

Adapting Labour Market Institutions to the New Economy Challenges

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Abstract

The paper reveals that during the last three decades, the expanding use of information technologies and globalization of economic processes have had important consequences for the labour market operation at national and world level. In this context, new concepts like "flexsecurity" have been developed and implemented in the European Union and some labour market institutions have been readjusted in order to increase the economic agents' adaptability in a very unstable external environment.

Given the experiences from the European Union there are highlighted correlations between the reform of labour market institutions and the policies that aim to ensure a high level of employment and quality jobs. Against this background, special attention is paid to Romania with a view to analyse the stage of the labour and production organization. Moreover, arguments are brought in favour of promoting social dialogue, seen as a factor that ensures the modernization of labour organization at a stable rate and at low social costs.

Key-words: *labour market institutions, information technologies, reform of labour market, industrial relations, social dialogue*

JEL Classification: *J24, J53, M54, O15*

Introduction

Extensive use of information technologies, during the last three decades, has determined important changes in the employment model and labour productivity. These processes have played a key role in advancing towards a post-industrial society in the most developed countries and in competing market mechanisms' expansion on the international scale. If global benefits were and are no doubt obvious at international levels, the national results differ considerably depending on the degree of adaptability of national economies to the challenges of a very dynamic external economic environment. Among the factors that account for the level of performance in the use of human potential and sustainability of economic growth at national and international level, in the theoretical framework of specialised work and in the applied policy procedures of the last 15 years, increasing importance has been granted to the study of labour market institutions and their coordination devices¹. For these reasons, this paper will review a

¹ Richard B. Freeman (2007) shows that during the 1990s, the much faster pace at which employment and labour productivity in the U.S. have increased as compared with that of the European Union, despite the European rigorous macroeconomic policies, determined the economists to focus their attention on the impact that the labour market institutions have on the dynamics of aggregate economy. Thus, a shift of

series of specific features of labour market institutions which regulate the operation of the respective market. Taking everything into account, the process of labor market institutions reshaping will be highlighted in the context of the extensive use of information technologies and its impact on employment level and jobs quality.

The Role of Institutions in Labour Market Operation

The investigation of the role played by labour market institutions in the efficient use of human potential and support of economic development of a country has to take into account their main features as compared to other types of institutions and mechanisms for regulating the actions of economic and social actors in a consolidated market economy. At first glance, the market is a way of organizing the economic activity that theoretically creates the premises for the harmonization of interests of economic and social actors without discretionary or bureaucratic interventions. Another consequence of the unhampered operation of the mechanisms of competition is price flexibility, which in turn leads to the balance between supply and demand and consequently to the efficient allocation of resources. In this way, it stimulates not only the profit maximization and adequate remuneration of the production factors, but also continuous technological changes.

The model of the market operation presented above is valid only under the conditions of pure and perfect competition in the case of final goods and services. But practically, the assumptions considered for this kind of competition are difficult to fulfill. In fact, on the markets that comprise the scaffolding of a market economy, the balance between supply and demand is not automatically ensured. It is a consequence of the action of several factors, such as:

- the size of economic agents;
- lack of price flexibility to the changes of demand and/or of supply;
- the existence of monopolistic competition;
- the way in which the institutions which regulate the activity of the respective markets are built and operate.

As historical experience shows, markets can not demonstrate their virtues to generate economic and technological dynamism in the absence of the institutions able to organize the economic agents' actions.

The importance of institutional factors differ depending on the different market specific features. As due to the implementation of new technologies the complexity of productive and economic-social system increases, the existence of feasible institutions is necessarily required. Institutions act differently down the market of aggregate goods and services market as compared to the production market.

On the production factors market, the role of institutions is more important than on the consumption goods and services market. In the case of the production factors, the tenderers and applicants are not just simple sellers and buyers. These economic operators are in fact owners of the types of capital that they wish to exploit with maximum efficiency, in order to be viable for a longer period of time. The efficiency maximization of different types of capital does not lead automatically to ensuring the premises of sustainable economic and social development. In the absence of feasible institutions able to prevent a pronounced imbalance of power between buyers and sellers on the production factors market, in the long run, it is difficult to ensure the

attitude of macroeconomic experts occurred. During the 1970s and 1980s they considered that the main factors for the economic activity expansion in the short run are the aggregate demand management (ne-keynesians) or a strict monetary policy (monetarists).

conditions that allow a stable rate of expansion of economic activity and maintain social cohesion.

This feature of the production factors market is most emphasized in the case of theoretical concepts relating to the labour market operation. Thus, neoclassical theory treats labour as a simple production factor. For this reason, it was initially considered that labour is homogeneous and therefore may be applied to marginal productivity theory. Also, it postulates that wages play the main role for ensuring the balance between supply and demand. Neoclassical theory applied to the labour market reflects mainly the views of entrepreneurs in an economy characterized by a low degree in the diversification of production and segments of the market in the case of final goods and services but also by a relative profusion of skilled labour. In time, the explanations offered by this theoretical framework on the differentiation of wages have proved to be insufficient.

In consequence, in order to surpass these inconsistencies, some refinement was made as regards the relationship between the labour supply and the wages level. Thus, it was recognized that in relation to the wages level the curve of labour supply (number of working hours an active person is willing to perform) is "backward bent" and the "income" and "substitution" effects can be identified. The concepts mentioned above reveal that an increase in wage has a differential effect in stimulating the labour supply.

But the labour supply can not be reduced only to the number of working hours that people are able and want to perform. It is also sensibly influenced by the education level of various groups of active persons and it is a major factor in explaining the wage differentiation. This fact is considered within the "theory of human capital", initially proposed by G. Becker and Th.Schultz. The respective theory has essentially retained the neoclassical theory paradigms, particularly that of "homo economicus", but provides new insights in explaining the factors that shape individuals' willingness to work and to increase their level of knowledge and training².

In fact, theories of neoclassical origin privilege rational choices that economic agents make on the labour market, regardless their status, (entrepreneurs or employees), historic conditions, economic, social and cultural environment in which the trading of the most important production factor takes place. Therefore, for an efficient labour market operation it is necessary to remove obstacles blocking the free competition on the respective market. Obstacles taken into account refer mainly to the decrease of informational asymmetry and of the degree of corporatism of the economy. Moreover, there is a strong emphasis on stimulating the entrepreneurship and economic freedom. Under these circumstances, a great importance acquires the definition of "economic freedom" concept. If property protection is considered as essential for economic freedom, the rights of owners of physical and financial capital are privileged to the detriment of holders of human capital. As a consequence, questionable results are obtained when there are developed models to find relationships between economic freedom at the overall economic level down the labour market and the overall economic development³.

A very different view on the labour market operation is provided by institutionalist theories or the theory of disequilibrium. These theories place an emphasis on the fact that all economic

² A summary of further knowledge and some aspects insufficiently clarified of the human capital theory in explaining active people behaviour in the context of increasing levels of education and training is achieved in (FMPavelescu et al., 2007).

³ An example is the annual report on economic freedom compiled by the Fraser Institute, of conservative orientation. Thus, because the respective definition of freedom on the labour market gives great importance to the freedom to hire and fire workers, in other words to a legislation concerning a lax employment protection, in many cases it is found an inverse correlation between free economic labour market and the gross domestic product per capita. Instead, it may highlight a positive correlation between the general index of economic freedom and the level of gross domestic product per capita (cf. Richard.B. Freeman, 2002).

activity is shaped by institutions. For this reason, markets which constitute the structure of the economic mechanism are not equally important. In this hierarchy, the labour market is ranked the first because the nature of power relationship established here affects the conduct of the economic and social activity as a whole.

Due to the strong influence of institutional factors, the labour market behaves differently than other markets. Thus, the wages act in many cases as a "false price" of labour, because the nature of relationship between employers and trade-unions is not the same in all branches and activities of a national economy. On the other hand, labour market has a significant degree of segmentation. One can distinguish several segments of the labour market depending on the way the remuneration of labour is made, both at national economy and at branch level.

At the macroeconomic level, one can identify a primary labour market, in which the highly qualified employees work and the level of wages and employment protection is very high due to the imposition of barriers to entry for newcomers and /or to the role which the respective staff categories have for the support of economic development and social cohesion. The secondary labour market consists of workers and employees in industries with a reduced level of productivity and training. This situation leads to low wages and to a greater exposure to unemployment risk when the labour demand relaxes.

At company level, the segmentation occurs between "insiders" and "outsiders". The "insiders" represent a part of the staff which has an essential role for the company activities and usually have a higher degree of trade-unionism. Thus, they are less exposed to risk of unemployment when economic and financial situation of the company tends to worsen. "Outsiders" are, as a rule, the staff less trained and educated and have a lower degree of trade-unionism. For these reasons, for a company, the outsiders act as an adjustment variable to the fluctuations in the external environment. As a result, the employers impose on outsiders a lower level of payment, higher requirements in terms of flexibility and openness to changes made in the work organization. However, outsiders are more exposed to unemployment risk.

According to the institutionalist approach, the labour market appears to be an imperfect one not only because of segmentation, but also because of other factors such as information asymmetry at the macroeconomic level, revealed by the existence of structural unemployment, or at the microeconomic level, situation highlighted by the inability of managers to effectively monitor the efforts of employees to increase their qualification and thus to assess correctly their contribution to the increase in the profitability of firms. The existence of disadvantaged groups in the framework of labour supply has resulted in the impossibility of full employment and fair remuneration only by market mechanisms.

Under these circumstances, the role of institutions in labour market is manifest on many *levels*, namely:

- protecting the human capital from the shocks induced by the fluctuations in the economic activity that cause sudden changes in the volume and structure of labour demand;
- facilitating professional mobility and the balance between supply and demand on the labour market;
- supporting workers and employees to increase their training and professional level;
- ensuring a decent level of consumption and implementation of the right to assistance and protection for all categories of workers, employees or elderly people, who throughout their active life have carried out useful economic and social activities;
- creating the premises for a distribution of income between workers, managers, investors and public authorities in accordance with the requirements of a sustainable economic and social development.

As main *institutions* that shape the labour market operation we may mention:

- the legislation on employment protection in the formal sector of the economy;
- the legal provisions relating to the use of non-wage or atypical employment forms;
- the unemployment benefits and other forms of social protection for disadvantaged groups;
- public employment service and other forms of information on the relationship between labour supply and demand;
- the active labour market policy;
- the legal framework for the activity of unions, employers' associations and social dialogue organization;
- labour taxation and the creation and administration of funds for the unemployed persons, for health insurance and social security.

It is to be noted that labour market institutions are numerous. Between the respective institutions there are strong interdependencies. In the context of sensitive changes in the productive apparatus, such as those associated with expanded use of information technologies, the concrete labour market operation has undergone significant adjustments, which required a new thinking of the way in which there are built the institutions facilitating the efficient allocation of human capital according to economic branches and social activities.

The Impact of Extensive Use of Information Technologies and Globalization upon the Labour Market

In assessing the impact that the extensive use of information technologies and implicitly the implementation of new methods of production and work organization have on the labour market operation, it is necessary to take into account the fact that the respective process was conducted simultaneously with an increasing openness of national economies to foreign inflows of goods, services and production factors, but also with the release of new industrialized countries on the international arena. Due to intensified international competition, there is an increased pressure to reduce the consumption of production factors within each national economy. Because in the short run, labour is the first production factor which is saved, the market of the respective production factor has faced a series of notable changes towards a more flexible operation. Having in view the way in which it has been defined and practically implemented during the last decades, labour market flexibility was to some extent, a denial of the employment model used in industrialized economies, respectively a high share of wage-earners and of full-time contracts.

Experiences accumulated during “the welfare state” showed that concern for employment protection of the broader social categories in the most developed countries, led to high levels of labour costs and taxation. Expanding of the industrialization process to other countries outside Europe and North America has determined, at worldwide level, a relative profusion of labour supply, which created the premises for lower labour costs and for the transfer of production capacities to new continents.

Under these circumstances, in the countries with consolidated market economy, the services sector has experienced a growing importance in the pursuit of economic and social activity. Due to historical traditions and content of work in the respective economic sector new employment forms, which are atypical for the industry, could be easily implemented.

During the 1980s, against the background of the theory focused on supply promotion, in the U.S.A., there was a profound restructuring of the labour market operating model. The decrease of the share of industry in total employment and the increase in importance of the tertiary sector

have been accompanied by expansion of fixed-term employment, part-time work and self-employment. Meanwhile, restrictions have been reduced in terms of staff hiring and firing. Thus, the labour costs were reduced significantly and the responsibility of finding a job was transferred to the individuals. At the same time, a decreased level of revenues taxation was implemented. The consequences of such an institutional and law-making approach, in the context of extensive use of information technologies and other structural changes in the global economy were multiple.

In the first stage, aggregate demand was stimulated and the goods and services supply became more competitive. There was an increase in the number of jobs in the tertiary sector, both in consumer services, as an effect of increasing discrepancy between revenues, and in services related to information technologies. Against the background of an exceptional territorial mobility of the workforce, it was registered a continuous growth of labour productivity together with the creation of a large number of new jobs, average annual growth rate of employment in the U.S. being 2 % during 1975-1998 (FM: Pavelescu, V. Platon, 2002). The respective experience was considered a success due to at least two reasons, namely:

- it has determined a significant increase in quantitative terms of the employment degree of active population in the context of a profound reshaping of the productive apparatus and economic and social activity decentralization;
- flexibility of the labour market operation was achieved mainly for the benefit of entrepreneurs and large corporations during a period in which productive apparatus remodeling required a considerable increase in firms' profitability in order to sustain investment processes.

The reform model of the labour market operation presented above was implemented during the 1990s in other countries, being presented as a necessary measure to modernize the economy and society in the context of globalization and liberalization. This thesis should be seen differently, taking into account the role played by the labour market in the economic mechanism. Thus, if the capital is objectively linked to the influences of globalization, the labour market is, by nature, more "conservative", being strongly influenced by local or national traditions. (United Nations, 1997). Also, it should not be ignored that labour market is the place designed to make short term adjustments to disturbances from the external environment or from other markets in the context of a given accumulation regime.

For this reason, measures designed to reform the labour market institutions should not necessarily follow a single model (ILO, 2001). They will also have to consider the labour supply features in order to obtain a medium-term growth rate of labour productivity compatible with sustainable economic growth and social cohesion. An example supporting the idea mentioned earlier is the concept of "flexsecurity" theoretically developed in the late 1990s and implemented during 2000 in the European Union member states. This concept designates a number of policies that promote flexible forms of work organization, improving working conditions, and increasing employment and social protection. Achieving these goals depends on the existence of:

- a modern labour law;
- effective labour market policies;
- a modern social protection system;
- comprehensive policies for lifelong learning (xxx- Employment in Europe, 2007).

In the context of economic activity, strong liberalization and globalization pressures for labour market reform occur. Practices concerning the labour market, tested and then validated in the most developed countries with outstanding shares in the global economy tend to be implemented in emerging and developing countries (United Nations-DESA, 2007). On the one

hand, large transnational corporations with investments in the respective country take action in this direction, considering such an approach a way to increase their profitability and a better compatibility between the activities of their subsidiaries and the local firms.

On the other hand, a series of internal factors in each country support the reforming processes. Among them we may include academics and public authorities who tend to support the adoption of new institutions with a view to ensuring synchronism with the most developed countries in the world, from the economic and social point of view. In order to support this idea, examples can be brought from Central and East European countries. In 1990s, during the process of economic transformation, the respective countries built new labour market institutions which are essentially similar to those from the European Union (S. Cazes, 2002). Moreover, it should not be ignored that the support may come from some local circles of employers or non-governmental organizations which are likely to benefit from the implementation of new practices of work organization and of new labour market institutions.

Extensive use of information technologies, together with an increased labour market flexibility have had notable consequences on the occupational status of workers and employees, on the operation of the intermediation services for labour supply and demand and on industrial relations.

It can be noticed a growing share of part-time employment and fixed-term contracts. Throughout the old Member States of the European Union (EU-15), the share in total part-time employment of persons was 17.3% in 2001, 19.4% in 2004, 20, 9% in 2007, while the proportion of persons with fixed-term contracts was 13.5% in 2001 to 13.7% and 2004 to 14.8% in 2007.

Extension of atypical employment forms in the European Union was a result not only of the employers actions for a rapid adaptation of firms to an external environment characterized by fast changes in technology and in the volume and structure of final demand, but also of the changes occurring in the supply of labour. The reconciling of work with family life and the improvement of education were some of the main reasons for the extension of atypical employment forms. It can be observed that part-time employment is dominated by the female segment of labour supply. In 2007, throughout the EU-15, over one third of all employed women (36.7%) are part-time employed, while the proportion among men was of 7%. In fact, the high participation and employment rates of women in countries like Denmark or the Netherlands can be explained just by expansion of part-time employment.

As regards fixed term contracts, a significant differentiation of the degree of expansion by gender could not be detected. The share of self-employed persons throughout the EU-15 remained relatively stable in the beginning of 2000, respectively 14.4% in 2001, 14.5% in 2004 and 14.3% in 2007. This employment form offers a range of opportunities for cost labour and rapid and flexible responses to the challenges caused by an economic environment with a high degree of turbulence and uncertainty. Indirectly, this employment form reflects a pattern of business conduct, especially in case of services which deliver complete projects to customers. In many situations, this occupational status has been freely chosen by the respective active persons, despite the low level of social protection in order to exert greater control over their activities remuneration. It is to be mentioned that self-employed persons which have no employees represent about 10% of the employed population of the European Union. Even if agriculture and retail industries are the economic branches with the highest proportion of self-employment, during the recent years there can be noticed some increases of weights in construction, personal services associated with lohn and subcontracting as well as with activities based on projects (European Commission , 2006).

Experience so far has shown that atypical employment forms generated benefits materialized in increasing the firms' adaptability to a more competitive external environment and in stimulating individual job searching. Risks associated with increasing diversification of employment forms

consist in increased labour market segmentation, in other words in blocking a part of human resources in unstable jobs with low qualification levels and weak social protection (xxx-European Commission, 2007).

A factor contributing to employment decrease lies in the fact that the occupational status diversification was not always accompanied by a clear definition of the status for all categories of workers and employees. It is the case of those involved in “dependent work from economic point of view”, which lies in a gray zone between paid work and self-employment. The respective persons do not sign employment contracts, being considered self-employed, but depend on an employer or a client which represent sometimes the only income source.

Encouraging atypical employment forms, expanded use of information technologies has resulted in both benefits, from economic point of view and costs from social point of view. Thus, it stimulates creativity and increases revenues for an important new type of human capital, emblematic for the information economy, respectively the software specialists. The new type of technology not only promotes entrepreneurship of the self-employed, but also teleworking. For companies, the positive effects which occur from this work organization are mainly related to lower costs with labour and raw materials. Cost reductions derive from the fact that firms can diminish their administrative staff and no longer need to purchase equipment, consumer non-durables and software.

Besides the positive aspects, teleworking may have some negative consequences related to the way it is organized and the rights that are obtained by those engaged in such activities. The disadvantages of teleworking are related to the social contacts limitation that it generates, and high intensity of work which may be imposed in terms of power relationship, particularly favorable to employers. For these reasons, it is very important that teleworking to be made voluntarily by employees or self-employed, to be made not only at home, and those involved in this process to be guaranteed trade-union representation rights.

But teleworking is not the only major transformation in the work organization induced by the new wave of technological change. During the 1980's and 1990's, new forms of work organization were implemented, such as: organization based on discrete learning and lean production (E. Lorenz, A. Valeyre, 2005). According to a survey conducted by the European Foundation for the Improvement of Living and Working Life Conditions in 2000, these forms of work organization had a share of over 67% of total employees. It can be noted that at national level the share values oscillated between 75.4% and 81.9% in Denmark, Netherlands, UK and Finland and between 44.3% and 58.9% in Greece, Italy, Spain and Portugal. In the new countries that joined the European Union in the period 2004-2007 it is expected a considerable extension of the modern forms of work organization. It should be noted that adoption of new forms of work organization is made easier by the large companies than by small and medium enterprises. Moreover, during the recession it may happen that the pace of changes in work organization should be very rapid, at the same time with the decrease in the number of workers and employees. Threat of dismissals on large scale makes workers and employees oppose a reduced resistance to the restructuring of the work organization model.

The advance towards informational economy was marked by reshaping of industrial relations in favour of employers and to the detriment of workers and employees. Reasons for such developments lie both in changes made in the work organization and in the legislative framework.

Thus, the power of trade unions was diminished by reducing the size of enterprises, on the one hand, and increasing the share of atypical employment forms, on the other hand. It is well-known that the trade-union traditions were stronger during the industrial in the large enterprises. However, due to the reform of social protection and multiplication of non-government organizations activities, the trade-unions have lost a number of roles in ensuring a decent living for workers and their family members.

Instead, employers' associations have gained more influence in social life through expanded opportunities for communication, organization of cooperation networks and analysis of the economic environment features. However, it should not be ignored that the changes in labour law favouring deregulation and reducing the level of taxation of forces have played in favour of employers.

The flexibility of labour market operation was supported by stimulating the job-search behaviour. Extension of information technologies has determined a considerable increase in efficiency of public service employment activities.

In many countries these institutions have started to act as genuine mediators acting for the labour supply and demand balance. Private mediators have been set up and their role subsequently increased on the labour market. As forms of mediation we should mention: integrated databases, expert systems and call centers. The success of the institutions mentioned above highly depended on the creation of software fully adequate to labour market features.

Correlation between the Reform of Labour Market Institutions and Policies intended to Increase Employment and Quality Jobs

The experiences recorded worldwide during the last decades show that reforming the labour market institutions in order to better adapt to an economic environment with a higher degree of uncertainty and competitiveness had determined employment increases in some countries, but with the price of extending atypical employment forms, which lead in many cases to a state of precariousness for workers and employees in terms of remuneration and social protection. For this reason, along with the concept of "full employment", which reflects mainly the quantitative aspect of the use of labour, there have been emerged and subsequently developed the concepts of "decent work" and "quality jobs". Those two concepts indicate the fact that holding a job should provide conditions for personal development, thus contributing to the welfare of the wider social groups.

The practical implementation of the above-mentioned concepts implies that through measures of economic policy and labour market institutions reform there are created, even in the context of expansion of the role of competitive mechanisms in the regulation of economic processes, the conditions for the existence of viable jobs and an appropriate level of remuneration. Also, conditions are provided for safety in the workplace, social protection of the worker and his family, equal opportunities, improved training, freedom of expression and organization, participation, directly or via decision-making representatives within firms.

Under these circumstances, the labour market policies have to be correlated to a higher extent with other types of policies implemented at the macroeconomic level. As recent experience shows, the expansion of economic activity does not lead automatically to significant improvement of the number and quality of jobs. Along with ensuring greater consistency of the economic and social policy mix, in order to define the policy designed to improve the use of human resources, it is advisable to consider both the demand and the supply, according to various characteristics of labour markets.

Thus, on the one hand, it should not be ignored the positive effect generated by the measures taken by public authorities which emphasize the increasing labour demand including: public works, subsidies granted to firms in order to hire persons from disadvantaged groups, low interest loans to start new businesses and to develop small and medium enterprises. On the other hand, as regards the supply, it is necessary to stimulate development of the job-search behaviour from the active persons.

To be effective, incentives for job-search behaviour should be done simultaneously with the improvement of information services related to employment opportunities. Also, in the future, a

special importance will gain the better knowledge of the characteristics of potential labour supply.

Against the background of the imperative to obtain quality jobs, but also the occurrence of labour shortage in developed countries due to demographic ageing and enhancement of regional mobility, it is very important to know the characteristics of social groups more difficult to be integrated on the labour market. We refer especially to people with disabilities, elderly, youth, women, migrant workers. This way, it can be generated not only an increased participation in activities which is useful from the economic and social point of view of the potential active population, but also the emergence of other positive effects such as reducing pressure on the budgets of social security or reducing labour market segmentation.

In ensuring the efficient labour market operation an important role may be played by the practical implementation of new concepts and the reform of labour law in order to harmonize the interests of employers with those of the workers and employees. Thus, the respective process can be beneficial for large social categories. In this context, it is to be noticed the emergence in the European Union of the concept of "flexsecurity". The purpose of that concept is to reconcile the requirements of a more flexible labour market, through the atypical employment forms, with those of ensuring effective social protection.

Recent experiences in countries of the European Union shows that efforts to increase flexibility of labour market operation should take into account the multitude of aspects of the process involved. Thus, the measures taken so far have been a "marginal deregulation" (xxx-Employment in Europe, 2006), which favoured an increased segmentation of labour market, because most of the costs of the flexibilization were transferred to the vulnerable social categories such as the elderly or the young. Hence it can be concluded that for the achievement of a high level of employment for the active population and of an increased jobs' quality, it is necessary to find a balance between legislative framework regarding the protection of existing jobs, the social protection of the unemployed and implementation of active labour market policies.

In fact, what is important in the context of accelerating processes of globalization and European integration is not protecting the existing jobs, but the creation of premises for a stable and predictable labour demand. Moreover, the labour market institutions should be able to support not only human capital mobility and technological innovation but also social inclusion. As a consequence, for the achievement of these objectives it is important to find appropriate forms of social dialogue.

Even if the market forces have led to an imbalance in the relationship between employers and unions, objectives of the European social model assume the existence of strong social partners, in order to enable a broad debate on the present and future labour market operation and on new theoretical concepts. An example is the public consultation on the European Commission's Green Paper "Modernizing labour law to meet the challenges of the 21st century", which identified the following priority actions that should be taken:

- preventing and combating undeclared work, particularly in border regions;
- promoting, developing and implementing training and lifelong learning to ensure a job throughout whole active life;
- providing an interaction between the labour law and rules on social protection in order to support transition from working life;
- clarify the nature of labour relations in order to promote a better understanding and facilitate cooperation throughout the European Union;
- clarify the rights and obligations of the parties involved in subcontracting activities, in order to avoid depriving workers of the opportunity to effectively enjoy the rights they have.

The quality of European Union member state gives Romania a number of advantages derived from free access to experiences that took place on the European labour market, but also the right to speak on matters related to the changes needed in labour laws and social protection. In the short term, among the most stringent problems of the labour market that Romania is interested to resolve are those related to reducing the share of agriculture in total employment and to clarify the status of farm workers, ensuring the balance of forces between social partners, avoiding exacerbated labour market segmentation.

For these reasons, it is important that actions for modernization of agriculture should not only consider the increase of labour productivity and profitability of farms, but also the implementation of rural development programs and to stimulate mobility of employment from agriculture activities to industry and services.

Ensuring a balance of power between social partners is particularly important for Romania in the context of the current recession. Reduced demand for labour could lead, in the absence of real social dialogue, to increased segmentation of the labour market. Like in other European countries there has been a process of modernizing the work organization in Romania as well. Available data indicate that in terms of job rotation and team work, Romania is around the average recorded over the European Union. But in terms of autonomy at work, the cognitive content of work and structures of communication at the workplace Romania is significantly below the average level registered throughout the European Union. In other words, implementation of new forms of work organization has been achieved especially in areas related to increasing labour intensity and less in those concerned with stimulating creativity and dialogue related to the implementation of new technologies.

Under these circumstances, in order to reconcile the requirements of employers for a higher flexibility of the labour market and those of workers for the job's quality, it is necessary to take actions in order to develop social dialogue and ensure a balance of power between social partners. On this basis, the participation of employees in deciding the company's future development in the short and long run should be valued. There can also be found the best practices to support the learning process and adequate remuneration of workers and employees. As a result, the premises are generated for the implementation in a stable pace and with low social costs of new methods of work organization.

Conclusions

Experiences accumulated worldwide during the last three decades show that expanded use of information technologies has had a particularly strong impact on the labour market operation. Implementation of profound technological change, at the same time with the economic flows' globalization, has generated strong pressures to adapt the model of employment and institutions of the labour market to the requirements of an external economic environment with a high degree of competitiveness and instability. Reforming the labour market institutions has meant in many cases an attempt to offer more flexible responses of supply to changes in labour demand and implicitly a denial of employment model characteristic for industrial era. In developed Western European countries like Holland and Denmark, a number of positive results were obtained in the direction of reforming the labour market operation by implementing the concept of "flexsecurity".

But not all attempts to reform had the expected results. In some cases the changes in institutional framework led to increased labour market segmentation. It should also be noticed that there is no single model of reform that will lead to considerable improvement of the labour market operation.

The success of reform was mainly determined by the involvement of social partners and by the new institutional framework consistency. For this reason, one of the conditions to be met is the

development of social dialogue in order to ensure conciliation and if possible harmonization between positions of social partners. In Romania's case, based on the existence of the labour market institutions fully compatible with the European social model, those measures designed to improve the labour market operation have to consider both the reform trends within the European Union as well as the social and economic realities at national and local level.

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Adaptarea instituțiilor pieței forței de muncă la provocările noi economii

Rezumat

În cadrul articolului se subliniază faptul că în ultimele trei decenii extinderea utilizării tehnologiilor informaționale și globalizarea proceselor economice au avut consecințe importante pentru funcționarea pieței forței de muncă la nivel național și mondial. În acest context, în cadrul Uniunii Europene au fost elaborate și implementate noi concepte - cum este cel de „flexsecuritate” - și au fost reformate o serie de instituții ale pieței forței de muncă pentru a se spori adaptabilitatea populației active și a companiilor la un mediu extern deosebit de instabil.

Având în vedere experiența Uniunii Europene, sunt evidențiate corelațiile dintre reforma instituțiilor pieței forței de muncă și politicile de asigurare a unui nivel ridicat al ocupării și calității locurilor de muncă. În acest context, o atenție specială este acordată României, prin relevarea stadiului în care se află procesul de modernizare a organizării producției și a muncii. De asemenea, sunt aduse argumente în favoarea dezvoltării dialogului social, văzut ca un factor de asigurare a unei modernizări a organizării producției și a muncii în ritm stabil și cu costuri sociale reduse.