

THE TOTAL EMPLOYMENT RATE IN ROMANIA AND IN THE EUROPEAN UNION

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Abstract: *The paper presents the evolution of the total employment rate, all the employed persons, as an important part of the active population. The evolution is presented in order to compare this indicator in Romania and in the European Union (27 countries). The paper also gives emphasis to three correlations of this indicator with three different variables which can influence its evolution. Those three indicators refer to the education system, meaning the weight of the population with a low education level, the rate of young people quitting school earlier and also the poverty rate. At the end of the paper, there are some conclusions about the evolution of the indicator and the results of the correlation model applied.*

Key words: *active population, education, working population, poverty rate.*

1. Introduction

Over the recent period of time, the labour market in Romania has had significant changes regarding the volume and the structure for the main indicators of the labour force.

The financial crisis which began to make its presence in the second half of the year 2008 has had a major effect over the labour force structure, meaning that, at the same time, we can observe the decrease in the number of working persons and the increase in that of unemployed people. This is a major problem which has to be analyzed in Romania and in the European Union, as well, in correlation with some indicators regarding the education system, meaning the weight of the population with a low education level, the rate of young people quitting school earlier and also the poverty rate.

2. The total employment rate

2.1. The total employment rate in Romania

The working population includes all persons over 15 years who had an economic activity of producing goods and/or services for at least an hour in the reference period of time (a week or a month) for the purpose of obtaining incomes like salaries or other benefits.

The employment rate represents the weight of occupied population from each age range in the total population from that age group. From that point of view, the working population rate as compared to the population able to work represents the weight of working population aged 15 to 64 years in the total population aged 15 to 64 years.

In Romania, the total employment rate in 2010 registered 58,8%, the same value as

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in the period between 2006 – 2007. In 2010, the persons aged 35 to 44 years had the highest rate of employment as compared with other age groups.

In the year 2010, Romania's working population represented less than 60% of the total adult population of the country.

The working population rate for the persons aged 20 to 64 years was about 63,3% in 2010, at a distance of 6,7 % from the national target of 70% in the context of The European Strategy 2020.

In Romania, the highest level of employment rate for persons in the standard period of work was registered for the hired education graduates (82,4%). Although this indicator decreased as compared with the previous year (-152 thousand persons), the employees continue to have the highest weight (65,6%) in total number of employed persons.

At the same time, the distribution of the working population on national economy activities shows that 30,1% of the total number of working persons were concentrated in the agriculture sector, 28,7% in industry and constructions and 41,2% in services. In non-agricultural activities, 6460 persons were employed, significant weights from those being found in industry (25,5%), commerce (17,6%) and constructions (10,9%).

Compared with 2009, we can notice a significant increase in the number of private managers (+46,5%) and also in real estate transactions (+23,9%), other services activities (+12,0%).

In 2010, the total active population of Romania was about 9965 thousand persons, out of which 9240 thousand persons represent working persons and 725 thousand employed persons (defined as the International Labour Bureau).

In Romania, the working population rate in 2010 had higher values for men (65,7%) than for women (52,0%), as well as for the

persons in rural areas (60,9%) as compared to the persons in urban areas (57,3).

2.2. The total employment rate in the European Union

In the year 2010, the European Union's 27 countries (EU 27) registered a total employment rate of 64,1%.

The lowest total rate of working people was registered in the year 2010 in EU27 in Hungary with 55,4%, Malta with 56,1% and Italy with 56,9%. As in Romania, Slovakia registered in 2010 a total employment rate of 58,8%. The countries with the highest rate are Norway with 75,3%, then Benelux with 74,7% and Denmark with 73,4%.

Generally, the employment rates are lower for women, as well as for older workers. In 2010, the employment rate for men was 70,1% and, during the same period, the rate for women was lower, only 58,2%.

For those who graduated from a tertiary educational system, the rate was higher, about 83,9% much higher than for those who graduated from a primary or secondary education system (53,8%). Also, regarding the latter category of persons, the decrease of the employment rate was the third annual decrease, meaning a difference of 3,4% from 2007.

In 2010, in EU 27 the occupation rate for women decreased compared with 2009 by 0,3% and in EU 17 by 0,2%. For men, in EU 27 a decrease by 0,6% was registered compared with the previous year, while in the euro zone there was a decrease of 0,7%.

In Romania, the women employment rate decreased in 2010 by 2,1% compared with the previous year 2009,; for men, the decrease registered was by 1,8% in the same period of time.

In the EU27, the highest increase of the total employment rate for women in 2010 was registered in Malta, reaching 4,2% and

the lowest, in fact the highest decrease, in Bulgaria, reaching 4,8%.

For men, in the same period of time, the highest increase of the total employment rate in EU 27 was registered in Luxembourg, reaching 1,5% and the highest decrease in Bulgaria, too, reaching 5,9%.

Taking into consideration the employment rate for persons aged 65 years or more, this was situated almost at 5% for EU27 in 2010, almost the same rate as in 2004.

In the European Union, the employment rate for persons aged 60 to 64 years has strongly increased since 2000, attaining a very high level, of 31%, in 2010. People in this age range have registered the lowest rate in Hungary, 13%, and the highest rate in Sweden, 61%.

The trend of working people in Romania between 2000 and 2010 was an oscillating one, most of the years considered showing a decrease, except for 2003 and 2008, when no change was registered for this indicator as compared with the previous years; 2006 and 2007 saw a tiny increase by 0,7% and 0,4% respectively as compared with previous years. In 2010, as well as in 2009, the working population from Romania decreased by 1,8% as compared with previous years.

At the same time, both EU 27 and EU 17 saw positive tendencies for the analyzed indicator until 2009 and 2010 as compared with previous years. For example, in 2010, The working population in EU 27 decreased by 0,5% compared with the previous year, 2009.

The EU 27 countries which registered the most important positive evolution of the working population in the year 2010 as compared with the previous year, 2009 are: Malta, Luxembourg, Sweden with 2,3%, 1,8% and 1,1%.

Among EU 27 countries with the most significant decrease in the working

population in 2010 as compared with the previous year 2009, one can find Bulgaria with 5,9%, Latvia with 5,1% and Estonia with 4,8%.

3. Correlations

The paper aims to analyze if there is any correlation between the total employment rate and some specific indicators which may influence it, taking into consideration the information during a ten-year period, 2000-2010.

The indicators took into consideration were:

- the weight of the population with a low level of education;
- young people quitting school earlier;
- poverty rate.

In order to analyze the existence of a link between the weight of persons with a low level of education and the total employment rate Pearson's correlation coefficient was calculated. Its level was determined to be 0,52, belonging to the interval [0,4;0,6], meaning that there is a reasonable correlation between the two variables taken into consideration. At the same time, the link between these two variables is a direct one.

In addition, the correlation ratio was calculated from which a regression coefficient of 0,44 results. That means that, when the weight of persons with a low education increases by 1%, the total employment rate also increases by 0,44%.

In order to observe how the total employment rate is influenced by the rate of young people quitting school earlier Pearson's correlation coefficient was also determined, which has a value of 0,24 in this case. This coefficient belongs to the interval [0,2; 0,4] and this shows that there is a weak and direct connection between the two variables taken into consideration.

Determining the regression coefficient, we can also say that, if the rate of young people quitting school earlier increases by

1%, the total employment rate also increases by 0,18%.

In the last situation, the correlation between the poverty rate and its influence over the total employment rate is a weak inverse one (the value of the indicator is -0,29 and belongs to the interval [-0,4;-0,2]).

4. Conclusions

The paper analyzed the evolution of the total employment rate in Romania and EU 27 during 2000-2010; we could see that the level of this indicator has decreased during the last two years also by 1,8% in Romania and by 0,5% in EU 27.

At the same time, the highest level of working people in the period was represented by graduates of the higher education system both in our country and in Europe. As the level of education decreases, the occupation level also decreases.

The level of working population aged 20 to 64 years in 2010 in Romania was situated at a difference of 3,2% compared with the same level in EU.

In Romania, as well as in the EU, the working population rate was higher in 2010 for men than for women.

At the same time, the correlation with the three variables, the weight of the population with a low level of education, the rate of young people quitting school earlier and the poverty rate revealed different situations.

Thus, there is a reasonable and direct connection between the weight of the population with a low education level and the total employment rate. Also, there is a direct but weak correlation between the rate of young people quitting school earlier and the total employment rate. Between the same indicator and the poverty rate there is a weak and inverse connection.

In conclusion, the working population represents an important part of the active population, and one of the most important factors which determine it is the education level, training and qualifying the personnel, which needs to be permanently adapted to the requirements on the labour market.

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