

## **REGIONAL LABOR MARKET– EVOLUTION, STRUCTURE, PARTICULARITIES**

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**Abstract:** *The major concerns of all the countries of the European Union, found both in the Lisbon Strategy and in the Europe 2020 Strategy, are sustainable economic development, research, innovation and education, increasing the share of people employed and developing a inclusive work, creating jobs for inactive, hard-working or socially vulnerable people. As all European countries face a declining birth rate, the aging of the population, with increasing imbalances between the employed population and the one benefiting from the support of the social systems, they raise the question of integrating into the labor market the largest percentage of the population capable of securing an income by providing a useful work for society by creating all the conditions for achieving this goal. Although Romania does not currently face a serious unemployment problem (the unemployment rate in 2016 at national level was 5.9% compared to the European average of 8.6%), the rate of activity and the employment rate of the working age population registered in our country continues to be among the lowest in Europe and almost 4 percentage points of the national target set for the achievement of the Europe 2020 targets. This paper analyzes the main indicators of the labor market (active population, occupied population, unemployment) in Bucharest-Ilfov Region level.*

**Keywords:** *labor market, employed population, regional gaps*

**JEL Classification:** J01, J43, J80

### **Introduction**

The Bucharest - Ilfov Region is composed of Ilfov County and Bucharest Municipality. According to the results of the last Population Census, the population of the region is 2272.2 thousand people. The population is distributed inversely in proportion to the size of the two administrative entities. Bucharest is the largest urban agglomeration in Romania, with a population of 1.9 million inhabitants. Ilfov County is one of the small counties of the country, with a density of 289.6 inhabitants / km<sup>2</sup>.

The most important labor market in the country is concentrated in Bucharest. All the industrial branches are present in the region, Bucharest-Ilfov being the main industrial agglomeration in the country, but the labor force has massively reorientated over the past years to services that currently contribute most to the economy of the region. This is also the slowest pace of growth in some sectors, such as construction and real estate, as well as retail, distribution and management.

The region's economic environment is attractive for direct investments, for the existing institutional structure, for the skilled labor force and for the more developed communications system than in other regions of the country.

According to ANOFM's statistical data, the most important employers in the region as a number of employees were: CN Posta Romana SA, RCS, SC OMV Petrom SA, RCS, CNCF CFR SA, Kaufland Romania, SC Auchan Romania SA, SNTFC CFR Călători SA, SC Mega Image SRL, Adecco Resurse Umane SRL.

The Bucharest-Ilfov Development Region is the first region of Romania according to the number of employees, with over 1,302 thousand work contracts, representing 26.35% of Romania's workforce. The main employers in the Bucharest - Ilfov Region belong to the services sector: trade, protection and security activities, financial intermediation, construction and business and management consultancy. At the level of the 9 major groups of employees of the national economy, the Bucharest - Ilfov Region contributes to the consolidation of Romania's labor force with weights ranging from 11.78% to 37.28%, which expresses a polarization of the labor force, especially at the level of 5 categories of employees in the administrative and service spheres, together with a much lower share of the major groups related to production and agriculture.

A number of peculiarities can be observed:

- Bucharest - Ilfov region covers more than one third of the administrative staff (32.74%), but especially the members of the legislative body and of the executive (37.28%) in Romania;
- At the same time, Bucharest - Ilfov Region has the highest contribution to the structure of service personnel (29.02%), as well as specialists in different fields of activity (32.03%), as well as technicians and other specialists from technical field (36.70%);
- The Bucharest - Ilfov Region is also the first place in terms of contribution to the labor force structure in the field of production, but in this field the weight of the personnel categories is much lower than in the case

of services, being comparable to those recorded at the level of other development regions;

- The only group of employees where the Bucharest-Ilfov Region does not have the largest contribution to the structure of the labor force in Romania is agriculture, where by 11.78%, the Bucharest-Ilfov Region is ranked 4, according to the North-East Development Regions, South-Muntenia, Center and Northwest.

There is a tendency to increase the share of services and constructions, while maintaining the share in agriculture in VAB training at the Bucharest-Ilfov region. It is appreciated that the areas of initial priority training are: mechanical, economic, construction, facilities and public works. There is an increasing trend in the economy due to gross investments, foreign investments and high values recorded in gross domestic product.

Regarding the main economic indicators, the Romanian Capital has experienced a much faster pace of economic growth than the other regions of the country, has adapted most rapidly to the economic and social changes of transition and attracted most foreign direct investments. All the industrial branches are present in the region, Bucharest-Ilfov being the main industrial agglomeration in the country, but the labor force has massively reorientated over the past years to services that currently contribute most to the economy of the region. This is also the slowest pace of growth in some sectors, such as construction and real estate, as well as retail, distribution and management.

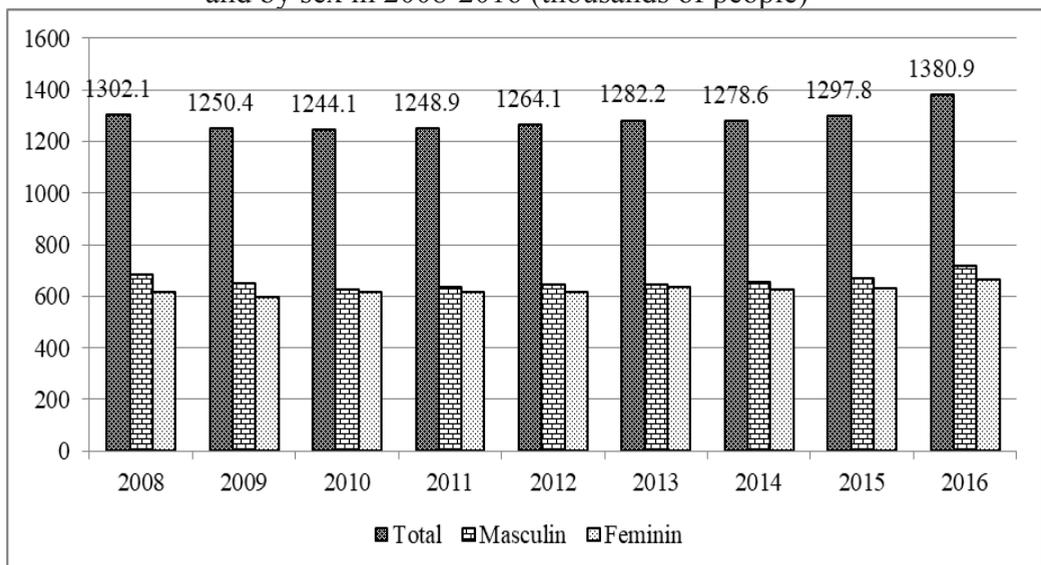
### **1. Structure of the population after participation in the economic activity**

Evolution of labor resources shows a variation in the number of persons during the period 2008-2016, reaching 1545,4 thousand persons in 2016, increasing from 1510,6 thousand persons in 2008 and from 1,542,4 thousand persons in 2014. At the national level, the labor resources register 12562 thousand persons. The active population is increasing reaching 1380.9 thousand persons in 2016 compared to 1308.1 thousand persons registered in 2008. The civilian employment is increasing reaching 1360.3 thousand people in 2016 compared to 1281.6 thousand persons in 2008. Unemployed persons registered at employment agencies decrease from 23021 persons registered in 2015 to 20581 persons registered in 2016, but they are increasing compared to 2008 when 20372 persons were registered. This indicator shows a decrease of 2,440 unemployed persons as compared to 2015 and an increase of 209 persons.

## 2. Structure of the active population

The total active population (over 15 years) continues the rising trend in 2015, reaching 1380.9 thousand persons in 2016, which represents 12.5% of the total active population at national level. Compared to 2008, the number of active persons in the Bucharest Ilfov region increased by 78.8 thousand persons (Figure 1). In 2016, the active male population is 55.1% of the region's population, slightly increasing from the previous year, both percentage - from 53.3% in 2015, to absolute values - from 668,9 thousand people in 2015 to 716 thousand persons in 2016. The location of the capital in Bucharest Ilfov region determines a very high percentage of the urban active population of 90.7%.

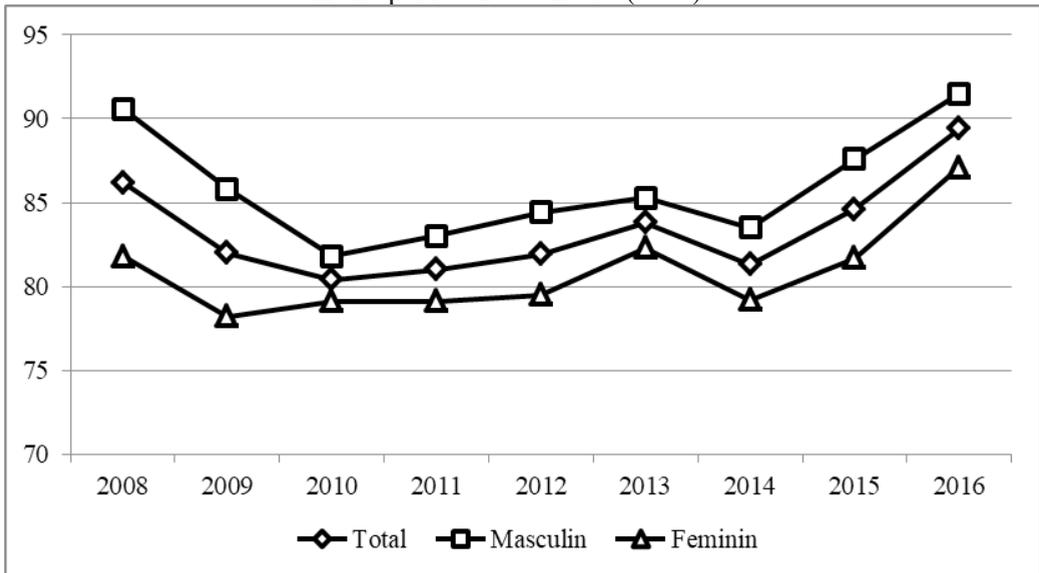
Figure 1 Evolution of the active population in Bucharest Ilfov region by total and by sex in 2008-2016 (thousands of people)



Source: National Institute of Statistics, TEMPO Online Database

The activity rate for the Bucharest-Ilfov region has a rising trend in the previous years, reaching 89.4%, being higher for male (91.5%) than for female (87.1%) (Figure 2).

Figure 2 Evolution of the activity rate by gender in the Bucharest Ilfov region in the period 2008-2016 (-% -)



Source: National Institute of Statistics, TEMPO Online Database

The activity rate at the level of the counties of Bucharest Ilfov region shows significant differences both on total and on sex. Bucharest is clearly detached from the leader of the counties in Romania (Table 1).

Table 1 Activity rate in the Ilfov region by sex and counties, in the period 2008-2016 (-% -)

	2008	2009	2010	2013	2014	2015	2016
Bucarest – Ilfov Region	86,2	82	80,4	83,8	81,3	84,6	89,4
Ilfov	79	75,3	72	67,3	59,8	59,2	59,4
Bucarest	87,3	83,1	81,9	87	88,2	90,8	97,1
Bucarest – Ilfov Region	90,6	85,8	81,8	85,3	83,5	87,6	91,5
Ilfov	86,3	78,9	75,8	72,7	65,2	64,4	65,7
Bucarest	91,3	87	82,8	87,9	89,8	93,5	98,3
Bucarest – Ilfov Region	81,8	78,2	79,1	82,3	79,2	81,7	87,1
Ilfov	71,2	71,6	67,9	61,7	54	53,6	52,8
Bucarest	83,4	79,3	81	86,2	86,7	88,2	95,8

Source: National Institute of Statistics, TEMPO Online Database

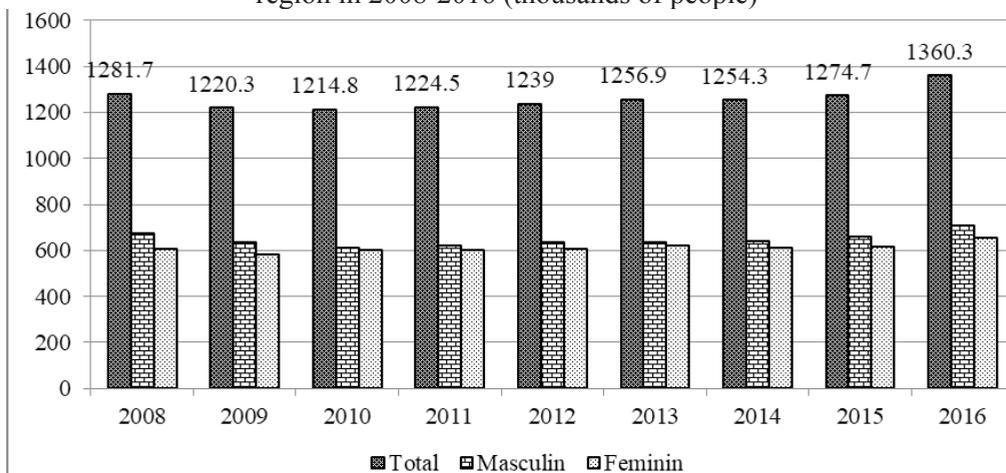
The activity rate increased from 2008, from 86.2% to 89.4% in 2016, being higher for the male (91.5%) than the female ones (87.1%).

### 3. Structure of the employed population

On 1 January 2016, according to the Labor Force Balance, the labor resources of the region amounted to 1533.7 thousand people, of which 83.1% represented the civilian employed population. The evolution of the employed population shows fluctuations in the period 2008 - 2016, increasing trend starting with 2014, reaching 1360,3 thousand persons in 2016. However, compared to 2008, the employment growth in the region is quite significant, approximately 78.6 thousand persons (Figure 3). The male population is 51.9% in the region, and 90.6% is in the urban area.

In terms of participation in the main economic activities, the share of the employed civil service population is predominant (71.3%), while the share of the occupied population in industry and construction is 26.2% and in agriculture only 2.4%. Services generate most of the jobs.

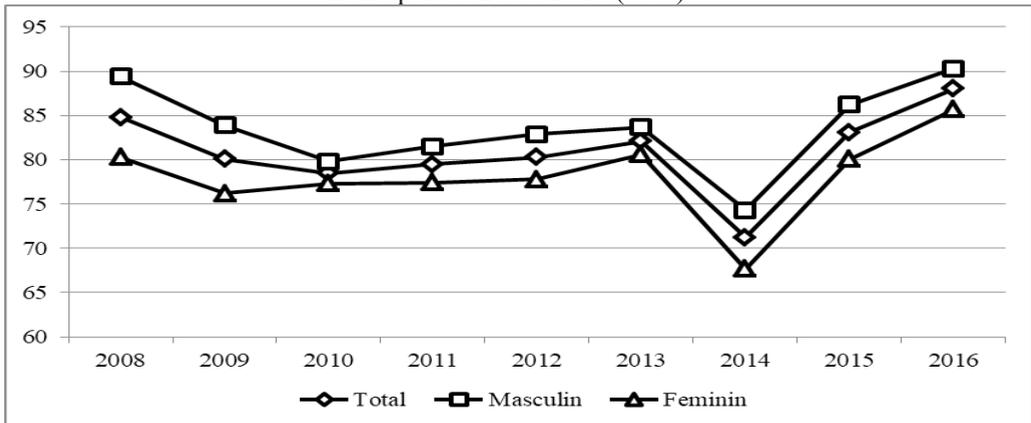
Figure 3 Evolution of the employed population by sex in the Bucharest Ilfov region in 2008-2016 (thousands of people)



Source: National Institute of Statistics, TEMPO Online Database

The employment rate is the share of the active population in the age group x in the total population of the same age group x. The employment rate for the 15-24 age group registered a slight increase between 2008 and 2016, slightly increasing in the year 2016 to 23.2%, compared to the 23.1% national level. Increased growth is for females, from 16% in 2014 to 21.9% in 2015 (Figure 4).

Figure 4 Evolution of employment rate by sex in Bucharest Ilfov region in the period 2008-2016 (-% -)



Source: National Institute of Statistics, TEMPO Online Database

Employment rate of labor resources is decreasing by 10.9% in 2016 as compared to 2008, at regional level, decreasing by 7.1% in Ilfov county and increasing by 1.2% in the municipality of Bucharest. The labor resource activity rate is decreasing by 0.9% at regional level compared to 2008, decreasing by 7.5% in Ilfov County and by 1.2% in Bucharest.

Population, by level of education, at the level of Bucharest Ilfov region grew for people with higher education level, from 33.1% in 2008 to 40.3% in 2016, to the detriment of those with a level of education which dropped from 15.5% in 2008 to 8.9% in 2016. The breakdown for the structure of the employed population with a professional level of education by sex shows us an 11.5% for the male and 6.0% for females. The breakdown by residence area shows us 8.7% for those in the urban area, compared to 11.1% for those in rural areas. Population employed with specialized or technical post-secondary education dropped from 5.4% in 2008 to 3.3% in 2016, being lower for males (2.1%) compared to those (4.6%), higher for the urban (4.6%) than for the rural ones (3.6%). Population with high-school education records the same percentage in 2016 (37.8%) as compared to 2008, the lowest value being registered in 2014 (35.6%).

Structure of the civilian population by main activities of the national economy The number of civilian employed population increased in the Ilfov region from 1281.7 thousand people in 2008 to 1360.3 thousand persons in 2016, reaching a relative minimum in 2010 (1214, 8 thousand people. At the level of the region, the share of the civilian population in the main activities of the national economy is divided as follows:

- Agriculture, forestry and fishing - in 2016 the share is 2.9%, remaining almost constant since 2008, with small variations over the years; the share registered at the Bucharest Ilfov region is insignificant compared to that recorded at national level of 27.3% in 2016;
- Industry - in 2016, the weight is 14.5%, decreasing compared to 2008, when the highest value of the analyzed period was of 16.2%; this share is 6% lower than that recorded at national level in 2016;
- Construction - in 2016 the share is 12.1%, decreasing compared to the years 2008 and 2010, where the highest weights of 12.8% were registered; the weight is 4.1% higher than the share registered at national level in 2016;
- Services - in 2016 the share is 71.8%, the share is considerably higher than the national one, of 44.8% in 2016.

#### **4. Unemployment**

The unemployment rate registered on 31 December 2016 was 1.6%, the lowest at national level, with 20.6 thousand unemployed.

Demand for skilled labor is higher for this region, with most of the registered unemployed having a low level of education. The opportunities offered by the capital make the employed population a high level of training and qualification.

In 2016, the number of registered unemployed, according to data provided by the National Institute of Statistics (TEMPO database), was 20581 persons at Bucharest Ilfov. The number of unemployed in the region represents 5.28% of the number of registered unemployed nationwide, of 436242 persons. The lowest weights of the registered unemployed compared to the number of registered unemployed at national level are recorded in the following regions: Bucharest Ilfov (5.28%), West (5.88%), North West (9.41%). The highest weights of the registered unemployed compared to the number of registered unemployed are recorded in the regions: South Muntenia (18,17%), North East (17,83%), South West Oltenia (16,13%).

Analyzing the evolution of the unemployment rate by age group there is a high share among young people aged 15-24. The evolution of this age group recorded a peak in 2014 when it was 26.4%, then decreasing significantly in 2015 to 14.6%, the lowest share at national level (Table 2).

Table 2 Evolution of the unemployment rate by age group in Bucharest Ilfov Region in the period 2008-2015 (-% -)

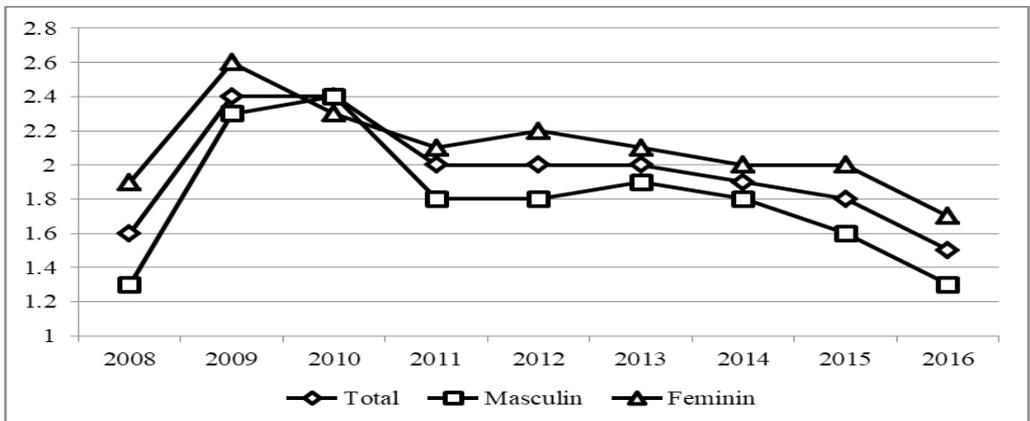
	2008	2009	2010	2013	2014	2015
15-24 years	16,5	16,3	20,1	25,9	26,4	14,6
35-54 years	3,1	3,1	4,8	7,8	6,8	6,1
55-64 years	1,6	1,9	2,8	7,6	6,3	7,2

Source: National Institute of Statistics, TEMPO Online Database

The ILO unemployment rate is the proportion of ILO unemployed (according to the International Labor Office criteria) in the age group x in the active population in the age group x. It is worth noting that this rate is very low for the Bucharest Ilfov region in 2015 (14.6%), the only region that has a lower rate (9.3%), being the North East. This rate is considerably lower than the national rate of 21.7%.

The unemployment rate registered and recorded the lowest values at national level in 2016, registering a value of 1.5%, decreasing compared to 2008 when it was 1.6%. Women's unemployment rate was higher than that among men, 2010 being the only year in which this report was reversed (Figure 5).

Figure 5 Evolution of the unemployment rate by gender in the Bucharest Ilfov region in the period 2008-2016 (-% -)



Source: National Institute of Statistics, TEMPO Online Database

Territorial distribution shows a decreasing trend compared to 2014 in the ILO unemployment rate for the 15-24 age group, higher in the urban area (15.1%) than in the rural area (11.0%).

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Regarding the evolution of the unemployed registered on education levels, one can notice the significant increase of those with university education, from 9.0% in 2008 to 21.0% in 2016. The highest value registered during the analyzed period this category is in 2013, when it was 23.6%. However, a slight decrease of 0,7% is observed in 2016 compared to 2015 when it was 22,7%. The share registered at regional level is 16.7% higher than at national level, being very different between the components of the region: in Ilfov County the share is 6.6% and in Bucharest the share is 23.3 %. Regarding the unemployed with high school and post-secondary education, their share of the total registered unemployed at regional level registered fluctuations in the studied period, increasing by 8.5% compared to 2008, reaching 34.3% in 2016. Share from the regional level is almost double the national level (18%), higher in the capital (35.9%) and lower in the county of Ilfov (19.5%).

What is noteworthy, however, is the 22.2% drop in the share of registered unemployed with primary, secondary and vocational education, reaching 44% in 2015 compared to 66.2% in 2007. At the level Ilfov region, the share of these unemployed is 32.9% lower than the national one (76.9%), being close to the one at national level in Ilfov County (73.9%) and much lower in capital (40.8%) (Table 3).

Table 3 Distribution of the unemployed by categories in Bucharest Ilfov region in the period 2008-2016 (-% -)

	2008	2009	2010	2013	2014	2015	2016
<b>Total</b>	100,0	100,0	100,0	100,0	100,0	100,0	100,0
<b>- Primary, gymnasium and professional</b>	66,2	52,6	47,0	41,8	41,7	44,0	45,6
<b>- High school and post-high school</b>	24,8	32,1	33,7	34,6	35,9	34,3	33,4
<b>- University</b>	9,0	15,3	19,3	23,6	22,4	21,7	21,0

Source: National Institute of Statistics, TEMPO Online Database

Long-term unemployment refers to the unemployed registered by employment agencies that have exceeded 12 months of unemployment and 6 months for young people under 25 years of age. In Bucharest Ilfov region, the number of registered unemployed, according to EUROSTAT records, fell consistently from 13.1 thousand persons in 2012 to 8.4 thousand persons in 2015, compared to 274 thousand persons registered at national level and 11.054, 4 thousand people in the European Union. For the Bucharest Ilfov region in 2015 the lowest percentage of the long-term unemployed (13.9%) of the total

registered unemployed and the lowest percentage of the active population (0.7%) is registered. The long-term unemployment rate among young people is one of the lowest values in Bucharest Ilfov region compared to the other regions of the country, with lower values registered in 2014 only in the North West (8.9%) and North East (7.9%). The highest long-term unemployment rate among young people is recorded in the South Muntenia region (21.9%). The long-term unemployment rate is declining in 2014 to 1.1% compared to the one recorded in 2014, 2%. Worrying is the long-term unemployment rate for young people, 10.2% in 2014, slightly decreasing compared to 2013, when the highest value of this indicator (10.5%) was registered in 2009-2014. This indicator is higher for women (12.7%) than for men (8.3%), higher for rural areas (13.8%) than for urban areas (9.8%). The incidence of long-term unemployment for young people shows the lowest value in Bucharest Ilfov region compared to the rest of the regions in the country, namely 38.7% in 2014, decreasing from 40.7% in 2013, lower for men (35.7%) compared to women (41.8%), higher in rural areas (85.2%), compared to urban (35.7%).

### **Conclusions**

In the light of the results obtained, this paper contributes to the analysis and knowledge of the labor market situation in the development regions of Romania and at national level in Romania during 2008-2016.

To some extent, Europe's national and imminent economies have managed to recover losses and reach the pre-crisis levels of economic growth, yet the number of new jobs created is not yet sufficient to reduce the pressures on the labor market. This is due to the increased complexity of the economic environment that underwent profound transformations, including during the crisis period, with the choices of many businesses and companies making savings and cost savings, especially by introducing new technologies on a large scale, by implicitly reducing jobs and, in particular, by reducing the opportunities for creating new jobs.

Regarding Bucharest - Ilfov Region it can be concluded that this:

- it covers over one third of the administrative staff (32.74%), but especially the members of the legislative body and the executive (37.28%) from Romania;

- has the highest contribution to the structure of the service personnel (29.02%), as well as of the specialists from different fields of activity (32.03%), as well as of the technicians and other specialists in the technical field (36.70% %);

- is in the first place also in the contribution to the structure of the labor force in the field of production, but in this field the weight of the personnel

categories is much lower than in the case of services, being comparable to those recorded in the other development regions;

- this region haven't the largest contribution to the structure of the labor force in Romania through agriculture, where by 11.78%, Bucharest-Ilfov Region ranks 4th, according to the North-East Development Regions, South-Muntenia, Center and North- West.

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