

Incomes – Component of Quality of Work and Employment in Romania

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Abstract

The analyses contained in this article¹ - covering only the income components of the quality of work and employment in Romania - reflect the conclusions of a national report – carried out by the European Foundation for the Improvement of Living and Working Conditions, based on data deriving from European Working Conditions Surveys.

Key words: *incomes, work, employment*

Introduction and General Framework

Every five years, the European Foundation for the Improvement of Living and Working Conditions² conducts a survey aimed at analysing working conditions in Europe. To this 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.

¹ The national report in extenso was published on the European Foundation for The Improvement of Living and Working Conditions website: www.eurofound.europa.eu/publications/htmlfiles/ef0737.htm

² *** <http://www.eurofound.europa.eu/>

The results of this endeavour were outlined in a national report, which consists of a comparative analysis and assessment of the responses to the Foundation's 2001 and 2005 EWCS. The analyses were also supplied 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.

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 had to face 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 socioeconomic situations, can prove valuable at a certain time, if complemented with other data and facts regarding the particular socioeconomic 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 EU Member States (EU15) and 76% of workers in the 10 new Member States (NMS) that joined the EU in May 2004 (Table 1).

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 1. 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 2).

Table 2. 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

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.

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 3).

Around 49% of the interviewed Romanian workers 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 3. 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

Income - Component of Quality of Work and Employment

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 as compared to some 49% of respondents who did not agree with this statement.

According to the annual ‘Survey on the distribution of employees by wage groups’, conducted by the National Institute for Statistics in October 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 1).

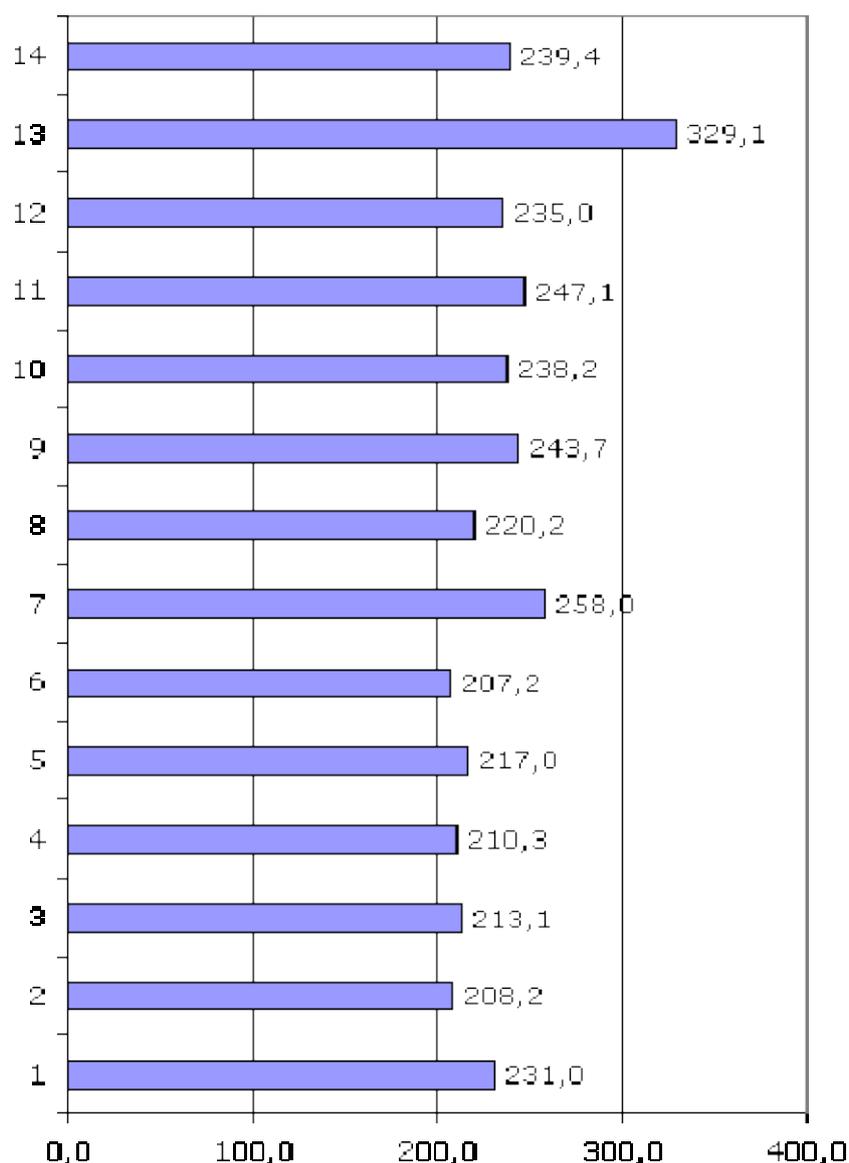


Fig. 1. Increase in average gross wage of employees working for at least 21 days, by sector, between October 1999 and October 2005 (%)

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, 1999 and 2005

In terms of field differences, between October 1999 and October 2005, the highest average wage increases in Romania, were recorded in education (3.29 times' increase), trade (2.58 times), real estate (2.47 times), and transport and warehousing (2.44 times).

Increases smaller than the average were observed in construction (2.07 times), agriculture (2.08 times), and manufacturing and mining (2.1 times). As the findings in Figure 2 show, significant differences emerge in the average gross monthly wage according to sector in 2005.

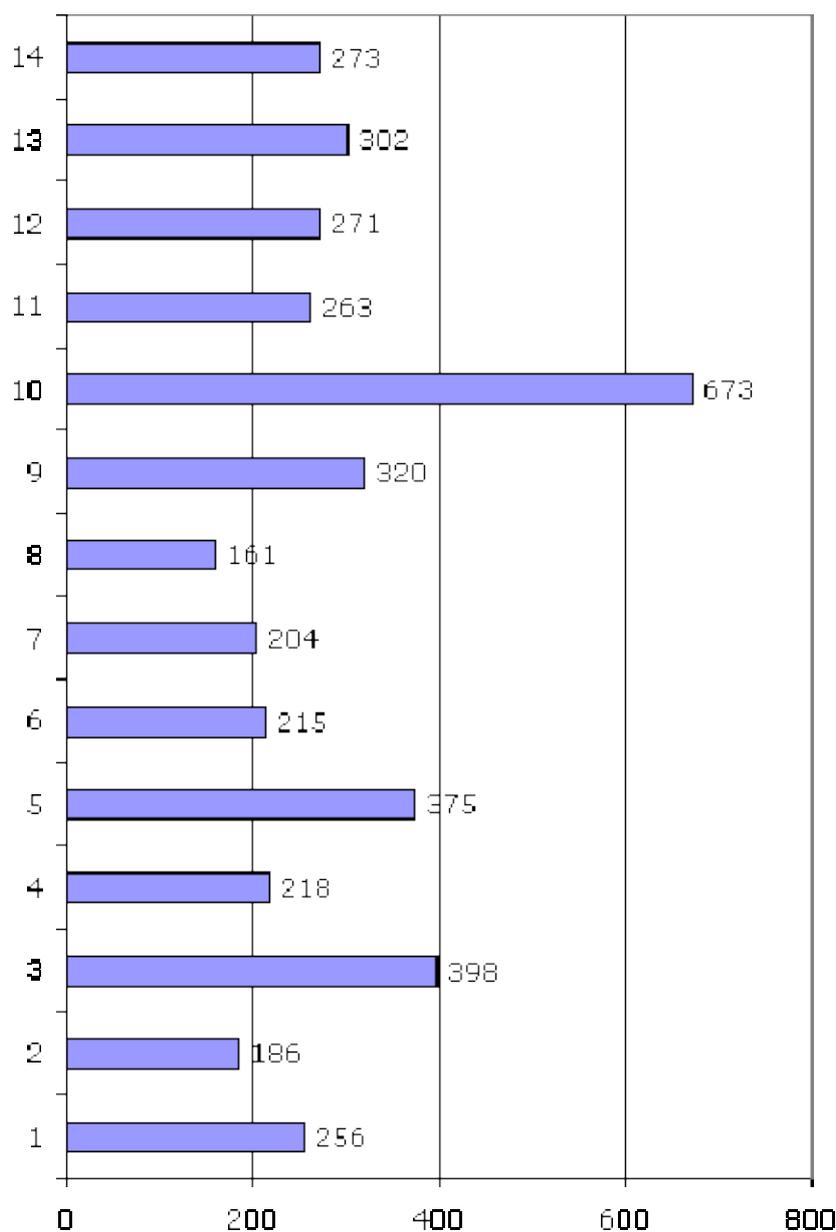


Fig. 2. Average gross monthly wage of employees working for at least 21 days, by sector, October 2005 (€)

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 3 shows the ratio between the average gross wage of women and men in 2005.

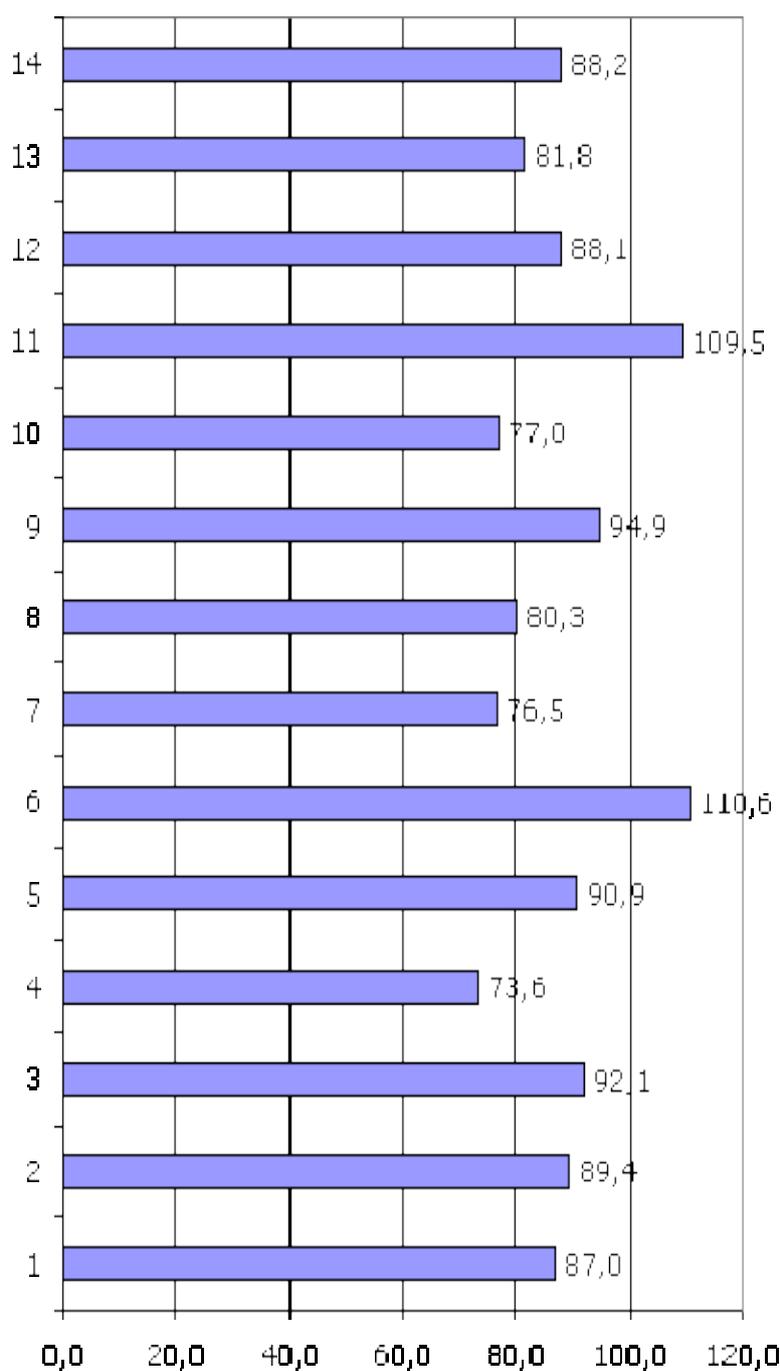


Fig. 3. Gender gap ratio in average gross wage, by sector, 2005 (average gross wage of men = 100)

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 €31 (Figure 4).

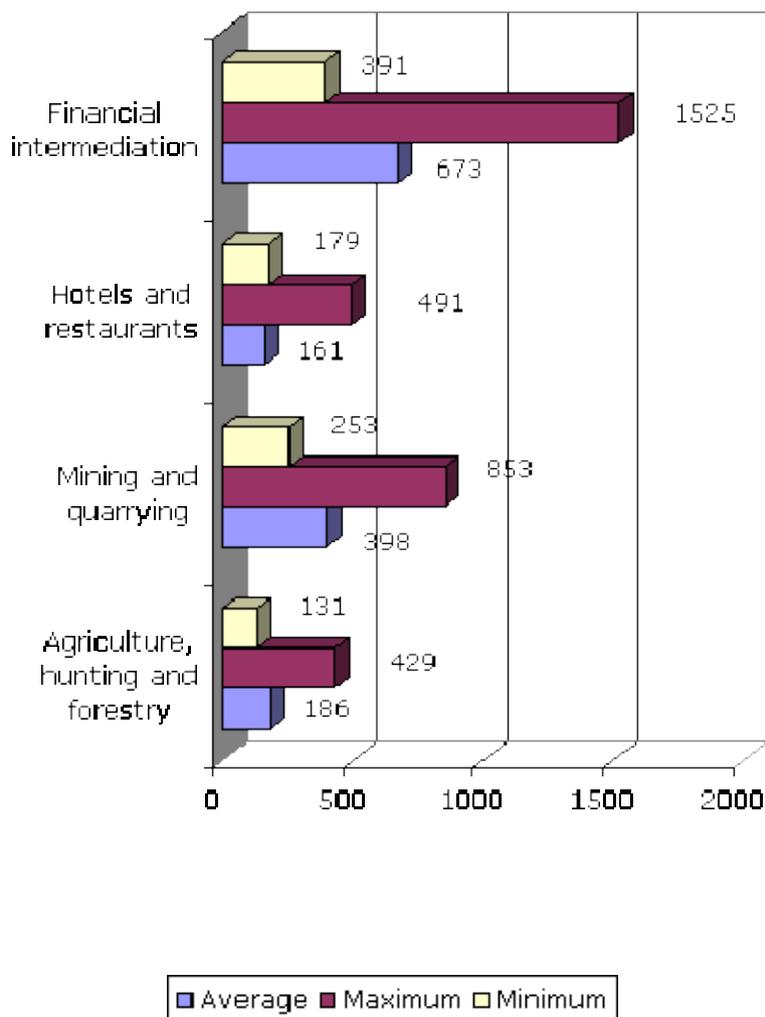


Fig. 4. Minimum, maximum and average gross wage, by sector, 2005 (€)

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 5).

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.

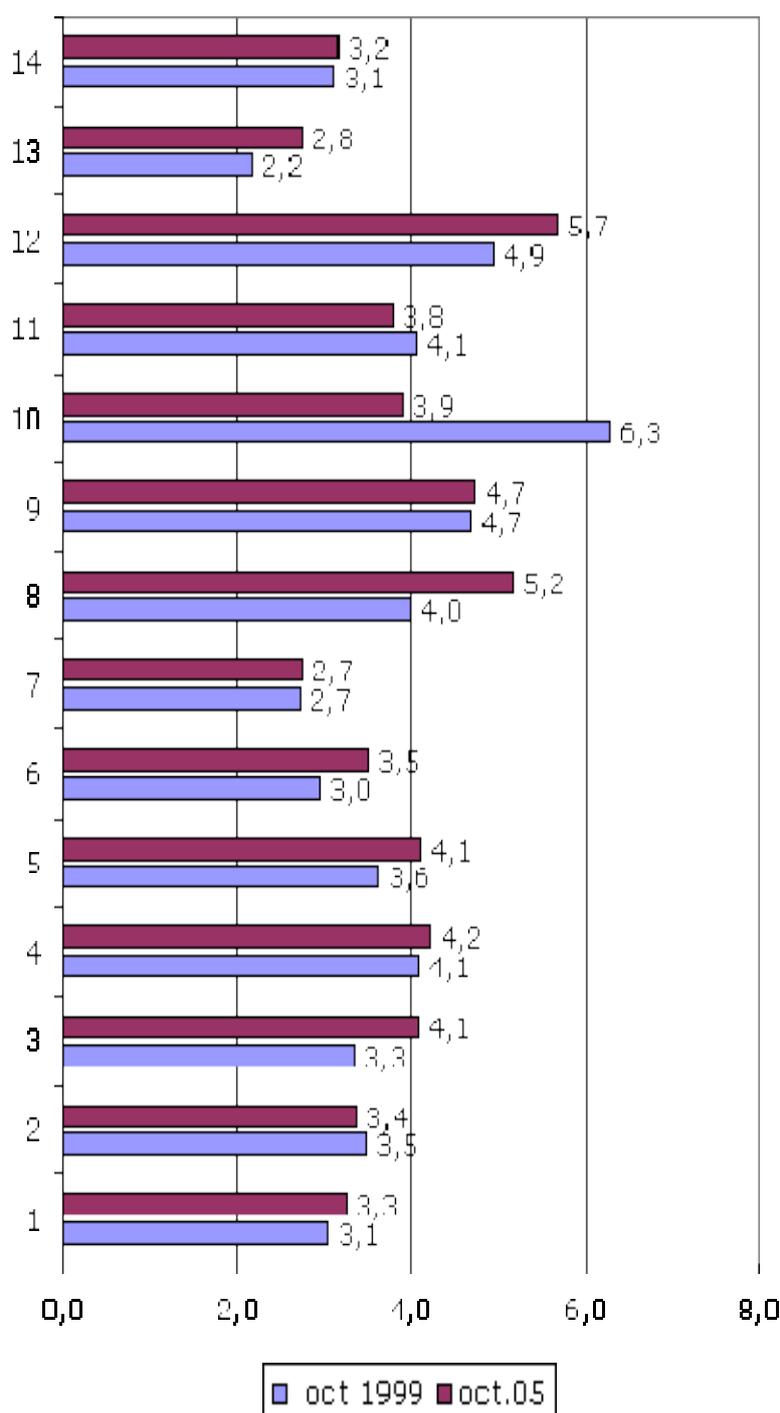


Fig. 5. Ratio between minimum and maximum wage, by sector, October 1999 and 2005

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 4).

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 4. 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

Conclusions

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 agricultural 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.

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.

During 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 decreased to almost 93%–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.

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Veniturile – componentă a calității muncii și a ocupării în România

Rezumat

Analizele conținute în acest articol – cu referire strictă la componenta de venituri a calității muncii și ocupării în România – reflectă concluziile unui raport național, realizat de către Fundația pentru Îmbunătățirea Condițiilor de Muncă și Viață, fundamentate pe datele rezultate din Rapoartele Europene privind Condițiile de Muncă.