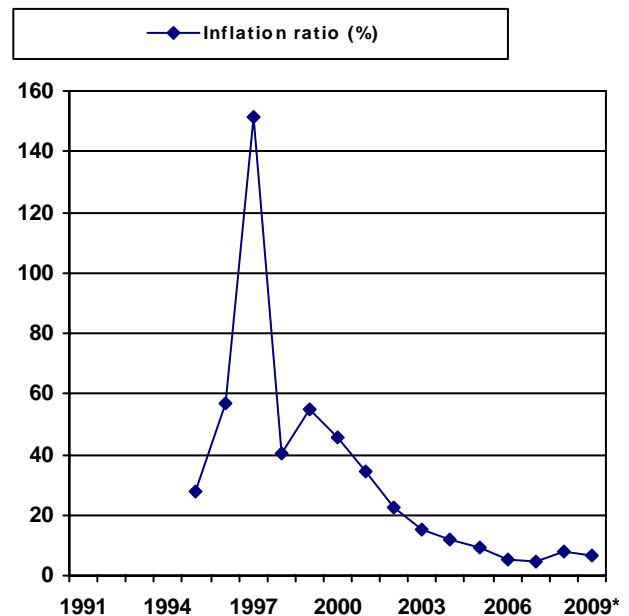
funded entities, where the most affected domains where Education, Scientific Research and Healthcare, fields already under funded well before the triggering of the economic crisis.

The rate of inflation has registered dramatic rises at times, thus in 1993 and 2000 it constantly exhibited annual values of more than 40%, and in 1997 it read the record value of 151.4% (Fig. 3). After the significant economic revigoration started in 2001, the value of the inflation rate has been constantly dwindling, until the end of 2007.

The growth of the rate of inflation ratio in 2008 (7.85%) did not happen necessarily because of the significant rise in the prices of household consumption items, it was due more to the growth in quantity of the currency „expelled on the market” over a rather turbulent electoral period, serving the purpose of increasing the wages of certain social categories dependant on the state budget, as well as other budgeting expenses, regardless of other vital priorities meant to promote a sustained growth and development, for instance certain strategic investments in infrastructure.

The first four months of 2009 do not espouse an improvement in the matter of inflation.

Keeping in mind that the targeted level of the ratio of inflation envisaged by the monetary authorities of Romania for this year is around 3.5%, it is indeed quite preposterous to believe that this pursuit will materialize effectively, as in April the indicator already read around values of 6.69%.



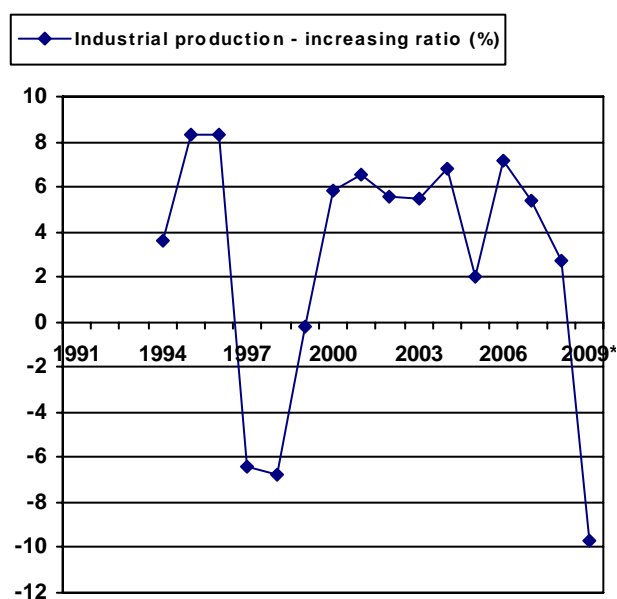
Source: NIS, NBR

Fig. 3 The evolution of Inflation ratio between 1994 and 2009 (April)

Industrial production has exhibited the same trend of evolution as the GDP, constantly reading rates in its vicinity, but slightly higher than those of the former when it dropped, as well as when it rose.

It is however essential to duly note that after 2006 industrial production has been constantly reduced in girth each year. The most telling observation being that, in contrast to the month of April 2008, the value of the industrial production in April 2009 has lowered with 9.7%.

The tendency of diminution of the indicator has maintained throughout the interval May-June 2009.



Source: NIS, NBR

Fig. 4 The evolution of Industrial Production between 1994 and 2009 (April)

NBR analyses [8] conjecture that the predictions for the following economic period are relatively optimistic, estimating a growth of 9% of the conjuncture of the sold of the industrial production (which represents the tendency of this indicator and is calculated by subtracting the ratio of the favourable predictions of the volume of industrial production and the ratio of unfavourable ones).

Returning to the labour market, it can be affirmed that the average weight of unemployment in Romania is rather weak by comparison to the rates registered in other countries.

However the juxtaposition of two distinct phenomena playing a significant part in the evolution of unemployment cannot be ignored. On the one hand, the willing withdrawal from lucrative activity of a great number of persons around the

pension age group (requested pension leave to avoid the status of unemployment) must be duly noted.

On the other hand, the impact of the migration of workforce (legal, as well as illegal) has had a major contribution to the registry of such low unemployment rates after 1990.

From this point of view, there is no official exact data regarding the extent of migration readily available on the basis of which, a clearer picture of this phenomena can be evaluated.

Notwithstanding, research, studies and ample analytical efforts elaborated by field specialists under the aegis of non-governmental organisations, regarding the effects of migration on the present day Romanian society and economy put forth data of a more concrete nature [9], for instance:

- Starting from the year 1990, one third of Romanian households have had at least one member engaged in lucrative activities in a foreign country (around 2.5 million households, made up of at least 2 persons in a family relation, from a total of 6 million total households).
- During the interval 1990-1995, the annual emigration rate has been of 5‰ at the most (calculated by the number of individuals who have emigrated in 1000 inhabitants of legal working age, between 15 and 64 years of age).
- In the interval 1996-2001, the rate went up to 6‰, or even 7‰.
- Starting with January 2002, due to the obtainment of the freedom of passage right of Romanian nationals in the Schengen space, the annual rate of emigration rose to very high rates, between 10‰ and 28‰, and, as such, we can estimate that the migration of the Romanian workforce has reached mass phenomenon status.
- The favoured destinations for migration were, in the beginning (during 1996-2001), in decreasing order of preference: Israel, Turkey, Italy, Germany and Hungary.
- From 2002 onwards Canada and Spain were shortly added to the aforementioned destinations, and in time, the migration expanded to the west and towards North America, in general.
- The favourite countries in terms of workforce migration, after the year 2002, have remained Italy and Spain (more than 50% of the number of individuals that have already migrated), with the mention that the

sway of temporary labour in a foreign country has risen significantly.

- More than a third of the migrants, from the period 1990-1995 onwards and well over 50% after 2001 have been working abroad illegally.
- After 2006 the temporary work leaves abroad have been continuously intensifying.
- Over 50% of the migrants in search of a job aim essentially to obtain a superior income.

However, with the perspective of the aggravation of the effects of economic world crisis in mind, the evolution of the occupational aspect in terms of the workforce is unfavourable, given the fact that a great number of companies have either already let go of an important percent of their personnel, or even ceased activity entirely, with additional companies in the process of doing so in the very near future, or with this decision still pending, temporarily cutting back on their commercial activity.

Furthermore, there is an obvious imbalance between the number of working persons (employees) and the number of pensioners and unemployed individuals, a factor that exerts great pressure upon the distribution of income.

For instance, at the beginning of the year 2008, in Romania, about 9.8 million of the entire population represented the active population (6 million employees, the rest being comprised by other categories of freelancers), and the inactive population represented around 46% of the total population (8.4 million persons).

The number of pensioners (around 6 million people) and of unemployed individuals surpasses the one of employees. This situation is in need of a very close evaluation, taking into account unemployment aids and pension contributions affecting the income of the active population.

Third, the restructuring of the occupational factor in the workforce has not been realized through a balanced substitution process between labour and capital by way of investment, but, in general it has been attempted by way of serial lay-offs as a measure to raise work productivity.

Actually, this does not represent a real rise in productivity, which is a truly essential condition for a better salary plan, but merely comes to mean the intensification of a working schedule, which bears a wholly distinct connotation.

Fourth, the mechanisms of the labour market exhibit a number of dysfunctional traits with respect to salary policy, negotiation of the collective labour contract, alignment to the demands of the

international labour market inasmuch as our present day economy is underdeveloped.

Fifth, the emergence of a bidirectional vacancy crisis, during the period under scrutiny, must be mentioned. On the one hand, the development of the national economy has been undertaken at a very slow pace at the beginning of the first decade of the 2000s.

This is where the accentuated tendency of a great number of work able persons to leave the country looking for jobs. However, from 2006 onwards, Romania has been dealing with an acute lack of personnel, especially in construction work, hospitality, as well as health and education, the situation taking a turn for the worse in 2008.

Sixth, the end of 2008 and the following period will mean an increase in the number of persons returning to the country looking for new jobs, as a result of the critical economic situations in the European countries (Spain, Germany, Italy, Hungary, Great Britain etc.).

Lastly, the extent of proper coverage for the school age population will continue to decline, thus leading to negative consequences on the labour market and on the entire economy, in general.

3. The consequences of the world economic crisis and their toll on Romania and the labour market

All the countries in the world are dealing with the actual economic crisis situation which started off as a financial crisis and rapidly turned into a full-blown economic crisis with a generalised impact on a global scale.

In Romania, the first tell-tale signs of the crisis appeared in May 2008, manifesting especially in the real estate sector of the market, where an actual freezing of all transactions took place.

All the economic agents or firms entered in a period of abeyance, alert even, trying to reorganize and project anew the coordinates of their future activity according to the unsettling signals propagated in the international economic environment.

The end of 2008 was marked by the significant reduction in demand bringing about negative effects at the level of the entire economy.

The most affected domains [10] are:

- The auto industry – the sales of new automobiles have dropped by 12% in 2008 in comparison to 2007, and for 2009 an additional 50% reduction is expected;

- The textile industry has registered a highly negative evolution against the backdrop of a cumulative effect of the rises in personnel costs, which, in turn determined an increasingly dramatic reduction of production in regime lohn;
- The metallurgic industry has been experiencing a cut in activity by a minimum of 30% which generated the closing down of a number of production centres and 30% personnel cuts resulting in unemployed population and early pensioners at the end of 2008;
- The construction work sector has slowed down its growth rate considerably (with present estimates of around 10-15%) by comparison to the year before, and the anticipated evolution does not look particularly favourable;
- The financial-banking sector of the economy can be characterized by a drastic reduction in the level of new loans and credits starting from November 2008, up to a limit very close to 0, and the foreseen evolution in 2009 is not particularly optimistic;
- Transportation has to deal with very serious problems, as, in addition to a reduction in demand, it also has to put up with the unfavourable evolution of exchange rates, the future prognosis being that around 60% of working companies in the first half of 2008 will go out of business by the end of 2009.

Every one of the aforementioned domains, as a direct consequence of the activity levels, play significant roles in the rise of the number of unemployed persons, whether registered individuals or not, over the next period of time.

The statistics provided by The National Trade Register Office for April 2008- April 2009 are quite eloquent.

Table 1 Evolution of firm number 04.08-04.09

No	Specification	04.2008	04.2009	± %
1.	Juridical active dealers	1754270	1117251	-36.31
2.	Ceasing of activity	1055	14035	+1,230
3.	Willing dissolutions	305	1569	+414.4
4.	Willing delete	811	2269	+179.8

Source: The National Trade Register Office

Thus, the following notable evolutions should be remarked:

- The increase in the number of dealers that suspended their activity with a percentage of 1,230% some of the most affected domains being: healthcare and social services (+1,775%), education (+1,150%), financial mediation and insurance (+2,500%), real estate transactions, rental etc. (+1,358.02%), hotels and restaurants (+1,249.15%), transportation, storage and communications (+1,092.75%), construction work (+1,003.25%);
- The number of willing dissolutions has raised by 414.4 %, the most occurring in areas like real estate transactions, rentals etc. (+2,352.94%), transportation, storage and communications (+1,216.66%), construction work (+1,411.11%), the processing industry (+4,100%).

The situation of the number of entities who operate economic activities in Romania, has been constantly degrading even after April, as a direct consequence of the grave deterioration in the social and economic process, both internally and internationally.

The same source mentions that if an analysis of the interval January – June 2009 is undertaken, by comparison to the same time in 2008 the situation that obtains still has an unfavourable effect (Tab.2).

Table 2 Evolution of firm number during the period 01-06.08-01-06.09

No	Specification	01-06 2008	01-06 2009	± %
1.	Ceasing of activity	6698	80013	+1,095
2.	Willing dissolutions	1838	8291	+351.1
3.	Willing delete	5965	17917	+200.4

Source: The National Trade Register Office

The statistics mentioned clearly show a severe limitation of the level of economic activity that is still of actuality, even if the rhythm of reduction in the companies registered in the official records has been slightly ameliorated.

From the data analyzed by the public factors and a series of conjectural surveys, a number of causes that generated the limitation of production of economic agents nowadays have surfaced [11]. The most important problem that firms in the industry

are facing at the moment remains the rapid decline in demand.

The domains that are most severely hit by this are:

- Publishing, poligraphical and recording activities (100% of the economic agents who responded to the survey)
- The chemical industry, metallurgic industry, metallic structure industry and metal product industry (80%)
- Construction work (28%).

Another cause worthy of mention is the financial blockage (invoked by 19% of the overall economic agents surveyed), those with the highest exposure to this, decreasing in risk being:

- The computer hardware and radio-TV equipment industry (45%),
- The extractive-exploitation industry (39%),
- The electrical equipment industry (39%).
- The construction industry (31%).

The impact of the unfavourable evolution of the interest rates on long-term and short term loans cannot be ignored as it was mentioned by 12% of the companies as a reason for limitation of their activity among those, the most affected being the chemical industry (42%) and the woodwork industry (30%).

As we know, the cost of interest may have a strong influence on profits and the financial situation of the firms is strongly affected by the high level of interest rates (for example in June, around 20% or more) charged by commercial banks in Romania [12].

Finally, the last two causes that need to be noted and have been affecting the overall reduction in industrial production in a specific manner, but with a slightly smaller sway over the whole affair are the unfavourable evolution of the foreign exchange rates and the lack of raw materials invoked by 7%, respectively 5% of the firms taking part in the conjecture survey.

4 What should be done in the future?

In order to set a starting point in the attempt to elaborate a series of measures that could alleviate the negative effects of the economic crisis on the labour market in Romania, a certain number of factors need to be analysed.

The areas that will produce the greatest rate of unemployment in 2009 will remain the industrial activity ones, as effect of reducing the production volume and the demand for its products.

Also, a special status in this process will be held by the hospitality sector, as the supply of the economic

agents across the world is extremely varied and abundant, and each of them attempts to attract greater numbers of consumers by way of diverse packages providing very attractive quality-price balances.

The intensification of competition in the field of tourism-related services is liable to eliminate local economic agents from European markets in the absence of an interconnected strategy with the real problems encountered in the global economy as well as in environment policies additionally.

At the same time, it need not be ignored that the changes of the economic environment, especially at a European level are very fast and the risks and uncertainties are in a continuous process of diversification.

A decision, that might seem the right call at the moment, could easily become an inefficient one if the responsible factors cannot make the necessary tweaks according to the present or potential changes in the environment (be it an economic, social, natural or political etc.).

In this domain, only the very solid firms who can afford to operate for an extended period with a zero profit as a result of substantial previous accumulation will survive.

Constructions will benefit from a favoured evolution as there is an estimated rise in the demand of construction work, less so in the sub domain of new buildings, but a significant one in point of infrastructure and repair work.

The official reports cite a slight compensatory growth over the following period. However, this growth tendency still holds the status of prediction, without the certainty that the situation will positively evolve in this very manner over a larger time span.

Owing to these conditions one of the most efficacious measures that can be applied at the level of the entire economy is to give an impulse towards accelerating the absorption of the structural and cohesion funds allotted to Romania by the financing programs of the EU.

Sadly, institutionally, this measure is hazarded by the insufficiency of qualified human resources needed to offer support and assistance to the potential beneficiaries, who come from various sectors of activity and are not solely tied to the economic sector.

The lack of caution in providing a satisfactory amount of personnel needed to efficiently manage the European funds available is one of the main causes leading to a faulty fruition of this enormous opportunity to benefit from funding for activities which could generate new workplaces.

Another way of increasing the quality of products and services of our national economy, and by this conversely increasing the competitiveness of Romanian companies, is setting special store on the research and development activities, defining this as funding and support for an efficient value-based strategy in order to profit from the results of the practical activity undertaken.

This measure is certainly not given its due interest, especially in economical decline periods, even if the immediate results of the expansion of an activity of research and development is the creation of better quality workplaces that would benefit the entire society.

The weight of total expenditure for research and development in the GDP is being maintained at levels around 0.37% (reading taken in the year 2000) and 0.45% (the current rate) which proves highly insufficient for the current needs.

At the same rate, the domain of education, which ensures the instruction of the labour resources, is severely under funded compared to the current and perspective-based needs, a fact representing a dire strategic error.

Another economic growth fact vector is the entrepreneurship. From this point of view, Romania's situation is not at all auspicious. The dynamics of entrepreneurship are extremely subdued by comparison to their level in other EU countries, holding values of around 25%, insufficient as far as the demand goes.

Stimulating the demand of labour aiming to better employment conditions and targeting a reduction in unemployment depends on the ability of the decision factors and their determination to ensure a general economic, legislative and institutional framework for the perpetuation of certain rates of economic growth in order to ensure a rate of sustainable development.

Economic policies must be elaborated with special emphasis on the promotion and sustainability of economic growth, and the structural tweaks needed must be continuously undertaken so that Romania can keep up with the changes imposed by the current evolution of our global economy.

A viable economic policy needs to be liable of stimulating at the same time the supply and demand of economic goods.

As far as qualitative and structural stimulation of the supply of goods and services goes, it must start from the fact that economic growth and entrepreneurship depend on a series of variables:

- The business environment;

- The legal framework governing the security of the investments and the full implementation of the property rights.
- The existence and smooth and efficient running of the institutions meant to ensure the competitive activity of market relations.
- The free access on the market of small and medium-sized firms.
- A certain level of fiscal policy that would not discourage investments and would not force firms to resort to embezzlement in order to survive.
- An adequate development of technical and financial infrastructure, etc.

If we are to analyse the present state of the technical infrastructure of the national economy, especially in what concerns transportation, we would notice that, except for certain isolated cases, the development of this sector has been largely neglected.

Therefore, one of the objectives of the industrial policy must be encouraging and elaborating investments and investment strategies in this field. At the same time, the existence of a constant supply of energy and fresh water must be ensured, making investments aiming towards eliminating the devastation and strain on the environment.

The funding of those investments can be ensured either from the allotment of public resources or from the promotion of concession aimed at private investors.

The actual implementation of these investments is very important, as it has multiple positive and beneficial effects on the growth of entrepreneurship and on what we call the creation of new work places. Another element that we should mention is the importance of education, especially in difficult periods, like economic crises. Creatively using acquired knowledge represents the key to obtaining spreading positive effects, either under the form of new ideas or as increasing rates of economic efficiency and profitability.

We should not forget that, in knowledge-based economies, the economic development pace and the quality of life fundamentally depends on the capacity of economic actors, legal or natural persons, to:

- Acquire new skills and competencies based on the evolving demands of the business environments.
- Meet the quantitative, qualitative and structural changes occurring in the demand for goods and services and, eventually, even

anticipate such changes.

- Impose on one's competition through quality and high social and economic performance.

Acquiring new qualifications and improving existing ones trigger increased productivity and, implicitly, the development of economic activities. Starting from the assumption that the field of education is deemed one of the most important landmarks in strengthening highly-performing economies, it is necessary to undertake much more complex assessments of adult training needs and coherent policies regarding lifelong professional training.

Taking into account current conditions, the essential elements in enhancing competitiveness in all areas are performance, innovation and education.

5 Conclusion

The information presented in the paper is sufficiently extensive for a clear picture about the overall configuration and present state of the national economy, as well as the anticipated evolutions for the overall labour market to be formed.

By contrast to the demand of new work places which is on the rise, the internal as well as the external one resulting from the return of Romanian citizens from the countries where they have migrated over the past few years, the number of newly-created workplaces will prove to be insufficient.

Given the comments made until now, the final conclusion reached is that, without a significant implication from the public factors of decision in sustaining the economy in the present difficult situation, future evolution cannot prove to be favourable under any circumstances.

After decades of economic liberalism when the implication of the state has been centred on the support of economic development by ensuring a competitive environment favourable to profitability-enhancing decisions and the satisfaction of stakeholders, we are nearing times when the role played by the state will be decisive in ensuring a state of progress and economic development.

All in all, we would like emphasize anew the role of investments from public funds in the creation of an optimal climate for lucrative businesses and the stimulation of socio-economic activity in times of crisis and economic decline.

But, the dynamic of the actual economic system is more accentuated than a few years ago. This means

that if the state wants to elaborate now an economic strategy to correct the negative evolution of the national economy, than it is necessary to be more specific about three elements, respectively the target variables (or the desired output, like increasing the consume, decreasing unemployment, etc.), the admissible inputs (in a very difficult financial period, when the resources are very limited) and the effectiveness of the proposed and applied policies [13].

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