

ENHANCING EMPLOYMENT RATES IN ROMANIAN PUBLIC ADMINISTRATION

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ABSTRACT

The research conducted is firmly situated within the framework of the European Strategy for Employment, which serves to establish shared goals and enhance the level of coordination among European Union member states in relation to employment-related issues. The primary objective of this research is to investigate the effects of innovations and digital transformation on Human Resource Management (HRM) within the Romanian Public Administration. The study specifically aims to examine how these interventions can enhance employment rates by aligning with the objectives set by the European Union and fostering the development of a competent and flexible workforce.

This study aims to examine the impact of digital and innovative human resource management (HRM) practices on employment within the public sector of Romania. To achieve this objective, a comprehensive analysis of the legislative framework and policies in both the European Union (EU) and Romania will be conducted. The research will employ a combination of quantitative and qualitative research methods to rigorously investigate the influence of these HRM practices.

The findings suggest that the incorporation of digital transformation and innovative human resource management (HRM) strategies has a substantial impact on the employment rates within the Romanian Public Administration. This integration fosters the development of a skilled and adaptable workforce that can effectively respond to economic fluctuations, aligning with the employment goals set by the European Union.

It is posited that the outcomes acquired possess the capacity to offer significant perspectives on the efficacy of harmonizing human resource management (HRM) practices with European Union (EU) strategies. This underscores the potential of digital transformation and innovation to enhance public sector employment. The findings emphasize the necessity of implementing adaptation and evolution within the Romanian Public Administration in order to effectively pursue the overarching objectives of fostering a robust social Europe by the year 2030.

KEYWORDS: *economy; employment; labor force; salaries.*

INTRODUCTION

The primary aim of policies designed to mitigate unemployment and enhance employment rates in a specific domain of social policies is to sustain and augment employment levels. These policies encompass both direct and indirect measures, with the goal of securing job opportunities for individuals entering the labor market, as well as for the unemployed and those seeking employment as employees (Amberg et al., 2021).

Unemployment is an inherent characteristic of a free market economy, existing to some extent (Burlacu et al., 2021). As a result, Romania is also confronted with this issue, making increasing

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efforts to maintain unemployment at a reasonable level. The aforementioned approach warrants careful evaluation, as it is generally more convenient and economical to administer localized treatment through regular dressings or wound care, as opposed to undertaking a complex, comprehensive surgery with an extended recovery period, or alternatively, implementing prolonged prophylactic treatment.

The issue of unemployment is inherently complex and cannot be eliminated. Similarly, there is no universally effective solution for reducing unemployment rates. However, it is possible to identify instances of exemplary approaches that, when implemented proactively by addressing the root causes of the identified problem, can yield noteworthy outcomes. In the subsequent analysis, we will examine these policies in detail.

In January 1991, the adoption of Law no.1 marked the establishment of the initial national normative measure pertaining to the social safeguarding of unemployed individuals and their subsequent reintegration into the workforce. Over the course of time, the socio-economic environment and labor market transformations, alongside the preparations made for Romania's integration into the European Union, served as the necessary conditions for the establishment of an effective unemployment insurance system and the promotion of employment.

Considering the prevailing circumstances arising from the economic crisis, demographic aging, and the rise in unemployment rates, the European Union has undertaken measures to tackle the employment challenge (Nica et al. 2023). This effort involves the formulation of a European Employment Strategy, which aims to address the employment policies of individual member states and foster coordination at the community level.

The European Commission's recommendations for Romania primarily focus on enhancing the quality of policies pertaining to labor force activation and expediting the implementation of the National Plan for youth employment.

Evidently, there exists a substantial population that is susceptible to the perils of poverty or social exclusion, with children and young individuals being particularly vulnerable to these circumstances. According to Brusientseva (2017), it is imperative for reform programs to enhance labor market measures, particularly with regard to unregistered youth and individuals who have been unemployed for an extended period of time. Simultaneously, it is imperative to ensure that the National Employment Agency possesses the requisite personnel to establish unambiguous guidelines regarding the transparent implementation of the minimum wage, in consultation with the social partners and in alignment with domestic protocols. Additionally, it is crucial to introduce minimum insertion income, as emphasized by Christiano, Trabandt & Walentin (2021).

1. ACTIONABLE MEASURES OF THE JOB MARKET

The rise in unemployment rates has inevitably brought labor market policies to the forefront, with a particular emphasis on activation strategies aimed at facilitating the reintegration of the unemployed into the workforce (Ciobanu et al., 2019). The activation strategies, specifically active labor market policies, are a subset of labor market policies (Rădulescu et al., 2021). Their primary objective is to either prevent unemployment among individuals at risk or assist them in retraining for the purpose of reintegrating into the labor market. The second category encompasses measures pertaining to the labor market, specifically focusing on active measures (Ladaru et al., 2022).

Active employment policies, as defined by the International Labor Organization, encompass targeted interventions implemented by governments with the aim of achieving both equity and efficiency objectives. These interventions can take the form of direct or indirect measures, such as job creation initiatives or efforts to enhance the employability of individuals facing specific disadvantages within the labor market. Active measures encompass a range of interventions that are predicated on various actions. The actions primarily pertain to individuals who are unemployed and actively engaged in job seeking. These actions involve transitioning their status within the labor market, resulting in their attainment of employment (Krueger, Mitman & Perri, 2016).

Labor market measures also encompass government interventions aimed at providing financial assistance to marginalized groups in the labor market. Most of the measures prioritize three key areas of intervention, specifically: facilitating the engagement of individuals who are unemployed, providing assistance to individuals transitioning from a state of inactivity to employment, and preserving employment opportunities for individuals at risk of unemployment. Vocational training pertains to initiatives that seek to enhance the employment rate of specific target groups within the labor market policy (LMP) through training programs, which are funded by a variety of public institutions (Herasymova & Sidorenko, 2019).

When examining the delineation of subcategories within vocational training, it is observed that two main categories exist. Firstly, there is classroom-based training, which takes place in educational institutions such as schools, faculties, and training centers. Secondly, there is workplace-based training, which occurs directly within the work environment. It is important to note that both categories consider the designated time for training. Indeed, alternative vocational training entails the integration of practical, hands-on experience within a professional setting alongside formal instruction provided by educational institutions.

Special support for apprenticeships encompasses various financial components. Firstly, employers are offered incentives to encourage them to hire apprentices. These incentives serve to promote the recruitment of apprentices. Secondly, disadvantaged groups in the labor market are provided with training allowances. These allowances aim to assist individuals facing challenges in accessing employment opportunities. According to Ravenna and Walsh (2021),

The provision of assistance for employment is exemplified by targeted financial subsidies designed to aid individuals with diminished work capacity (Kozak, 2021). However, the primary objective of this program is to aid the participants to facilitate their integration, adaptation to their specific disabilities, as well as to the environmental and occupational circumstances they encounter. Additionally, the program aims to foster the development of the essential skills required for successful entry into the labor market.

It is important to acknowledge that the rehabilitation encompassed within the active measures specifically pertains to the professional rehabilitation and facilitation of employment opportunities for individuals with diminished work capacity. Another effect of active measures is the direct generation of supplementary employment opportunities. According to Piazzesi and Swanson (2008), research indicates that the service sector, particularly within the community, offers greater ease and efficiency in achieving employment opportunities for individuals facing long-term unemployment or other challenging circumstances in the labor market. In such cases, the social field often becomes a viable sector for job placement.

The term in question, when translated into various legal systems, carries distinct and valid interpretations that are grounded in empirical evidence. Therefore, from an authoritative perspective, the term "active" lacks a precise definition. However, it is plausible that this term effectively characterizes the strategies and scope of the current activation measures implemented in various European nations, as well as beyond.

The primary objective of active policies is to reduce the duration of job search by effectively aligning the number of job vacancies with the number of job seekers, thereby balancing the demand and supply of labor. Additionally, these policies focus on enhancing the training and qualifications of jobseekers, aiming to improve their skills and enhance their prospects in the labor market. Lastly, active policies also involve the direct creation of employment opportunities (Harun, 2016).

2. CATEGORIES OF ROMANIAN EMPLOYMENT AND UNEMPLOYMENT POLICY MEASURES

In the past few years, there has been a significant focus on active employment policies as a key component of labor market policies. These policies have gained prominence due to their role in addressing the prevalent issue of unemployment and the associated imbalances in the labor market (Constantinescu, 2013). In the present context, it is observed that a significant emphasis is placed on the implementation of active measures in the realm of employment and unemployment policies in the majority of European Union member states, including Romania. The Europe 2020 Strategy has led to a shift in employment policies, moving away from passive measures and towards active measures. These measures aim to prevent unemployment, particularly among young individuals, those at a high risk of exclusion from the job market, and individuals who are at risk of long-term unemployment (Constantinescu, 2013).

From a logical standpoint, the preferred approach involves transitioning from passive measures to active measures. By comparing the two, it becomes evident that passive measures are costly services, while active measures result in budget savings. While maintaining the overall perspective, it is worth noting that active measures are generally more cost-effective compared to cash benefits (passive measures). Additionally, these measures have been found to effectively reduce the duration of unemployment, enhance employment rates, improve wage prospects for both the unemployed and individuals participating in such measures, and boost overall productivity.

Passive measures primarily focus on the provision of financial assistance to individuals who are unemployed, without actively seeking to directly enhance their performance. Furthermore, passive measures serve to diminish the motivation to actively seek employment. Conversely, there is a prevailing viewpoint that active policies are superior to passive policies in terms of efficacy, cost-effectiveness, and their ability to enhance individual, national, and regional skills and competitiveness (Baek, 2021).

2.1. National active labor market reintegration measures

The most recent data available, which encompasses comprehensive statistics, pertains to the reference year of 2021. Therefore, it can be observed that in the year 2021, Romania exhibited a 61% employment rate among individuals within the working-age population, specifically those aged between 15 and 64 years. This statistic serves as an indicator of a favorable condition pertaining to employment within the labor market.

In contrast, the unemployment rate stood at 6.8%, indicating a favorable position in comparison to the European average. In 2021, the unemployment rate across the 27 member states was recorded at 10.2%, with countries such as Greece reporting a rate of 26.5%, Spain at 25.4%, Hungary at 7.9%, and Germany at 5% (OECD, 2021).

The employment rate among individuals aged 20-64 stood at 65.8%, falling short of the national objective of 70% set within the framework of the Europe 2020 Strategy by a margin of 4.4 percentage points.

The employment policies for 2022 were derived from data provided by the National Agency. These policies were synthesized through an analysis of the economic and social conditions observed at the regional level by the county agencies. Therefore, in the year 2021, the National Agency for Employment (ANOFM) put forth a proposal suggesting that approximately 346,000 individuals transition from being inactive participants in the labor market to actively engaging in employment by means of implementing various active measures.

Simultaneously, depicted in the graph presented below are the figures pertaining to the quantity of individuals who were unemployed and participated in courses funded by the comparative unemployment insurance budget during the years 2020 and 2021, as well as the count of individuals who subsequently entered the workforce after completing said courses. It is evident that there was a

slight decline in the population engaged in training in 2022, whereas there was a notable increase in the number of individuals who commenced participation in the activity.

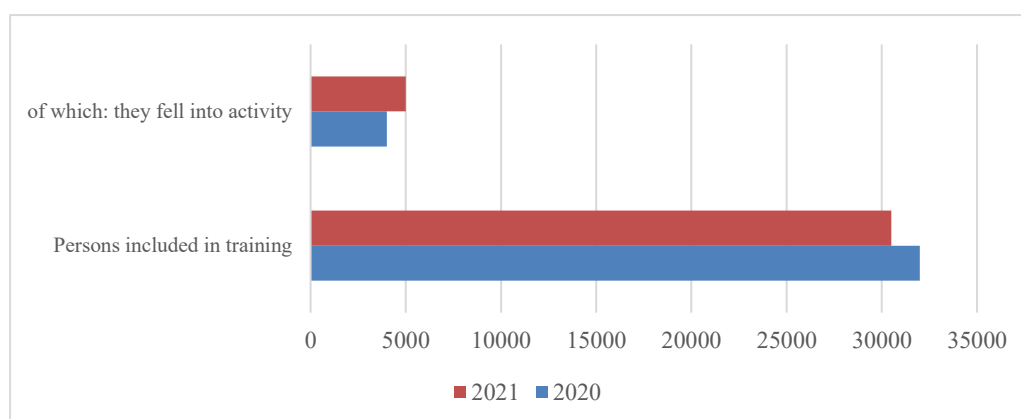


Figure 1. Unemployed people who attended courses financed from the unemployment insurance budget
Source: INSSE, 2022

Labor mediation, information dissemination, and professional counseling are essential proactive strategies utilized in employment policies that have significantly contributed to the facilitation of individuals' integration into the labor market. These measures have been identified as the prevailing methodologies employed in the year 2022, garnering the greatest level of engagement in relation to the specified target demographic.

The commonly utilized measures encompass labor mediation, provision of vocational information and advice, and facilitation of vocational training. The measures discussed above, which have a broad geographical coverage across multiple counties, are related to three specific areas: Firstly, the measures aim to provide additional income support to individuals who become unemployed before their unemployment benefits expire. This aspect is highly significant, with an achievement weight of 123.86%. Secondly, the measures aim to promote workforce mobility across different geographical locations, which carries a weight of 60.79%. Lastly, the measures aim to offer consulting and assistance services for individuals looking to initiate independent activities or start their own businesses, with a weight of 58.80%. It is worth noting that these measures deviate from the conventional pattern of having a share that exceeds 100%. However, these measures give rise to concerns regarding their correlation with the performance weight established by ANOFM.

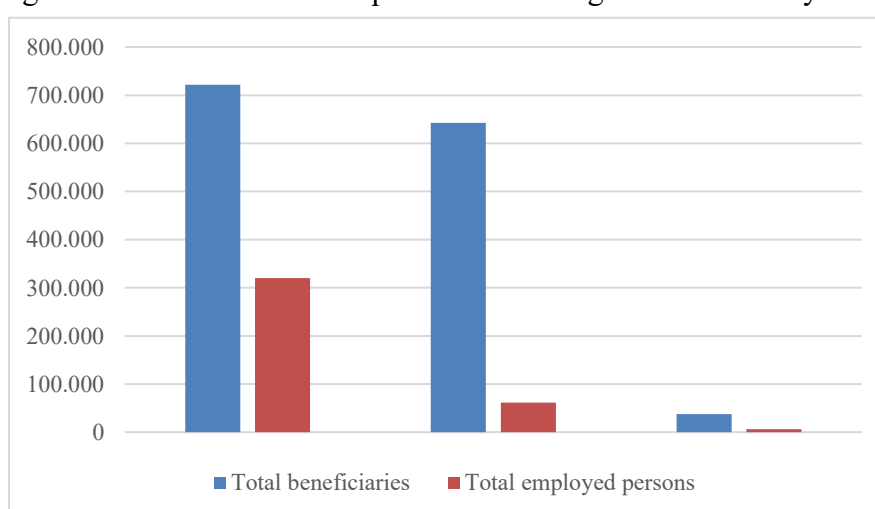


Figure 2. The total number of unemployed beneficiaries of the first three active measures compared to the total number of people employed following participation in these measures
Source: ANOFM, 2021

One notable positive aspect worth highlighting is the heightened level of interest exhibited by county agencies and unemployed individuals towards active measures, as observed by Șerban (2013).

Undoubtedly, these measures aim to establish a direct link between employers and employees through the provision of information, mediation, counseling, and training services in job search techniques. Furthermore, it is worth noting that consulting and assistance services for initiating independent activities or establishing businesses should also be considered within the same category. However, based on the aforementioned data, it is evident that such services are not frequently sought after by county agencies.

Based on an examination of the forecasts contained within the reports and newsletters for the year 2022, as well as the depiction of the services provided on the official websites of the county employment agencies, as depicted in Figure 3, it becomes evident that across the 41 counties in Romania, in addition to the municipality of Bucharest, comparable active/passive measures are offered, albeit with slight variations.

Therefore, when examining the relationship between the unemployment rate and the active measures implemented at a territorial level in 2021, it is observed that certain counties, such as Vaslui (11.80%), Teleorman (11.30%), and Mehedinți (10.15%), exhibit the highest rates of unemployment. The active measures implemented in these counties encompass labor mediation, professional information and advice, training, and supplementary income support for unemployed individuals whose unemployment benefits are about to expire.

In relation to the implementation of active measures in regions with the highest rates of unemployment, there is a lack of evidence to establish a definitive correlation between active measures and unemployment.

Commonalities can be discerned, albeit in a broad sense, across the majority of regions, as previously expounded upon, while the divergences substantiate the alignment between prevailing demands and the provision of services.

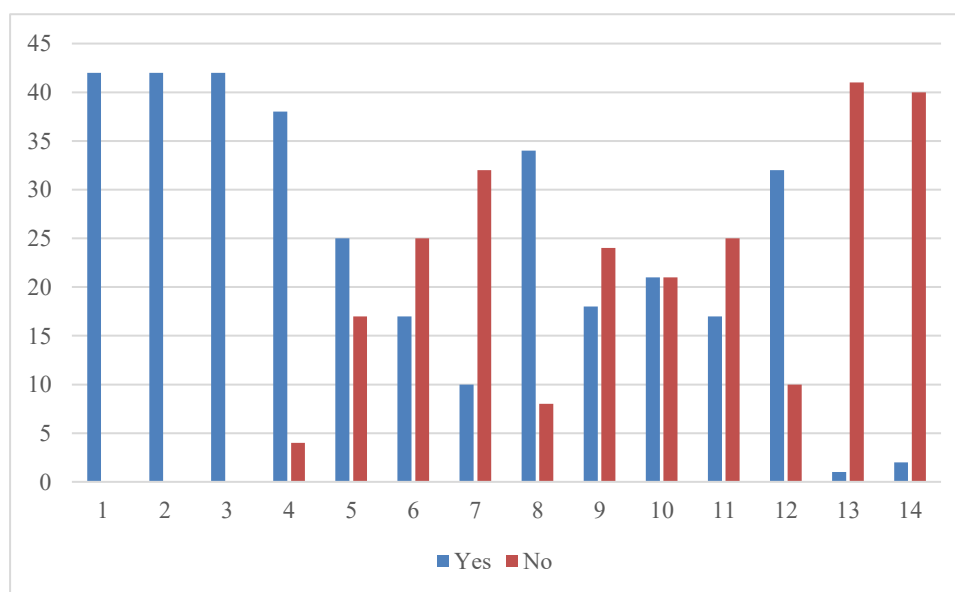


Figure 3. The main active measures taken

Source: AJOFM, 2021

CONCLUSION

The significance of policies aimed at reducing unemployment arises from their ability to align with labor market trends, while also addressing the economic, political, and social circumstances of our country. Additionally, these policies are essential for implementing European directives within the context of our national circumstances. The necessity for specific measures arises from their utilization

and efficacy, particularly in terms of the employment opportunities generated as a direct outcome of their implementation.

The shift from passive policies to active policies underscores the significance of labor market policies, particularly their favorable aspects that enhance the caliber of the workforce, augment the labor supply, and encourage greater engagement of the unemployed in the job search process.

Policies aimed at mitigating unemployment and promoting employment constitute a distinct domain within the realm of social policies. Their primary goal is to sustain and enhance employment levels through the implementation of direct or indirect measures, both active and passive, with the intention of facilitating job opportunities for individuals who are currently unemployed or seeking employment.

The proactive approach to job searching contributes positively to employment enhancement strategies in the labor market. This phenomenon is observed at both the national and local levels, where the alignment between individuals' qualifications and their professional training, in conjunction with local circumstances, reinforces the prevailing notion that individuals are more likely to find solutions by relying on their internal resources rather than solely relying on external labor market factors. The labor market operates on a minimum of three interconnected elements that are essential for its optimal functioning. These entities are interdependent and mutually influential.

In previous times, there was a greater focus on public employment policies that aimed to mitigate the negative consequences of unemployment in the labor market. However, in recent years, there has been a growing recognition of the necessity to enhance individuals' adaptability to evolving job requirements and conditions to minimize the likelihood of unemployment.

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