

An Analysis of Current Labor Market Developments and Structures in European Union – in Correlation with Labor Market Flexicurity Requirements

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Abstract. *Although at first sight the crisis appears as a disturbance of the regular course of economic, social and organizational, this is a necessary step that turns old structures and relations to some superior functional. Under these conditions, however, it is absolutely necessary that the situation be properly evaluated by an analysis of developments and labour market structures and be taken right decision for the purposes of proper management of existing and potential recovery so far underused resources: people, values and strategies. The impact of the economic crisis on labour markets displays significant variation from one country to another. Employment rates and unemployment rates will be compared between European countries and for different groups of workers. Some countries have succeeded in keeping employment levels up and unemployment levels down through recourse to employment-preservation and employment-creation measures combined with an expansion of active labour market policies. Moreover, certain labour market groups or categories have been particularly hard hit by the crisis. These include men, temporary workers, youth and migrant workers.*

In the EU Member States, crossing the crisis period was marked by changes in the sense orientation flexibleworking time and conservation work, a strategy that ensures rapid and reversible adaptation to the needs of production entities present.

Keywords: labor market developments; flexicurity requirements; economic crisis; underemployed part-time workers.

JEL Codes: J01, J61.

REL Codes: 12E, 12G.

1. Introduction

The economic crisis has had severe labour market impacts in EU countries, but the extent of changes in unemployment and employment rates varies considerably from one country to another due to the differences in the size of the shocks and in the importance of labour market policies. By reason of the fact that male-dominated sectors such as manufacturing and construction were badly affected, the crisis has beat men much harder than women. Also, taken on the EU average, young and prime-age workers have been more affected than older workers and the same is true of migrant workers. On the other hand, except for the gender effect, countries differ significantly in terms of the groups that have so far been hardest hit.

Throughout the economic crisis part-time employment has grown further in line with the trend of the last decade. Concerning temporary employment, however, there has been a trend reversal. Fixed-term workers, and particularly temporary agency workers, were in many countries the first to lose their jobs. Captivatingly, in a number of countries some labour market measures have been explicitly extended to cover part-time and temporary workers or have been made more accessible for these groups of workers.

The greater part of EU countries have taken measures to reinforce and broaden passive and active labour market policies but also employmentsustaining measures for the period of the crisis. Nevertheless, the focus and area of the measures taken has been very different – with some countries placing the main focus on employment-sustaining measures and others focussed on assisting the unemployed or offering them retraining. In most cases, as a result of traditionally large cross-country variation in the importance of passive and active labour market policies in terms of expenditure, countries differ considerably in the degree to which they are prepared to cushion the labour market outcomes of the economic crisis. In a few areas the economic crisis has prompted ‘good practice learning’ – which is one of the aims of the European Employment Strategy – an example in this respect being the shorttime working payment that has been recently introduced in several countries, particularly New Member States.

Even though EU labour markets have been powerfully affected by the crisis, mostly job losses have been rather limited when compared to other global competitors, thankfulness in large part to the measures taken to mitigate the impact of the crisis. This reflects especially strong option to increased internal flexibility (flexible working time arrangements including shorter hours or temporary partial unemployment, temporary closures, etc.) joined with nominal wage concessions in response for employment stability in some

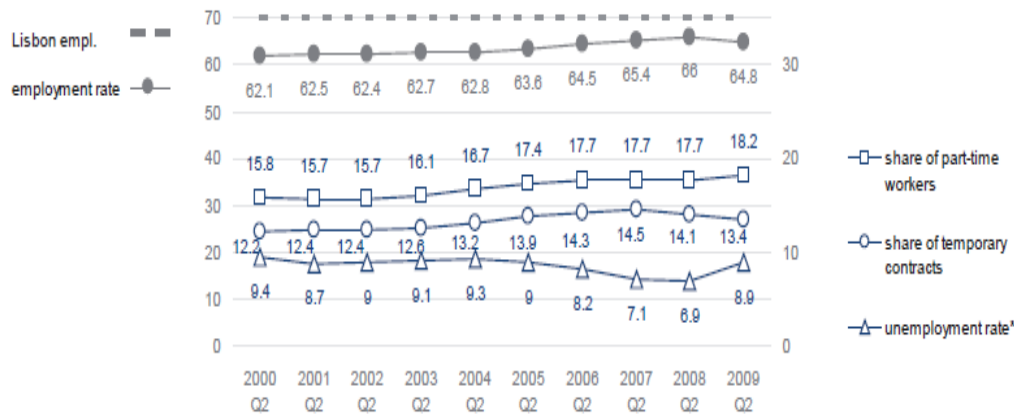
sectors, all of which appears to have prevented, or at least delayed, significant mass dismissals in certain Member States.

Above all, the more moderate raise in the unemployment rate in the EU compared to, for example, the US reflects the greater tendency in some Member States to adjust to changes in demand by lowering hours worked rather than the number of workers, especially in Germany.

2. Labour market developments in the EU (2000-2009) and impact of the crisis on the employments rates

Regarding Lisbon period achievements (for 2010: an on the whole EU employment rate of 70% and employment rates of 60% for women and 50% for older workers), few positive developments have certainly taken place in this respect. For example, employment growth has been particularly strong surrounded by women and older workers, while some countries have successfully boosted their employment rates. Even before the crisis, overall employment rates – which had reached 66% by the second quarter of 2008 – remained far from the Lisbon 2010 target, since when the economic crisis has led to a drop in employment rates of more than one percentage point within a one-year period (Figure 1). In the second quarter of 2009, EU employment stood at 64.8%, while unemployment was 8.9%, representing a two percentage point increase in a single year. Indeed, employment and unemployment levels are currently back to their 2006 and 2005 levels and further deterioration of this situation is most likely. A great share of recent employment growth in Europe has been due to increasing shares of part-time and temporary employment.

Calculated as a percentage of total employment, part-time employment increased by about two percentage points between the beginning of the Lisbon Strategy and the second quarter of 2008. Since the arrival of the crisis it has grown by another 0.5 percentage points to a current level of 18.2%. Temporary employment has also increased by about two percentage points in the eight years since the introduction of the Lisbon Strategy – its share in total employment having reached 14.1% in 2008. Workers on temporary contracts (mostly temporary agency workers but also those on fixed-term contracts) were in a lot of countries the first to lose their jobs for the period of the crisis. Temporary employment, which is usually not exercised out of choice but as a matter of necessity and is much more pronounced among young workers, has therefore fallen steeply since the beginning of the crisis. In the second quarter of 2009 it accounted for 13.4% of all employment, a figure relatively close to the 2004 level.



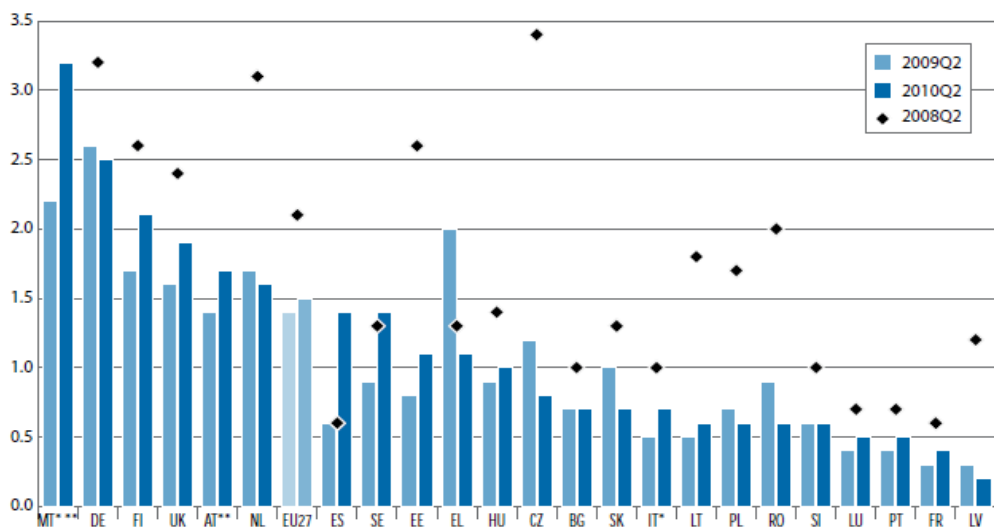
Source: Eurostat (2010) European Labour Force Survey (ELFS).

Figure 1. *Developments in employment and unemployment in EU-27 over the 10 years (2000-2009)*

Concerning the labour market adjusted during the crisis, demand for new workers declined powerfully over 2008 and most of 2009 line with the economic downturn. As we can see in Figure 2, the EU job vacancy rate (the number of vacancies relative to the sum of vacancies and occupied posts) started to drop continuously from the second quarter of 2008, falling from a level of 2.2% in the first quarter down to 1.3% in the third quarter of 2009, when it bottomed out. In total the rate fell by 0.9 percentage points (or around 40%) over this period. Ambitious by an improvement in Germany, the vacancy rate finally started to rise again in the fourth quarter of last year, when it increased moderately to 1.4 %, and then rose again in the first quarter of 2010 to reach 1.5% where it stabilised. Although this indicates a relative improvement in demand for new workers, the rate remains well down on the levels observed at the start of 2008.

Among the larger Member States, vacancy rates in the second quarter of 2010 remained well down on the levels recorded in spring 2008. The decline in the vacancy rate relative to the second quarter of 2008 has been most pronounced in Poland (down by 1.1 percentage points, or by two-thirds), reflecting the cooling-off in employment expansion over 2008 and subsequent slight contraction in 2009. Rates were down by a more moderate amount compared to the spring of 2008 in France (by 0.2 percentage points), Germany (down 0.7 percentage points), Italy (down 0.3 percentage points) and the UK (by 0.5 percentage points). In contrast, the rate had risen substantially in Spain to well beyond the already low levels two years earlier, reflecting a sharp improvement over the last year. By the second quarter of 2010, the rate stood at 0.6–0.7% in Italy and Poland, and at only 0.4% in

France, the second lowest rate in the EU. However, it remained relatively high in Germany (2.5%, the second highest rate in the EU) and the UK (1.9%), reflecting persisting labour/skill shortages and continued substantial job opportunities despite the crisis and increased unemployment. Official sources in Germany and the UK confirm that, although by early 2010 registered job vacancies were still markedly down on pre-crisis levels, overall vacancy levels remained reasonably high at around 500 thousand in each country. In each month since April 2010, total announced job losses have been around a seventh of the peak level reached in January 2009.



Source: Eurostat, Job Vacancy Statistics 2010.

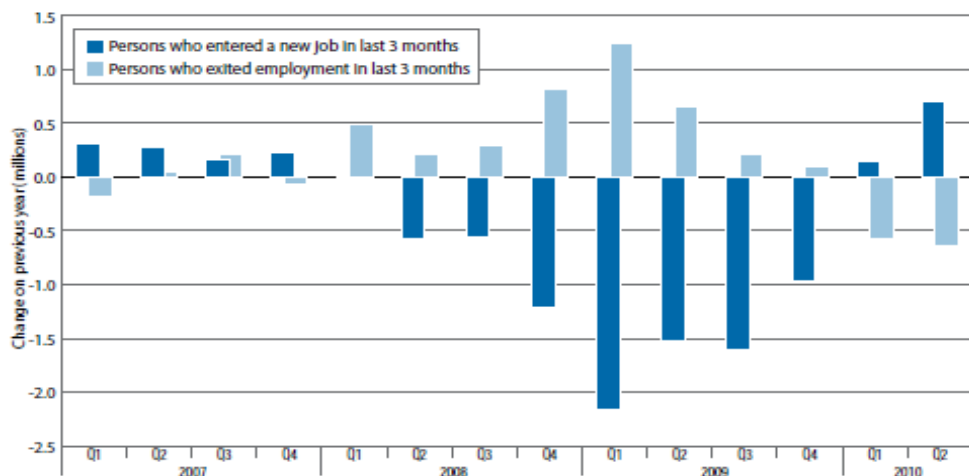
Figure 2. Job vacancy rates for EU Member States in 2008 q2, 2009q2 and 2010q2

As regards employment flows, labour market trends during the crisis reflect two underlying phenomena: a decline in the number of persons who recently started a new job and an increase in the number who recently exited employment.

Year-on-year changes in the level of new hirings show a clear downward adjustment from the second quarter of 2008 onwards, with the trough occurring in the first quarter of 2009 (Figure 3). Despite some moderations the rate of year-on-year declines subsequently, even at the end of 2009 hirings were still down on the levels one year earlier. As a share of total employment, those employed with a new job amounted to 4.2% in the last quarter of 2009, up from the low of 3.5% in the first quarter but still well down on the average of around 5% over 2007. It was only at the start of 2010 that year-on-year changes in hirings finally turned positive again, followed by a strong pick up in the second

quarter. However, this may affect more heavily those already in employment moving to another job rather than new (re-)entrants to employment, while those employed in a new job still only accounted for a relatively limited 4.2% of total employment in the second quarter.

In contrast, during the crisis the numbers of those who recently exited employment rose considerably on corresponding levels a year earlier, again peaking in the first quarter of 2009 before the year-on-year changes moderated over 2009, when almost peter out in the last quarter and then turned negative in the first quarters of 2010. At around 2.0% of the employed population by 2010q2, the share of those exiting employment appears to have broadly moderated back to the precrisis levels observed in the years preceding 2008, having risen to as high as 3.0% at the height of the crisis in first quarter of 2009.

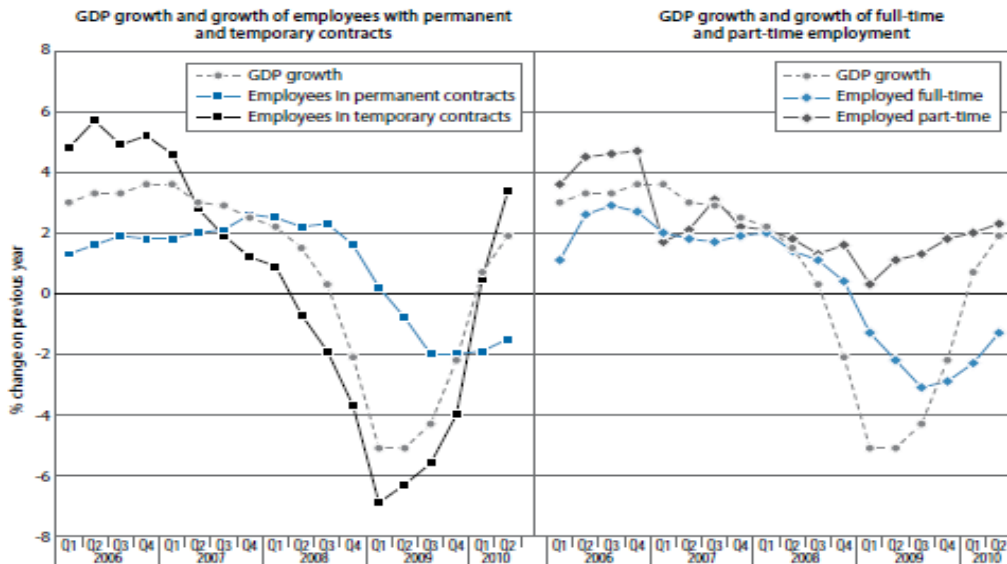


Source: Eurostat, EU LFS, DG EMPL calculations. Data non-seasonally adjusted.

Figure 3. Year-on-year changes in the numbers of people who started a new job or exited employment in the last three months in the EU, 2007-2010

Adjustment by type of employment (temporary and part-time employment)

Employment adjusted first and foremost to the economic downturn through a sharp contraction in temporary employment, which is the most cyclical component of employment. While in 2008 only 14.0% of employees were in temporary employment, they accounted for almost half (around 44%) of the overall reduction in the number of employees from 2008q2 to 2009q4, the last quarter when temporary employment contracted year-on-year.



Source: Eurostat, National Accounts and EU LFS, DG EMPL calculations. Data on GDP seasonally adjusted; data on employment non-seasonally adjusted.

Figure 4. Employment growth by type of employment for the EU, 2006-2010

In order to accelerate downturn in overall economic activity over 2008, year-on-year growth in temporary employment became negative in the second quarter of 2008, and turned increasingly so over 2008 and into 2009. By the first quarter of 2009, when the year-on-year fall was greatest, the number of employees in the EU with temporary contracts had fallen by 1.8 million (or 6.9%) compared with the first quarter of 2008, mainly driven by falls in all the larger Member States and most notably by a decrease of over one million in Spain. Temporary employment has seen a very strong recovery over the first two quarters of 2010, returning to positive year-on-year growth rates of 0.5% and 3.4% respectively, with the result that by the second quarter it was down a much reduced 3.1% on levels at the start of the labour market downturn two years earlier and accounted for a more limited 19% of the reduction in employees over that period.

Nevertheless, the fall in permanent employment has continued into 2010, with no signs yet of the strong rebound observed in temporary employment.

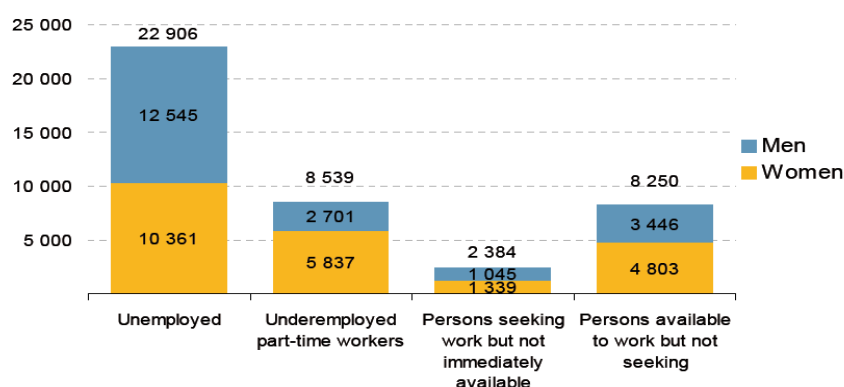
For a while, the strong downturn in temporary employment led to a marked reduction in the share of employees in the EU with fixed term contracts. This share, which has broadly decreased since late 2007, fell to 13.1% in the first quarter of 2009 (down by 1.7 percentage points from the peak of 14.8% in 2007q3) before recovering strongly to 14.0% by mid-2010.

This suggests that the decline in full-time employment has been partially compensated by a continued increase in part-time employment, indicating the potential role of part-time work as a „shock absorber” during the economic downturn.

In the EU-27 in 2010 there were 8.5 million underemployed part-time workers, 2.4 million jobless persons seeking a job but not without delay available for work, and 8.2 million persons available for work but not seeking it.

These three groups of persons do not fulfil all the criteria of the unemployment definition of the International Labour Organisation (ILO), being without work, actively seeking work and available for work. They do however share some characteristics with the unemployed. Eurostat is releasing three new indicators covering these groups in order to supplement the unemployment rate indicator: underemployed part-time workers, persons seeking work but not immediately available and persons available to work but not seeking.

Regarding underemployed part-time workers, this index refers to persons who, although employed, do not work full-time and have insufficient volume of work so that there is some similarity with unemployed persons. This indicator captures in particular part-time workers who would like to have a full-time job. The second and third indicators focus on persons outside the labour force but not completely detached from the labour market. The second indicator, persons seeking work but not immediately available, describes generally people who do not qualify for recording as unemployed for the reason of their limited availability to start a new job. The third indicator, persons available to work but not seeking, covers people wanting to work and available to do so, but who are not recorded as unemployed because they are not actively looking for a job. It includes, among others, discouraged jobseekers and persons prevented from jobseeking due to personal or family circumstances.



Source: Eurostat (online data codes: lfsi_sup_age_a and lfsa_pganws).

Figure 5. Unemployment and new supplementary indicators, EU-27, age 15-74, 2010 (thousand persons)

Among the new indicators, the predominance of women is strongest in the group of underemployed part-time workers (68.4 % of them are women – in the EU-27 in 2010, namely 5.8 million women as compared to 2.7 million men). This imbalance mirrors the gender gap in part-time employment (whether underemployed or not), as 75.5 % of all part-time workers in the EU-27 in 2010 were women.

3. Sweden versus Romania

A country with 9.3 million inhabitants, with average life expectancy of 81.2 years, with an average salary of 3000 Euros/month, with significant investments in education, research and development of renewable energy, Sweden is one of the countries with outstanding performance reflected in the indicators calculated by the international bodies.

Labour Market policies in Sweden have a tradition in the implementation of agreements between the professional associations and unions as well as in the active labour market policies.

Maintaining jobs and creating new jobs is one of the Swedish employment policy targets, given the benefits of having a job, both individually and nationally. At individual level, benefits obtained are both economic (as income), as well as personal, giving the individual a better integration in society, developing skills and competences throughout their working life. In terms of benefits at the society level, it is known that the higher the level of employment, the richer and more stable economically, politically and socially the countries concerned are. In terms of indicators on employment Sweden is among the first places in the EU in terms of employment rate, which is 72.7%, long-term unemployment (as a percentage of the workforce that was in unemployment for a period of one year), being 1.42%.

Employment situation in the OECD countries is also analyzed through access to employment pointer, calculated on the basis of the sub-indicators employment rate and long-term unemployment rate. According to this indicator, Sweden's place ranks 10 out of the 34 countries analyzed. Countries with the best results are Norway, Iceland and Switzerland, and the worst results were registered by Spain, Slovakia and Estonia.

If we analyze the situation of Sweden and the problems Romania is facing at the organizational level, we will see large differences between the two countries. Sweden is one of the leaders in innovation, with results above the EU-27 average.

Table 1

Innovation Indicators

– % –

Innovation indicators (EU-27 – 100%) – Year 2010	Romania	Sweden
Business R&D Expenditures	15.2	203
SMEs introducing product or process innovations	52.75	118
SMEs introducing marketing or organisational innovations	66	93,96
Employment in knowledge-Intensive Activities	47.2	119

Source: Authors' calculations based on the data provided by the European Innovation Scoreboard 2010.

The indicators in the table above outline the major differences between the organizations in Romania and Sweden. These indicators of innovation at companies' levels are calculated as a percentage of EU-27 indicators. Thus, regarding expenditure on research and development in business, Romania achieves only 15% of the same expenditures achieved at the EU-27 level, while Sweden exceeds the EU by 100%. In Romania, small and medium enterprises that have introduced organizational and marketing innovations still represent an important share.

It is also an increase in employment in intensive knowledge areas in Romania, but in Sweden the share of employment in these areas exceed by 19% the EU average. These indicators show the positioning of Romania under the EU-27 average, which means additional action efforts from Romania to meet the EU level.

When making international comparisons, it is important to bear in mind the differences between countries as regards the proportion of labour force migrants and percentage of foreign-born coming from countries where they speak similar languages. Southern European countries have much higher numbers of labour force migrants and in English-speaking countries, many come from countries where English is spoken. Even in France, Portugal and Spain, many foreign-born come from countries where the new country's language is spoken or at least generally understood. Out of 19 OECD countries, the employment rate among foreign-born in Sweden is higher than in Spain, Slovakia, France, Belgium and Ireland. The differences in the employment rates of native-born and foreign-born are greatest in Sweden (12.1 percentage points), followed by the Netherlands, Belgium, Germany and Denmark (between 8 and 12 percentage point difference).

The analysis of employment in Romania in the context of Europe 2020 strategy, in terms of certain indicators and benchmarks

In "Europe 2020 strategy", at the Community level, it was agreed as an overall target for 2020 the increase of the employment rate up to 75% for the

population aged 20-64 years. Thus, each of the 27 Member States of the European Union established its own national objectives. Romania's goal is to reach in 2020 an occupancy rate of 70% compared to 63.9 %, as it was established for this year (2011). In order to achieve this objective it is imperative to adopt a set of measures focused, on the one hand, on supporting people in search of reliable sources of living, and, on the other hand, on strengthening the legal framework relating to the unemployment insurance system and employment promotion.

The reference for calculating the necessary efforts to achieve the objective set is the year 2010². There are two options (proposed by the EMCO Committee) for the technical methods of establishing the national targets which have as their calculation formula to reduce by half the gap recorded by each MS to the target of 75%. Given that, according to COM estimation, RO starts from an employment rate of 61.9% in 2010, by method I (option 1) it should be reached a benchmark of 72.5% and by method II (third option) a value of about 71.4%.

Redefining the indicators for establishing, monitoring and evaluation of the employment rate based on the new age group (20-64 years) involves significant changes in the labour market priorities.

Table 2

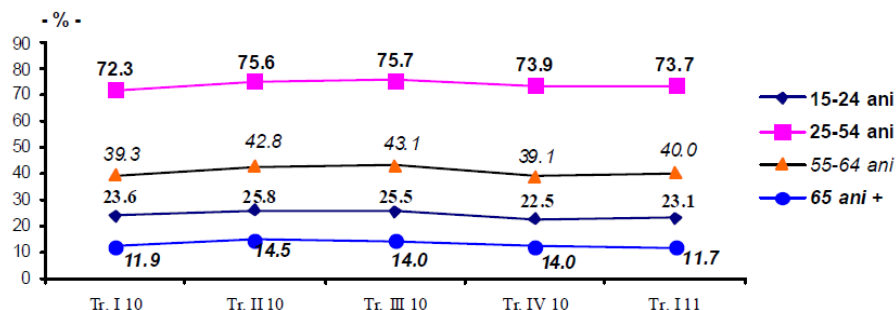
The evolution of indicators over the past 10 years

– % –

INDICATOR	2002	2003	2004	2005	2006	2007	2008	2009	2010
Employment Rate in Romania (20-64 years)	64.3	64.8	64.7	63.5	64.8	64.4	64.4	63.5	63.6

Source: The National Institute of Statistics.

According to the NIS data, in the I quarter 2011 the employment rate of the working population (15-64 years) was 58.0%. The BIM unemployment rate was 7.6%. The employment rate of the population aged 20-64 years was 62.5%, thus 7.5 percentage points lower than the national target of 70% set in the context of Europe 2020 strategy.



Source: The National Institute of Statistics.

Figure 6. The evolution of employment rate of the population aged 15 and over, by age group

This situation may be explained by the existence of certain factors of influence such as the socio-economic context (area of residence, development level of the area of residence, low labour market flexibility), individual factors (gender, education level, experience in employment, level of skills). Also in this context let us consider certain limitations and risks: limited budgetary resources to implement active employment measures, the low number of employees in the Public Employment Service; legislative and budgetary limitations in terms of providing incentives to employers who hire graduates and other unemployed people from the targeted categories; low attractiveness of apprenticeships; continuing the economic contraction, aging of population, low absorption capacity of structural funds in human resources development, increasing unemployment among people lacking basic skills, including the digital ones.

Table 3

Projections of indicators / scenarios for the evolution of the field

	- % -			
Employment Rate (20-64 years)	2011	2013	2015	2020
Optimistic scenario	-	-	-	71.5
Realistic scenario	63.9	64.7	66.2	70
Pessimistic scenario	-	-	-	68

Source: National Commission for Prognosis.

In terms of reform measures to increase the employment rate, they must meet the flagship initiative "An agenda for new skills and new jobs and guidelines for employment policies (proposed by COM on 4/27/2010)". Most of the measures identified so far aim at the realistic scenario for the horizon 2011-2013, and their

rapid implementation depends on removing certain rigidities in the labour market and the chance to record a positive development of the degree of flexicurity and employment rate in Romania. Thus, the main steps in this direction are:

- reform of the legal framework for stimulating employment and continuing professional training;
- designing and implementing the relevant instruments in qualification: the completion of the National Qualifications Framework, review of the classification of occupations in Romania, developing occupational analysis, standards and qualifications;
- investment in continuing vocational training involving the social partners in correlating the educational and training systems with the evolution of labour market);
- professional training of employees (dissemination campaigns, state aid schemes, co-financing);
- professional training of persons belonging to vulnerable groups, particularly those from rural areas and inactive people;
- carrying out studies on the correlation between the qualifications offered by the educational system and labour market requirements;
- the development of projections of developments in the labour market and anticipation of necessary skills;
- measures to support the transition from unemployment/inactivity to employment;
- extension of active life (legislative measures);
- flexibilisation of the legal framework for labour relations in the context of the principles of flexicurity;
- strengthening the social dialogue: the adoption of the National Pact for Employment and Stability; extension of collective negotiation, partnerships and other forms of dialogue at all levels, with impact on the implementation of flexicurity and the results of the European dialogue;
- the management of labour migration (appropriate legislation to address the priorities in the labour market);
- ensuring access to care services for dependent family members (children, elderly, disabled);
- the modernization of agriculture and diversification of economic activities in rural areas

The assessment of the financial impact determined by the envisaged measures aim at the the main types of expenditure to implement the action directions outlined above. They have as the main financing source the unemployment insurance budget and SOP HRD, funded by The European Social Fund. The estimated expenditure for implementing the active employment

measures of the unemployment insurance budget are reflected in the project of budget and fiscal strategy for the period 2011 – 2013, which is marked by difficulties arising from the economic situation which have a restrictive effect on the ability of the unemployment insurance budget to provide additional funding for the active employment measures. It is therefore estimated an increasing, slow trend allocation of the funds for the active measures. For the period 2014 – 2020, MMFPS expects a gradual increase of about 10% per year of investment in active employment measures financed from the unemployment insurance budget

5. A current approach of labor market flexicurity

Growth favorable to inclusion implies all citizens should have access and opportunities throughout life. Europe must fully capitalize the potential of workforce to cope with the challenges of an aging population and increasing global competition. It will be essential to implement the principles on flexicurity labor market and to give citizens the opportunity to acquire new skills to enable them to adapt to new conditions and potential career changes.

In the field of employment, education and vocational training we need to consider the following aspects:

- due to demographic changes, labor workforce is decreasing. Only 66% of our working population now has a job, compared to 70% in the US and Japan. The employment rate is particularly low among women and elderly workers. Young people were severely affected by the crisis, reaching an unemployment rate of over 21%. There is a high risk that people who are not integrated in the work field or who have weak ties with it will lose ground in the labor market;
- in terms of skills, approximately 80 million people have low or basic skills, although better educated people are benefiting from the possibilities of learning throughout life. By 2020, 16 million jobs will require a high skill level, while the number of jobs that require low skills will decline by 12 million;

Also, labor market policies are needed to reconcile flexibility and security. On flexicurity approach, supported by the interaction between macroeconomic policies that encourage employment, development of skills and lifelong learning, job search assistance, active labor market measures, appropriate social insurance and effective social dialogue provides an appropriate policy mix to balance flexibility and security for enterprises and workers. Reconciling paid work with family life and responsibilities were increasingly recognized as essential to the quality of active life. Work-family reconciliation policies can be a useful tool for

promoting gender equality in employment, as well as to neutralize the impact of the crisis on workers with family responsibilities.

Flexicurity must be seen as a solution to a European dilemma: "How to maintain and improve the competitiveness of European enterprises in global competition without sacrificing the European social model?" As a social policy, it aims to increase labor market flexibility and labor relations, without reducing social safety and employment of the working population, especially securing the existing or marginalized disadvantaged groups. The European concept of flexicurity means a synergistic relationship between labor market flexibility and security.

This implies a beneficial combination of flexible and serious contracts, comprehensive lifelong learning strategies, effective and active labor market policies and modern, social adequate and sustainable protection systems. Flexicurity should promote more open, more responsive and more inclusive labor markets to solve the problem of segmentation. It refers to both the employed population, as well as the unemployed. The economically inactive, unemployed, those with unreported, unstable jobs or at the margins of the labor market must be given better opportunities, economic incentives and support measures to have easier access to work or stages to help them find a stable and legally secure job. Support should be given to all who have a job so that they could stay fit for work, to advance and face the vertical and horizontal transitions from work, and between jobs.

Flexicurity is not just a single labor market or a single model of active life or a single strategy or policy, but should be adapted to specific situations of each Member State. Flexicurity implies a balance between rights and responsibilities of all parties involved. With the landmark of common principles, each Member State should prepare their own models of flexicurity.

Flexicurity policies that need to be upgraded according to the Green Paper Of European Commission, can be divided into four areas: a) flexible contractual agreements, dependable, which include flexible labor legislation and collective and individual contractual models, b) complex strategies and comprehensive lifelong learning (boosting investment in training and lifelong learning skills in order to increase the working population in the face of labor market dynamics), c) active employment of labor, d) modern social security systems that include public and private pension systems (assuring unemployment, health insurance, child and family protection).

It takes into account the concept of job security, which is replaced with that of employment security. To keep a job economically unjustified may be counter-productive. It is opposed to restructuring and streamlining. Instead, by investing in

developing new skills and abilities to an active person, it gives him a chance for a smoother transitions to a new direction in career by reorientation and retraining.

Complex components of flexicurity have been experienced by many countries of the European Union, which illustrates in the monitoring reports as a basis for analysis models. From these, four models were noted, namely: the Danish, Austrian, French and Finnish model.

The first model, the Danish, was distinguished mainly by introducing the practice of temporary replacement of staff displaced by companies for training with long-term unemployed who are temporarily reintegrated in the labor market. The second, the Austrian model, is highlighted by encouraging labor mobility. It made it mandatory for employers to transfer a fixed monthly sum into an individual savings account opened on behalf of each employee. They may benefit from these savings in case of dismissal. The French model focused on modernizing the labor market correlated with public employment service reform and developing a professional training system. The Finnish model focused on the existing flows in the labor market, on regulations regarding the transition from one job to another, correlated with the transition from unemployment to employment and quality of working life.

Flexibility of labor relations is a priority, along with other components of public policy in order to rebalance the rights and obligations of both contractual parties. However, concerns have been noted to flexicurity, lately, especially in defining a Romanian model of flexicurity. A draft Romanian model of flexicurity in the labor market requires three interdependent levels, each with a certain degree of autonomy, creating themes that should be kept in mind, namely:

- Increasing employment and reducing long term unemployment (by reducing the rigidity of the legislation concerning employment, particularly temporary employment, increasing geographical and occupational ascending mobility, increasing internal flexibility, new forms of work organization)
- Security development (by increasing social security guarantees, active policies for vulnerable groups, developing an effective and equitable educational system)
- Reducing labor market segmentation (measures of reducing unemployed work, vocational training opportunities for all workers, from those with low competence to the elderly, efficient tax system)

In the context of social economic crisis, there must be increasingly more concern for identifying a functional model that respects European principles of flexicurity, to be supple, adaptable to labor market dynamics, simplified bureaucratically, generating new and better jobs to open the way towards a sustainable recovery.

6. Conclusions

The crisis had a strong negative impact on the labour market. The total number of hours worked decreased either because of the reduction in the number of employees, or due to the reduction of hours worked by an employee. Flexicurity comes in response to this concern, combining labour market flexibility with employment and income security.

The European model shows that the use of schemes to reduce working time and temporary dismissal is an efficient alternative to rising unemployment. At the same time, it provides jobs and income for employees.

The EU labour market situation during the crisis reveals an evolution in two directions: reducing the number of employees and number of hours worked by an employee. Thus, the EU unemployment rate rose from 7.1% in 2008 to 9.5% in January 2011. The registered unemployment rate in Romania also had an upward trend from 5.8% in 2008 to 7.3% in the third quarter of 2010. In 2007-2009, the total number of hours worked decreased in all EU Member States except Luxembourg. Both in the European Union and Romania the number of people affected by reducing the number of hours worked tripled.

At the European level, 89% of persons who diminished the number of hours worked had employment contracts of indefinite duration, namely 97% of Romanian were in the same situation, but only 0.1% of Romanian employees affected by the reduction of working time participated in training programs, compared to the European average of 5%.

The objective of a prudent approach is to limit the risk of financial crisis because they produce significant losses in real output and employment. By identifying common risk exposures and their systemic nature, a prudent approach would help in ensuring greater financial stability. Also, certain current problems that our country is facing must be taken into account, such as: identification of measures that may lead to reduced rigidity of the legislation concerning employment, including temporary occupation, identifying legislative or regulatory changes that should be made for more flexible contractual arrangements in labor, both in the collective labor contracts and in individual contracts, regulatory proposals considered to be adequate, with priority to increasing social security guarantees, finding a system of lifelong, effective and equitable learning, appropriate to the current situation in Romania etc.

Finally, we wish to point out that two of the five targets of the Europe Strategy 2020 aims the social domain – employment and social inclusion/poverty reduction – which is both a recognition of their essential nature in the process of sustainable development and social progress and a way to strengthen the social dimension of the European Union for the next ten years.

In the specific modalities of flexicurity pathways, reducing the number of hours worked and temporary dismissal are two tools that have helped to save jobs in times of crisis, the main advantages of these public schemes being: avoiding unemployment and lower costs for the state compared to those involved in unemployment (unemployment benefits for fewer people for a short period of time) encourage firms flexibility regarding working time, ensure job security and income; the free time acquired by employees through these two public schemes is used to participate in training courses.

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