



Quality of work and employment in Romania

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Country codes used in the report (situation as at 2004)

EU15

AT	Austria
BE	Belgium
DK	Denmark
FI	Finland
FR	France
DE	Germany
EL	Greece
IE	Ireland
IT	Italy
LU	Luxembourg
NL	Netherlands
PT	Portugal
ES	Spain
SE	Sweden
UK	United Kingdom

NMS

CZ	Czech Republic
CY	Cyprus
EE	Estonia
HU	Hungary
LV	Latvia
LT	Lithuania
MT	Malta
PL	Poland
SK	Slovakia
SI	Slovenia

Acceding countries

BG	Bulgaria
RO	Romania

Abbreviations

ACОВI	Living Conditions Survey of Romania
AMIGO	Household Labour Force Survey of Romania
EU15	15 EU Member States (pre May 2004)
EU25	25 EU Member States (post May 2004)
EWCS	European Working Conditions Surveys
GDP	Gross domestic product
NMS	10 new Member States that joined the EU in May 2004
ROL	Old Romanian leu (currency)
RON	New Romanian leu

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Foreword

As the European Union continues to expand its borders, the differing norms in terms of both working and living conditions across the continent are becoming increasingly apparent. For Europe's policymakers, such differences represent serious challenges as they seek to increase productivity, boost employment and improve quality of work. In this context, understanding the conditions of work across the different EU Member States and other European countries is of fundamental importance. Equally, tracking the changes in these areas of quality of work is key to identifying trends which might influence future developments in this sphere.

Against this background, the European Foundation for the Improvement of Living and Working Conditions has been conducting the European Working Conditions Surveys (EWCS) since 1991, in an effort to monitor conditions of work and employment in Europe. Among the range of countries covered in the last two of these surveys – conducted in 2001 and 2005 – the Foundation included the then acceding country Romania. Based on the EWCS findings for Romania, along with a range of other comprehensive research and literature, this report aims to provide a dynamic insight into the development of and current situation regarding working conditions and employment in Romania.

In light of Romania's recent entry into the EU, on 1 January 2007, such an analysis is particularly timely, as it traces the development of this diverse country's employment and working conditions, following the turbulent years of transition to a market economy and democratic state and in the context of its integration into the EU.

As the EU moves towards implementing the Lisbon objectives, in an environment of increasing global competition and demands, we trust that this report will contribute to a better understanding of what is required to shape the working environment of this unique and diverse country in the future.

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Introduction

Every five years, the **European Foundation for the Improvement of Living and Working Conditions**¹ conducts a survey aimed at analysing working conditions in Europe. To date, the European Working Conditions Surveys (EWCS) have been carried out four times: in 1990–1991, 1995–1996, 2000 (extended to include the 10 new Member States and Bulgaria, Romania and Turkey in 2001–2002) and 2005. These surveys provide an insight into working conditions throughout Europe, indicating the extent and types of changes affecting the workforce and the quality of work. At the same time, the recurring nature of the survey provides a picture of trends in working conditions throughout Europe.

In the third EWCS (2001), Romania was included for the first time among the other countries covered. Following the fourth survey (2005), which also included Romania, the Foundation embarked on the project of elaborating a national report on working conditions in Romania. The results of this endeavour are outlined in the present report, which consists of a comparative analysis and assessment of the responses to the Foundation's 2001 and 2005 EWCS. The analysis is also supplemented with information and opinions obtained from national statistical data, along with institutions in the field of labour and social security, the social partners, as well as Romanian civil society organisations. Essentially, the analysis aims to provide an accurate and detailed assessment of the status and evolution of the quality of work and employment in Romania.

In its project phase, the report was presented during a seminar held in Bucharest on 12 December 2006, under the aegis of the Foundation and the Romanian Institute of National Economy (*Institutul de Economie Națională*, IEN²). Various government representatives, social partners and non-governmental organisations (NGOs) attended this event and stated their positions (see Annex 1).

This present report on the quality of work and employment in Romania represents a new departure, as it is the first report of its kind to cover such a complex and interdisciplinary European issue in a country where the present continues to be heavily influenced by the attitudes and values of the past. At the same time, in view of its accession to the European Union (EU), Romania has, in recent years, also implemented the *acquis communautaire* (EU body of law) regarding employment and employment security, qualification and skills development, information and consultation of employees, health and well-being of workers, and work–life balance.

The analyses contained in the report cover a wide range of subjects. Interestingly, the information obtained from the national statistical reports and from surveys conducted by Romanian institutions, along with the data provided by the responses to the **EWCS questionnaire**³, indicate that certain discrepancies still persist between the *acquis communautaire* and the economic and social reality of Romania, in terms of the quality of work and employment.

Romania's accession to the EU was achieved by virtue of national and European efforts over a relatively short period of time. However, the country's actual integration with respect to the EU's system of values and institutions may still take some time.

¹ <http://www.eurofound.europa.eu/>

² <http://www.ien.ro/>

³ <http://www.eurofound.eu.int/ewco/surveys/EWCS2005/questionnaire.htm>

Building a democratic market economy 1

Establishing a pluralistic political system

For centuries, Romania has been at the crossroads of the diverging economic, political and military interests of its powerful neighbouring countries. The countries in question – namely, Russia and the former USSR, Turkey and the Ottoman Empire, along with the former Austrian-Hungarian Empire – possess dissimilar systems of governance and institutions, along with different economic, sociocultural and religious systems.

In addition to its unique resources and geo-strategic position, Romania's ethnic profile sets it apart from surrounding countries. Along with its Latin roots and status as a so-called Latin island on the eastern side of the European continent, Romania constitutes a territory where, apart from its majority population, various ethnic groups comprising people of Hungarian, German, Jewish, Roma and Slavic origin live side by side. Each of these communities has its own system of values, as well as cultural, educational, spiritual and religious patterns, which still form part of the collective consciousness. Their influence has even extended to labour relations, as well as to developments in national and local social dialogue.

Even if the ethnic community is built around a Romanian majority, which comprises over 84% of the population, the existence of other ethnic groups partly explains why the values of political pluralism, multiculturalism and multilingualism required corresponding approaches and institutions that are incompatible with dictatorship. Thus, in the aftermath of European integration, Romania may assert itself not only as a recipient but also as a promoter of experience in the practice of combating discrimination on ethnic, economic, social, political, linguistic, religious and cultural grounds.

The transition towards a multiparty political system and, subsequently, the decline of the old regime of an institutionalised, state-controlled economy began on 16–17 December 1989 in the city of Timișoara in western Romania. In terms of politics, the National Salvation Front (*Frontul Salvării Naționale*, FSN) was founded, which at first had no explicit political party dimension and was soon dissolved. At the same time, the former Communist Party (*Partidul Comunist Român*) disappeared. New political formations, previously suppressed by the former communist regime, surfaced again: namely, the National Liberal Party (*Partidul Național Liberal*, PNL), the Christian-Democratic National Peasants' Party (*Partidul Național Tărănesc Creștin Democrat*, PNȚCD), the Social Democratic Party (*Partidul Social Democrat*, PSD) and a series of other parties whose names and orientations were influenced by mainstream European politics.

Meanwhile, the revolution brought about a revival of claims for national minority rights: this led to the establishment of the Democratic Union of Hungarians in Romania (*Uniunea Democrată a Maghiarilor din Romania*, UDMR), along with its counterparts, the Romanian National Unity Party (*Partidul Unității Naționale Române*, PUNR) and the Greater Romania Party (*Partidul România Mare*, PRM). Up until 20 May 1990, when the first free elections were organised, Romania was ruled by the Provisional National Unity Council (*Consiliul Provizoriu de Uniune Națională*, CPUN), chaired by Ion Iliescu and consisting of nine vice-presidents of different political orientations, along with a council that acted as a provisional parliament and an interim government, with Petre Roman as Prime Minister, from 26 December 1989 to 27 June 1990.

On 20 May 1990, the first presidential and parliamentary elections took place; the then FSN leader, Ion Iliescu, had been granted the mandate of president from the first round, with over 85% of duly expressed votes. Following the elections, the first democratic parliament was established and the FSN government came into power, led by Petre Roman. However, political life continued to be marked by significant tensions until 1992 and again until the last miners' disputes (*Mineriada*) from 1999. Since 1990, five election cycles have taken place in Romania to date – in 1990, 1992, 1996, 2000 and 2004.

The presidential elections required two election rounds in 1992, 1996, 2000 and 2004; Ion Iliescu was granted three mandates in 1990, 1992 and 2000 and was prevented from running again in 2004 for constitutional reasons. In 1996,

Emil Constantinescu, the candidate of the Romanian Democratic Convention (*Convenția Democratică din România*, CDR), was elected President. Subsequently, in 2004, Traian Băsescu was elected President as the candidate of the Justice and Truth Alliance (*Alianța Dreptate și Adevăr*, DA), which unites the PNL and the Democratic Party (*Partidul Democrat*, PD) – which later became FSN factions.

In relation to the parliamentary elections, in 1992, eight political formations entered parliament, the two chambers being dominated by centre-left and left factions, holding 50.9% of seats (328 seats) in the Chamber of Deputies (*Camera Deputaților*) and 52.9% of seats (143 seats) in the upper house of the Senate. The centre-right formations obtained 24.8% and 23.6% of seats respectively, while the ethnic parties – the Romanian nationalists, PRM and PUNR, and Hungarian ethnic communities, UDMR – won 23.7% and 22.8% respectively of the seats.

By 1996, the parliament consisted of representatives of six political parties; the government was comprised of centre-right parties, by affiliation to CDR of the Social Democratic Union (*Uniunea Social Democrată*, USD) – made up of PD and the Romanian Social Democratic Party (*Partidul Social Democrat Român*, PSDR) – and UDMR.

In 2000, only five political parties remained in the parliament: the Party of Social Democracy in Romania (*Partidul Democrației Sociale din România*, PDSR), PRM, PD, PNL and UDMR. The centre-left formations won 55.9% of the deputies' seats and 55.8% of the senators' seats. PRM's share increased to 24.9% in the Chamber of Deputies and to 26.2% in the Senate; PNȚCD and the other right-wing formations were no longer present, and the parliament consisted of PNL which had 8.8% and 9.3% of the seats in the Chamber of Deputies and Senate respectively.

In 2004, PSD, formerly PDSR, signed an agreement with the Romanian Humanist Party (*Partidul Umanist din România*, PUR), thus securing 39.7% of the deputies' seats and 41.9% of the senators' seats. Meanwhile, DA obtained 33.8% and 35.2% of the deputies' and senators' seats respectively, while PRM gained 14.5% and 15.4% of the seats, and UDMR 6.6% and 7.4% of the seats respectively; national minorities, other than the Hungarian minority, won 5.4% of the deputies' seats. At this point, the government was made up of DA in coalition with UDMR and PUR – former PSD partners.

In the 17 years of transition, nine different governments have been appointed in Romania. The first was a provisional government led by Petre Roman. This was followed by the first legitimate government, which held power from 28 June 1990 to 16 October 1991, led by the same Prime Minister. Mr Roman eventually resigned following the miners' dispute of October 1991, and was replaced by Teodor Stolojan. From 20 November 1992 to 12 December 1996, a centre-left government held power, led by Nicolae Vacaroiu, the PDSR Prime Minister. Following the elections of 1996, from 1996 to 2000, three different prime ministers have led the government: Victor Ciorbea reigned from December 1996 to April 1998, followed by Radu Vasile and Mugur Isarescu. Romania's eighth government – in power from December 2000 to December 2004 – was chaired by Adrian Nastase of PSD, with support from UDMR and PUR. Finally, the ninth and current government was elected at the end of 2004 and is presently led by Prime Minister Calin Popescu Tariceanu of PNL, in coalition with DA, UDMR and the Conservative Party (*Partidul Conservator*, PC), formerly PUR – parties which shared government in the past with PSD.

Building an institutional framework

After the 1990 elections, the two-year parliament acted primarily as a national constituent assembly. The parliament's first task was to draft a new constitution, which was adopted by referendum in 1991. This constitution was subsequently revised and approved by a large majority in the October 2003 referendum, coming into force at the end of the same month.

The constitution ensures, among other things, the priority of international regulations to which Romania is expected to adhere. This includes the precedence of fundamental human rights over domestic laws, unless the latter contain more

favourable provisions. For instance, the right to private property is guaranteed and protected by law; nationalisation⁴ or any other measures of forcible transfer of assets to public ownership based on the owner's social, ethnic, religious or political affiliation, or any other discriminatory actions, are strictly prohibited.

In practical terms, the current constitution meets the prerequisites of a democratic state, guaranteeing political pluralism, human rights, the rights of national minorities, equal opportunities, access to culture and the rights of each individual to live in a healthy environment.

The building of Romania's institutional framework – from the point of view of law enforcement and with regard to aspects specific to the functioning of the market economy – has occurred in two distinct stages. These can be defined both in terms of their design and in relation to the mechanisms involved in the development of this institutional framework's content and direction.

Until 1993–1994, Romania's accession to Euro-Atlantic economic, political and military structures was uncertain – a factor which impinged on the entire political, legal-institutional and economic reform process. However, from 1 February 1995 – following consensus on Romania's EU integration and after the country had officially filed its accession application on 22 June 1995, a move which was unanimously supported by all political forces – the pace of reform quickened and its direction and content were significantly redirected.

Subsequently, in December 1999, Romania was invited to take part in negotiations with a view to its EU integration; these negotiations were completed in December 2004. On 25 April 2005, Romania signed the Treaty of Accession to the European Union in Luxembourg. The following year, in September 2006, the European Commission confirmed Romania's accession to the EU as of 1 January 2007, satisfied that it met the necessary political and economic requirements for EU integration.

The institutions that were built up around a fully-fledged market economy played a major part in this process; such a process required sustainable efforts both before and particularly during the negotiations. At this point, it is clear that the necessary institutions have been established and that the obligatory EU requirements have been adopted. However, it is even more important that these respective institutions work properly: in other words, that the laws are effectively implemented, that the legal system is impartial, that public services and its agents act in favour of citizens' interests and avoid corruption, that the economy and economic agents learn to adapt to the competitive forces within the domestic market, and that Romania develops the required administrative capacities to exercise those functions derived from its EU membership.

Main macroeconomic developments

General background

During the first decade of Romania's political and economic transition, the possibility and timing of the country's integration into European and Euro-Atlantic economic structures remained uncertain. As a result, economic reforms and their political, legal and institutional support were delayed and interspersed, with various inconsistencies and social tensions arising.

From 1995, the extensive restructuring of the country's market economy institutions and mechanisms coincided with efforts focused on political, institutional and legal reform, in view of Romania's potential accession to the North Atlantic Treaty Organisation (NATO) and the EU. The country's entire macroeconomic environment, and in turn the level of welfare, quality of life and work, have developed in this context.

⁴ The act of transferring assets into public ownership.

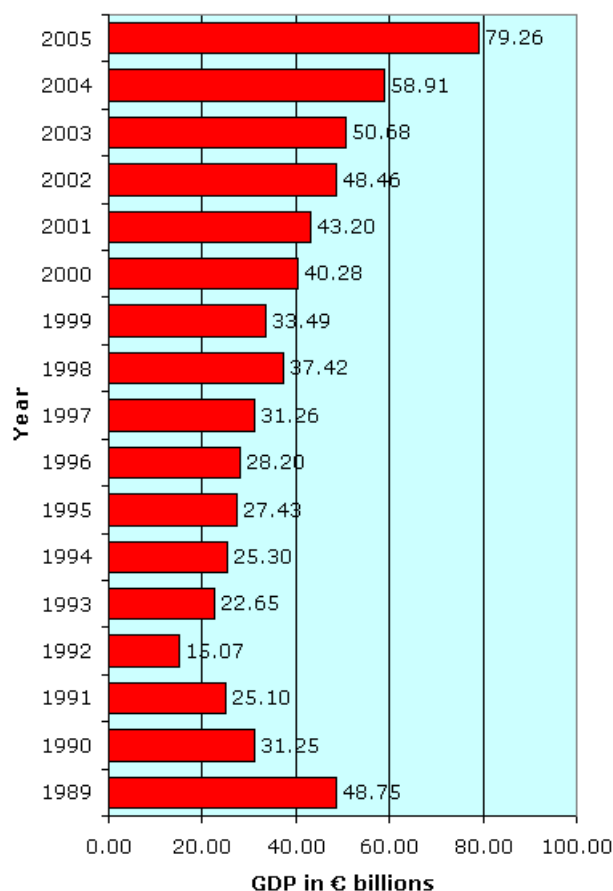
At the beginning of 1990, the Romanian economy was overwhelmingly state-controlled and over-institutionalised, almost exclusively comprised of large state-owned companies; at the same time, a large proportion of production was focused on investment and on the exporting of goods.

The dissolution of the eastern European market, namely of the Council for Mutual Economic Assistance (CMEA),⁵ coincided with the fall of a domestic market dominated by large companies producing investment goods; this resulted in reduced production flexibility accompanied by price deregulation (November 1991). At the same time, this brought with it the prospect of enduring and severe economic recession. Living and working conditions were adversely affected by the resulting disorder, the effects of which are still tangible in institutions, regulations, customs and mentalities, on the one hand, and in the daily stresses which resulted from the new transformations and their social and economic effects, on the other hand. The scope and immediate impact of the reforms is reflected even in a simple reading of the annual averages of certain economic indicators.

Evolution of gross domestic product

In Romania, gross domestic product (GDP) dropped from a total of €48.75 billion in 1989 to €40.28 billion in 2000 (Figure 1). However, since 2002, GDP has significantly increased, well exceeding the level achieved in 1989 to reach over €79 billion in 2005.

Figure 1: *GDP development in Romania, 1989–2005 (€ billion)*



Source: Based on data issued by the National Institute of Statistics (Institutul Național de Statistică, INS) and the National Bank of Romania (Banca Națională a României, BNR⁶), 1989–2005

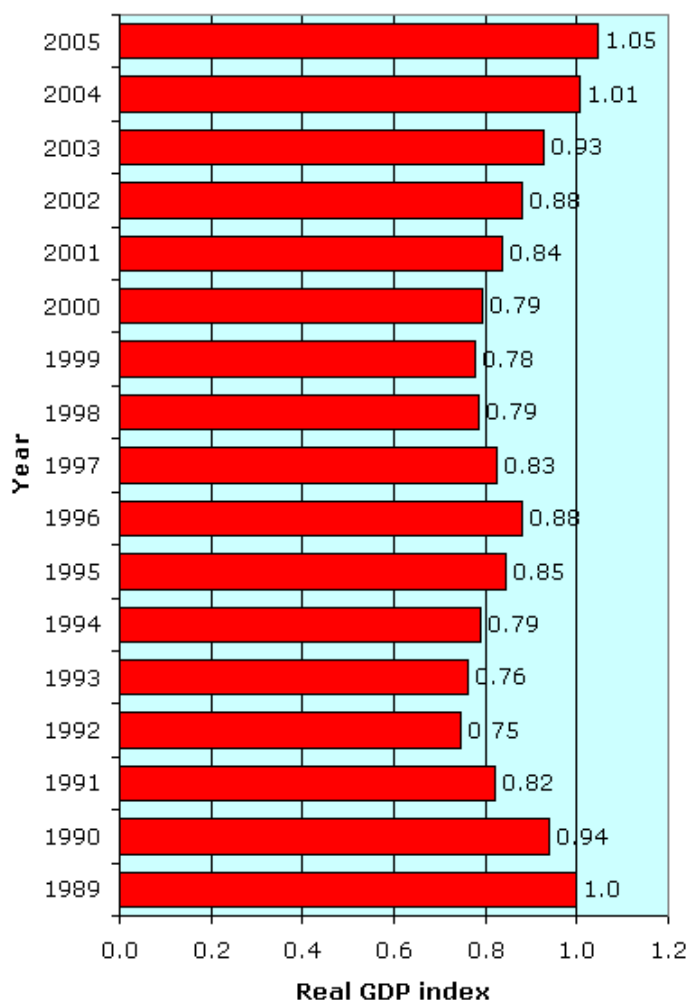
⁵ An economic organisation of communist states.

⁶ <http://www.bnro.ro/>

In terms of GDP development in euro, using the annual average 'old' Romanian leu (ROL⁷)-euro exchange rate as the reference, the data reveal a rapid decline in GDP in 1992, amounting to just 31% of the level recorded in 1989. Ten years later, in 1999, GDP reached 69% of the basic index value. A GDP level similar to that in 1989 was only achieved again in 2002. However, stronger growth in recent years has meant that, in 2005, GDP increased to about 162.6% of the 1989 level.

When measuring actual GDP in national currency, the largest decrease was also recorded in 1992, when GDP reached only 75% of the 1989 level (Figure 2). In 1999, real GDP reached 78% of the basic index value. Only in 2004 was the 1989 level achieved once again. Subsequently, in 2005, real GDP increased to 105% of the 1989 level. In relation to gross value added (GVA), which measures the contribution to the economy of each individual producer, industry or sector in the country, major changes have occurred in industry in real terms (see Annex 2).

Figure 2: *Index of real GDP, 1989–2005*



Source: Based on data issued by the INS and BNR, 1989–2005

⁷ Note: On 1 July 2005, Romania underwent a currency reform, switching from the previous leu (ROL) to a new leu (RON). 1 RON is equal to 10,000 ROL.

Inflation

Another relevant factor influencing price development in terms of Romania's 'old' local currency (ROL) is the GDP deflator – a measure of the cost of goods purchased by households, government and industry. Compared with 1989, consumer prices in ROL increased by a factor of 31.4 in the period 1989–1993, by a factor of 806.4 times in 1989–1999, and overall by a factor of 2,514 times from the start of the transition process to now. In the past two years, only a single-digit inflation rate was achieved; in 2006, the annual inflation rate reached 4.9%.

At the same time, the annual average exchange rate of the national currency was forced up from the 1989 level by around 2,470 times in 2004, slightly adjusting to 2,208 times this level in 2005.

The evolution of prices has generated a significant decrease in the purchasing power of employees' wages, at the same time creating significant tensions among the social partners.

Domestic investment

Domestic investment in Romania decreased from about €14 billion in 1989 to €2.2 billion in 1992, rising again to €11 billion in 2004 and to €18 billion in 2005. The rate of investment in GDP fluctuated from 29.6% in 1989 to 14.1% in 1993 and to 22.7% in 2005. At the same time, the average investment per year and per employed person reached approximately €1,316 in 1989, falling to €210 in 1992 and to €618 in 1999, and rising again to €1,349 in 2005.

Foreign direct investment

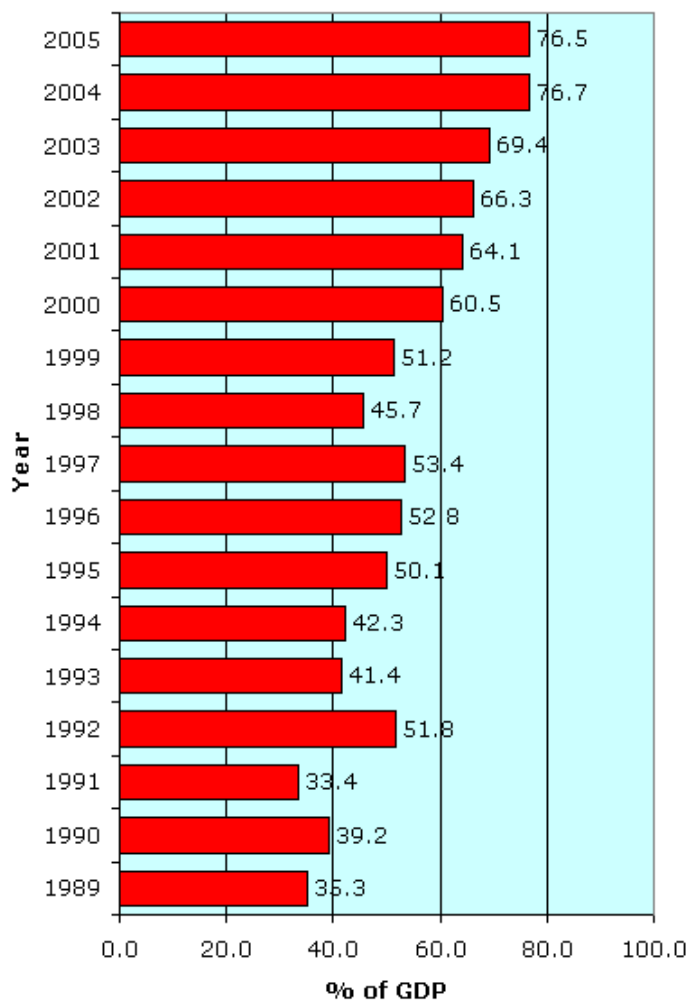
Between 1990 and 2004, foreign direct investment (FDI) in Romania reached a total of €15 billion. However, such investment is low if the potential of, and domestic needs of, the Romanian economy and the improvements in workers' living and working standards are taken into account. Up until 2004, 56% of FDI was absorbed by the Bucharest area, which accounts for around 10% of Romania's population and jobholders. Conversely, the northeast and southwest regions of Romania absorbed only about 0.1% and 2.7% respectively of FDI, despite these regions' significant employment problems and severe poverty. Thus, a clear imbalance is evident in the regional distribution of FDI.

State budget and deficit

In 1989, state budget expenditure accounted for 36.1% of Romania's GDP, but dropped to 19.6% in 1999 and to 13.5% in 2005. At the same time, the budget revenue reached 43% of GDP in 1989, but only 17% of GDP in 1999 and 12.7% in 2005. As a result, the budget shifted from a surplus of 7.5% of GDP in 1989 to a deficit of 4.9% of GDP in 1996 and 0.8% in 2004 and 2005. Evidence indicates that the state budget expenditure was not sufficient to cover the costs of Romania's economic and social restructuring.

Imports and exports – which have an impact on labour market equilibrium – accounted for 35.3% of Romania's GDP in 1989, increasing to 51.2% of GDP in 1999 and to 76.5% in 2005 (Figure 3). However, the balance of foreign trade (exports minus imports) shifted from a surplus of 3.8% of GDP in the reference year (1989) to a deficit of 9% in 1990 and of 10.3% in 2005.

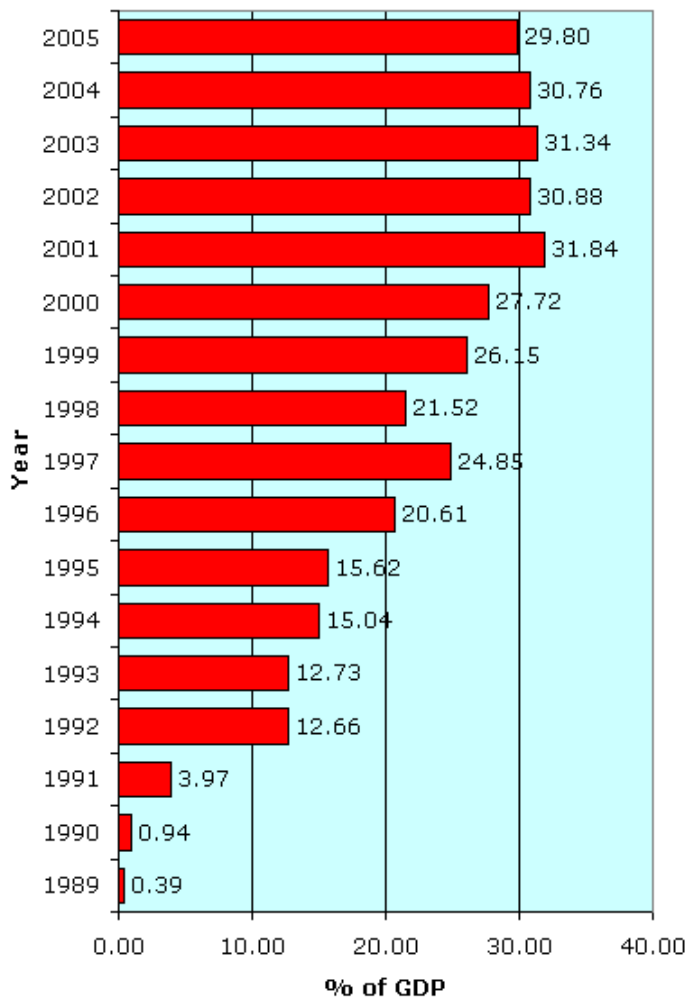
Figure 3: Foreign trade (imports and exports) as a percentage of GDP, 1989–2005 (%)



Source: Based on data issued by the INS and BNR, 1989–2005

In terms of Romania's foreign debt, this level increased from 0.39% of GDP in 1989 to 30.76% in 2004 and 29.8% in 2005 (Figure 4).

Figure 4: Foreign debt as a percentage of GDP, 1989–2005 (%)



Source: Based on data issued by the INS and BNR, 1989–2005

Sectoral added value and employment

The severe drop in GDP and in the state budget revenue has had varied and far-reaching consequences in terms of the cost of transition, including with regard to income distribution, for both active and inactive persons. As a result, major changes have occurred in the sectoral distribution of GVA (see Annex 3), along with the rate and structure of employment and the development of labour productivity and wages.

From 1989 to 2005, the number of employed persons⁸ dropped by approximately 2.56 million, while the number of employees decreased by over 3.44 million (see Annex 4). At the same time, the number of retired persons increased from 3 million to over 6.5 million.

⁸ Note: The employed population encompasses both employees and self-employed persons.

In 1990, full-time employees and those on open-ended employment contracts represented 75% of the employed population; however, in the period 2000–2005, only 50% of the working population were employed as permanent employees.

The overall decrease in the number of employed persons by 2.56 million people, between 1989 and 2005, led to an increase in productivity of around €1,222 per employed person – representing 28.4% of the total productivity increase. On the other hand, the value added increase generated a growth of €3,086 – the equivalent of 71.6% of the total productivity increase (Annex 5). At sectoral level, the percentage contribution of the two factors – employment ('E') and value added ('Va') – amounted to 89.8% compared with 11.2% in agriculture, 106.7% compared with -6.7% in industry and construction, and -5% compared with 105% in services.

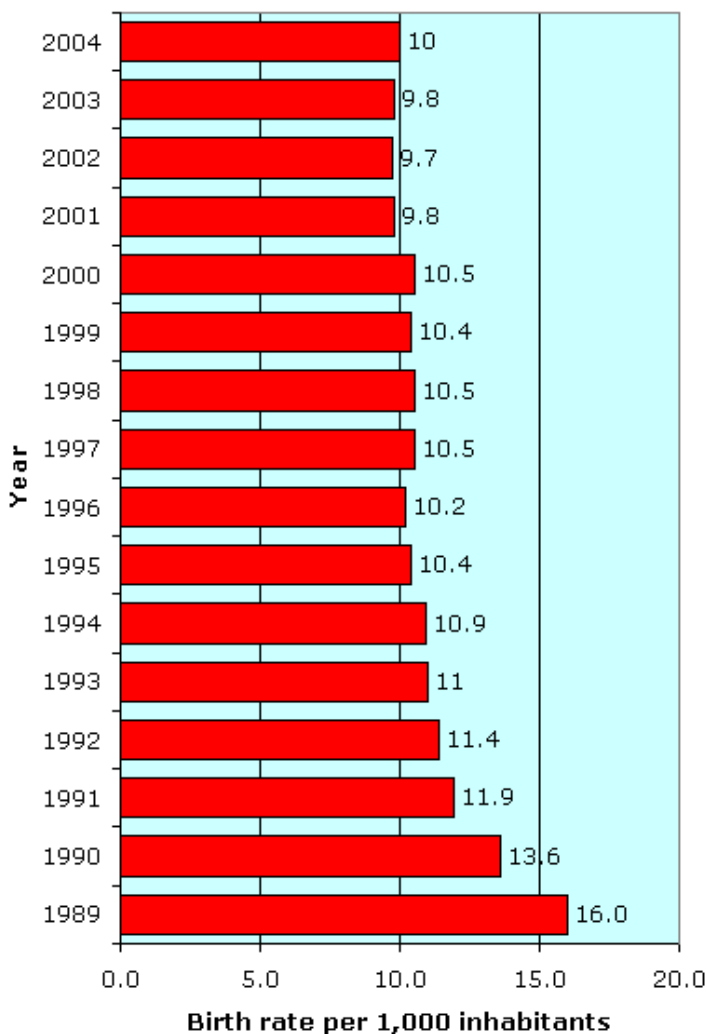
2 Employment and social trends in Romania

Demographic trends

Since 1990, the population of Romania has experienced a steep decline, with about 1.48 million fewer persons living in the country in 2004 compared with 1989 – the equivalent of a 6.4% decline.

The economic transition underway in Romania has been accompanied by a less than typical demographic shift from high to low birth and mortality rates. For instance, the country's birth rate dropped from 16 per 1,000 in 1989 to 9.7 per 1,000 in 2002 and 10 per 1,000 in 2004 (Figure 5), while its mortality rate increased from 10.7 per 1,000 in 1989 to 12.7 per 1,000 in 1996 and 11.9 per 1,000 in 2004. This development has been compounded by the increased emigration of young people, particularly among the working-age population.

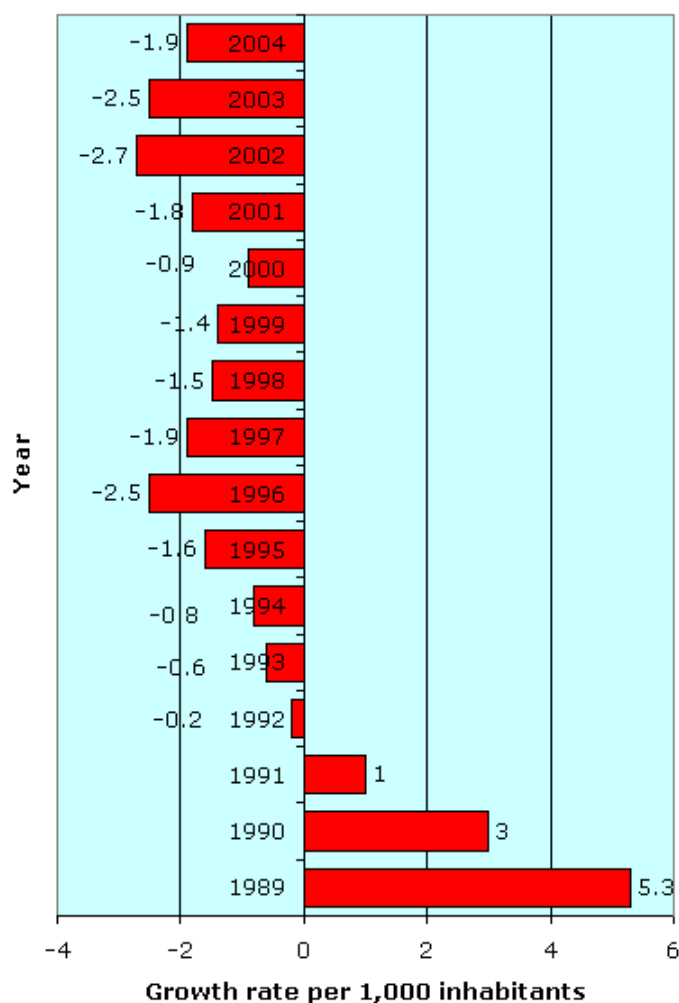
Figure 5: Live birth rate in Romania (rate per 1,000 inhabitants), 1989–2004



Source: INS, 1989–2004

Romania's natural growth rate – that is, the country's birth rate minus the death rate – shows a transition from a positive range of 5.3 per 1,000 in 1989 and 3 per 1,000 in 1990 to a negative one of -2.5 per 1,000 in 1996, -2.7 per 1,000 in 2002 and -1.9 per 1,000 in 2004 (Figure 6).

Figure 6: Natural growth rate in Romania (rate per 1,000 inhabitants), 1989–2004



Source: INS, 1989–2004

Life expectancy in Romania increased from an average of 69.4 years in 1989 to 71.3 years in 2004. However, a significant gender gap remains in life expectancy levels: in 1989, the average life expectancy of men was 66.5 years compared with an average of 72.4 years for women; in 2004, men's and women's life expectancy increased to 67.7 years and 75.1 years respectively, with minor urban–rural differences emerging.

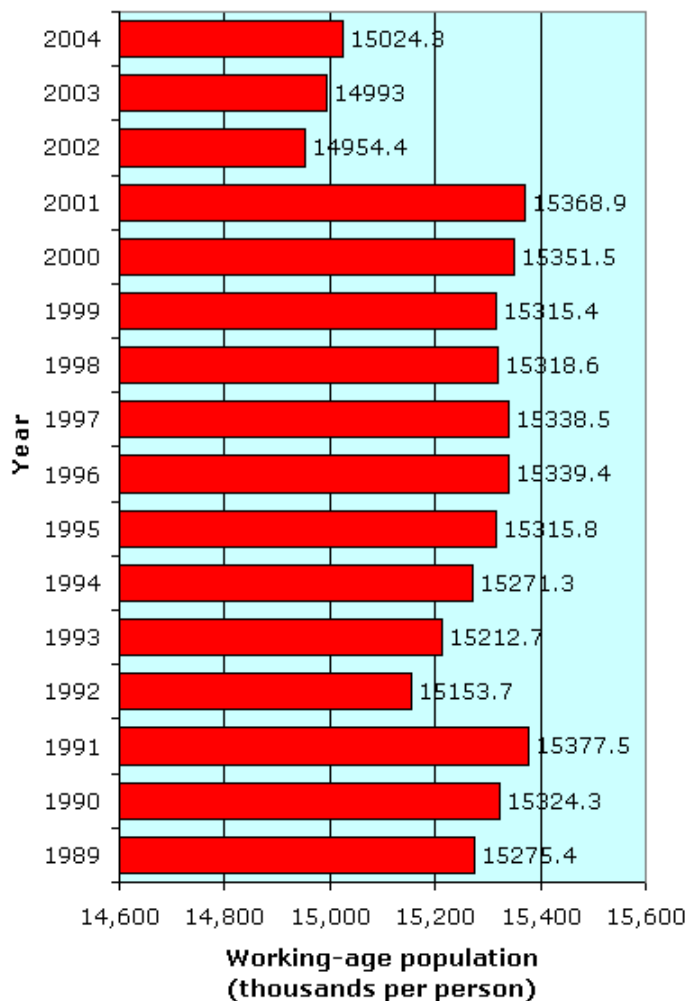
Finally, the distribution of inhabitants by area of residence reveals a slight decrease in the country's rural population, from 46.8% of the total population in 1989 to 45.1% in 2004. Nonetheless, compared with other EU Member States, this still represents an extremely high proportion of rural dwellers.

Development of labour market

Labour market size and distribution

The number of people of working age (15–64 years) declined from almost 15.3 million in 1989 to just over 15 million in 2004 (Figure 7).

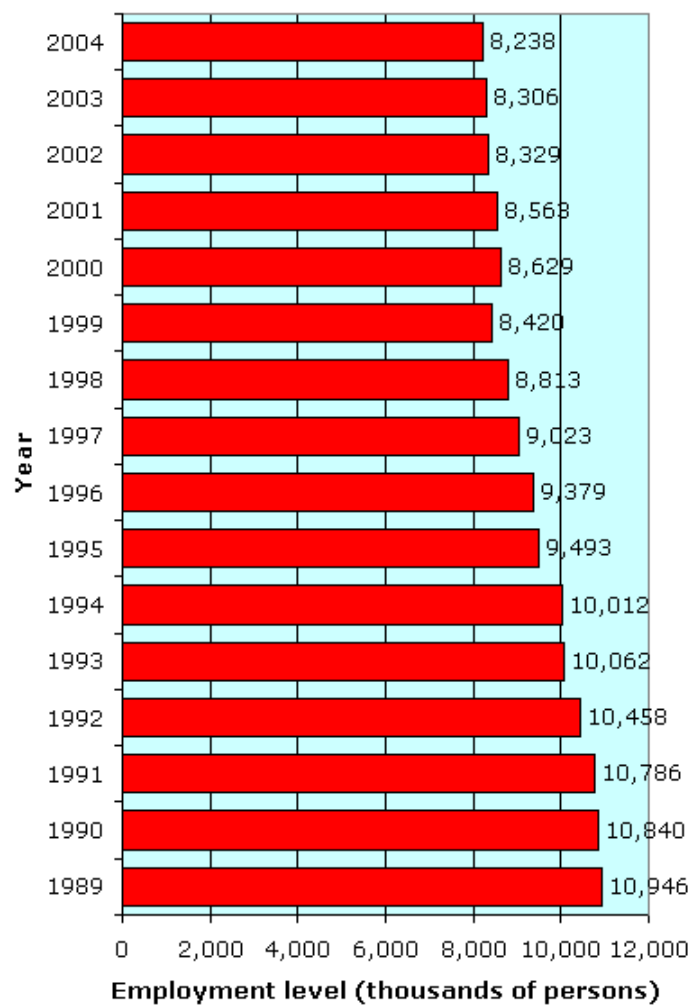
Figure 7: Size of working-age population in Romania (thousands of persons), 1989–2004



Source: Based on data issued by the INS, 1989–2004

At the same time, the size of the workforce declined significantly from about 10.95 million persons in 1989 to around 8.2 million people in 2004, amounting to a drop of approximately 2.75 million persons (Figure 8).

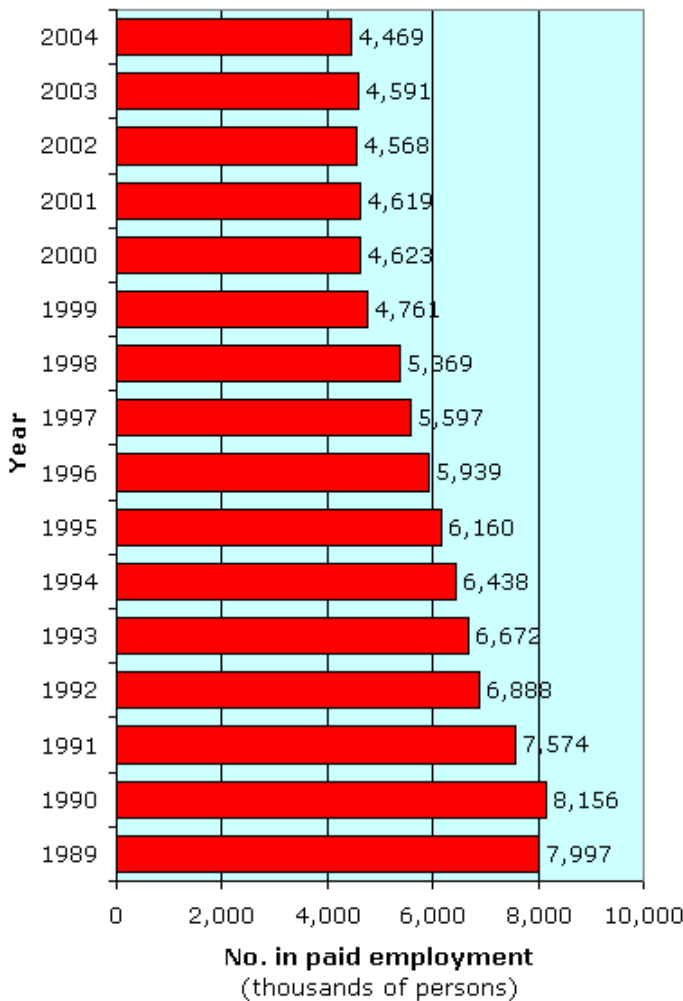
Figure 8: Average employment levels in Romania (thousands of persons), 1989–2004



Source: INS, 1989–2004

The most dramatic development concerns the number of people in paid employment, which fell from between 7.9 million and 8.15 million persons in 1989–1990 to almost 4.47 million people in 2004, amounting to a drop of nearly 3.7 million persons or a 45% decline (Figure 9).

Figure 9: Average number of people in paid employment (thousands of persons), 1989–2004



Source: INS, 1989–2004

Unemployment and emigration

In 1991, unemployment was granted official status for the first time in Romania. On average, the number of unemployed persons recorded increased from 337,000 people in 1991 to 1.13 million persons in 1999, dropping again to 558,000 people in 2004. Thus, the country’s unemployment rate increased from 3% in 1991 to 11.8% in 1999, subsequently falling to 6.3% in 2004.

Data for recent years show that the unemployment rate has declined, in spite of the economic restructuring process, which has been accompanied by collective redundancies. However, the number of employed persons has not increased, largely due to the fact that more than two million active persons have emigrated from the country according to official statistics, although trade unions in Romania contend that this figure is higher at 2.5 million persons. Thus, this unsolved issue of unemployment appears to have simply shifted ground. In Italy alone, the number of Romanian immigrants is estimated to have reached around 800,000 people. An estimated 400,000 Romanian immigrants are thought to be living in Spain, along with many more in countries such as Greece, Ireland, Germany and France. Emigration is largely

influenced by the low levels of salaries and wages, rather than by working conditions. Over 50% of emigrants are motivated by the prospect of higher incomes, while 20% are attracted by better living conditions (see Eiro article [RO0611049I](http://www.eurofound.europa.eu/eiro/2006/11/articles/ro0611049i.html)⁹).

Although emigration has helped to lower Romania's unemployment levels, it has also meant that state finances – such as the state budget, social security contributions, the unemployment fund and health budget – have had to rely on a much-reduced base of taxpayers.

In December 2001, the Labour Force Migration Office (*Oficiul pentru Migrația Forței de Muncă*, **OMFM**¹⁰), was established in order to grant legal status to emigration and to offer consultancy services, assistance and protection to Romanian citizens affected by emigration. Subsequently, in 2004, due to the increasing number of emigrants, a special Department for Labour Abroad (*Departamentul pentru Munca în Străinătate*, **DMS**¹¹) was set up within the Ministry of Labour, Social Solidarity and Family (*Ministerul Muncii Solidarității Sociale și Familiei*, **MMSSF**¹²), also involved in coordinating the OMFM.

In terms of levels of immigration, the number of immigrants in Romania is relatively small. In 2005 and 2006, between 10,000 and 15,000 working permits were issued. Given these circumstances, the Romanian labour market has shrunk and labour shortages are becoming commonplace, particularly in the construction sector, where there is an estimated shortage of 300,000 workers. Concerns have also been raised about a possible shortage of professionals working in the specialised fields of health and education. Together, these phenomena may force an increase in salaries and wages in the Romanian labour market.

⁹ <http://www.eurofound.europa.eu/eiro/2006/11/articles/ro0611049i.html>

¹⁰ <http://www.omfm.ro/>

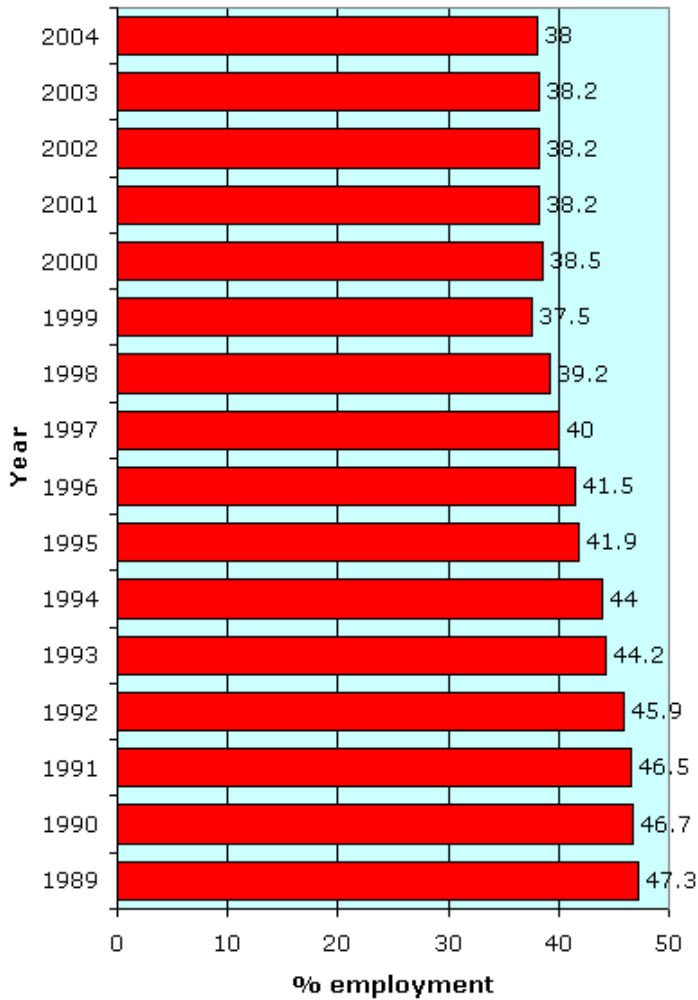
¹¹ <http://www.omfm.ro/dms/>

¹² <http://www.mmssf.ro/>

Declining employment rates

In Romania, the employment rate of the total population dropped from 47.3% in 1989 to 38% in 2004 (Figure 10).

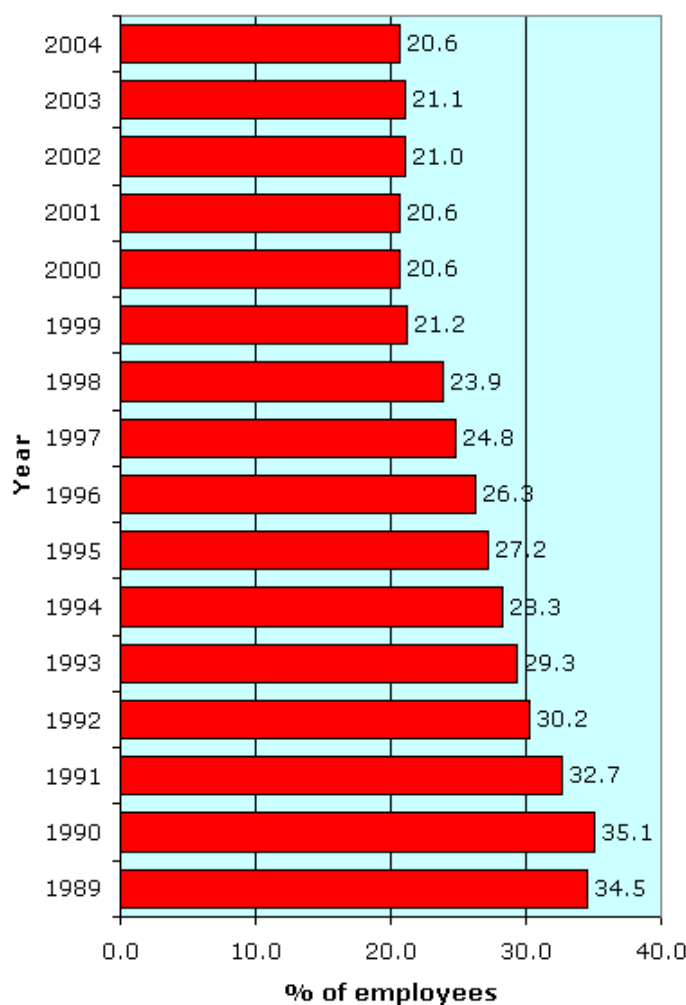
Figure 10: *Employment rate as a percentage of total population, 1989–2004 (%)*



Source: *Based on data issued by the INS, 1989–2004*

At the same time, the employment rate of the working-age population dropped from 71.7% in 1989 to 54.8% in 2004. Moreover, the average number of employees per 100 inhabitants and per 100 employed persons respectively was of 34.5 and 73.1 persons in 1989, compared with 20.6 and 54.2 persons in 2004 (Figure 11).

Figure 11: Proportion of employees as a percentage of total population (per 100 inhabitants), 1989–2004 (%)



Source: Based on data issued by the INS, 1989–2004

According to statistical data issued by the International Labour Organization (ILO¹³), in 2004, Romania ranked midway among the EU Member States in terms of employment rates: although Romania's employment rate in 2004 (42.3%) was surpassed by that of Luxembourg (65%) and Denmark (50.3%), it was higher than the levels recorded in countries such as Poland (36.7%), Greece (39.4%) and Belgium (39.8%). Moreover, the proportion of employees as a percentage of the total population in 2004 was far lower in Romania (27.8%) than the levels observed in Luxembourg (61.3%) or Denmark (45.9%), albeit exceeding those of Greece (25%) and Bulgaria (27.6%) and equalling the ratio recorded in Hungary (Table 1).

¹³ <http://www.ilo.org/>

Table 1: Average employment rate and proportion of employees as percentage of total population and of employment, by country 1996–2004 (%)

Country	Average number of employed people per 100 inhabitants			Average number of employees per 100 inhabitants			Average number of employees per 100 employed people		
	1996	2000	2004	1996	2000	2004	1996	2000	2004
AT	46.0	46.6	45.6	...	40.7	39.8	...	87.4	87.2
BE	37.3	39.9	39.8	29.8	33.6	33.9	79.9	84.1	85.1
BG	36.7	34.6	37.5	26.8	23.9	27.6	73.1	69.1	73.7
CY	...	43.2	47.3	...	31.5	36.2	...	73.0	76.5
CZ	48.2	46.3	46.2	41.5	38.9	38.2	86.0	83.9	82.6
DE	43.9	44.5	43.2	39.3	39.7	38.1	89.5	89.2	88.1
DK	50.0	51.0	50.3	45.3	46.6	45.9	90.6	91.4	91.4
EE	42.4	41.9	44.2	39.2	38.1	39.9	92.5	91.0	90.3
EL	37.0	38.8	39.4	20.1	22.5	25.0	54.3	58.0	63.4
ES	32.6	38.8	43.8	24.6	31.0	35.9	75.5	79.8	81.9
FI	42.1	45.5	45.7	35.2	38.9	39.5	83.5	85.6	86.5
FR	37.4	38.4	40.0	33.9	36.1	36.4	90.7	94.1	90.9
HU	36.1	38.8	39.2	25.3	27.2	27.8	69.9	70.2	70.9
IE	36.6	44.0	45.8	29.0	35.7	37.6	79.3	81.1	82.1
IT	35.4	36.7	38.1	25.2	26.4	28.3	71.2	72.0	74.3
LT	43.7	39.8	41.8	31.0	30.5	32.4	70.9	76.7	77.4
LU	52.5	60.0	65.0	48.5	55.4	61.3	92.3	92.3	94.4
LV	38.1	39.5	43.9	32.5	33.6	38.2	85.3	85.0	87.0
MT	...	37.3	37.2	...	32.5	31.9	...	87.0	85.9
NL	44.9	48.6	47.8	39.5	42.9	42.2	88.0	88.4	88.4
PL	39.5	38.2	36.7	27.8	27.7	26.9	70.5	72.6	73.3
PT	44.4	49.2	49.3	31.9	35.8	36.4	71.7	72.8	73.9
RO	48.4	48.0	42.3	30.2	26.9	27.8	62.4	56.1	65.9
SE	44.8	46.9	46.9	39.9	42.1	42.2	89.0	89.7	90.1
SI	44.1	44.9	47.4	36.6	37.7	40.0	83.1	83.9	84.4
SK	41.4	39.1	40.4	38.8	35.9	35.5	93.6	91.9	87.7
UK	44.8	46.5	46.3	40.5	42.9	43.6	90.4	92.3	94.1

Note: '...' no data available

Source: Based on data issued by the ILO, 2006

In relation to the proportion of employees as a percentage of the employed population in 2004, the ratio in Romania (65.9%) is once again behind that of Luxembourg (94.4%), the UK (94.1%) and Denmark (91.4%), but ahead of the ratio for Greece (63.4%).

Regional differences in employment density

In Romania, available data uncover significant regional differences in average employment levels (Table 2). By 2004, compared with 1992, the number of employed persons in Romania had decreased by about 2.22 million persons overall. The most important drop was registered in the southern region of Romania, where a decrease of 420,000 employed persons was recorded, followed by the northeast region which showed a drop of 353,000 persons. The overall decrease in the number of employees, by 2004, amounted to 2.418 million persons, some 447,000 of whom were living in the south and 384,000 in the northeast region.

Table 2: *Decrease in population, employment and number of employees, by region, 1992–2004 (thousands of persons)*

Regions	1992–2004			
	Decrease in total population	Decrease in employed population	Decrease in the number of employees	Increase in the inactive labour force
Total Romania	-1,116	-2,220	-2,418	1,475.1
South	-218	-420	-447	220.1
Southeast	-110	-307	-334	276.3
Southwest	-135	-278	-267	172.6
Northeast	-25	-353	-384	427.8
Northwest	-167	-252	-259	171.3
West	-163	-158	-213	15.3
Centre	-162	-233	-308	76.1
Bucharest metropolitan area	-135	-220	-206	117.7

Source: *Based on data issued by the INS, 2004*

According to official data – based on company annual reports rather than random polls – in 2004, the employment rate of the total population in Romania reached 38% (Table 3). The highest employment rate was recorded in the Bucharest metropolitan area (44.4%), while the lowest level (33.5%) was found in the northeast region of Romania. Also, in 2004, 20.6% of the total population had employee status, compared with 35.1% in 1990. In northeast region, only 15.1% of the population had employee status in 2004, compared with 34.5% of inhabitants in Romania's capital Bucharest. Moreover, the proportion of employed persons with employee status reached a total of 54.2% in 2004, compared with 77.6% in Bucharest and only 44.9% in the northeast or 46.5% in the southwest region.

Table 3: *Employment rate and proportion of employees as percentage of total population and of total employed persons, by region, 1990–2004 (%)*

Region	1990	1992	1996	2000	2004
	Employment rate as % of total population				
Total Romania	46.7	45.9	41.5	38.5	38.0
South	...	42.7	39.7	36.9	33.5
Southeast	...	44.9	40.8	37.2	35.9
Southwest	...	45.0	41.0	37.3	35.4
Northeast	...	45.9	41.6	39.8	36.6
Northwest	...	46.4	44.1	40.2	42.2
West	...	47.4	42.9	41.1	41.1
Centre	...	45.9	43.6	40.3	39.7
Bucharest metropolitan area	...	51.3	39.4	36.2	44.4
	Employees per 100 inhabitants (%)				
Total Romania	35.1	30.2	26.3	20.6	20.6
South	29.6	25.2	21.9	16.6	15.1
Southeast	34.9	29.7	26.2	19.3	19.2
Southwest	32.8	28.6	24.0	17.8	17.1
Northeast	32.6	27.0	22.9	17.9	17.0
Northwest	38.1	32.6	30.0	23.1	24.3
West	32.9	28.7	25.1	20.3	21.0
Centre	37.4	33.1	29.1	23.7	23.0
Bucharest metropolitan area	47.6	41.3	35.2	30.8	34.5
	Employees per 100 employed persons (%)				
Total Romania	75.2	65.9	63.3	53.6	54.2
South	...	59.0	55.2	44.9	44.9
Southeast	...	66.2	64.3	51.9	53.4
Southwest	...	63.5	58.5	47.6	48.3
Northeast	...	58.7	55.0	45.0	46.5
Northwest	...	70.2	68.1	57.5	57.7
West	...	60.6	58.5	49.2	51.2
Centre	...	72.0	66.8	58.9	58.1
Bucharest metropolitan area	...	80.5	89.4	85.1	77.6

Note: '...' no data available

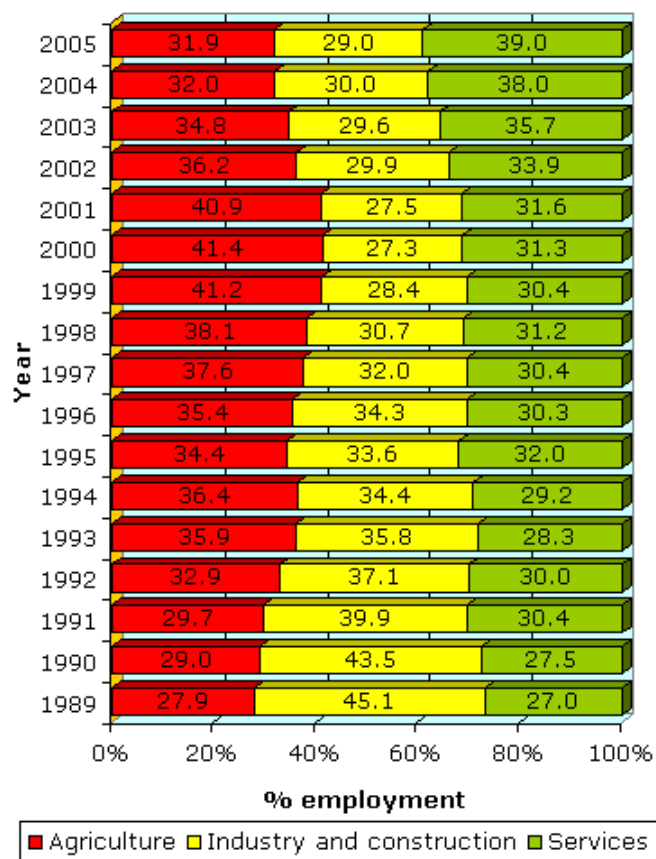
Source: Based on data issued by the INS, 2004

Employment by sector

Economic restructuring and Romania's transformation into a market economy have had a considerable impact on employment by sector. In 1989, the distribution of employment by sector as a proportion of total employment reached 27.9% in agriculture and forestry, 45.1% in industry and construction and 27% in services (Figure 12). In 2005, contrary to developments in other EU countries, employment in agriculture still represented almost 32% of total employment; during the period 1999–2001, this proportion reached approximately 41%. Meanwhile, employment in industry and

construction dropped to 29% of total employment in 2005, whilst rising to 39% in the services sector, compared with levels in 1989.

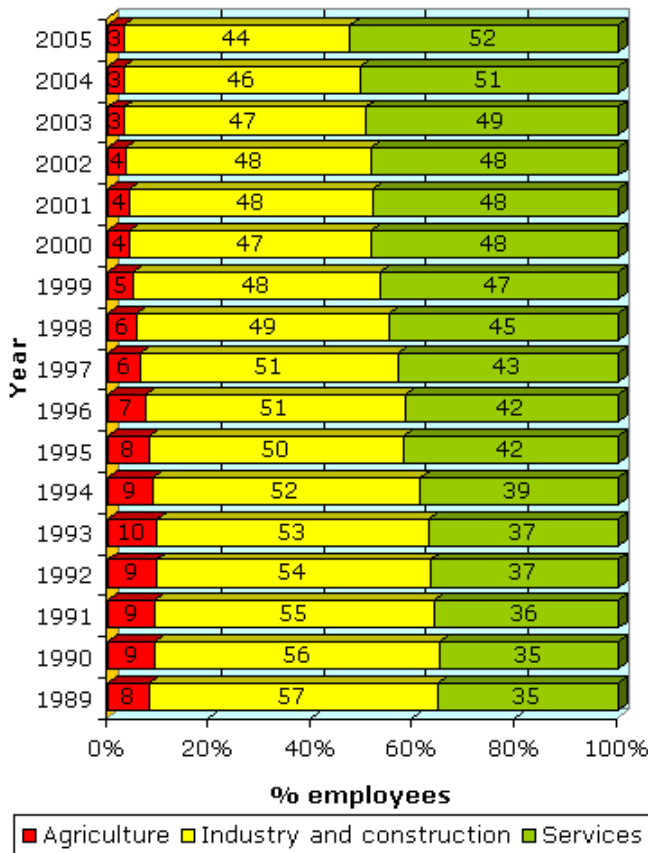
Figure 12: Levels of employment by sector, 1989–2005(%)



Source: Based on data issued by the INS, 1989–2005

According to data issued by the INS, the proportion of employees in agriculture decreased from 8.3% of the total number of employees in 1989 to 3.2% in 2005 (Figure 13). In industry and construction, the proportion of employees fell from 56.5% of the total number of employees in 1989 to 44.3% in 2005, while in services, this proportion increased from 35.3% to 52.5% over the same period.

Figure 13: Percentage of employees by sector, 1989–2005



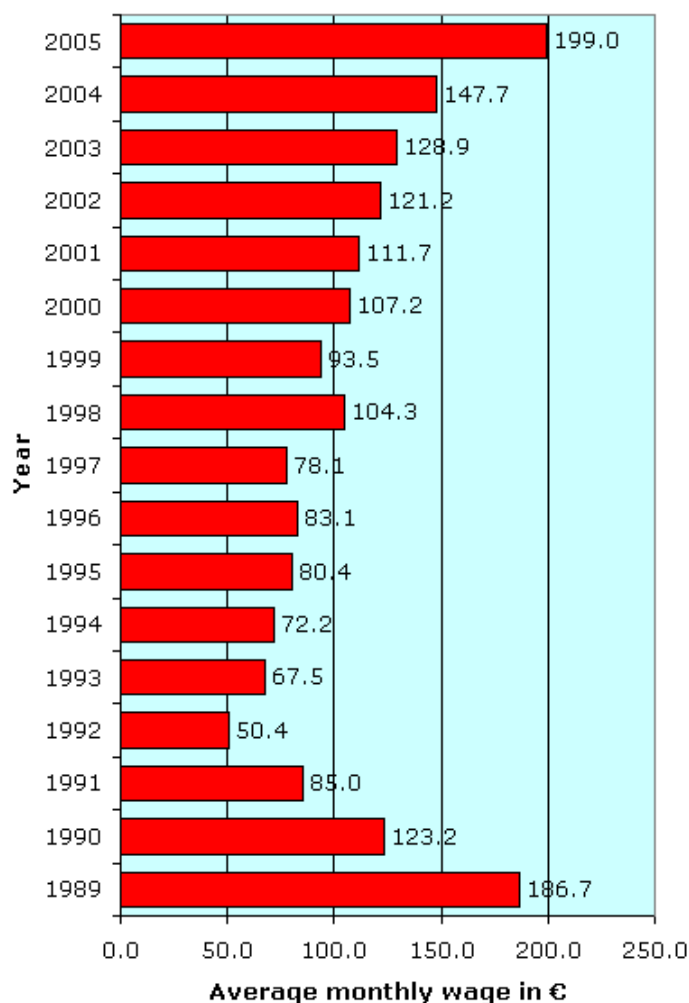
Source: Based on data issued by the INS, 1989–2005

The distribution of employment and the number of employees in the public and private sectors have also changed quite dramatically: while in 1989–1990, employment in the public sector represented 98% of total employment, this proportion dropped to 80% by 2004. In the same year, some 65% of all employees worked in the private sector.

Decrease in real wages

The steep drop in the number of employees in Romania has been accompanied by a decrease in the purchasing power of salaries and wages (Figure 14). In euro, the average monthly net wage in Romania amounted to almost €187 in 1989, falling to €50.40 a month in 1992, and rising again to about €107 in 2000 and to nearly €148 in 2004.

Figure 14: Average monthly net wage in Romania, 1989–2005 (€)



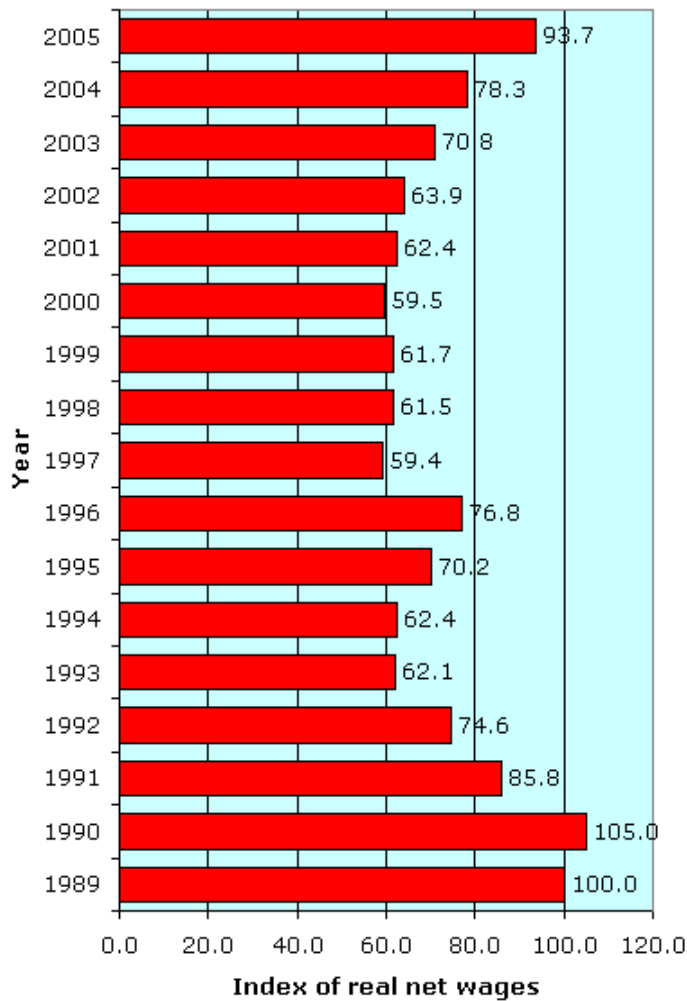
Note: The average monthly net wage expressed in euro was calculated using the annual ROL/EUR exchange average.

Source: Based on data issued by the INS, 1989–2005

In 2005, however, the average monthly net wage increased considerably to €199, thus exceeding the level recorded in 1989. This increase has been attributed to a number of factors, namely: the inflow of euro into the Romanian exchange market, the remittances of Romanian citizens working abroad, the revenue acquired from the privatisation of large companies – such as Petrom, Distrigaz, Electrica and the Romanian Commercial Bank (*Banca Comercială Română*, BCR) – and foreign investment, all of which contributed to a strengthening of Romania's national currency.

In terms of the average real net monthly wage (nominal wages deflated with consumer price index) – expressed in Romania's domestic currency – the level recorded in 2000 represented just 59% of 1989 level (Figure 15). Only in 2005 did the real net wage reach 93.7% of the level achieved in the reference year.

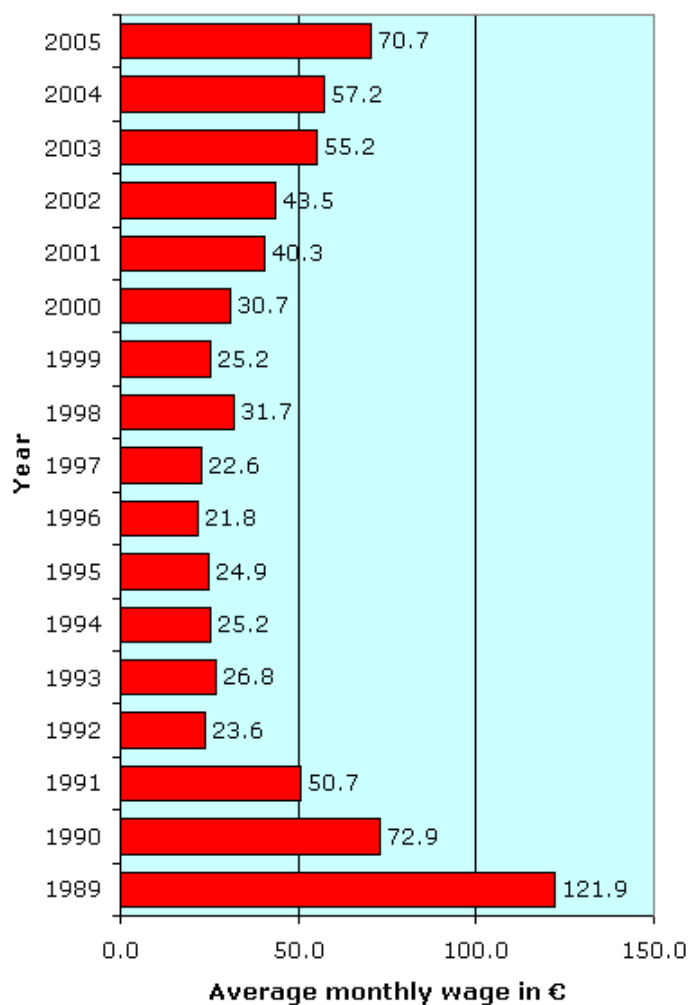
Figure 15: Index of real net wages, 1989–2005 (%)



Source: Based on data issued by the INS, 1989–2005

Meanwhile, the national minimum wage in Romania, expressed in euro, dropped from almost €122 a month in 1989, to nearly €22 a month in 1996, or €0.73 a day, increasing again to about €57 a month in 2004 and to almost €71 in 2005, or €2.36 per day (Figure 16).

Figure 16: Average minimum monthly net wage in Romania, 1989–2005 (€)

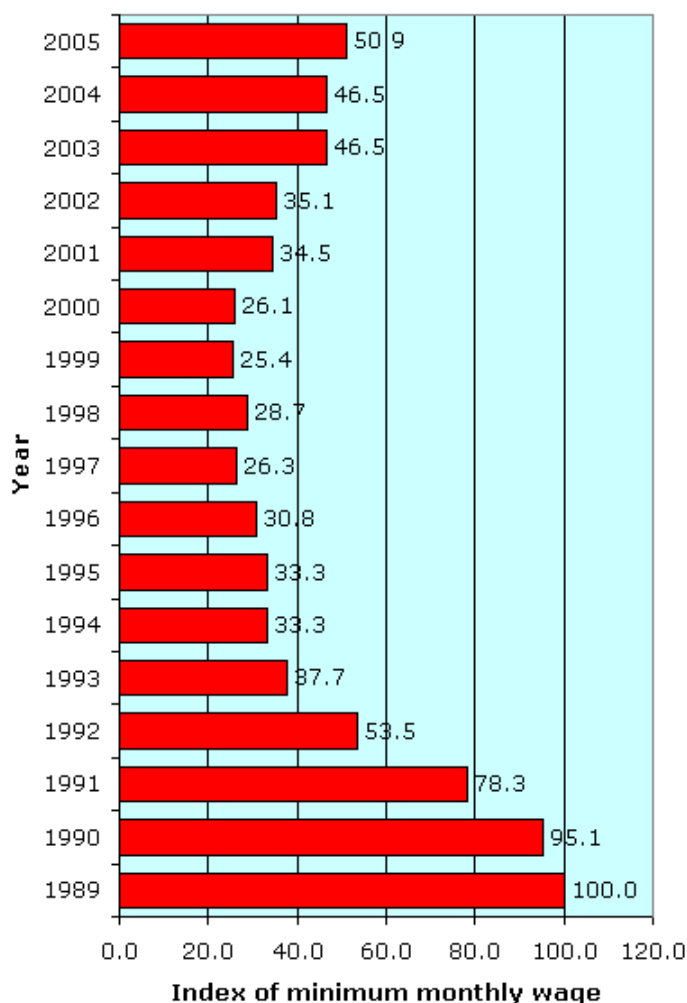


Note: The minimum monthly net wage expressed in euro was calculated using the annual RON/EUR exchange average.

Source: Based on data issued by the INS, 1989–2005

In relation to the purchasing power of the national minimum wage – expressed in Romania's new national currency the 'RON' (RON 1 = ROL 10,000) – in 1999, this accounted for 25.4% of the level recorded in 1989 and for 50.9% of this level in 2005 (Figure 17).

Figure 17: Index of real minimum monthly net wage, 1989–2005 (%)



Source: Based on data issued by the INS, 1989–2005

In Romania, the ratio of the minimum wage to the average wage dropped from 65% in 1989, to 28.6% in 2000, increasing again to 35.1% in 2005. During the same period, the overall net annual salary of all employees as a percentage of GDP¹⁴ decreased from 38.6% in 1990 to 13.7% in 2005.

In recent years, employees’ remuneration in the EU Member States has constituted, on average, 50% of GDP. The latter figure refers to gross remuneration, including the pension and social security contributions of employers and employees. If one includes the total pension and social security costs – which accounted for approximately 10% of GDP in Romania in 2004 and 2005 – total gross remuneration amounts to between 23% and 24% of GDP in Romania. Thus, the proportion of GDP accounted for by net and gross salaries and wages (labour income) appears to be comparatively low in Romania, raising questions about the remaining 75% of GDP. The latter proportion of GDP can be attributed to corporate profits, interest, rental income, the net income of self-employed persons and partnerships (including farmers), capital consumption allowances and taxes. It is widely known that GDP also incorporates subsistence farming, mainly meant for self-consumption, along with other household activities, which constitute a considerable proportion of GDP.

¹⁴ Calculated as: Average annual no. of employees * monthly net wage * 12 months/GDP * 100

Salary increases which fall below the inflation rate are a feature of the post-transition period. Employees and retired employees have been the main victims of attempts made by the authorities to fight inflation.

Following the increased involvement of the BNR in warding off excess market liquidity – arising due to remittances in euro sent home from Romanian citizens working abroad, in addition to an increase in privatisation revenue and in FDI – Romania's national currency grew stronger. The country's GDP expressed in euro rose from €15.1 billion in 1992 to €59 billion in 2004 and €79 billion in 2005. This dramatic rise in GDP, which was not reflected in wage increases, is mainly due to the policy of the BNR and not as a result of fundamental economic factors.

Romania's monetary authority maintained the country's exchange rate, sacrificing wages and pensions as well as their purchasing power. The authorities have persistently tried to stop, or at least to slow down, the rise in salaries and wages for fear of inflation. This has generated a paradoxical situation: in 1999, total net wages (calculated as the average number of employees multiplied by the monthly average net wage multiplied by 12 months) for the country's 4.5 million employees amounted to about €5 billion in 1999 and to between €6 billion and €8 billion in 2002–2005. At the same time, Romanian citizens working abroad have sent home between about €3 billion and €4 billion a year in recent years – the equivalent of about 50% of total wages earned within the country – thus strengthening the national currency. Meanwhile, domestic prices expressed in RON have increased on a continuous basis, even though logically, the strengthening of the national currency should trigger a diminishing trend in domestic consumer prices.

Decline in employment and weakening of social security system

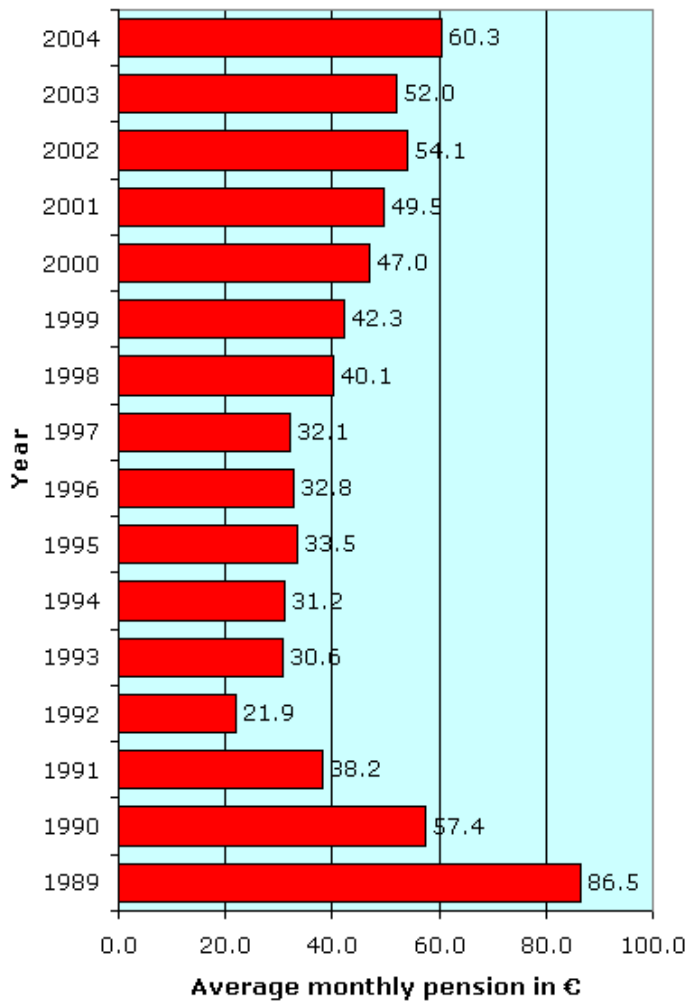
The dramatic fall in the number of employees in Romania has been accompanied by a steady increase in the number of retired people. In 1989, the number of retired people, including persons retired from agriculture or entitled to social security benefits, amounted to about 3.2 million people; by 2002, this figure increased to 6.3 million persons, dropping slightly to 6.2 million people in 2004. The slight decrease in 2004 is not attributed to the work reintegration of medically retired persons or persons due to retire, but rather to a natural demographic phenomenon.

This development has generated, among other things, a huge increase in the level of contributions paid by employers and employees to sustain the social security system. For instance, contributions to pension plans, unemployment and health funds increased from about 14% for employers and 2% for employees in 1989 to around 31.5% for employers and 17% for employees in 2005. These factors, in turn, generate an increase in labour costs; moreover, any rise in base pay might trigger even higher social security costs for employers.

Such developments can be attributed to the ongoing redundancy process, arising from economic restructuring, which has put increased pressures on labour costs, as well as resulting in higher taxation on salaries and wages. The lower the level of salaries and wages, the greater the need to increase social security contributions, in order to obtain the revenue needed for the social protection of an increasing number of retired and unemployed persons.

The average monthly social insurance pension in Romania dropped from €86.50 in 1989 to €21.90 in 1992, rising again to €60.30 in 2004, or €2 a day, for 4.7 million persons retired under the state social insurance scheme (Figure 18). In real terms, the average social insurance pension represented only 51% of the 1989 level in 1998 and 69% of this level in 2004.

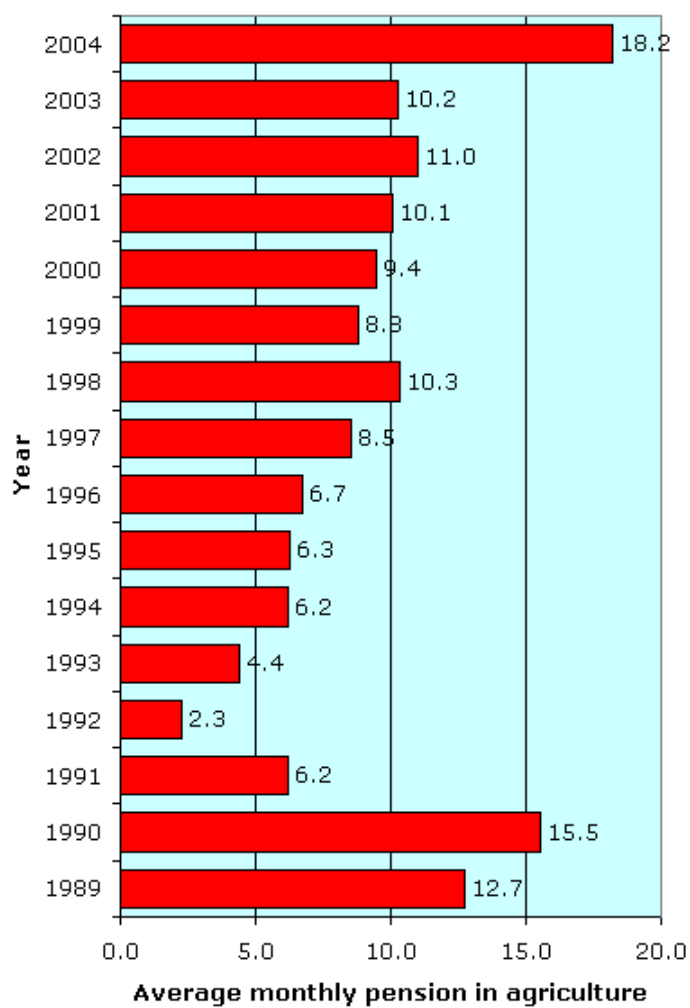
Figure 18: Average monthly social insurance pension, 1989–2004 (€)



Note: The monthly social insurance pension expressed in euro was calculated using the annual ROL/EUR exchange average.
 Source: Based on data issued by the INS, 1989–2004

In the case of persons retired from agriculture, the average monthly pension amounted to €12.70 in 1989, falling dramatically to €2.30 in 1992 and rising again to €18.20 in 2004 (Figure 19).

Figure 19: Average monthly pension of persons retired from agriculture, 1989–2004 (€)



Note: The monthly pension for persons retired from agriculture expressed in euro was calculated using the average annual RON/EUR exchange rate.

Source: Based on data issued by the INS, 2004

3 General overview of quality of work and employment

The transition period in Romania involved major restructuring in economic, social and institutional fields – a process which could not have been realised without sufficient political support. Throughout this process, employment and the quality of working and living conditions underwent significant transformations. However, the impact of the legislative and institutional changes on the development of the labour market and social dialogue in Romania cannot fully be outlined in this report.

Instead, this chapter will take a brief look at a number of aspects relating to quality of work and employment, namely, the:

- main legal changes and their integration in the *acquis communautaire*;
- institutional structures created to ensure the implementation of, compliance with and evaluation of the new regulations;
- setting out of a number of strategies, policies, programmes and action plans by the authorised institutions;
- main sources of data and information available for the evaluation of quality of work and employment in Romania.

Main legal changes relating to quality of work and employment

During the initial transition years in Romania, the quality of work and employment did not constitute a priority for public authorities or employers, the majority of which consisted mainly of state-owned companies, organisations and institutions. This issue was not even a central priority for the newly emerging trade unions at that time. The most significant concerns centred around retaining jobs and creating new labour market institutions.

Labour Code

Within the institutionalised economical system, industrial relations were generally regulated by the constitution and the Labour Code, last amended by Law 10/1972. This law, with some amendments and additions, remained in force until 2003. The Labour Code encompasses provisions pertaining to:

- the rights and liabilities of employees;
- appointment, promotion and the contract of employment;
- work remuneration and good behaviour;
- disciplinary measures and material liability;
- working time and rest periods;
- termination of the employment contract;
- seniority;
- working conditions for women and young people;
- trade unions;
- labour jurisdiction;
- monitoring the enforcement of labour law.

Up until 1990, the constitution and the Labour Code not only guaranteed the right to work, but also enshrined the obligation to work for every citizen who was fit to work. These provisions had various economic, legal, social and political consequences, namely:

- disguising underemployment and overemployment;
- extremely low levels of productivity;
- interfering with workers' initiatives and motivation to develop their career and skills, pursue continuous professional training and education, and acquire professional and territorial mobility;
- severe aggravation of restructuring processes, including of redundancies necessary for absorbing the labour surplus in companies, which legally could not take place as such jobs were guaranteed. Moreover, the social costs of the layoffs could not have been sustained by the financial resources of these companies or by the state budget.

The first legislative attempts made to resolve such difficulties date back to 1990, when a number of measures impinging on the freedom of labour were amended and abolished. Between 1990 and 2003, numerous laws regulating various aspects of labour relations were adopted, although the main provisions continued to be those stipulated under the 1972 Labour Code.

The long overdue new Labour Code – designed to regulate individual and collective labour relations and to offer a new jurisdiction and institutions for the labour market – was only introduced in 2003. This 2003 Labour Code provides for many new elements of Romania's legislative context, although most institutions had no special regulations.

Atypical forms of work are provided for in this Labour Code, due to the revocation of 'civil labour contracts'. The latter type of contract was used instead of a contract of employment, not just in the case of atypical work, but also in order to avoid the high rates of taxation on wages. Since the date of its enforcement, the 2003 Labour Code regulates temporary agency work, the wage guarantee fund, along with occupational health and safety committees.

Under the influence of Romania's EU integration negotiations, Chapter 13 ('Employment and social policy') of the Labour Code underwent significant changes in 2005 and 2006. The main amendments and additions adopted in 2005 cover the following issues:

- relief from restrictions relating to the conclusion of fixed-term work contracts;
- simplification of procedures for employee records;
- flexibility of individual and collective redundancy regulations;
- fewer restrictions on working time and overtime;
- regulation of the cooperation between employers and trade unions with respect to workload;
- introduction of new regulations regarding paid annual leave;
- improvement of the provisions regarding the vocational training of employees;
- revision of the legal system of infringements and sanctions regarding working relations.

In 2006, the amendments made to the Labour Code mainly addressed the deficiencies underlined by the European Commission in its [Monitoring report on Romania \(169Kb PDF\)](#)¹⁵, published on 16 May 2006. The latter report refers to:

- collective redundancies;
- part-time work;
- fixed-term work;
- European works councils;
- the principle of equal pay;
- the insolvency of employers;
- the detachment of workers;
- working time for different activity sectors.

Employment security and career development

Unemployment regulation

Officially, the status of unemployment was governed by Law No. 1/1991, regarding the social protection of unemployed persons and their professional reintegration. This law was subsequently amended in March 2002 by Law No. 76, which regulated the unemployment insurance scheme and the promotion of employment. The 2002 law placed an emphasis on the active measures that need to be taken to increase the employment rate, as well as revising the period and amount of unemployment benefits.

Two years later, in 2004, the law on unemployment insurance and employment was amended twice. The main amendments related to the following issues:

- the extension of unemployment insurance to people hired on temporary or part-time work contracts;
- total or partial subsidisation, under certain conditions and limitations, of employers' expenses for the vocational training of their employees;
- the provision of free conciliation, mediation and arbitration services to employed persons;
- access to unredeemable or low interest loans for job creation initiatives.

Social dialogue and working relations

In 1991, after approximately 45 years, a new law concerning trade unions was adopted in Romania. The new legislation gave employees the right to organise themselves into trade unions, without any restrictions or prior authorisation; this law was subsequently amended and supplemented.

¹⁵ http://ec.europa.eu/enlargement/pdf/key_documents/2006/monitoring_report_ro_en.pdf

In the same year, the government issued a decision regulating the statute of employer organisations, of public corporations and of fully state-owned companies.

In 2001, under Law No. 356 on employer organisations, the regulations of such forms of organisations came close to the European model; however, in 2006, a new law on employer organisations was opened to public debate. Another important step in the field of labour law and employment reform included the adoption, in 1996, of Law No. 130 on collective agreements, which was republished in 1998. This law, among other things, sets out the criteria for representation at national, department and unit level for trade unions and employer organisations. In 1999, Law 168 regarding the settlement of labour disputes was adopted.

Social dialogue in Romania has operated at national level since 1997, when under Law No. 109, the Economic and Social Council (*Consiliul Economic și Social*, CES¹⁶) was established. Sectoral tripartite social dialogue was regulated by the government Decision 314/2001, amended and completed in 2002, regarding the establishment, organisation and functioning of social dialogue commissions within the ministries. Moreover, regional social dialogue commissions are present at county prefecture level; trade unions, employer organisations and county prefecture representatives participate in these commissions.

Employee information and consultation

Until 2006, the provisions regarding the information and consultation of employees (**Directive 2002/14/EC**¹⁷) were dispersed within several laws in Romania, namely: the Labour Code, the law on trade unions, the law regarding collective agreements, and the law on the European Works Council. In 2006, the law establishing a general framework for the information and consultation of employees was elaborated; this law fully transposes into Romanian legislation the European directive which is applicable to companies with at least 20 employees.

Pay

Pay levels remain one of the central themes of social dialogue in Romania. The basis for pay levels in collective bargaining is the minimum wage. In Romania, there are two types of minimum wage. In the public sector, the minimum wage is established by government decision. In the private sector, taking as a point of reference the wage level in the public sector, the social partners negotiate a separate minimum wage, included in the unique collective work agreement at the national or branch level.

In recent years, two minimum wage levels have been set in Romania: a smaller minimum wage level for public sector employees and another, higher wage level for employees working in the private sector. As a result of this anomaly, public sector employees have expressed their discontent and their representative trade unions – mainly those in the education and healthcare sectors – have reacted through protests and strike action. The wage scale for the entire public sector is regulated by means of government decisions or specific ordinances, starting with the annual law of the state budget.

Equal opportunities

Equal opportunities' policy, in terms of the quality of work and employment, has been regulated since 2002 by Law No. 202. This law covers the principles stipulated under the constitution and the Labour Code. It contains provisions for equal pay for equal work, equal treatment regarding redundancies, vocational training and career development, and working conditions.

¹⁶ <http://www.ces.ro/>

¹⁷ http://eur-lex.europa.eu/smartapi/cgi/sga_doc?smartapi!celexapi!prod!CELEXnumdoc&lg=EN&numdoc=32002L0014&model=guichett

Health and safety at work

Apart from the general provisions of the Labour Code, occupational accidents and diseases were regulated by the 1996 Law No. 90 regarding labour protection. As some of the provisions of this law were contrary to both European directives and the new Labour Code, the elaboration of a new law on health and safety at work was necessary. This new law, elaborated in 2006, fully transposes the provisions of the **Framework Directive on health and safety at work**.¹⁸

Romania's imminent accession to the EU generated an increased effort on the part of the government to fully implement the *acquis communautaire*, in compliance with the obligations agreed upon during the negotiation process for Chapter 13 ('Employment and social policy') of the Labour Code and in accordance with the framework law regarding health and safety at work. Thus, in late 2006, Romania adopted 11 government decisions, which ensured the mapping of 11 European Commission directives, from 1989 to 2004.

Eventually, Romania managed to put in place the appropriate legal framework for ensuring working conditions, quality, performance, health and safety at work and private life, in compliance with that of the EU.

Institutional developments

Ministry of Labour, Social Solidarity and Family

In 1990, the institution in charge of labour issues, the Ministry of Labour, became the Ministry of Labour and Social Protection. In 2001, the name of the ministry was changed once again to the Ministry of Labour and Social Solidarity, which, in 2004, became the Ministry of Labour, Social Solidarity and Family (*Ministerul Muncii, Solidarității Sociale și Familiei*, MMSSF).

The main tasks of this ministry are the:

- elaboration of policies, strategies and programmes in the field of employment, income, social assistance and inclusion;
- promotion of legal initiatives and transposition and monitoring of the *acquis communautaire*;
- assurance of national social dialogue and protection of the rights of Romanian citizens working in Romania and abroad.

MMSSF institutions

MMSSF has under its jurisdiction 41 territorial county directorates of labour and social security and eight regional bodies responsible for operational programmes for the development of human resources.

The following institutions are also subordinated under MMSSF:

- the National Authority for Disabled Persons (*Autoritatea Națională a Persoanelor cu Handicap*, ANPH¹⁹);
- the National Authority for the Protection of Children's Rights (*Autoritatea Națională pentru Protecția Drepturilor Copilului*, ANPDC²⁰);

¹⁸ <http://europa.eu/scadplus/leg/en/cha/c11113.htm>

¹⁹ <http://www.anph.ro/>

²⁰ <http://www.copii.ro/>

- the National Agency for Family Protection (*Agenția Națională pentru Protecția Familiei*, ANPF²¹) – this includes the two pilot centres, the Pilot Centre for Assistance and Protection of Family Violence Victims (*Centrul Pilot de Asistență și Protecție a Victimelor Violenței în Familie*) and the Family Information and Consultation Centre (*Centrul de Informare și Consultanță pentru Familie*);
- the OMFM – established in 2001, this body functions as an interface between the Romanian labour supply and demands from foreign employers, based on international government agreements;
- DMS – established in 2004, the OMFM become its direct subordinate. DMS provides assistance to Romanian citizens working abroad and negotiates social security and cooperation agreements with different countries in the labour field;
- the Labour Inspection Office (*Inspeția Muncii*, IM²²) – established in 1999 through the reorganisation of the State Inspectorate for Labour Protection (*Inspectoratul de Stat pentru Protecția Muncii*, ISPM), this office encompasses 41 territorial labour inspectorates, organised as local public services.

Institutions coordinated by MMSSF

MMSSF coordinates the following two institutions:

- the National Institute for Scientific Research of Labour and Social Protection (*Institutul Național de Cercetare Științifică în Domeniul Muncii și Protecției Sociale*, INCSMPS);
- the National Institute for Research and Development of Labour Protection (*Institutul Național de Cercetare-Dezvoltare pentru Protecția Muncii*, INCDPM).

Institutions under authority of MMSSF

The following two bodies are under the authority of the MMSSF:

- the National Agency for Employment (*Agenția Națională pentru Ocuparea Forței de Muncă*, ANOFM²³) – established in 1999 by Law No. 145/1998, the agency is a national interest public institution;
- ANOFM controls 41 agencies nationwide, and also in the Bucharest metropolitan area, which are legal entities with authority to establish subunits for the provision of employment services;
- its main objectives are: the institutionalisation of social dialogue in the field of employment and vocational training; the application of employment and training strategies; and the application of social security measures for unemployed people;
- ANOFM also has five regional centres for the vocational training of adults;
- it is run by a tripartite board of administration, made up of 15 members, five of whom are appointed by the government, five by the representative national trade union confederations and five by nationally representative employer organisations;
- the National House of Pensions and other Social Insurance Rights (*Casa Națională de Pensii și Alte Drepturi de Asigurări Sociale*, CNPDAS²⁴):

²¹ <http://www.anpf.ro/>

²² <http://www.inspectiamuncii.ro/>

²³ <http://www.anofm.ro/>

²⁴ <http://www.cnpas.org/>

- CNPDAS has responsibility for the administration and management of the public pensions scheme and other social security rights, as well as the insurance scheme for occupational accidents and diseases;
- other objectives include the consolidation of the public pensions scheme and the introduction of private pension plans.

Tripartite institutions

- Institutionalised social dialogue first originated in 1997, when, by means of Law No. 109, the CES was established. The council is a tripartite institution, consisting of representatives of the government, trade unions and nationally representative employer organisations. Moreover, through a bipartite system of social dialogue, the trade unions and the employer organisations negotiate and sign collective agreements and settle labour disputes.
- Founded in 1999, the National Council for Adult Vocational Training (*Consiliul Național de Formare Profesională a Adulților*, CNFPA²⁵) is a tripartite institution, which comprises members from central public administration, the national trade union confederations and nationally representative employer organisations. CNFPA plays an advisory role in the creation and promotion of adult vocational training policies and strategies and coordinates the following activities: authorisation of professional training providers by means of county authorisation commissions; elaboration of occupational standards; evaluation and certification of skills acquired by adults through continuous vocational training.
- The National Commission of Equal Opportunities (*Comisia Națională în Domeniul Egalității de Șanse*, CONES) is a tripartite body with territorial structures, coordinated by the National Agency for Equal Opportunities for Women and Men (*Agencia Națională pentru Egalitatea de Șanse între Femei și Bărbați*, ANES²⁶). The commission took over the responsibilities of the former interministerial Commission for Equal Opportunities and also has regional county commissions.
- Other commissions for equal opportunities also exist within the Romanian parliament (*Parlamentul României*) and the CES.

At present, the institutional framework for working conditions lacks national labour courts, although this issue has been subject to extended discussions.

Policies and strategies on quality of work and employment

Up until 2002, legal and institutional developments largely lacked the support of strategies, schemes and national action plans, aimed at solving problems relating to the quality of work and employment. Nonetheless, certain references to this issue can be found in government programmes and in the activity reports of various governments.

EU dimension

In October 2002, in accordance with the provisions of the accession partnership, the Romanian government, together with the European Commission and the Directorate General for Employment and Social Affairs, devised a common evaluation of short-term priorities in relation to Romania's employment policy and labour market – namely, the **Joint Assessment Papers on Employment Policies (in Romanian, 546Kb PDF)**.²⁷

²⁵ <http://www.cnfpa.ro/>

²⁶ <http://www.anes.ro/>

²⁷ http://www.mmssf.ro/website/ro/rapoarte_studii/evaluare.pdf

The latter document sets out specific objectives, which aim to: promote changes in the Romanian labour market; adapt the employment system, so that it is capable of meeting the challenges of implementing the employment strategy; and prepare for Romania's accession to the EU. The progress made in the implementation of these policies is assessed periodically.

National plans and programmes

From 2002, MMSSF adapted to the European model of employment policy planning, by elaborating national action plans for employment. The first of these plans was the 2002 National Action Plan for Employment (*Plan Național pentru Ocuparea Forței de Muncă*, PNAO), which established objectives and measures for the period 2002–2003. This document was developed in collaboration with interested institutions and the social partners, and provides a government analysis of the employment situation in Romania, setting out measures and actions to be taken.

The second **PNAO 2004–2005 (in Romanian, 2.54Mb PDF)**²⁸ was developed in accordance with the **European Employment Strategy (EES)**,²⁹ revised under European Council Decision 2003/578/EC, regarding the guidelines for employment policies. The subsequent PNAO for 2006 places an emphasis on employment in rural areas and on the labour market integration of the Roma people.

The measures for the implementation of employment policies aim to:

- increase the employment rate of the labour force;
- improve productivity and the quality of work and working conditions;
- strengthen social and territorial cohesion;
- reinforce institutional capacity at national, regional and local level;
- reduce local and regional employment gaps by using community funds as efficiently as possible.

Strategic approaches

After the initial plans were devised, the government began to develop specific strategies. The National Strategy for Employment 2004–2010 and the Short-term and Medium-term Strategy for Continuous Vocational Training 2005–2010, represent the first approaches of this kind, developed in collaboration with the social partners.

In 2006, other strategies and plans were developed, including the National Strategy for Equal Opportunities between Men and Women and the action plan for its implementation, approved by a government decision.

In addition, Romania was invited to elaborate its National Reform Programme for the relaunching of the Lisbon Strategy, in compliance with the recommendations of the European Commission. The National Reform Programme Lisbon Strategy 2006, opened by the government to public consultation, includes a reference to the concept of 'flexicurity'. A further objective of this initiative is 'labour market and employment quality for all age groups', measures for which are outlined in the three chapters: flexibility and security; the improvement of competitiveness; and access to employment.

²⁸ http://www.mmssf.ro/website/ro/munca/PNAO2004_2005.pdf

²⁹ http://ec.europa.eu/employment_social/employment_strategy/develop_en.htm#7

Data sources

National Institute of Statistics

Romania's national statistical agency – which was originally established in 1859 and which has undergone several name changes throughout its history – is today referred to as the National Institute of Statistics (*Institutul Național de Statistică*, INS³⁰). The INS is the main provider of data necessary for decision-making purposes and for public use. Every year, the institute publishes the Romanian Statistical Yearbook, which contains various data on the population, the labour force, income, and consumer expenditure and consumption.

The content of the Romanian Statistical Yearbook, which is among the main sources of public statistical data in Romania, also includes data and information based on the principle of selective research, for example with regard to family budgets. The transparency of this institution has increased significantly, particularly since 1995. After 1995, the statistical surveys organised and conducted by the INS started to diversify and are now made public.

Over time, under the aegis of the INS, numerous projects have been promoted. In order to analyse the Romanian labour market, two statistical series are used.

1. The annual survey on the labour force within companies forms the basis for the annual Labour Force Balance (*Balanța forței de muncă*), which is published on 1 January; it also contains data for the previous year.

The employed population recorded in the Labour Force Balance includes all persons who were legally employed at the end of the year, in all fields, with the exception of agriculture, but including paid employees, self-employed persons, unpaid household workers, and members of agriculture or cooperative unions. Excluded from the analysis are employees of the Ministry of National Defence (*Ministerul Apărării Naționale*, MapN), the Ministry of Administration and Domestic Affairs (*Ministerului Administrației și Internelor*, MAI), the Romanian Information Agency (*Serviciului Român de Informații*, SRI), as well as serving military, imprisoned persons, and paid employees of political and administrative organisations. The data in the Labour Force Balance allow for the chronological analysis of occupational indicators, both countrywide and by region (statistical regions or counties).

2. Since 1996, the Household Labour Force Survey (*Ancheta forței de muncă în gospodării*, AMIGO) was introduced, allowing for chronological comparisons at national and county level (statistical regions), as well as at international level (with other countries).

In accordance with AMIGO methodology, the employed population encompasses all persons aged 15 years and older who, during the reference period (a week preceding the interview), have produced goods and services for at least one hour in non-agricultural activities, or for at least 15 hours in the case of independent agriculture workers. The employed population includes all categories of personnel – employees, owners, self-employed persons, household workers, members of some agriculture unions or cooperatives – who have worked in either the formal sector (including national defence and public order, political and public organisations) or the informal sector, with or without legal contracts.

The survey is conducted on a quarterly basis, as a form of continuous research, allowing for seasonal analysis of the labour market. In order to achieve greater harmonisation with the principles and methodologies of the EU, the questionnaires were redesigned in 2002, allowing for the survey to be used as a data source for Eurostat.³¹ The survey sample is based on face-to-face interviews in over 28,000 households, with a maximum error margin of 3%. The extended annual data can be calculated as an arithmetical average of quarterly data.

³⁰ <http://www.insse.ro/>

³¹ <http://epp.eurostat.ec.europa.eu/>

The information gathered from the above surveys has been supplemented over time by other research.

- Territorial data is being collected through the 41 county statistical divisions of the INS, which have been included in the Romanian regional statistics publication since 1996.
- In 2001, in conjunction with AMIGO, the INS conducted a survey on the duration and typology of working time.
- In 2002, the INS conducted a survey on the employment of people with health issues, also in conjunction with AMIGO.
- The long-term monitoring of the evolution of wage levels and structure, along with labour costs, is carried out using data collected through two standardised statistical investigations based on European standards, namely: the survey on labour costs conducted annually by the INS; and the survey on the structure of wage earnings, conducted in 2003, which uses the reference periods of October for monthly wage earnings and the calendar year for annual wage earnings.
- A selective survey on company wages, performed every month, provides short-term statistics on the number of employees, wages, hours worked and labour costs; the survey is standardised according to specific European standards.
- In 2005, the INS conducted a new survey, again in conjunction with AMIGO, concerning the reconciliation of professional and family life. In the same year, the INS also began publishing data on its survey entitled ‘Women and men: Partnership in work and life’ (*Femeile și bărbații: Parteneriat de muncă și de viață*).
- Similar, detailed statistical data on living conditions began to be compiled in 2001, through the Living Conditions Survey (*Condițiile de viață ale populației*, ACOVI). This survey is conducted annually using a representative sample at regional and national level. It collects data on living conditions, working conditions, health and safety, insurance of assets and persons, as well as on the existence of long-life household goods. The variables of the survey have been harmonised with those of the European Community Household Panel.
- The ACOVI survey, conducted between 6–19 June 2005, and published by the INS in 2006, contains a chapter on working conditions which provides statistical data on: the distribution of the employed population by age group and by type of ownership; working time arrangements; working conditions; and respondents’ satisfaction with their professional life. ACOVI is based on a random sample of selected households from urban and rural areas, covering all Romanian counties and categories of households. The survey uses two types of questionnaires – individual and household questionnaires – and covers some 10,920 households; a two-step survey plan is used and, by way of coefficients, the estimations can be considered relevant for the entire population.

Other sources of data

MMSSF compiles various data relating to the labour market.

- On a monthly basis, it publishes data regarding: the average wage; the actual number of employees; the minimum wage; the number of retired persons and the pension amount; the unemployment rate and a territorial breakdown of unemployed persons.
- On a quarterly basis, MMSSF compiles the **Statistical bulletin on labour, social solidarity and family**,³² providing data and information on: working conditions; unemployment and social security for unemployed persons; insurance and social security; child welfare; and protection of disabled persons.
- Each year, MMSSF, along with IM and ANOFM, publish an activity report.

³² http://www.mmssf.ro/website/ro/statistici/buletin_pdf.jsp

In addition, the following organisations publish a range of research.

- Periodically, IM publishes data on occupational accidents, along with reports on a number of campaigns on the enforcement of working conditions and labour legislation.
- Since 2003, OMFM provides data regarding work permits of foreign citizens from Romania.
- DMS publishes data and information on Romanian citizens working in various European countries;
- Since 2005, the new regulations regarding the employee record-keeping register, filled in by employers, provide useful data and information on employment, remuneration, pensions, access to labour protection and safety systems.
- Various aspects of the quality of working conditions and employment are the subject of periodical research by: the National Institute for Economic Research (*Institutul Național de Cercetări Economice*, **INCE**³³) and sub-units of this institute, the Institute of National Economy (*Institutul de Economie Națională*, IEN), the Institute for Quality of Life (*Institutul de Cercetări pentru Calitatea Vieții*, ICCV) and the Centre for Demographic Research (*Centrul de Cercetări Demografice*, CCD); the two research institutes under MMSSF; the Sociology Institute (*Institutul de Sociologie*, IS); the Institute of Public Health (*Institutul de Sănătate Publică*, **ISP**³⁴); university research bodies.
- Trade unions and employer organisations, as well as NGOs, periodically provide results of self-conducted analyses, along with data and evaluations on particular aspects of the quality of work and employment.
- The European Foundation for the Improvement of Living and Working Conditions provides a comprehensive source of qualitative and quantitative research, as well as methodological support for national research on working conditions in Romania.

³³ <http://www.ince.ro/>

³⁴ <http://www.ispb.ro/>

Quality of work and employment in Romania 4

General framework

A comparative analysis between living and working conditions in Romania and the EU Member States represents a significant challenge, given the differences between existing norms and economic and social realities in these countries.

The transposition of the *acquis communautaire* – pertaining to employment and job security, qualification and skills development, working conditions, employee information and consultation, health and safety, and work–life balance – can more readily be compared in terms of the period of time required for the changes to be implemented and for progress to be transformed into practice.

Romania's transition comprised a long and continuous sequence of economic and institutional restructuring processes, which generated major changes in: the level and status of employment, occupational and professional structures, the content of professional qualifications and vocational training, the income hierarchy, methods of payment, and social protection and social security.

Hundreds of thousands, and even millions, of workers were faced with the fact that their previous background, qualifications, skills and abilities were no longer required due to the new realities of the labour market. The economy and society can easily bounce back after major natural disasters or devastating military conflict, as their knowledge and skills still remain intact. However, if people's knowledge is no longer deemed useful, irrespective of the existing financial resources, an economy can collapse until the population and the labour force acquires the critical base of competencies and qualifications necessary for the newly-created economic and institutional structures. As a result, concern for progress in the field of quality of work and life became secondary to the efforts required to ensure the maximum level of employment in an ever-shifting economy in Romania.

Survey-based selective research on working conditions, which uses the same questions for different socio-economic situations, can prove valuable at a certain time, if complemented with other data and facts regarding the particular socio-economic context and its changes in time.

In 2001, Romania was included for the first time in the Foundation's third EWCS; the country was also included in the fourth EWCS, conducted in 2005. The results of these two surveys provide an inventory of working conditions in Romania and allow for an assessment of the progress made in certain areas of working conditions, along with the perceptions of those who responded to the questionnaire. This approach allows for the identification of risk areas and of vulnerable groups and categories. Nonetheless, in order to assess more accurately the status and evolution of working and living conditions, the survey data must be supplemented with other opinions and public information.

Another strength of these surveys is their ability to show that working conditions do not automatically improve as a result of the implementation of the *acquis communautaire* or following the improvement of labour market regulations. For policymakers, as well as employers and workers, the assessment and consolidation of surveys with various data and information and their comparison with EU Member States may underline the weaknesses to be considered, in an effort to promote a positive and quantifiable trend of Romania's alignment to the European social model and to the goals of the Lisbon Strategy.

Perceived working conditions

In relation to workers' level of satisfaction with their working conditions, the 2005 EWCS reveals that 58% of Romanian workers reported that they were either satisfied or very satisfied with their working conditions, compared with 83% of workers in the 25 EU Member States (EU25), 85% of those in the original 15 Member States (EU15) and 76% of workers in the 10 new Member States (NMS) that joined the EU in May 2004 (Table 4).

Approximately 41% of Romanian workers stated that they were ‘not very satisfied’ or ‘not at all satisfied’ with their working conditions, compared with 16% of workers in the EU25, 15% of those in the EU15 and 23% of workers in the NMS. Only 11% of Romanian workers reported that they were very satisfied with their working conditions, in contrast to 26% of those in the EU25, 28% of workers in the EU15 and 15% of those in the NMS.

Table 4: *Level of satisfaction with working conditions, by country group, 2005 (%)*

	Romania	EU25	EU15	NMS
Very satisfied	11	26	28	15
Satisfied	47	57	57	61
Not very satisfied	30	13	12	19
Not at all satisfied	11	3	3	4
No opinion	2	1	0	1

Source: *EWCS, 2005*

About 17% of Romanian workers who were interviewed in the 2005 EWCS either strongly agree or agree with the statement that they might lose their job in the next six months, compared with 12% of workers in the EU25, 11% of respondents in the EU15 and 23% of those in the NMS (Table 5). At the same time, 60% of the Romanian respondents either disagree or strongly disagree with the statement that they might lose their job within the next six months, compared with 71% of respondents in the EU25, 74% of those in the EU15 and 53% of workers in the NMS.

Table 5: *Likelihood of losing one’s job in next six months, by country group, 2005 (%)*

	Romania	EU25	EU15	NMS
Strongly agree	4	4	4	8
Agree	13	8	7	15
Neither agree nor disagree	13	12	11	16
Disagree	22	27	27	27
Strongly disagree	38	44	47	26
No opinion	10	4	4	7
Refusal	1	0	0	0

Source: *EWCS, 2005*

Only 23% of respondents in Romania either agree or strongly agree with the statement that they are well paid for the work they do, compared with 44% of workers in the EU25, 47% of respondents in the EU15 and 29% of those in the NMS (Table 6). Around 49% of the Romanian workers interviewed either disagree or strongly disagree with this statement, in contrast to 30% of EU25 workers, 27% of respondents in the EU15 and 43% of workers in the NMS.

Table 6: *Proportion of workers who consider that they are well paid for the work they do, by country group, 2005 (%)*

	Romania	EU25	EU15	NMS
Strongly agree	3	9	10	6
Agree	20	35	37	23
Neither agree nor disagree	25	26	25	27
Disagree	27	19	18	26
Strongly disagree	22	11	9	17
No opinion	3	1	1	1

Source: *EWCS, 2005*

In order to gain a better understanding of the underlying context which influenced the Romanian workers' responses, this chapter will analyse the following components of quality of work and employment:

- **career and employment security**;³⁵
- **skills development**;³⁶
- **health and well-being of workers**;³⁷
- **work–life balance**.³⁸

Career and employment security

Terms of employment

Changes in workforce participation

As previously outlined, the transition process in Romania involved major economic restructuring, accompanied by a significant reduction in workforce participation.

The Labour Force Balance is a nationwide assessment, which generates statistical data on different aspects of the workforce in Romania including: the general population, the working-age population, work resources, the employed population, and the proportion of paid employees per sector and nationwide. This particular survey instrument includes the incoming and outgoing population and workforce, contrasting it with data for the previous year. The Labour Force Balance is the only statistical tool that allows for chronological comparisons of the centralised economy with previous years, and it has been maintained for this specific purpose. Such an instrument has not been used in western statistics (Eurostat). In order to correlate local efforts in Romania with European statistics, the survey model AMIGO has been adopted since 1996.

³⁵ <http://www.eurofound.europa.eu/ewco/employment/index.htm>

³⁶ <http://www.eurofound.europa.eu/ewco/skills/index.htm>

³⁷ <http://www.eurofound.europa.eu/ewco/health/index.htm>

³⁸ <http://www.eurofound.europa.eu/ewco/balance/index.htm>

As already outlined, the active population recorded in the Labour Force Balance includes all persons who are legally employed at the end of the year, in all fields, with the exclusion of agriculture, but including paid employees, self-employed persons, unpaid household workers, and members of agricultural or cooperative unions. Excluded from the analysis are the employees of MapN, MAI, SRI, military or similarly employed persons, as well as serving military, imprisoned persons, and paid employees of political and administrative organisations. The data included in the Labour Force Balance allow for the chronological analysis of occupational indicators both nationwide as well as by region (statistical regions or counties).

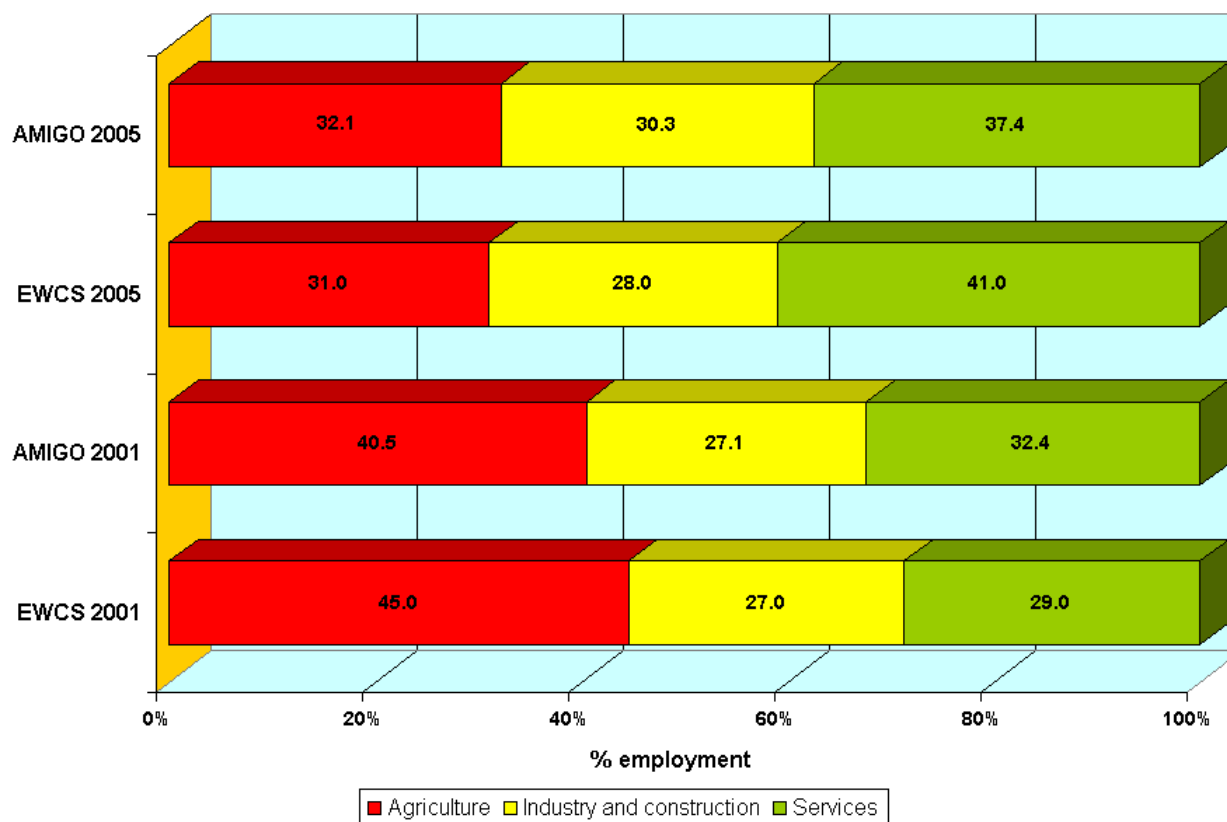
In accordance with AMIGO methodology, the employed population encompasses all persons aged 15 years and older, who, during the reference period (a week preceding the interview), have produced goods and services for at least one hour in non-agricultural activities or for at least 15 hours in the case of independent agricultural workers. The general employed population includes all categories of personnel – employees, owners, self-employed persons, household workers, members of some agriculture unions or cooperatives – who have worked in either the formal sector (including national defence and public order, political and public organisations) or the informal sector, with or without legal contracts.

According to the data provided by the Labour Force Balance, the employed population in Romania decreased by some 2.7 million people between 1989 and 2005, or by 25%, while the working-age population decreased by only 1.6%.

The deep social implications of phenomena such as restructuring and collective redundancies have brought to the forefront the issue of employment security as a matter of major concern in relation to quality of work and employment in Romania. During the initial transition years, career development seemed merely a theoretical matter – a ‘luxury’ that Romanians could not afford given their limited resources and particularly in light of the major waves of collective redundancies generated by restructuring processes. These negative trends have also been detected, albeit on a smaller scale, in the time interval between the two EWCS (2001–2005).

Between 2001 and 2005, the total population in Romania declined by over 680,000 persons, while the employment rate of those aged 15–64 years decreased from 63.3% in 2001 to 57.7% in 2005 (AMIGO). Moreover, the female participation rate in Romania dropped from 58.2% in 2001 to 51.5% in 2005 and is significantly lower than that of men. At the same time, the unemployment rate rose from 6.6% of the population in 2001 to 7.1% in 2005. An analysis of the distribution of workers by sector and activities revealed a decreasing trend in the agricultural sector, contrasted by an increase in the labour force within the services sector (Figure 20).

Figure 20: Level of employment by sector, 2001 and 2005 (%)



Source: EWCS, 2001 and 2005; AMIGO, 2001 and 2005

Based on the findings of the 2005 EWCS, significant differences emerge between Romania and the EU25 Member States in terms of employment in agriculture, which accounts for 31% of overall employment in Romania compared with 4% of employment in the EU25. Significant differences are also apparent in the services sector, which accounts for 41% of employment in Romania compared with 67% of employment in the EU25. Moreover, the level of employment in Romania's agriculture sector is three times greater than that in the NMS, while employment in services is 15 percentage points lower in Romania compared with the NMS.

No significant differences emerge in this context between the EWCS and AMIGO data, and the EWCS survey findings are also confirmed by national statistical data (Table 7).

Table 7: *Distribution of workers by sector, 2001 and 2005 (%)*

Sector	EWCS		AMIGO	
	2001	2005	2001	2005
Agriculture, hunting and forestry	45.0	31.0	40.5	32.1
Mining and quarrying	2.0	1.1	1.4	1.3
Manufacturing	19.0	18.9	19.7	21.4
Electricity, gas, steam and water supply	2.0	2.0	1.9	2.1
Construction	4.0	5.9	4.1	5.5
Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods	8.0	13.3	9.5	10.6
Hotels and restaurants	1.0	0.7	1.2	1.6
Transport, warehousing and communications	5.0	3.1	5.1	4.9
Financial intermediation	1.0	2.0	0.7	0.9
Real estate, rental and business activities	1.0	1.7	1.2	2.5
Public administration and defence; compulsory social security	4.0	2.8	5.5	5.7
Other community, social and personal service activities	9.0	17.4	9.2	11.2

Source: *EWCS, 2001 and 2005; AMIGO 2001 and 2005*

Meanwhile, data from the Labour Force Balance reveal that Romania's agriculture sector recorded a decline in employment from 36.4% of employment in 1994 to 31.9% in 2005 (Table 8). At the same time, employment in industry and construction fell from 34.4% of employment in 1994 to 29.1% in 2005, while the level of employment in services rose from 29.2% of employment in 1994 to 38.9% in 2005.

 Table 8: *Employed population by statistical region and sector (total economy = 100), 1994 and 2005 (%)*

Region	1994			2005		
	Agriculture, forestry	Industry and construction	Services	Agriculture, forestry	Industry and construction	Services
Total Romania	36.4	34.4	29.2	31.9	29.1	38.9
Northeast	46.0	29.2	24.8	42.7	23.7	33.7
Southeast	41.2	29.2	29.6	35.3	27.4	37.3
South	42.2	34.5	23.4	39.8	28.0	32.2
Southwest	46.2	30.7	23.1	42.1	26.9	31.0
West	31.9	36.4	31.6	26.7	34.5	38.8
Northwest	40.0	31.7	28.3	35.0	29.2	35.8
Centre	30.9	41.6	27.4	26.7	34.0	39.3
Bucharest metropolitan area	5.1	39.9	55.0	4.5	31.5	64.0

Source: *INS, Labour Force Balance, 1994 and 2005*

In terms of a regional breakdown of employment, in 2005, agriculture accounted for 42.7% of employment in Romania's northeast region and just 4.5% of employment in the Bucharest metropolitan area (Table 8). Industry and construction accounted for 34.5% of employment in the west and 23.7% of employment in the northeast, while services accounted for 64% of employment in the Bucharest metropolitan area and 31% in the southwest. The data reveal that only Bucharest has a similar employment structure to that of the EU.

The significance of agriculture as a source of employment for the Romanian labour force is particularly high, as more than 90% of Romanian farms consist of agricultural small-holdings, with an average size of approximately 2.7 hectares. Moreover, these farms generally practise subsistence agriculture, whereby production is mainly used for household self-consumption.

The findings show that, for between around 2 million and 2.5 million Romanian farmers, career development opportunities remain relatively weak. Possibilities for alternative or supplementary work among this group of workers extend no further than to unskilled, seasonal or temporary jobs in construction, or to certain low-level manual service activities.

Finally, although workers from this sector are exposed to negative climatic factors and often use outdated equipment, their unfavourable working conditions have never emerged as a matter for public debate. Moreover, the high degree of dispersal renders difficult any collective representation on the part of agricultural trade unions.

Occupational composition of workforce

Considerable differences emerge between the EWCS and AMIGO findings in relation to a breakdown of employment by occupational groups (Table 9). The most significant differences are apparent in the case of farmers and those working in skilled agriculture and fishing: according to the 2001 EWCS, 10.4% of Romania's workforce were engaged in this type of work; conversely, according to AMIGO (2001), as many as 35.9% of workers were found in this category. The data for 2005, however, are more alike, except in relation to the findings for unskilled workers.

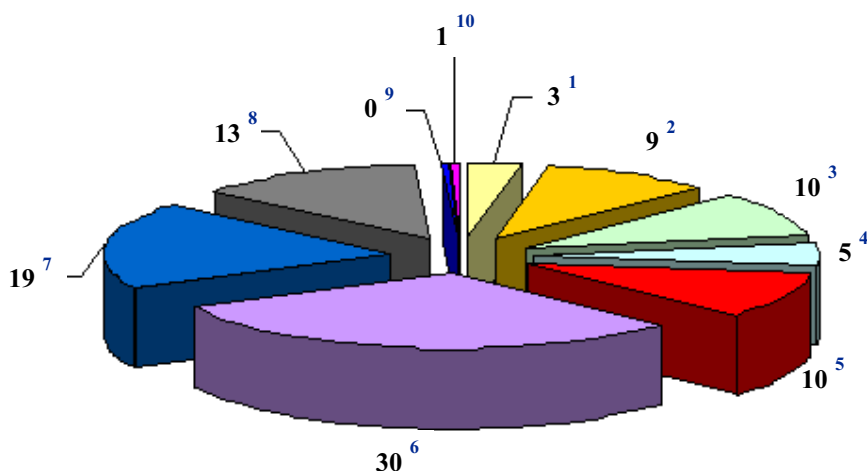
Table 9: *Composition of workforce by occupational group, 2001 and 2005 (%)*

Occupation	EWCS		AMIGO	
	2001	2005	2001	2005
Legislators, managerial and supervisory workers	4.0	3.1	2.3	2.8
Professionals	19.7	9.4	6.4	8.4
Technicians and associate professionals	8.0	10.0	8.5	9.0
Clerks	7.9	4.8	3.7	4.3
Service workers and shop and market sales workers	11.5	9.6	7.6	9.5
Skilled agriculture and fishing workers	10.4	30.5	35.9	26.1
Craft and related trades workers	22.6	19.1	16.4	17.3
Plant and machine operators and assemblers	6.1	12.8	10.6	11.8
Elementary occupations	8.3	0.3	8.4	10.7
Armed forces	1.6	0.5	0.0	0.0

Source: EWCS, 2001 and 2005; AMIGO, 2001 and 2005

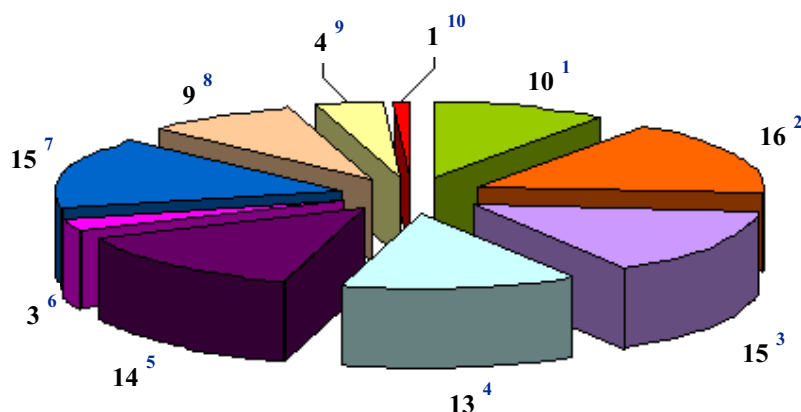
The composition of the workforce according to occupational groups, in both Romania and the EU25, is presented in Figures 21 and 22.

Figure 21: Composition of workforce in Romania, by occupational group, 2005 (%)



Note: (1) Legal, managerial and supervisory positions; (2) Professionals; (3) Technicians and associate professional (4) Clerks; (5) Service workers and shop and market sales workers; (6) Skilled agriculture and fishing workers; (7) Craft and related trades workers; (8) Plant and machine operators and assemblers; (9) Elementary occupations; (10) Armed forces
Source: EWCS, 2005

Figure 22: Composition of workforce in EU25, by occupational group, 2005 (%)



Note: (1) Legal, managerial and supervisory positions; (2) Professionals; (3) Technicians and associate professionals; (4) Clerks; (5) Service workers and shop and market sales workers; (6) Skilled agriculture and fishing workers; (7) Craft and related trades workers; (8) Plant and machine operators and assemblers; (9) Elementary occupations; (10) Armed forces
Source: EWCS, 2005

In 2001, according to official statistics in Romania, blue-collar workers accounted for 62.7% of the annual average number of employees, compared with 59.7% in 2004. Personnel involved in technical, economic, specialised and administrative activities accounted for 37.3% of the workforce in 2001 compared with 40.3% in 2004.

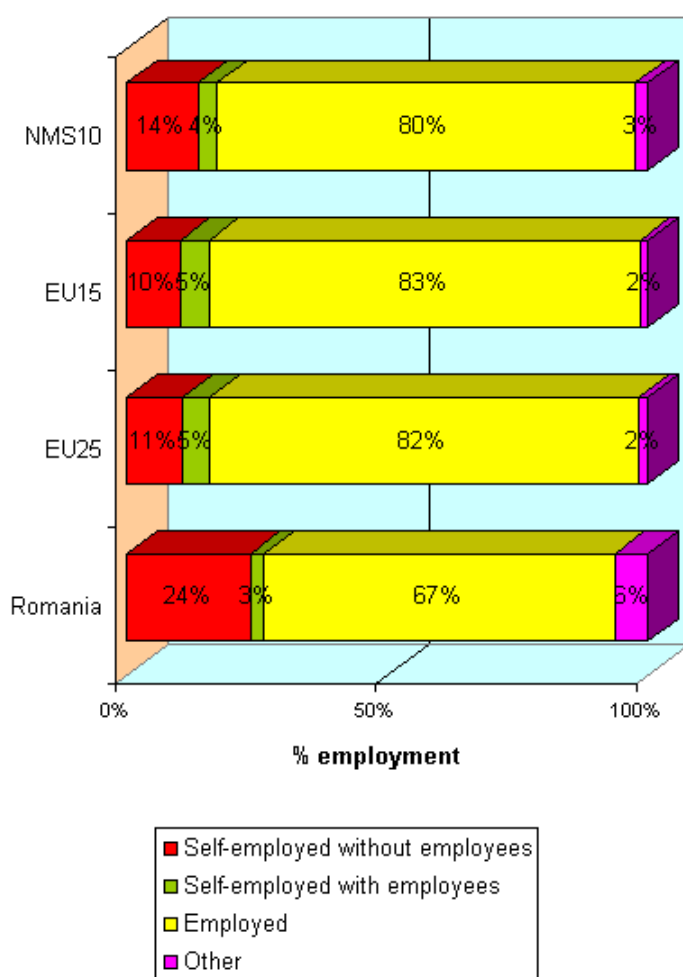
Interestingly, according to the findings of both AMIGO and the EWCS, women's participation in employment remained the same in 2001 and 2005. Data from AMIGO reveal that, in 2005, women constituted the majority of public servant workers (71.8%), followed by operative workers involved in services, commerce and related activities (63.2%), and those working as technicians, supervisors and in other related jobs (62.1%). The lowest proportion of women, on average, was found in all of the other occupational categories combined (25.9%).

Employed population by professional status

The EWCS findings show a decrease in the proportion of employees in Romania from 79% of the employed population in 2001 to 67% in 2005. This is significantly lower than the proportion of employees found in the EU25 (82%), as well as in the NMS (80%). The downward trend in the proportion of employees constitutes a negative factor, which has an impact on income security and on the quality of work and life.

Self-employed workers, without employees, accounted for 24% of Romania's workforce in 2005, compared with 15% in 2001 (Figure 22). By contrast, in the EU25, self-employed workers represented 10% of the workforce in 2001 and 11% in 2005, or 14% of the workforce in the NMS in 2005.

Figure 23: Workforce composition by professional status, 2005 (%)



Source: EWCS, 2005

However, according to AMIGO findings, employees accounted for 57.3% of Romanian employment in 2001 and 64.7% in 2005, while self-employed workers accounted for 23.3% and 19.6% of employment in 2001 and 2005, respectively. The category of unpaid family workers accounted for a high proportion of the total employed population, at 41% in 2001 and 33.4% in 2005.

According to Romanian national statistics, the unpaid family worker is defined as a person who performs tasks in a household under the supervision of a family member or relative, without receiving wages or being paid in kind. Such

workers are usually to be found in low-income households involved in subsistence farming. At present, unpaid family workers are not included in any form of social security coverage; in fact, according to existing regulations, ownership of farmland – even if the land is only adequate for subsistence farming or own consumption – generally excludes workers in rural areas from eligibility to receive unemployment benefits or allowances. Data reveal that these workers can be classed under the category of the so-called ‘working poor’.

Evolution of employment by type of employment contract

A comparison between the regional distribution of employees according to sector in 1994 and 2005 is shown in Table 10. Among its findings, the Labour Force Balance data indicate that although agriculture in Romania accounts for over 30% of employment, it represented only 3% of salaried employees in 2005, compared with 8.9% in 1994. The remaining 97% of the population employed in agriculture were working without a contract in 2005.

According to AMIGO findings, just 64% of the employed population had an employment contract in 2005.

Table 10: *Distribution of employees by sector (total economy = 100), 1994 and 2005*

Region	1994			2005		
	Agriculture, forestry	Industry and construction	Services	Agriculture, forestry	Industry and construction	Services
Total Romania	8.9	52.4	38.7	3.0	43.6	53.4
Northeast	9.4	51.8	38.8	3.4	41.9	54.7
Southeast	15.4	44.5	40.0	4.1	42.8	53.1
South	11.8	55.2	33.0	5.1	47.1	47.8
Southwest	9.2	54.5	36.3	2.6	46.1	51.3
West	9.4	52.1	38.5	3.2	49.9	46.9
Northwest	7.3	52.4	40.3	2.1	46.2	51.7
Centre	8.4	58.5	33.1	2.7	48.8	48.5
Bucharest	1.5	50.2	48.4	1.5	32.8	65.7

Source: *INS, Labour Force Balance, 1994 and 2005*

According to EWCS findings, the percentage of people working on an open-ended employment contract declined from 92% of those on employment contracts in 2001 to 85% in 2005 (Table 11). This was above the average of 76% in the EU25 and 74% in the NMS.

Table 11: *Employment in Romania by contract type, 2001 and 2005 (%)*

	2001	2005
Open-ended contract	92	85
Fixed-term contract	3	6
Temporary employment agency contract	3	1
No contract	0	7
Other	2	0
Don't know/no opinion	1	1

Source: *EWCS, 2001 and 2005*

Between 2001 and 2005, the proportion of fixed-term work contracts in Romania increased from 3% in 2001 to 6% in 2005, in contrast to 12% in the EU25 and 17% in the NMS in 2005 (Table 12).

Table 12: *Employment by contract type and country group, 2005 (%)*

	Romania	EU25	EU15	NMS
Open-ended contract	85	76	77	74
Fixed-term employment contract	6	12	11	17
Temporary employment agency contract	1	2	2	1
Apprenticeship contract	0	1	1	1
No contract	7	7	7	5
Other	0	1	1	1
Don't know	1	1	1	0

Source: *EWCS, 2005*

In relation to fixed-term work contracts, 55% of Romanians working under such contracts were hired for less than a year, compared with an average of 30% of fixed-term contract workers in the EU25, 32% in the EU15 and 26% in the NMS.

Company size

The number of active enterprises in the Romanian economy increased from 130,100 enterprises in 1992 to 308,100 enterprises in 2000 and 394,500 enterprises in 2004. Small and medium-sized enterprises (SMEs) accounted for 126,500, 306,100 and 392,500 of total enterprises in 1992, 2000 and 2004, respectively.

Significant changes occurred in terms of the average size of enterprises, particularly in the case of the number of large enterprises in Romania, which amounted to 3,527 enterprises in 1992, dropping to 2,578 enterprises in 1995, 1,991 enterprises in 2000 and 1,975 enterprises in 2004. At the same time, the proportion of employees who were employed in large enterprises declined, falling from 87.7% of employees in 1992 to 41.8% of employees in 2004 (Table 13). Conversely, the share of employees working in SMEs has increased, rising from 12.3% of employees in 1992 to 58.2% of employees in 2004.

Moreover, the average number of employees in large enterprises dropped by 55%, declining from an average of 1,712 employees in 1992 to 946 employees in 2004 (Table 13). In relation to SMEs, the average number of employees fluctuated, declining from an average of 6.7 employees in 1992 to 3.4 employees in 1995, and rising again to 7.1 employees in 2000.

Table 13: *Employment and average number of employees, by type of enterprise, 1992–2004*

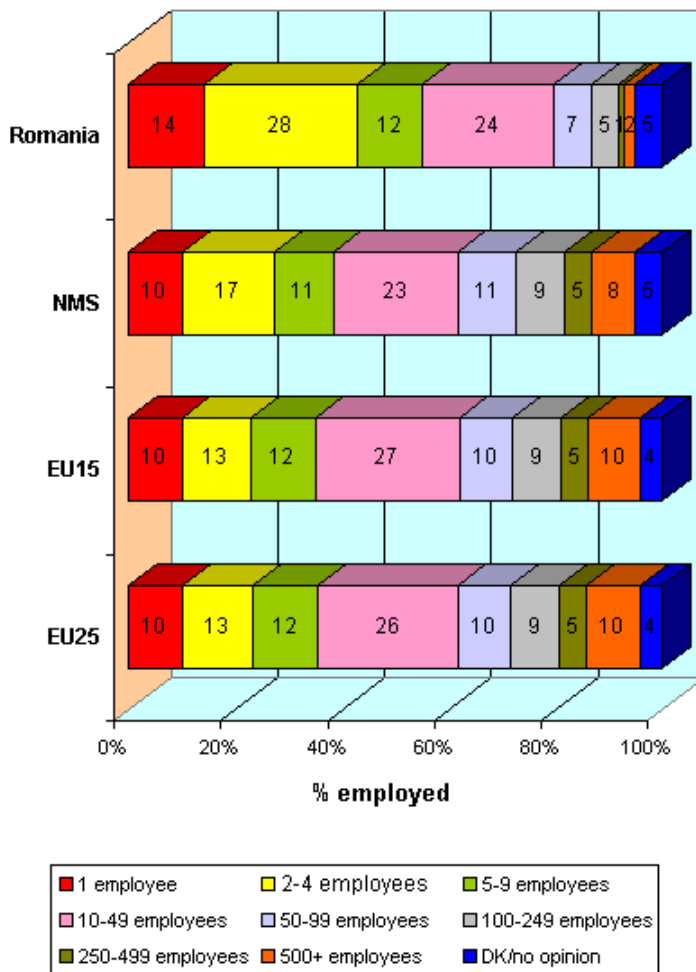
	1992	1995	2000	2004
Total employees (%)	100.0	100.0	100.0	100.0
% employed in large enterprises	87.7	76.1	53.1	41.8
% employed in SMEs	12.3	23.9	46.9	58.2
Average number of employees per enterprise				
Large enterprises	1,712	1,267	1,233	946
SMEs	6.7	3.4	7.1	6.6

Source: *Romanian Statistical Yearbook, various editions and years*

Such developments have an impact on the quality of work and on working conditions. For example, it may be uneconomical to establish special labour protection and security structures in an enterprise with just six or seven employees, compared with an enterprise with between 900 and 1,000 employees.

The EWCS data reveal that, in 2005, about 90% of workers in Romania were employed in enterprises with between one and 249 employees, while just 3% of those interviewed reported that they were employed in large enterprises consisting of more than 250 employees (Figure 24). Some 15% of workers in the EU25 and 13% of those in the NMS were employed in enterprises with over 250 employees in 2005.

Figure 24: Employed population by company size (no. of employees), 2005 (%)



Source: EWCS, 2005

Evidence shows that the size of a company represents an important aspect, both in terms of employment security and career development.

The bankruptcy rate of SMEs has tended to fluctuate in Romania – a factor which appears to have been influenced by the country’s accession to the EU. On average, some 30,000 enterprises close down in Romania each year, while between 50,000 and 60,000 enterprises are established. The competition inherent in the extended European market may generate new challenges for job security in these fledgling enterprises.

Age and seniority

The distribution of employment based on the age profile of workers uncovers a growth in the proportion of younger workers in Romania. According to the EWCS findings, workers aged 15–24 years represented 13% of the total employed population in 2005, compared with 11% in 2001. At the same time, workers in the 25–39 years age group accounted for 40% of employed people in 2005 compared with 35% in 2001, while those aged 40–54 years represented 31% of the total workforce. Workers aged over 55 years of age accounted for 15% of the employed population in 2005, compared with 22% in 2001.

The findings regarding employment distribution by age group differ somewhat in AMIGO and the EWCS, particularly in relation to workers aged 15–24 years: in the AMIGO survey, those in the latter age group represented some 9.4% of employed people compared with 13% of those in the EWCS sample in 2005. Smaller differences emerge in relation to the findings for those aged 25–39 years, who accounted for 42.6% of the employed population in AMIGO compared with 40% in the EWCS in 2005. At the same time, workers in the 40–54 years age group represented 33.5% of the total employed population according to the AMIGO findings, compared with 31% of workers interviewed for the EWCS in 2005.

In terms of the distribution of workers by seniority in the same company, similar findings can be observed for Romania and the EU25, with average seniority in the same company amounting to 10 years in both Romania and the EU25 (Table 14).

Table 14: *Employed population by average seniority (no. of years) and country group, 2005 (%)*

	Romania		EU25		EU15		NMS	
	Seniority in the same company	Total seniority	Seniority in the same company	Total seniority	Seniority in the same company	Total seniority	Seniority in the same company	Total seniority
Less than 4 years (%)	39	22	41	14	41	14	42	15
5–10 years (%)	23	15	25	18	25	17	25	18
11–20 years (%)	22	23	17	21	17	21	17	21
>20 years (%)	16	40	17	47	17	47	16	45
Average seniority (no. of years)	10	17	10	19	10	19	9	18

Note: *Figures pertain to the total number of respondents without non-responses.*

Source: *EWCS, 2005*

As regards overall seniority, the average is shorter by two years in Romania (17 years), compared with that of the EU25 (19 years). The largest differences in seniority are identified in relation to the category of workers with total seniority of less than four years, which accounted for 22% of Romanian respondents, compared with an average of 14% of respondents in the EU25, along with workers citing seniority of more than 20 years, which accounted for 40% and 47% of respondents in Romania and the EU25 respectively.

Income

Levels of income constitute one of the main reasons for dissatisfaction among Romanian workers. As previously shown, only 23% of Romanian respondents agreed with the statement that they are well paid for the work they do, compared with some 49% of respondents who did not agree with this statement.

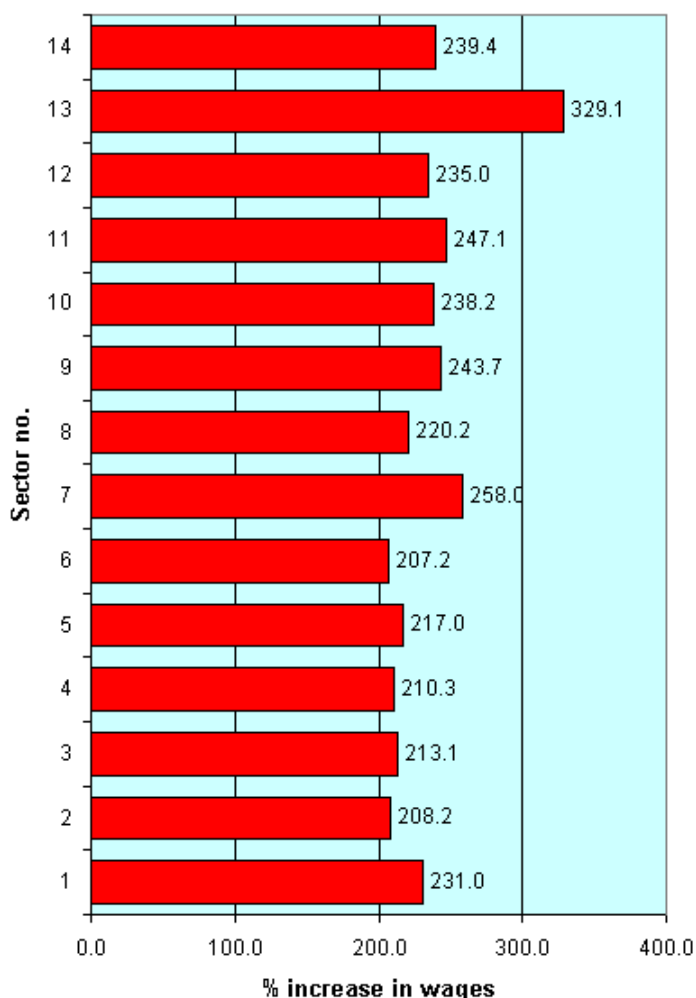
According to the annual ‘Survey on the distribution of employees by wage groups’ (*Repartizarea salariilor pe grupe de salarii*), conducted by the INS in October of each year, employees can be grouped according to their gross monthly wage, as follows: in 2005, about 23% of the total number of employees (or 21.5% of male employees and 25.2% of

female employees) received a wage either equal to or below the minimum gross wage, compared with 14.7% of employees (or 12.6% of male employees and 16.7% of female employees) in 1999.

Employees receiving wages that are equivalent to between one and 1.25 times the minimum wage represented 11.9% of the total number of employees in 2005, compared with 9.7% in 1999. At the same time, 37% of employees in 2005 reported that they received a monthly income of between 1.26 and 2.5 times the minimum wage, compared with 42.3% of employees in 1999. Some 27.3% of personnel in 2005 and 32.9% of those in 1999 cited receiving a gross income of between 2.6 and 12.5 times the minimum wage. Finally, between 0.7% and 0.8% of employees earned a gross wage of more than 12.5 times the minimum wage.

By October 2005, the average gross wage in Romania, expressed in euro, had increased by 2.3 times (2.27 times for men and 2.37 for women) compared with the level recorded in October 1999 (Figure 25).

Figure 25: Increase in average gross wage of employees working for at least 21 days, by sector, between October 1999 and 2005 (%)

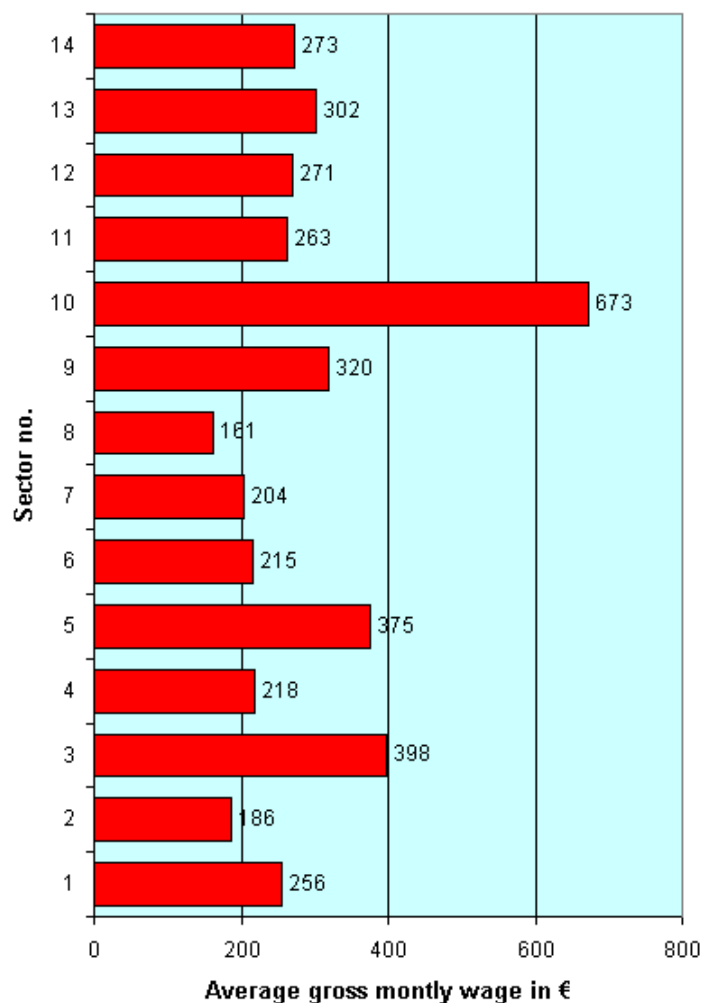


Note: (1) Total Romania; (2) Agriculture, hunting and forestry; (3) Mining and quarrying; (4) Manufacturing; (5) Electricity, gas, steam and water supply; (6) Construction; (7) Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods; (8) Hotels and restaurants; (9) Transport, warehousing and communications; (10) Financial intermediation; (11) Real estate, renting and business activities; (12) Public administration and defence; compulsory social security; (13) Education; (14) Other community, social and personal service activities

Source: Based on data issued by the INS, 1999 and 2005

In terms of sectoral differences, the highest average wage increases in Romania, between October 1999 and October 2005, were recorded in education (3.29 times' increase), trade (2.58 times), real estate (2.47 times), and transport and warehousing (2.44 times). Below-average increases were observed in construction (2.07 times), agriculture (2.08 times), and manufacturing and mining (2.1 times). As the findings in Figure 26 show, significant differences emerge in the average gross monthly wage according to sector in 2005.

Figure 26: Average gross monthly wage of employees working for at least 21 days, by sector, October 2005 (€)

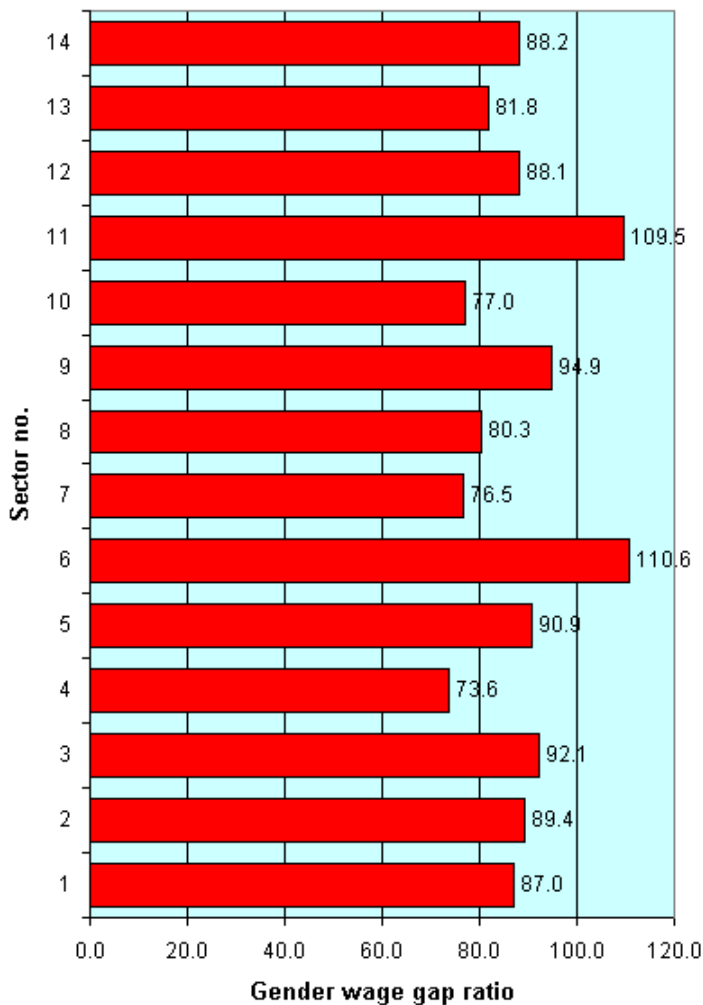


Note: (1) Total Romania; (2) Agriculture, hunting and forestry; (3) Mining and quarrying; (4) Manufacturing; (5) Electricity, gas, steam and water supply; (6) Construction; (7) Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods; (8) Hotels and restaurants; (9) Transport, warehousing and communications; (10) Financial intermediation; (11) Real estate, renting and business activities; (12) Public administration and defence; compulsory social security; (13) Education; (14) Other community, social and personal service activities

Source: Based on data issued by the INS and BNR, 2005

In relation to the gender gap between the wages of men and women, Figure 27 shows the ratio between the average gross wage of women and men in 2005.

Figure 27: Gender gap ratio in average gross wage, by sector, 2005 (average gross wage of men = 100)

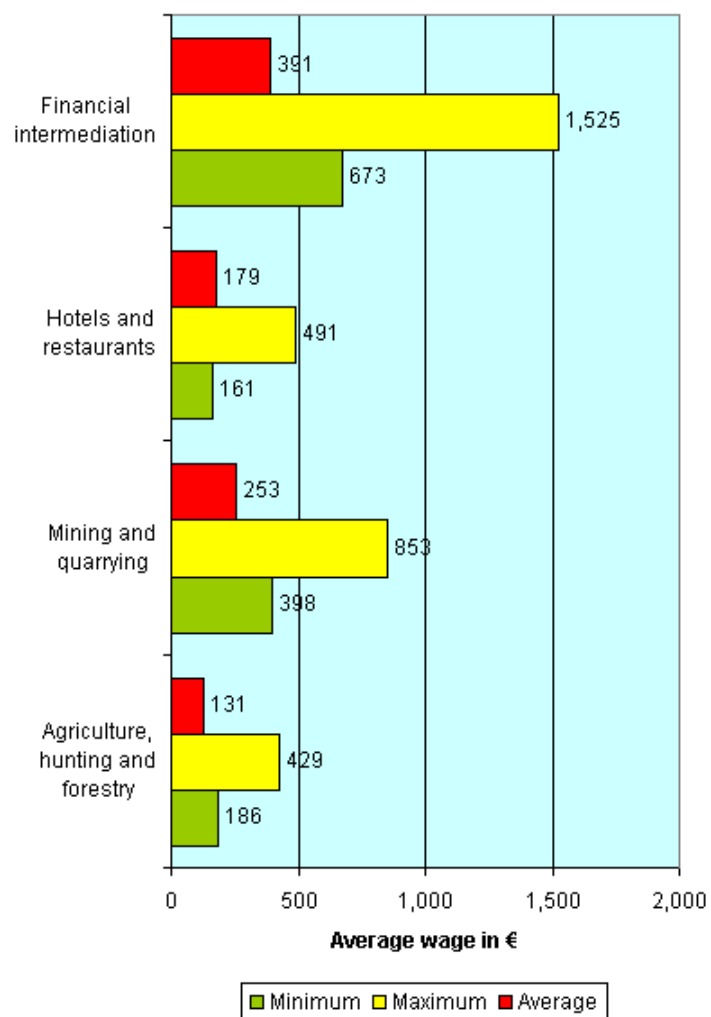


Note: (1) Total Romania; (2) Agriculture, hunting and forestry; (3) Mining and quarrying; (4) Manufacturing; (5) Electricity, gas, steam and water supply; (6) Construction; (7) Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods; (8) Hotels and restaurants; (9) Transport, warehousing and communications; (10) Financial intermediation; (11) Real estate, renting and business activities; (12) Public administration and defence; compulsory social security; (13) Education; (14) Other community, social and personal service activities

Source: Based on data issued by the INS, 2005

With respect to the maximum wage according to sector, in October 2005, the maximum gross wage was €1,525 in financial services, followed by €853 in mining and quarrying (or 55.9% of the maximum wage), and €491 in hotels and restaurants (32% of the maximum wage). The minimum average gross wage was found in agriculture, amounting to €131 (Figure 28).

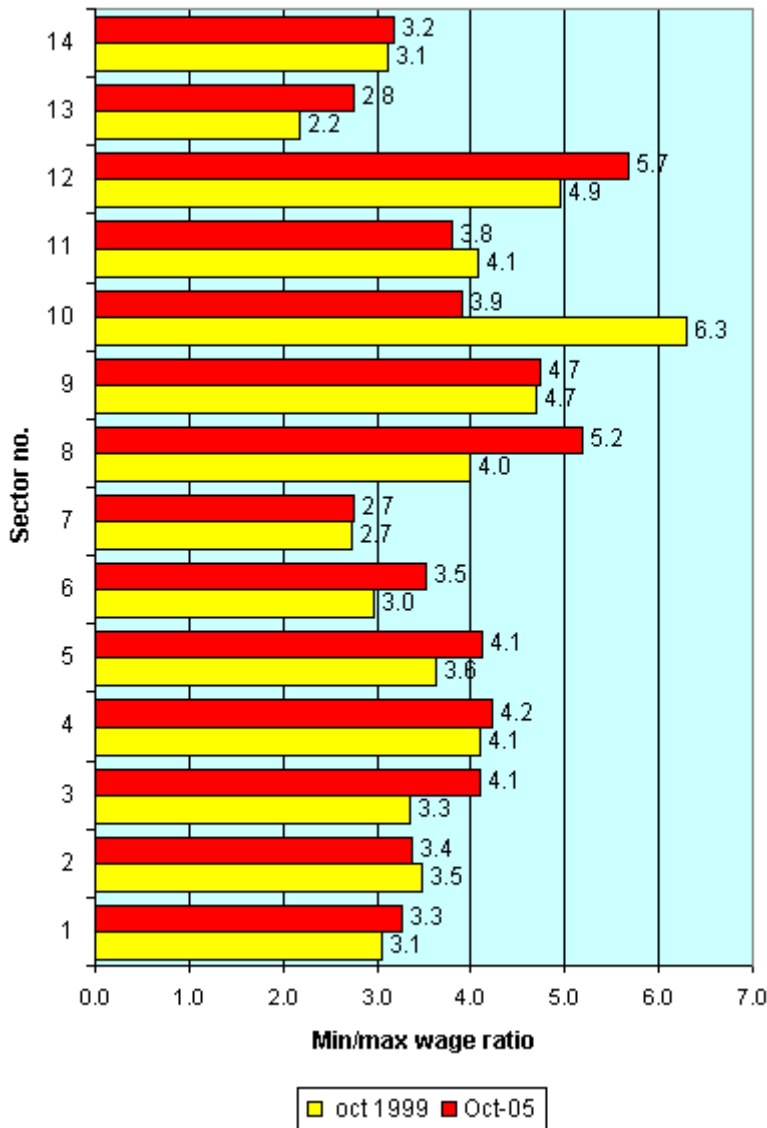
Figure 28: Minimum, maximum and average gross wage, by sector, 2005 (€)



Source: Based on data issued by the INS and BNR, 2005

In 1999, the highest ratio between the minimum and maximum wage of 1:6.3 was found in financial services, while the lowest ratio of 1:2.2 was found in education (Figure 29). In October 2005, the highest ratio of 1:5.7 was recorded in public administration, while the lowest ratio of 1:2.7 was found in wholesale and retail trade. Moreover, the range of women's wages was larger than that of men, both in 1999 and 2005.

Figure 29: Ratio between minimum and maximum wage, by sector, October 1999 and 2005



Note: (1) Total Romania; (2) Agriculture, hunting and forestry; (3) Mining and quarrying; (4) Manufacturing; (5) Electricity, gas, steam and water supply; (6) Construction; (7) Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods; (8) Hotels and restaurants; (9) Transport, warehousing and communications; (10) Financial intermediation; (11) Real estate, renting and business activities; (12) Public administration and defence; compulsory social security; (13) Education; (14) Other community, social and personal service activities

Source: Based on data issued by the INS, 1999 and 2005

In relation to occupational differences in wage levels, in October 2005, the highest average wage of €734 was received by senior managers (Table 15). By sector, the maximum wage ranged between €1,906 for senior managers in financial institutions and €302 for those working in specific jobs in the field of health and social security. The minimum gross monthly wage in October 2005 amounted to €132 for workers in public administration, which was around 14.4 times lower than the maximum wage level recorded for senior managers in financial institutions.

Table 15: Maximum and minimum average gross wage levels, by occupational group and sector, October 2005 (€)

	Average national gross wage (€)	Maximum		Minimum		Max/ Min ratio
		Sector	Average gross wage (€)	Sector	Average gross wage (€)	
Total	327	5	951	4	203	14,4
Senior managers	734	5	1,906	2	496	3,8
Professionals	517	5	901	2	476	1,9
Technicians	350	1	615	3	283	2,2
Clerical workers	298	5	477	4	224	2,1
Services and sales workers	176	1	429	8	132	3,2
Agricultural and fishery workers	172	7	302	6	144	2,1
Skilled craft workers	284	1	471	8	184	2,6
Machine operators	278	1	474	6	188	2,5
Unskilled workers	172	1	474	8	188	2,5

Note: (1) Mining and quarrying; (2) Agriculture, hunting and forestry; (3) Commerce; (4) Hotels and restaurants; (5) Financial intermediation; (6) Education; (7) Health and social security; (8) Public administration

Source: Based on data issued by the INS, 2005

Working time

The average number of daily and weekly working hours are influenced, firstly, by the proportion of full-time and part-time workers. Results from the EWCS 2005 survey indicate that full-time workers accounted for 86% of the total working population in Romania, compared with the EU25 average of 83%. The proportion of part-time workers in 2005 was 14% in Romania, compared with 17% in the EU25. Overall, the proportion of part-time workers represented 10.2% of the total employed population in Romania and 8.7% of the total number of employees, respectively. However, some 27% of the total employed population in the agriculture sector were part-time workers (AMIGO, 2005); this sector employs 85% of those working part-time in Romania.

In 2005, over 40% of Romanian respondents who worked part time expressed their willingness to work on a full-time contract, compared with only 22% of those in the EU25, implying a high level of involuntary part-time work in Romania. Conversely, almost 30% of Romanians would prefer fewer working hours, in contrast to just 6% of workers in the EU25.

A clear imbalance emerges in terms of the average weekly working hours of Romanian workers in their main paid job, compared with the average of workers in other EU countries (Table 16). Results of the EWCS 2005 reveal that 51% of respondents worked, on average, over 40 hours a week in their main paid job, compared with 25% of respondents in the EU25, 23% in the EU15 and 39% in the NMS. At the same time, some 47% of Romanian respondents worked between 10 and 39 hours a week compared with 73% of those in the EU25, while some 2% of respondents in Romania reported working less than 10 hours a week – an average which was the same across the EU25, along with the EU15 and the NMS. In 2001, 78% of those interviewed in Romania claimed that they worked more than 40 hours a week, while 20% worked between 10 to 39 hours, and 2% less than 10 hours.

Table 16: Average weekly working hours of workers in main paid job, by country group, 2005 (%)

No. of hours	Romania (%)	EU25 (%)	EU15 (%)	NMS (%)
<10	2	2	2	2
10–39	47	73	75	59
40–44	4	8	8	10
>45	47	17	15	29

Source: EWCS, 2005

AMIGO data for 2005 reveal that women worked an average of 40 hours a week, which was 1.5 hours less than the average weekly working time of men (41.5 hours). Among full-time employees, the gender gap in working time amounted to just 0.7 hours, based on an average of 42 hours for men and 41.3 hours for women.

Meanwhile, the EWCS data show that during the period 2001–2005, the average weekly working time in Romania rose from 45.9 hours to 46.4 hours a week, while in the EU15 it dropped from 38.2 hours to 37 hours a week, and from 44.4 to 42.8 weekly hours in the NMS.

In terms of the number of working days, the EWCS results indicate that only 44.2% of Romanians worked five days a week in their main paid job, compared with 66.1% of EU25 workers and 63.6% of NMS workers (Table 17).

Table 17: Responses regarding various features of working time, by country group, 2005

Question	Romania	EU25	EU15	NMS
How many hours do you usually work per week in your main paid job? (no. of hours)	46.4	38.2	37.4	42.8
You work five days a week in your main paid job (% yes)	44.2	66.1	66.5	63.6
Besides your main paid job, do you have another paid job? (% yes)	5.8	6.2	5.9	8.0
How many minutes a day do you normally spend travelling from home to work and back? (no. of minutes)	53.9	41.1	40.9	42.0
You work more than your regular schedule, i.e. more than 10 hours a day, more than 5 times a month (% yes)	36.3	15.9	15.1	20.3
You work the same number of hours everyday (% yes)	52.1	58.5	58.6	57.9
You work the same number of days every week (% yes)	70.4	74.1	75.1	68.9
You begin and end your schedule at a fixed time (% yes)	45.8	61.2	60.8	63.6
You work in shifts (% yes)	21.0	17.1	16.0	23.0
You work with less flexible time arrangements (% yes)	62.4	65.2	64.1	71.2

Source: EWCS, 2005

The fact that the average weekly working time is almost one working day longer in Romania than in the EU countries is mainly due to differences in average daily working hours: 36.3% of Romanian workers work more than 10 hours a day compared with 15.9% of those in the EU25 and 20.3% in the NMS.

Moreover, Romanian workers seem to have more flexible working time arrangements, since only 45.8% declare that they have a fixed arrival and departure time, compared with 61.2% of those in the EU25 and 63.6% in the NMS. Nonetheless, this can probably be attributed to the large proportion of non-salaried workers and, in particular, to the considerable share of mainly self-employed agricultural workers.

Finally, with regard to commuting times, Romanian workers take longer to travel to and from work at an average of 53.9 minutes a day, compared with an average of 41.1 minutes among their EU25 counterparts; in Romania, this figure increased from an average of 49.5 minutes in 2001.

Information and consultation of employees

Results of the EWCS 2005 indicate that 42.2% of workers in Romania have been consulted about changes in the organisation of work and in working conditions, compared with an average of 47.1% of workers in the EU25 (Table 18). In addition, the proportion of persons subject to a regular formal assessment of their work performance in Romania is virtually the same as that in the EU25 Member States at 40.4% and 39.9% of workers respectively.

Table 18: *Extent of information and consultation at the workplace, by country group, 2005 (%)*

Question	Romania	EU25	EU15	NMS
Have you been consulted about changes in the organisation of work and/or your working conditions?	42.2	47.1	46.9	42.2
Have you been subject to a regular formal assessment of your work performance?	40.4	39.9	39.2	40.4
Do you consider that you are well informed regarding the health and safety risks related to the performance of your job?	78.5	83.3	82.4	78.5

Source: *EWCS, 2005*

Over 78% of workers state that they are well informed regarding potential health and safety risks at work, compared with an average of 83.3% of workers in the EU25.

An evaluation report, entitled ‘Information, consultation and participation of employees in Romania’, commissioned by the CES and completed by the ICON Institute in December 2005, indicates that only 65% of employees and 57% of employee representatives were aware of specific laws relating to the information and consultation of employees. In the case of large enterprises, 100% of employers and 98% of employees were aware of such laws, compared with just 51% and 57% of medium-sized enterprises. The majority of employers and employee representatives (85%) stated that the information and consultation of employees takes place ‘as often as necessary’.

Career development opportunities

In relation to career advancement opportunities in respondents’ present job, more than 61% of Romanian workers indicate that their career advancement possibilities are limited, while 16% are undecided, 6% have no opinion and only 17% gave a positive response. In the EU25, just 45% of respondents are pessimistic about such opportunities, while 31% consider that their current job provides them with career development possibilities.

In addition, 34% of Romanian workers state that their current job provides them with no opportunities to learn and grow, compared with 26% of workers in the EU25. A relatively similar proportion of 35% of Romanian workers state that no such opportunities exist, while 30% are undecided or have no opinion on this issue.

Skills development

Transition and economic restructuring processes have strongly influenced the size, number and sectoral distribution of enterprises and the distribution of the labour force by occupation. Within each industry, as well as the different enterprises, major changes have occurred in the job tasks, job content, knowledge, qualifications and skills required by employers, arising from the new market orientation and the opening of the economy to foreign trade.

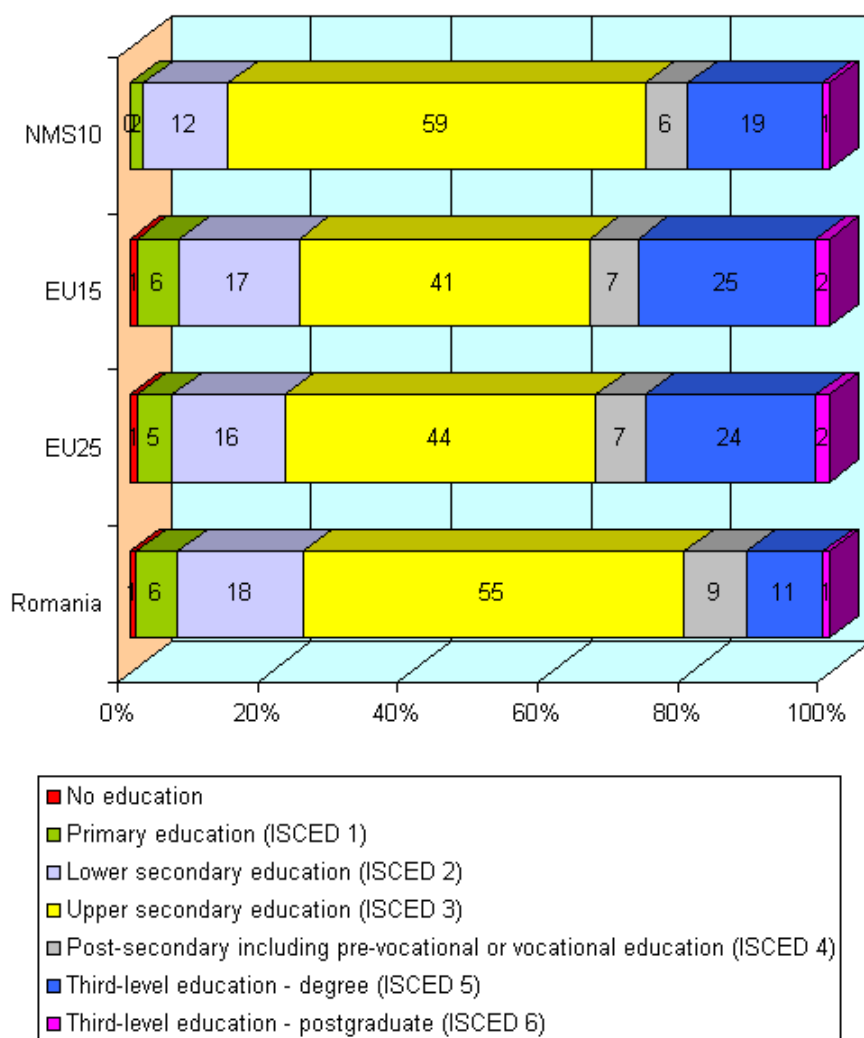
At the same time, extensive institutional and legal developments have created a demand for new values and knowledge, which workers have in turn had to adapt to. In fact, virtually all occupations or jobs have required, in one way or another, the need for new knowledge and lifelong learning.

Changes in the work organisation have imposed new demands, both in existing and new professions, arising from a labour market which is increasingly dictated by the demands of a market economy. This has resulted in an increasing orientation towards professional skills, complemented with other competencies such as interpersonal and communication skills.

Decentralisation and reductions in company size have had an impact not only on the content of HRM, but also on the economic, technical and social autonomy of workers. In particular, new entrepreneurs, self-employed persons and freelancers have emerged as a growing category of workers in the changing labour market.

Results of the EWCS 2005, along with responses to other quantitative and qualitative research, provide an insight into the development of skills in Romania. In 2005, according to EWCS data for Romania, 1% of the workforce had no education whatsoever – the same level as that found in both the EU15 and the EU25 (Figure 30). At the same time, some 6% of the workforce had a primary education – a level equal to that observed in the EU15. Around 18% of workers had obtained a lower secondary education, while 55% graduated from upper secondary education, compared with 41% of respondents in the EU15.

Figure 30: Education levels of Romanian workforce, by ISCED classification (%)



Source: EWCS, 2005

Approximately 9% of Romanian interviewees claimed they had completed a post-secondary education, while 11% of respondents had obtained a third-level education (degree level), compared with 24% of respondents in the EU25 and 19% in the NMS.

AMIGO data indicate that among the employed population, the share of graduates with a short-term and long-term higher education increased from 9.3% in 2001 to 12.6% in 2005 (Table 19); this implies a significant educational upskilling of the working population in a comparatively short period of time.

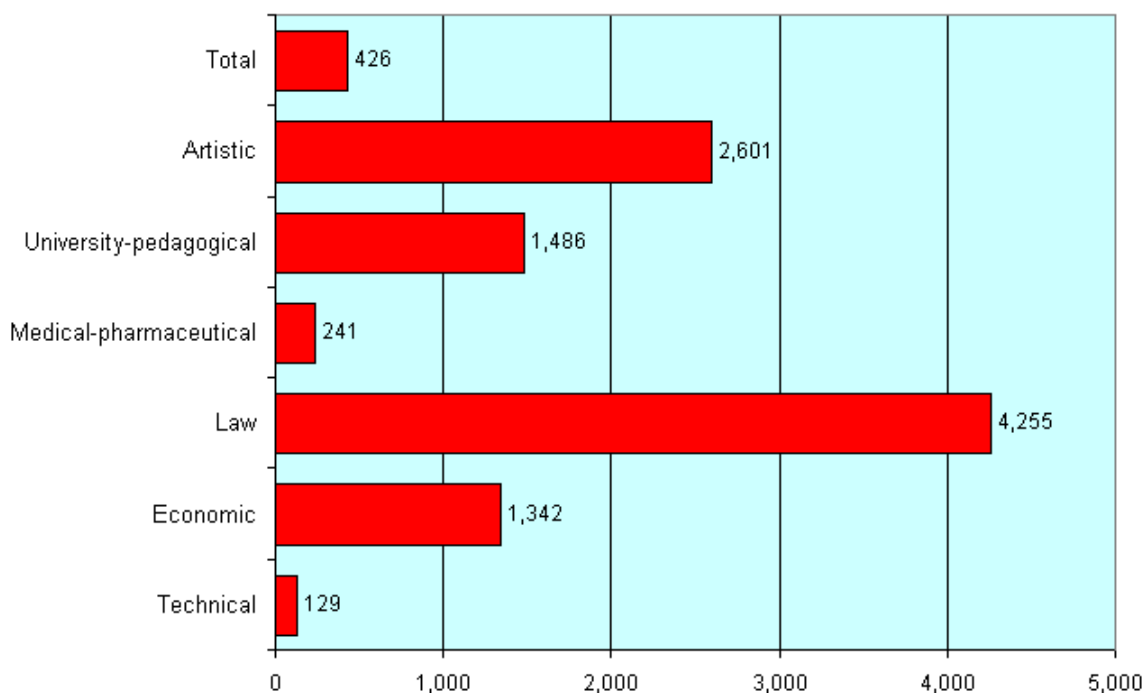
Table 19: *Level of education of employed population, by sex and location, 2001 and 2005 (%)*

	Year	Employed population	Higher	Medium	Lower	Medium/higher	Medium and lower/higher
Total	2001	100.0	9.3	57.1	33.6	6.2	9.8
	2005	100.0	12.6	61.0	26.4	4.8	6.9
Men	2001	100.0	9.3	61.5	29.2	6.6	9.7
	2005	100.0	11.9	64.4	23.7	5.4	7.4
Women	2001	100.0	9.2	52.1	38.7	5.6	9.8
	2005	100.0	13.4	56.9	29.6	4.2	6.5
Urban	2001	100.0	17.2	73.3	9.5	4.3	4.8
	2005	100.0	21.2	70.3	8.5	3.3	3.7
Rural	2001	100.0	2.0	42.2	55.8	21.0	48.7
	2005	100.0	2.7	50.4	46.9	18.6	35.8

Source: AMIGO, 2001 and 2005

In Romania, a larger proportion of women than men attended higher education institutions. Moreover, an urban–rural divide is evident in this respect: in 2005, 21.2% of the labour force in urban areas had received a higher education, compared with only 2.7% of those in rural areas. According to available statistical data, between 1991 and 2004, over 892,600 persons in Romania graduated from a higher education institution, whereas, in 2005 (AMIGO), 1.15 million employed persons had attended a higher education institution. The transition to a market economy has generated huge changes in the number and profile of third-level graduates. In 2004, the total number of third-level graduates was 4.26 times greater than the level recorded in 1991 (Figure 31).

Figure 31: Profile of third-level graduates, 2003 and 2004 (1990/1991=100)



Source: Based on data issued by the INS, 2003 and 2004

The number of students who graduated with a professional, vocational or apprenticeship qualification has also changed. In 2004, this level decreased by 30% compared with that in 1991 and by 50% compared with the 1993 level. During the same period, the ratio between the number of third-level graduates and the number of vocational education graduates increased from 0.22:1 to 1.42:1.

In 2005, just 1.2% of those employed in agriculture had completed a higher education, while over 61% had only received a lower education (lower secondary, primary or no education). Not surprisingly, those in the education sector ranked highest in terms of educational attainment: some 52% of people employed in this sector are third-level graduates, while 6.9% have a post-secondary education and 5.7% have only obtained a lower secondary education (AMIGO, 2006).

The EWCS 2005 data for Romania indicate that a larger proportion of people are leaving the education system quite early: 5% of respondents left school before they reached the age of 14 years, while 57% left school between 14 and 18 years of age, and 24% left school between the ages of 19 and 23 years (Table 20).

Table 20: Distribution of workers by age at which they stopped full-time education and by country group (%)

Age group	Romania	EU25	EU15	NMS
<14 years	5	3	3	0
14–18 years	57	51	51	49
19–23 years	24	30	28	37
24–29 years	8	12	12	10
30+	1	1	2	0
Still studying	4	2	2	2
Refusal	1	1	1	1

Source: EWCS, 2005

In relation to the EWCS question regarding the correlation between the level of training and the job requirements, considerable differences emerge in the opinions of workers in Romania compared with those expressed by respondents in other countries (Table 21).

Table 21: *Correlation between level of training and current job requirements, by country group (%)*

	Romania	EU25	EU15	NMS
I need further training to cope well with my duties	11	13	13	14
My duties correspond well with my present skills	42	51	51	52
I have the skills to cope with more demanding duties	44	33	34	30
No opinion	3	2	2	4

Source: *EWCS, 2005*

Only 11% of Romanian respondents consider that they need further training to cope with their duties, compared with between 13% and 14% of those in other EU countries. An increasing proportion of Romanian workers state that they have the skills to cope with more demanding duties: some 44% of Romanian respondents state that this is the case, compared with 33% of those in the EU25 and 30% of respondents in the NMS, possibly suggesting an over-qualification of the workforce in Romania.

Vocational training must obviously comply with the job content, even if it refers to complex working equipment, precise quality standards, monotonous or complex operations, new knowledge, and the implementation of one's own ideas at work.

According to the EWCS 2005 data, fewer workers in Romania than in the EU report having to meet precise quality standards: 68% of workers indicate that they are subject to precise quality standards, compared with almost 75% of respondents in the EU25 (Table 22). At the same time, 59.8% of Romanians state that the main paid job involves an assessment of their own work, compared with 72.6% in the EU25. According to 73.3% of Romanian respondents, compared with over 81% of those in the EU25 countries, their main paid job may entail solving unforeseen problems.

Table 22: *Job content and professional training, by country group (% of total responses)*

The main paid job involves:	Romania	EU25	EU15	NMS
Meeting precise quality standards	68.0	74.7	75.0	72.8
Assessing the quality of your own work	59.8	72.6	72.9	70.5
Solving unforeseen problems on your own	73.3	81.3	81.4	80.8
Monotonous tasks/operations	36.7	43.0	41.9	49.0
Complex tasks/operations	55.0	59.5	59.0	62.4
Learning new things	58.8	69.8	70.2	67.3
Application of your own ideas	61.4	58.3	59.1	54.0

Source: *EWCS, 2005*

In comparison to other countries, a lower percentage of Romanian workers stated that their main paid job involves complex tasks and learning new things (Table 22). Finally, data reveal that an increasing number of Romanians state that they are able to apply their own ideas in their work (61.4% compared with 58.3% in EU25 countries).

According to the results of the ‘Report on the perception of vocational training issues’ (*Raport privind percepția problematicii formării profesionale*) (MMSSF, 2006), officials of the country’s national adult vocational training board, the CNFPA, along with experts, vocational training providers, delegates of trade unions and employer organisations, who were interviewed for the study, acknowledged the importance of vocational training (75% of respondents). However, many of them pointed to a number of problems, namely, the:

- existence of certain difficulties in the organisation of continuous vocational training (79%);
- need for financial resources and means for promoting continuous professional training (83%);
- necessity to periodically assess the employees’ training capacity (85%).

One of the most significant problems affecting professional training in Romania is, undoubtedly, the funding issue. In terms of state funding, according to the Education Law, the national education system requires a share of 6% of GDP. However, this level of funding has not been reached thus far. Trade unions have accused the government of infringing the law, while the government contends that it is limited by insufficient resources. Nonetheless, following substantial pressure from the trade unions, 5.2% of the government budget for 2007 is set to be allocated for education.

Continuous vocational training is financed through a range of resources, including employers’ own funds, public funding, sponsorship, donations, external sources, and taxes obtained from programme participants. The current legal framework also provides for tax measures designed to support on-the-job professional training. Thus, in accordance with the Fiscal Code and related regulations, activities pertaining to the vocational training of adults are exempt from value-added tax (VAT), irrespective of the training provider’s type of ownership. Furthermore, income obtained from independent activities are subject to the deduction of expenses up to a limit of 5% of the gross income obtained, for the professional training of both taxpayers and their employees, including participation in congresses or professional meetings. At the same time, expenses incurred by employers for the vocational training of employees are tax exempt. Moreover, taxpayers as individuals may choose to transfer up to 2% of their annual income tax to certain NGOs involved in promoting vocational training.

Finally, funding from the unemployment insurance budget is used to finance vocational training for unemployed persons, as well as other categories of people, as stipulated by law. Nevertheless, vocational training is still underfinanced in this respect.

Findings from the EWCS 2005 indicate that a comparatively low proportion (11%) of Romanian workers attended training courses sponsored by their employer, or by themselves in the case of self-employed individuals; this was in contrast to 27% of respondents in the EU25 who stated that this was the case (Table 23). Nonetheless, the proportion of respondents in Romania stating that they paid for their own training is similar to the other EU Member States.

Table 23: *Percentage of workers attending vocational training courses, by country group, 2005 (%)*

	Romania	EU25	EU15	NMS
Training paid for by employers, or from own resources in the case of self-employed persons	11	27	27	25
Training paid from own resources	5	6	6	6
On-the-job training	10	27	27	29
Other forms of training	9	17	17	20

Source: *EWCS, 2005*

Only 10% of Romanian workers indicated that they received on-the-job training, compared with 27% of respondents in the EU25 and 29% in the NMS. Moreover, just 9% of Romanian workers had attended other forms of onsite training and learning, compared with 17% of respondents in the EU25 and 20% of workers in the NMS.

As regards the average number of vocational training days paid for by the employer or by the employees themselves, considerable differences also emerge between Romania and the other EU country groups (Table 24).

Table 24: Average number of vocational training days paid for by employers or employees, by country group, 2005

	Romania	EU25	EU15	NMS
Training paid for by employers, or from own resources in the case of self-employed persons	28.5	11.2	10.6	14.2
Training paid from own resources	53.6	25.2	25.9	22.6

Note: Responses only relate to those who have undergone training in the previous 12 months.

Source: EWCS, 2005

Due to extensive economic restructuring, Romanian employers have had to provide more days of vocational training to employees, compared with their EU counterparts. This is also the case in relation to workers who pay for training out of their own resources.

INS data indicate that, in Romania, the overall expenses incurred by employers for vocational training amounted to an average of €5.23 a year per employee in 2000, increasing to €6.55 a year per employee in 2004 (Table 25). The differences between sectors in this context are considerable: in financial institutions, the level of expenditure per employee was 10 times greater than the overall average in 2004. Conversely, in healthcare and social security sectors, expenditure only reached half of the average level of expenditure per employee in 2004.

Table 25: Average expenditure of employers on vocational training, by sector, 2000 and 2004 (€)

Sector	Total expenditure (thousands €)		Average expenditure per employee (€)	
	2000	2004	2000	2004
Total	24,178.3	29,271.9	5.23	6.55
Transport	6,260.2	4,354.3	22.60	13.65
Financial intermediation	1,591.8	4,737.6	22.42	69.67
Health and social security	704.6	957.8	2.31	3.13

Source: Based on data from the Romanian Statistical Yearbook, INS, various editions and years

Furthermore, according to INS data, expenditure on education in Romania, between 2001 and 2004, accounted for only between 0.8% and 0.9% of average household expenses. This, in turn, accounted for between 1.2% and 1.3% of expenses in employee households, and to between just 0.1% and 0.3% of expenditure in farming households. Thus, it appears that data from the INS and the EWCS 2005 give rather contrasting pictures of the situation regarding work-related training in Romania.

To conclude, the shortages evident within Romania's vocational training system are mainly generated by:

- a relatively rigid training system;
- longer study periods required in order to obtain a qualification;

- the costs of training;
- the lack of local opportunities for training.

In some cases, employers have a negative perception of vocational training, viewing it as an additional cost rather than an investment. Such issues are addressed in the national plans for vocational training, as well as in the activities of ANOFM and CNFPA, with the central purpose of aligning national and European strategies and policies in this area.

Health and well-being

Health of Romanian population

Results of the ACOVI (INS, 2006) reveal that 72.5% of Romanians consider that their health is either good or very good (Table 26). Moreover, a higher proportion of men than women report that their health is either good or very good (76.6% compared with 68.7% respectively).

Table 26: Respondents' opinions regarding their own health, by sex and occupational status, 2005 (%)

	Very good	Good	Satisfactory	Bad	Very bad
Total population	35.1	37.4	18.2	7.6	1.7
Men	39.1	37.5	15.8	6.2	1.4
Women	31.4	37.3	20.4	8.9	2.0
Employees	35.5	52.0	10.7	1.5	0.3
Self-employed	31.3	51.9	11.6	5.0	-
Employers	32.5	53.6	13.2	-	-
Farmers	22.4	46.0	24.7	6.5	0.4
Unemployed	40.4	43.9	11.8	3.5	0.4

Note: Results are based on percentage of total population or of professional category.

Source: ACOVI, 2006

In terms of occupational status, self-employed and unemployed people represent the highest proportion of those citing good or very good health.

Illness and/or disability constitute one of the main reasons why people leave the workforce in Romania. AMIGO data indicate that, in 2005, over 637,500 persons became inactive due to illness, which is the equivalent of 13.6% of inactive persons (14.4% for men and 13.1% for women).

Health and well-being at work

In 2005, 19.2% of the employed population in Romania cited emotional stress, while 13.8% reported that their work was monotonous or involved repetitive tasks; at the same time, 54.5% stated that their work activities were physically tiring (Table 27). Only 12.5% of employed persons did not cite these three negative factors in relation to their work.

A higher proportion of women than men report stress at work and monotony (36.2% of women compared with 30.5% of men). Conversely, a greater proportion of men consider their work to be physically tiring (57.3% of men compared with 51.1% of women).

Table 27: Perceptions of work activities, by gender, 2002 and 2005 (%)

	Year	Emotionally stressful	Monotonous (entails repetitive tasks)	Physically tiring
Total	2002	20.9	13.6	55.7
	2005	19.2	13.8	54.5
Men	2002	20.4	12.9	56.6
	2005	17.9	12.6	57.3
Women	2002	21.5	14.5	54.6
	2005	20.9	15.3	51.1

Note: Results are based on percentage of employed population.

Source: ACOVI, 2006

In Romania, workers' perceptions of their working conditions differ considerably depending on whether they work in the private sector or public sector. In the private sector, just 15.3% of employed persons reported stress, while 61% deemed their work to be physically tiring; in the public sector, some 31% of employed workers reported stress, while 35% indicated that they experienced fatigue. Among public institutions at national and local level, 42% of workers reported stress, 8.6% cited monotony, while 19% reported fatigue.

Almost half of Romanians interviewed in the EWCS 2005 (49.1%) considered their health and safety to be at risk due to the nature of their work, compared with just over a quarter (27.5%) of respondents in the EU25 (Table 28). Moreover, 54.4% of Romanian workers explicitly stated that their work affects their health, a level which is considerably higher than that in the EU25 (34.3%), albeit similar to that found in the NMS (55.8%). Nevertheless, 77.9% of Romanian workers consider that they would be able to do the same job at 60 years of age; the corresponding level is similar in the NMS (77.3%), but considerably higher in the EU25 (82.5%) and in the EU15 (83.3%).

Table 28: Relationship between work and health, by country group, 2005 (%)

	Romania	EU25	EU15	NMS
Health or safety is at risk due to work	49.1	27.5	25.2	40.0
Work affects health	54.4	34.3	30.6	55.8
Able to do the same job at 60 years of age	77.9	82.5	83.3	77.3

Source: EWCS, 2005

With regard to illnesses related to working conditions, significant differences emerge not only between Romania and the other EU countries, but also between the older and new Member States (Table 29).

Table 29: *Illnesses related to working conditions, by country group (%)*

	Romania	EU25	EU15	NMS
General fatigue	44.6	21.3	17.8	40.7
Backache	42.4	23.8	21.1	38.9
Muscular pains in shoulders, neck and/or upper/lower limbs	39.2	21.9	19.4	36.2
Stress	35.0	21.7	20.2	30.4
Headaches	29.5	14.7	13.1	24.2
Sleeping disorders	16.7	8.3	17.7	11.9
Respiratory difficulties	14.8	4.2	3.5	8.5
Problems with eyesight	13.3	7.4	5.4	19.0
Skin problems	13.0	6.3	5.3	11.4
Stomach ache	13.6	5.5	4.9	8.6
Injury(ies)	12.6	9.5	8.3	16.0
Irritability	10.0	10.4	10.3	11.5
Hearing problems	10.5	7.1	5.9	13.5
Heart disease	9.4	2.1	1.4	5.6
Anxiety	6.4	7.8	7.9	7.2
Allergies	7.3	3.8	3.2	7.2

Source: *EWCS, 2005*

Among workers in Romania and the NMS, the most frequently cited illness related to working conditions is general fatigue, which is reported by 44.6% of Romanians and 40.7% of NMS workers, compared with only 17.8% of those in the EU15 (Table 29). One likely explanation for this may be the longer working hours in Romania.

Backache ranks second among the illnesses related to working conditions, with 42.4% of Romanian workers and 38.9% of NMS workers citing this problem, compared with just 21.1% of EU15 workers. Thirdly, some 39.2% of Romanian workers and 36.2% of workers in the NMS report problems with muscular pain in the shoulders, neck and/or upper or lower limbs, compared with only 19.4% of respondents in the EU15. At the same time, some 35% of Romanian workers and 30.4% of NMS workers cite problems with stress, compared with 20.2% of EU15 workers. Headaches rank fifth among the problems cited, with 29.5% of Romanian respondents and 24.2% of NMS workers reporting this problem, compared with 13.1% of respondents in the EU15.

Conversely, Romanian workers cited fewer problems with anxiety (6.4% compared with 7.9% in the EU15) and irritability (10% compared with 10.3% in the EU15).

Apart from health problems generated by working conditions, awareness of occupational illnesses caused by exposure to hazards in the workplace is equally important. Data provided by the ISP reveal that the incidence of occupational illnesses in Romania has increased from 1,470 new cases in 1990 to 2,508 new cases in 2002. During the period 1990–2002, about 22,500 new cases of occupational illnesses in total were recorded in Romania. In 2002, the majority of occupational illnesses in Romania were caused by exposure to noise (35.5%), followed by silicosis³⁹ (15.8%).

³⁹ A respiratory disease caused by inhalation of silica dust.

In terms of accidents at work, the primary causes are related to health, overall fatigue, stress and extensive physical effort, combined with precarious working conditions in certain fields. Nonetheless, the total number of victims of workplace accidents in Romania has declined over the past 10 years (Table 30). Between 1995 and 2005, the number of victims of accidents at the workplace declined from 7,801 persons to 4,714 persons. In the same period, the number of victims of severe injuries fell from 512 persons to 406 persons.

Table 30: *Number of victims of workplace accidents, 1995, 2000 and 2005*

	1995	2000	2005
Total number of victims	7,801	6,508	4,714
Victims of severe injuries	512	459	406
Number of employees involved in collective accidents	143	224	193
– of whom victims of severe injuries	40	50	150

Source: *Romanian Statistical Yearbook, INS; IM reports*

While the total number of victims is decreasing, the number of collective accidents resulting in injuries has in fact increased.

The frequency of workplace accidents differs by sector. In 2005, the sectors showing the highest frequency in terms of workplace accidents in Romania were: coal mining and processing; ore mining and processing; processing of wood; cellulose, paper and cardboard; metallurgy; and the recovery of waste and recyclable materials (Table 31).

Table 31: *Activities with highest frequency of accidents at work, 1995, 2000 and 2005*

	1995	2000	2005
Total	1.14	1.0	0.8
Coal mining and processing	16.7	28.8	10.7
Ore mining and processing	6.7	5.0	10.7
Wood processing	1.0	2.0	2.7
Cellulose, paper, cardboard	2.1	3.0	2.6
Metallurgy	3.1	2.8	2.5
Recovery of waste and recyclable materials	1.3	1.1	2.3

Note: *The frequency index is calculated as the number of accident victims per 1,000 employees.*

Source: *Romanian Statistical Yearbook, INS; IM reports, various years*

Exposure to physical risk factors

For the majority of Romanian workers, heat at work (too high or too low temperatures) is the most commonly cited risk factor. In the EWCS 2005, about 45% and 38.6% of Romanian respondents, respectively, complained about the problem of working in too high or too low temperatures at work (Table 32). The EWCS data reveal significant differences in this respect between the responses of those in Romania and the EU15, but also compared with the NMS respondents.

Exposure to smoke, gas, or dust ranks second in terms of physical risk factors, affecting 29.1% of Romanian workers; this is followed by exposure to vibrations (25.6%) and noise (26.2%). Moreover, some 19% of Romanian workers, twice as many as those in other Member States, reported coming into contact with dangerous substances or materials in the workplace.

Table 32: *Physical risk factors affecting workers, by country group (%)*

	Romania	EU25	EU15	NMS
Vibrations	25.6	24.2	23.1	30.1
Noise	26.2	30.2	28.7	38.8
High temperatures	45.0	23.9	23.4	26.4
Low temperatures	38.6	21.1	20.4	25.5
Inhaling smoke, fumes (such as welding or exhaust fumes), powder or dust (such as wood dust or mineral dust), etc	29.1	18.6	17.6	24.6
Inhaling vapours such as solvents and thinners	11.2	11.2	10.9	13.0
Handling or having skin contact with chemical products or substances	16.7	14.4	13.9	17.2
Radiation such as x-rays, radioactive radiation, welding light, laser beams, etc	5.2	4.6	4.7	4.6
Tobacco smoke from other people	25.0	19.9	19.7	20.9
Handling or coming into direct contact with materials that could be infectious, such as waste, bodily fluids, laboratory materials	19.0	8.9	9.0	8.0

Source: *EWCS, 2005*

Romanian workers' perceptions of negative risk factors at work seem to reflect a deterioration in working conditions in 2005, compared with 2002. Results of the ACOVI indicate that the proportion of employed people reporting the presence of various negative risk factors in the workplace is increasing, albeit possibly reflecting an enhanced awareness among workers in relation to such issues (Table 33). This is in spite of the fact that the transfer of employment from primary sectors, characterised by less adequate working conditions, towards services and other fields of activity should have led to a decrease in the average rate of workers exposed to negative risk factors in the overall economy.

Table 33: *Exposure of workers to negative risk factors at work, by sector (% of total employed population), 2002 and 2005*

	Year	Excessive heat	Cold	Excessive humidity	Air pollution, gases, dust	Dirt	Noise	Degrading conditions	Painful or tiring positions
Total economy	2002	30.6	10.8	3.5	18.8	12.0	18.6	1.9	14.0
	2005	30.5	12.3	4.1	20.7	13.3	19.8	2.6	15.0
Agriculture	2002	46.0	11.0	3.4	12.7	10.9	2.5	2.0	27.0
	2005	52.1	16.7	6.4	21.4	17.5	3.3	3.4	26.6
Mining	2002	30.1	25.2	14.7	53.0	28.3	42.9	7.9	16.5
	2005	37.1	21.1	15.3	56.6	35.9	36.5	10.6	26.4
Construction	2002	40.3	25.0	7.3	40.1	35.6	35.0	2.1	16.0
	2005	38.2	20.1	5.3	35.8	33.1	34.0	2.1	16.5
Transport and warehousing	2002	24.5	16.1	4.3	27.4	10.2	36.6	1.0	11.5
	2005	29.8	17.3	3.8	22.8	10.4	37.7	2.4	11.0

Source: *ACOVI, 2006*

In terms of sectoral differences, the ACOVI 2006 reveals that farmers in Romania are most at risk of exposure to excessive heat and painful or tiring positions, while workers in the mining industry face a greater risk of exposure to pollution, gases, dust and noise. Those working in the construction industry are most affected by exposure to heat,

pollution, dirt, noise and cold, while workers in transport and warehousing cite exposure to noise, heat and air pollution as the biggest risk factors.

Job content and working conditions may further aggravate seemingly minor problems, resulting in more serious complications in relation to workers' health. For example, conditions can be further exacerbated by the working position, lifting weights, carrying and transport activities, standing or walking, or the frequency of hand or arm movements (Table 34).

Table 34: *Exposure to physical risk factors at work, by country group, 2005 (%)*

	Romania	EU25	EU15	NMS
Unpleasant, painful or tiring positions*	61.5	44.7	44.4	46.4
Lifting or moving people*	11.3	8.1	8.7	4.8
Carrying or moving heavy loads*	45.1	34.5	33.9	38.0
Standing or walking*	78.8	72.6	72.9	71.0
Repetitive hand or arm movements*	77.2	61.5	61.5	61.5
Wearing personal protective clothing or equipment	43.7	33.6	32.0	42.8

Note: *Percentage of respondents who report that they are exposed to such conditions at least a quarter of the time or more.

Source: *EWCS, 2005*

Results of the EWCS 2005 indicate that for the majority of workers in Romania and the EU, the job entails standing or walking: 78.8% of Romanian workers and 72.6% of workers in the EU25 have to stand or walk as part of their job (Table 34). Moreover, repetitive hand or arm movements are required at least a quarter of the time in the job tasks of 77.2% of Romanian workers and 61.5% of workers in the EU25. At the same time, some 61.5% of Romanian workers reported that their current job involved unpleasant, painful or tiring working positions, while 45.1% reported having to carry or lift heavy loads.

Violence and harassment in the workplace

Among the factors generating dissatisfaction at work, which may have consequences for the physical and mental health of workers, are violence and harassment at the workplace. Results of the EWCS in relation to respondents' experience, if any, of physical violence and harassment are presented in Table 35.

Table 35: *Frequency of violence and harassment at workplace, by country group, 2005 (%)*

	Romania	EU25	EU15	NMS
Threat of physical violence	4.0	6.1	6.3	5.2
Physical violence from people at work	1.3	1.9	2.1	0.8
Physical violence from other people	3.6	4.4	4.6	3.5
Bullying/harassment	4.7	5.1	5.4	3.8
Unwanted sexual attention	1.6	1.8	1.6	2.2
Unwanted sexual attention	3.1	2.7	2.6	3.2

Source: *EWCS, 2005*

Just 4% of Romanian workers, compared with 6.3% of respondents in the EU15, reported that they had been threatened with physical violence in the previous 12 months (Table 35). A higher proportion of Romanian respondents (4.7%) indicated that they had been exposed to bullying or harassment, albeit a still somewhat lower proportion than the EU

average (5.1%). Furthermore, some 3.1% of Romanian workers cited age discrimination compared with 2.6% of those from the EU15 Member States.

Older workers have reported experiencing age discrimination intermittently throughout the transition period. The reference in the AMIGO findings, for instance, to discouraged people who gave up looking for a job indicate that age constituted an important factor for some 20,200 persons in 2000 and 27,000 people in 2002, representing 6.6% and 7.2% respectively of the total number of people in this age group.

Significant factors generating change in the workplace include the opening of the economy to the free market, the increasing specialisation of companies, the introduction of information and communication technologies (ICT) which are less accessible to older workers, the need to work directly with clients or suppliers and to be able to communicate with clients and the public. Older workers' ability to adapt to such changes takes longer, and as a result they are often more vulnerable to these transformations. During the transition period, it was common practice for older workers to be placed first on collective redundancy lists or to be offered the possibility of pre-retirement or early retirement.

Nevertheless, age discrimination can also affect young people, particularly in relation to their remuneration and in terms of fixing experience and competency requirements for employment.

Work–life balance

The assessment of quality of work and of life, in relation to the interactions between workplace-specific and external factors, requires at least a three-dimensional approach looking at: family, family income and general non-work activities. The size of the family, as well as the different sources of income within a family, may have a direct impact on the health and work performance of workers, but also on their working hours and working time arrangements.

Family and sources of income in Romania

A central factor of work–life balance policies is the issue of time. However, for many Romanians 'time is money', and the low level of income earned by the majority of Romanian workers means that the issue of free time tends to be a low priority. On the contrary, most workers are constantly seeking new sources of income, either through a second job or through overtime work at their main job. Such issues represent particular features of working time in Romania and imply a very specific perspective in terms of the balance between working life and family life.

Moreover, the relatively low level of household income in Romania often precludes access to specialised services for the care of dependent persons, thus affecting the balance between time dedicated to one's professional life and to the family.

In 2004, compared with 2000, the average monthly income per person for all households in Romania increased from €42.50 to €68.80 (Table 36). In employee households, the average monthly income increased more rapidly from €59.60 to €95.40 per person over the same period; in the households of farmers, incomes rose from an average of just €19.60 to €34.20.

Table 36: Average monthly household income per person and per active person, 2000 and 2004 (thousands ROL and €)

	2000			2004		
	Total households	Employee households*	Households of farmers**	Total households	Employee households	Households of farmers**
Income per household (thousands ROL)	2,266.5	3,852.7	1,251.3	8,230.3	12,658.5	4,772.3
Number of persons per household	2.672	3.239	3.198	2.95	3.274	3.444
Number of active persons*** per household	1.146	1.893	2.113	1.228	1.882	1.615
Income per person (thousands ROL)	848.2	1,189.5	391.3	2,789.9	3,866.4	1,385.7
Income per person (€)	42.5	59.6	19.6	68.8	95.4	34.2
Income per active person (thousands ROL)	1,977.7	2,035.2	592.2	6,702.2	6,726.1	2,955.0
Income per active person (€)	99.1	102.0	29.7	165.4	166.0	72.9

Note: *Households in which the head is an employee

**Households in which the head is a farmer

***Employed and unemployed persons

Source: Romanian Statistical Yearbook, INS, 2001 and 2005

In terms of daily income, the households of farmers, which represent almost 35% of the total employed population, recorded an average daily income of just €1.13 per active person in 2004. The average daily income per active person in the total number of households reached approximately €2.30 a day in the same year, and about €3.18 a day per person in employee households.

ACOVİ data (June 2005) indicate that 62.2% of households had the same economic standing in 2005 as they did in 2004, while 29.1% of households reported a more difficult situation, and just 8.7% reported a more favourable situation. In the 12 months prior to the date that the survey was conducted, just one in nine households was able to provide for all of its expenses and to make savings; 85% of households were able to purchase the necessary food staples, while 52% were able to buy the required clothing and shoes, and 26% could afford to maintain adequate temperature levels in their house. Only 3% of households were able to put aside money for luxuries such as holidays. For 67% of urban households and 37% of rural ones, wages represented the main source of income.

The same survey indicates that 46% of Romania's population had an average monthly income of approximately €29.4 per person, or less than €1 a day, while the average monthly income per person in the total number of households was €60, or €2 a day per person. In rural areas, an average monthly income of €45 per person was reported. Some 65.6% of households recorded an average monthly income of €26.7 per person, or less than €1 a day per person.

Therefore, the majority of Romania's population do not have the necessary income allowing them to use their spare time for purposes other than preparing food at home; moreover, their lack of financial resources prevents them from accessing other paid services for personal care and household cleaning and maintenance, or for family care of dependent relatives.

Working time and balance between work and non-work activities

AMIGO data (2005) show that 31.7% of the total employed population had worked evenings in the previous four weeks of being interviewed (33.6% of men and 29.3% of women). Moreover, some 11.8% of the employed population had performed night work (14.6% of men and 8.5% of women); 56.9% of the total population had worked on Saturdays (legal holidays), while 30.1% (31.4% of men and 28.6% of women) had also worked on Sundays.

The EWCS findings for Romania indicate that 50% of respondents had worked evenings for at least two hours; 11% of these respondents worked evenings at least 1–5 times a month, 16% did so 6–10 times a month, while 12% worked evenings 11–20 times a month, and a further 11% did so more than 20 times a month. In general, the average number of working days per month in Romania is 22 days. Over 20% of the respondents in Romania had worked evenings more than 11 times a month, compared with just 14% of respondents in the EU25.

As regards night work, 80% of Romanian workers and 81% of those in the EU25 indicated that they had never engaged in night work (at least two hours a night). About 6% of Romanian workers and 10% of EU25 workers reported that they had worked at least two hours a night 1–5 times a month. Some 13% of Romanian workers and 10% of EU25 workers had engaged in night work for at least two hours a night more than six times a month.

In relation to work on Saturdays, the results for Romania differ from those of the other EU Member States (Table 37). About 25% of Romanian workers, compared with 48% of those in the EU25 or 50% of workers in the EU15, stated that they had not worked on Saturdays. At the same time, 20% of Romanian workers and 16% of EU25 workers claimed they had worked on Saturdays twice a month. Some 45% of Romanian workers, compared with 22% of EU25 workers, indicated that they had worked on Saturdays 4–5 times in a month, in other words, virtually every Saturday.

Table 37: *Frequency of work on Saturdays, by country group, 2005 (% of total respondents)*

Work on Saturdays	Romania	EU25	EU15	NMS
Never	25	48	50	42
Once a month	6	9	9	11
Twice a month	20	16	15	19
Three times a month	5	5	4	6
Four or five times a month	45	22	22	22

Source: *EWCS, 2005*

In terms of work on Sundays, the EWCS results show that some 39% of Romanians had worked on Sundays, compared with about 25% of workers in the EU15 or 27% of those in the EU25 (Table 38). Around 20% of respondents in Romania claimed that they had worked on Sundays 3–5 times a month, compared with 10% of workers in the EU25.

Table 38: *Frequency of work on Sundays, by country group, 2005 (% of total respondents)*

Work on Sundays	Romania	EU25	EU15	NMS
Never	61	73	75	64
Once a month	4	8	7	9
Twice a month	15	9	8	13
Three times a month	4	3	2	4
Four or five times a month	16	7	7	9

Source: *EWCS, 2005*

ACOVİ data indicate that in 2005, 8.1% of Romania's employed population had engaged in evening work, while 3.1% had worked nights, and 23.9% worked on Saturdays and Sundays (26.3% in the private sector and 16.7% in the national and local public sector).

Notwithstanding these findings, the majority of workers interviewed in the EWCS 2005 indicated that their working schedule integrated well or very well with their family or social commitments outside of work. Some 73.8% of Romanian workers reported that this was the case, compared with 79.8% of respondents in the EU25 (Table 39).

Table 39: *Workers' perceptions of work-life balance, by country group, 2005 (%)*

	Romania	EU25	EU15	NMS
Working hours fit in well or very well with family or social commitments outside of work	73.8	79.8	80.9	73.4
In the past 12 months, have been contacted – e.g. by email or phone – on matters concerning main paid job outside of normal working hours	16.4	22.5	22.2	23.9
Involved in childcare and education outside of normal working hours	38.4	28.2	27.3	33.1
Involved in cooking and housework outside of normal working hours	52.0	46.2	46.8	42.4

Source: *EWCS, 2005*

About 16% of Romanians and just over 22% of EU25 workers stated that they had been contacted about work-related matters outside of their normal working time in the previous 12 months (Table 39).

Levels of income and the social infrastructure may help to explain the EWCS results for Romania with regard to childcare and education, along with cooking and housework duties, outside of normal working hours. In this respect, more than 38% of Romanians, compared with around 28% of EU25 respondents, reported that they were involved in childcare and education activities outside of normal working hours; at the same time, some 52% of Romanians, compared with about 46% of those in the EU25, claimed that they carried out cooking and other household duties outside of normal working time.

Reconciling work and family-related responsibilities

The INS survey, 'Reconciliation of work and family life' (*Reconcilierea vieții profesionale cu cea familială*), conducted in the second quarter of 2005 among those aged 15–64 years from households selected by AMIGO 2005, categorises the distribution of the employed population as follows: 90.4% of the total employed population were employed on a full-time basis and 9.6% on a part-time basis, while 18.4% of those residing in rural areas worked on part-time work contracts, compared with only 2.6% of people living in urban areas.

Some 59.3% of the employed population worked an average of 40 hours a week, while 24.4% worked for more than 40 hours a week and 16.3% for less than 40 hours a week. A total of 4.98 million people, or 34% of the total working-age population, had family commitments; of these, some 3.9 million people were active while 1.1 million were inactive.

The INS survey also shows that 47% of Romania's employed population had the possibility of at least one hour's flexibility in their working schedule for family reasons; 64.2% of employed persons in rural areas had this possibility, while 67.2% of people living in urban areas were unable to alter their daily working schedule. At the same time, 54% of the total number of employed persons were able to take one or several days' leave for family reasons, without interfering with their vacation. Over 37% of those who stated that they were unable to alter their daily or weekly working schedule indicated that they had responsibilities for dependents.

Based on levels of education, flexible working hours are only possible for 62% of those with a lower education, 40.7% of workers with a medium level of education, and 35.4% of people with a higher education. Generally, only 30% of employees enjoyed this possibility, compared with 85% of other categories of employed persons. Just 27% of workers in industry and construction have the possibility of flexible working hours, compared with about 37% of workers in services and 81% of those in agriculture.

The INS survey indicates that, among all of the different responsibilities, the most important one is for one's own children: 36% of employed persons in Romania live in a household with at least one child aged 15 years or younger, while more than 46% of employed persons have childcare responsibilities. Over 68% of employed persons living in a household with children normally receive childcare assistance.

Only 10% of employed persons resorted to care services provided by institutions or private individuals, such as a nurse, nanny or babysitter. About 33% of employed people received assistance from their husband, wife or partner, while 26% received unpaid help from others such as relatives and neighbours. About 95% of persons caring for dependents stated that they did not wish to reorganise their working life. Nonetheless, women caring for children, especially those with a higher education, appeared to be more willing to reorganise their working life.

In accordance with Romanian legislation, out of the approximately one million people who were entitled to parental leave, 68% were employed persons and 53% were women. However, only 15% of these people actually benefited from parental leave, 92% of whom were women and the remainder of whom were men. Of those who did not benefit from such rights, more than half attributed this to their failure to comply with legal requirements regarding the period of contribution; a further 23% stated that their partner had exercised this right, while approximately 7% preferred to continue working.

Results of the EWCS 2005 reveal that almost half of Romanian workers (49%) stated that they spend at least one hour a day on childcare and education, compared with 30% of their counterparts in the EU15 and 39% of those in the NMS. Moreover, 85% of Romanians involved in such activities spend between one and four hours a day on childcare duties, compared with 69% of those in the EU15, while 11% spend between five and nine hours a day on these tasks, compared with 23% of respondents in the EU15.

A total of 9% of Romanian workers spend at least one hour a day caring for an aged or impaired person, compared with just 4% of workers in the EU15. About 75% of workers were not involved in such tasks, compared with 81% of those in the EU15.

Finally, the EWCS 2005 findings show that just 2% of Romanian workers spend an hour or more each day on sports, culture and leisure activities, compared with 7% of workers in the EU15. Moreover, about 8% of Romanian workers engage in such activities once or twice a week, compared with 32% of their counterparts in the EU15, while 67% spend no time on such activities, compared with just 34% of EU workers.

For 17 years, Romania has been in a state of political, economic and social transition. This period of transition has been influenced by domestic political ambiguities, as well as by the ongoing uncertainty regarding Romania's accession to the EU. Essentially, until 1995–1996, Romania alternated between 'shock transition' and 'gradual transition'. The conflict between these two processes resulted in both negative social and economic effects on working and living conditions in Romania.

From a formal and even practical point of view, after the commencement of accession negotiations in 2000 and following their completion in December 2004, Romania made substantial progress in transposing the *acquis communautaire*, as well as in meeting the political and economic criteria imposed by the European Commission, and in changing the direction of development for certain quality of work and life parameters.

At present, Romania's legal framework is almost fully harmonised with EU rules and institutions. These regulations encompass employment and employment security, skills and career development, arrangement of working conditions, training of employees and work–life balance. Education and vocational training have been increasingly aligned with European values in terms of quality and quantity, reflecting the new realities of the Romanian economy. At the same time, progress and efforts are being made to bring about a positive trend in remuneration for workers, as well as in social protection and social security.

Nonetheless, numerous inconsistencies still exist between the stipulations of the *acquis communautaire* – more specifically, in terms of regulations regarding the labour market, social security and social protection – and Romania's practical reality.

In short, the transition period in Romania led to the following outcomes in terms of working and living conditions.

- The total population decreased by approximately 1.5 million inhabitants.
- Employment decreased by 2.7 million persons.
- The average number of employees dropped by 3.7 million persons.
- The number of retired people increased by over 3 million persons.

Policy considerations

At present, Romania's working-age population consists of about 15 million persons, of whom 8.8 million are blue collar workers and between 4.6 and 4.7 million are white collar workers. Based on these findings, the following conclusions can be made.

- The reduction in the employment rate of Romania's total population to approximately 38%, and of the working-age population to 54%–55%, proves that employment security should represent a fundamental goal for the future; the gap between Romania's achievements and EU employment rates, along with the goals of the Lisbon Strategy, is still considerable.
- There are virtually two labour markets in Romania: one labour market encompasses economic areas and activities specific to urban areas, where practice and regulations are converging with those of the EU Member States; the second labour market is specific to rural areas and to a population which largely works in agriculture.

Official data indicate that some three million people in Romania are employed in agriculture, representing between 30% and 35% of total employment. Moreover, Eurostat data show that the actual number of persons employed in Romania's agriculture sector is equal to around 40% of the total number of people employed in this sector in the EU15.

For people in this occupational category, the mechanisms and regulations of the labour market are often not applicable; many people working in agriculture do not receive an income as such, but rather 'revenue in kind' arising from subsistence farming for self-consumption. Thus, agriculture is virtually separated from the market mechanisms involving payment and labour taxation.

At the same time, the lack of employment opportunities in other sectors, arising from the extensive restructuring and other economic and social developments of the transition process, has led to an increase in the number of workers in agriculture. In order to develop a more competitive agriculture sector, Romania may only need a maximum of one million active farmers. This proportion would only be reached by transferring the remaining two million persons in agriculture to other fields of activity, particularly to services. Such a move would nevertheless constitute a long and painstaking process, particularly considering that it took EU countries more than 40 years to reduce the number of workers in agriculture from 15%–20% to 3%–4% of total employment. Determining how long it would take Romania to reduce employment in agriculture from the current level of 32% to 3%–4% thus represents a challenging question for the future of quality of work and employment in Romania.

If current trends continue, the ageing and natural decline of the population working in agriculture is likely to occur within the next two decades; however, the answer does not lie in merely waiting for things to happen, whilst failing to take action or measures focused on European trends and goals.

Apart from employment security and structure, quality of work is heavily dependent on job satisfaction and income levels. Compared with other EU Member States, the average hourly or monthly income in Romania is between 10 and 20 times lower; local differences, by region, occupation and sector of activity, are also significant, including the substantial income gaps between rural and urban areas.

In the course of Romania's transition, two periods of high-level poverty have been identified: the first in 1992–1993 and the second in 1997–1999. In real terms, average wages have fallen to between 93% and 95% of those recorded at the beginning of the transition process, while the minimum wage still only represents about 50% of the original level. Moreover, for some 4.7 million retired people, the average pension amounts to €2 a day, or to just €0.60 a day for the 1.5 million persons who have retired from agriculture. Among the total claims which generated labour conflicts between 1993 and 2005, income levels represented the main reason for conflict in 40%–60% of cases, followed by working conditions (5%–21% of cases), working hours (1%–5% of cases) and work organisation (1%–8% of cases).

Paradoxically, a decline has emerged in the number of unemployed people in Romania, while the country's unemployment rate has dropped from 10.5% in 2000 to 6.3% in 2004. This paradox may be attributed to the emigration of some two million people from Romania to other EU Member States, in search of better employment opportunities. Emigration is mainly caused by poor income levels: in Romania, average wage levels amount to €2 per hour at most, or to €0.50 an hour for minimum wage earners, compared with a minimum wage of €7–€8 an hour in agriculture or construction in some EU Member States. Another reason for emigration is the lack of employment opportunities in Romania.

Meanwhile, anti-inflationary wage policies have already produced negative effects, with economic growth in recent years leading to labour force shortages, particularly in construction, services and new industries.

Comparisons between working conditions in Romania and EU

The findings of the EWCS 2005 reflect and confirm many of the realities of working life that are apparent in Romania today. For instance, when asked about their satisfaction with working conditions, only 11% of Romanian workers reported that they were very satisfied, compared with 83% of EU25 workers who were either very satisfied or satisfied with their working conditions; a further 41% of workers in Romania indicated that they were either not very satisfied or dissatisfied with their working conditions.

Results of the EWCS also indicate that only about 23% of Romanians either agreed or strongly agreed with the statement that they were well paid for their work, compared with around 44% of EU25 workers. Some 49% of Romanian respondents either disagreed or strongly disagreed with this statement, compared with 30% of EU workers.

Romanians also work a greater number of hours each week than their EU counterparts, at an average of 43.4 hours a week compared with 38.2 hours a week in the EU25. Other significant differences include the finding that about 49% of Romanians claim that their work entails certain health and safety risks, compared with only 27.5% of respondents in the EU25. For almost 80% of Romanian workers, compared with around 43% of those in the EU25, working conditions are a source of stress and overall fatigue. Notwithstanding these findings, many of the opinions expressed by Romanian respondents in the EWCS 2005 do not differ greatly from those of EU workers.

The statistical data and surveys conducted in Romania, as well as the two EWCS from 2001 and 2005 which include Romania among the countries covered, largely converge in their conclusions. More specifically, they point to the need for concrete, coherent and joint measures aimed at improving Romania's employment rate and the quality of working and living conditions. Romania's domestic efforts, along with the support of its EU partners, constitute key factors for meeting these demands and for eliminating the existing gap in the country's working and living conditions.

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Annex 1: List of participants at Quality of work and employment seminar in Bucharest, Romania, 12 December 2006

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Annex 2: Gross value added (GVA) real index by sector, 1990–2003 (1989=1.0)

INS data reveal that in real terms, the gross value added in 2003, compared with 1989, amounted to 1.18 in agriculture, 0.77 in industry, 1.34 in construction and 2.19 in real estate transactions and other services

GVA	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Agriculture	1.39	1.23	1.07	1.22	1.25	1.31	1.26	1.24	1.11	1.15	0.94	1.20	1.12	1.18
Industry	0.83	0.73	0.63	0.63	0.65	0.69	0.74	0.68	0.64	0.63	0.67	0.70	0.73	0.77
Electric and thermal power, gas, water	0.69	1.95	1.88	2.64	2.63	2.69	2.36	1.91	1.85	1.76	1.50	1.27	1.38	1.41
Construction	1.01	0.81	0.77	0.96	1.22	1.30	1.31	1.06	1.01	0.99	1.05	1.16	1.25	1.34
Commerce	1.04	0.78	0.70	0.65	0.68	0.81	0.87	0.79	0.85	0.86	0.88	0.89	0.93	1.07
Finance, banking and insurance	1.17	1.17	1.63	1.64	1.67	1.69	1.45	1.12	1.15	1.15	1.18	1.55	1.67	1.56
Real estate transactions and other services	1.00	1.08	1.48	1.46	1.48	1.63	1.80	1.65	1.64	1.67	1.74	1.98	2.13	2.19

Source: Based on data issued by the INS and BNR, 1990–2003

Annex 3: Sectoral structure of gross value added (GVA) in Romania

INS data reveal that the sectoral structure of gross value added in Romania decreased from 15.9% in 1989 to 10.2% in 2005 in agriculture, from 57.4% to 35% in industry and construction, whilst increasing in services over the same period from 26.7% to 54.9%

	1990		1992		1994		1996	
	€ billion	%	€ billion	%	€ billion	%	€ billion	%
1989	43.9	100.0	7.0	15.9	25.2	57.4	11.7	26.7
1990	28.7	100.0	6.8	23.7	14.3	49.8	7.6	26.5
1991	23.5	100.0	4.7	20.0	10.6	45.1	8.2	34.9
1992	14.8	100.0	2.9	19.6	6.5	43.9	5.4	36.5
1993	21.0	100.0	4.8	22.9	8.8	41.9	7.4	35.2
1994	23.4	100.0	5.0	21.4	10.8	46.2	7.5	32.1
1995	25.3	100.0	6.5	25.7	10.8	42.7	7.9	31.2
1996	26.4	100.0	5.4	20.5	11.2	42.4	9.7	36.7
1997	28.8	100.0	5.6	19.4	11.3	39.2	11.9	41.3
1998	33.2	100.0	5.4	16.3	11.7	35.2	16.1	48.5
1999	29.5	100.0	4.5	15.3	10.0	33.9	15.0	50.8
2000	35.6	100.0	4.5	12.6	13.0	36.5	18.2	51.1
2001	40.1	100.0	6.0	15.0	14.8	36.9	19.3	48.1
2002	43.4	100.0	5.5	12.7	16.4	37.8	21.4	49.3
2003	46.7	100.0	6.1	13.1	16.2	34.7	24.4	52.2
2004	54.2	100.0	7.8	14.4	18.9	34.9	27.5	50.7
2005	69.8	100.0	7.1	10.2	24.4	35.0	38.3	54.9

Source: Based on data issued by the INS and BNR, 1989–2005

Annex 4: Increase/decrease in levels of employment and number of employees, 1990–2005 (thousands of persons)

During the period 1990–2005, the number of employed persons decreased by approximately 378,000 persons in agriculture, 2.5 million persons in industry and construction, whilst increasing by 322,000 persons in services

	Total employment	Of which:			Employees	Of which:		
		Agriculture	Industry and construction	Services		Agriculture	Industry and construction	Services
1990	-106	88	-225	31	159	101	33	24
1991	-160	149	-632	323	-423	47	-388	-83
1992	-488	387	-1,056	181	-1,109	-7	-813	-290
1993	-884	558	-1,332	-110	-1,325	-13	-964	-349
1994	-935	591	-1,491	-35	-1,559	-86	-1,146	-328
1995	-1,453	209	-1,743	81	-1,837	-158	-1,459	-221
1996	-1,567	264	-1,720	-111	-2,058	-219	-1,500	-340
1997	-1,923	334	-2,047	-210	-2,400	-309	-1,687	-405
1998	-2,133	299	-2,228	-204	-2,628	-350	-1,867	-412
1999	-2,526	413	-2,544	-395	-3,236	-421	-2,217	-599
2000	-2,317	519	-2,579	-257	-3,374	-465	-2,328	-582
2001	-2,383	446	-2,579	-250	-3,378	-470	-2,307	-602
2002	-2,617	-41	-2,448	-128	-3,429	-499	-2,326	-605
2003	-2,670	-168	-2,481	9	-3,406	-506	-2,344	-557
2004	-2,708	-418	-2,465	175	-3,528	-516	-2,453	-560
2005	-2,556	-378	-2,500	322	-3,438	-514	-2,497	-428

Source: Based on data issued by the INS, 1990–2005

Annex 5: Average gross value added (GVA) per employed person, by sector (€)

INS data reveal that during the period 1989–2005, the average gross value added per employed person doubled in Romania at national economy level

	Total economy	Agriculture	Industry and construction	Services
1989	4,011	2,291	5,105	3,961
1990	2,648	2,163	3,035	2,546
1991	2,179	1,466	2,463	2,502
1992	1,415	842	1,675	1,722
1993	2,087	1,328	2,442	2,602
1994	2,337	1,371	3,135	2,569
1995	2,665	1,991	3,382	2,603
1996	2,815	1,627	3,483	3,412
1997	3,192	1,652	3,911	4,337
1998	3,767	1,610	4,321	5,855
1999	3,504	1,297	4,181	5,862
2000	4,126	1,259	5,515	6,748
2001	4,683	1,713	6,279	7,138
2002	5,211	1,824	6,592	7,573
2003	5,622	2,112	6,599	8,235
2004	6,579	2,957	7,649	8,789
2005	8,319	2,651	10,016	11,691

Source: Based on data issued by the INS and BNR, 1989–2005