

## Employment Rate and Gender Employment Gap in Romania in the Context of Europe 2020 Strategy

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### Abstract

*The situation of labour force is characterized by differences between EU Member States if we refer to the objectives of the Europe 2020 Strategy. These differences are really significant, especially if we analyze the situation starting from its structure, using variables such as region or demographic characteristics. Our study aims to explain the reality of Romania situation in relation to other Member States regarding the employment rate set at European and national level. The study is based on a quantitative analysis using descriptive statistics on employment. Finally, they are synthesized directions and intervention measures to reduce the employment gap.*

**Key words:** employment, gender, Romania, European Union

**J.E.L. classification:** J21, J78, R11.

### 1. Introduction

Among the objectives of European economic development strategy an important issue is to stimulate a high level of occupancy as workforce and to reduce the multiple differences existing in this area, especially regarding gender. The extents to which these objectives are met vary between MSs because the labour market is influenced by economical factors, but not only (social and cultural particularities can be felt as well as various policy measures). In this presentation we intend to expose the situation of Romania in relation to other Member States; we refer to the employment targets set in the Europe 2020 Strategy, the target assumed by Romania. Our intention is to focus not only on the general situation of the employment, but especially on the gap between genders. Our approach is empirical, based on documentary study of the results of different reports, quantitative analysis of statistical data expressing annual statement of each country, content analysis of legislation defining the legal and institutional framework in the field, as well as documents that address the causes of this phenomenon.

The exposure of Romania situation, in relation to other European countries, will be using descriptive statistics stress the how the employment rate progress in Romania compared to the European average and to other Member States, during 2002-2016. Also, we observe the employment rate development when the economic crisis occurred and how the employment rate has evolved after crises time. Then we describe dissimilarities between the employment rate reached and the objective established for Romania, compared to other MS and the European average, gender gap in employment in Romania with reference to the European situation and the gap evolution between 2006 and 2016.

### 2. European and National Framework on Employment

The European strategy for employment was decided by EU Member States in 1997; its ambitious aim was to support, in the same time, the occupancy of the European inhabitants and a better quality of European jobs. At the moment, this strategy is included in the Strategy for Growth,

known as "Europe 2020 Strategy". This new strategy was adopted in June 2010, by the European Council, in the context of the global economic crisis. The Europe 2020 Strategy identifies three thematic priorities for the EU in order to ensure economic growth: innovation, development sustainable and inclusion, respectively ensuring a high rate of employment and strengthening economic, social and territorial cohesion. Regarding the employment, the MSs established target for employment rate, i.e. 75% for people between 20 and 64 years old.

There are two documents considered with strategic role in the implementation of Europe 2020 Strategy: (a) the European Commission Communication COM (2010) 2020 final "EUROPE 2020 - A strategy for smart, sustainable and inclusive growth" and (b) Europe 2020 Integrated Guidelines for the economic and employment policies of the Member States, updated in 2015 - "Council Recommendation (EU) 2015 / 1184 on broad guidelines for the economic policies of the Member States and of the European Union" and "Council Decision (EU) 2015/1848 on guidelines for the employment policies of the Member States for 2015".

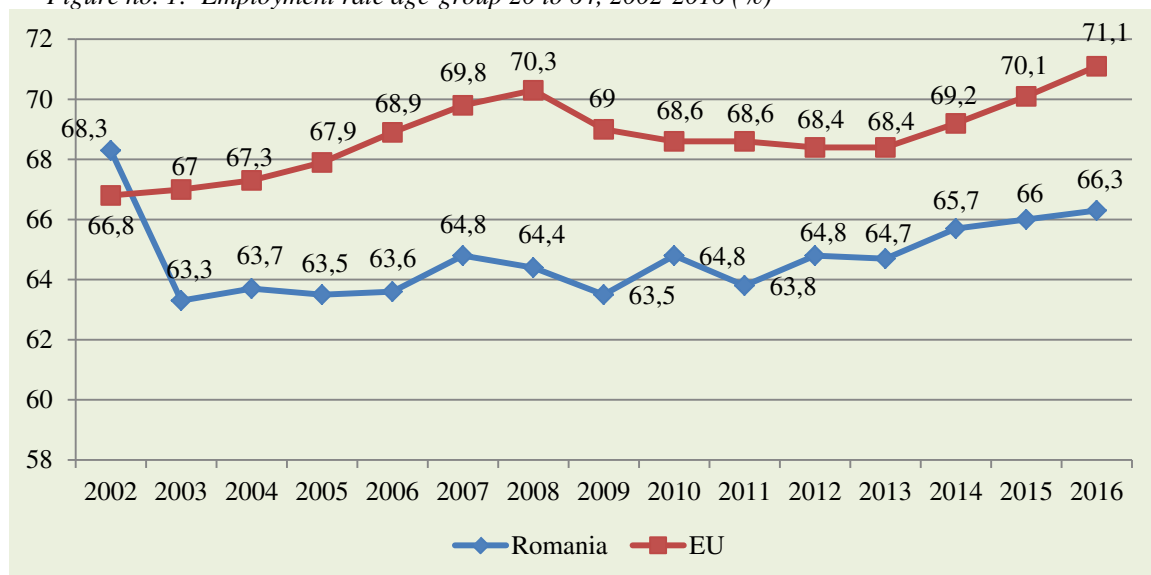
Implementation of the Europe 2020 Strategy is based on collaboration between national governments and the EU institutions and the European organization established in this regard is the European Semester. Thus, in a first step, the European Commission proposed guidelines for employment and these proposals are adopted by national governments and then by the EU Council. Then governments develop national reform programs that were previously considered by the Commission as to its compatibility with the Europe 2020 Strategy. Evaluation of strategy implementation stage is through a joint report published by the Commission on the basis of the Annual Growth analysis and adopted by the EU Council: The Joint Employment Report (JER). The Commission also published a series of country reports which analyze national policies and issues faced by each Member State.

In order to implement the Europe 2020 strategy, Romania has assumed as national target for 2020 a 70% employment rate for the population aged between 20 and 64 years. National Reform Program (provided annually) establishes measures to be adopted to achieve the national commitments, and in response to comments made by the European Commission in the Country Report for Romania.

### 3. The overall level of employment in Romania in relation to the EU

If we refer to the period between 2002 and 2016, statistical data on employment show a positive evolution at EU28 level which proves that European Strategy has benefits in this area (figure no. 1).

Figure no. 1: Employment rate age-group 20 to 64, 2002-2016 (%)



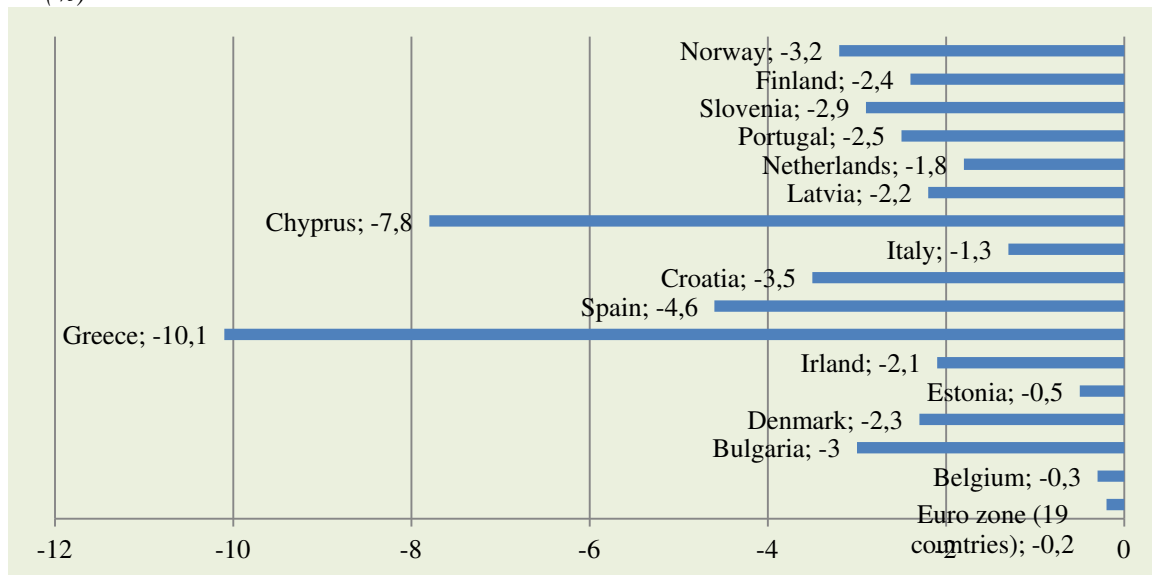
Source: authors using Eurostat data.

Like this, the increasing of employment rate is interrupted by economic crisis, so that the positive trend of the period 2002-2008 is pursued by an inevitable decrease after 2008. The historical level of 2008 in employment was reached only in 2016, even if the trend starts to resume growth earlier.

Therefore, we see that the EU target is not already reached, since the employment rate in UE was 71.1% in 2016. Note that target at national level is different between Member States, being smaller in countries like Croatia (62.9%), Italy (67%), Ireland (69%), Romania (70%), Greece (70%), Malta (70%), Poland (71%), Slovakia (72%), Lithuania (72.8%), Latvia (73%), Luxembourg (73%), Belgium (73.2%), Spain (74%) and higher than the average in other countries: Bulgaria and Estonia (76%), Germany and Austria (77%), Finland (78%), Denmark, the Netherlands and Sweden (80%).

Regarding Romania, employment phenomenon not follows the same trend as the European level: the employment rate increased slightly in 2003-2007 and recorded significant oscillations between 2008 and 2011. Thus, the rate drops to 0.4% in 2008 (while European average increase by 0.5%), to 0.9% in 2009 (compared to a average decrease of 0.7% in the EU) and then increase by 1.3% in 2010 (while the European average decrease by 0.4%), to fall again in 2011 by 1%. But 2011 is the beginning of an upward trend that continued until 2016. The difference between the employment rate reached (66.3%) and the target level is 3.7%, almost similar to the difference between the European average proposed and achieved (75% -71.1% = 3.9%).

Figure no. 2: Countries where the difference between the employment rate in 2016 and 2008 is negative (%)



Source: authors using Eurostat data.

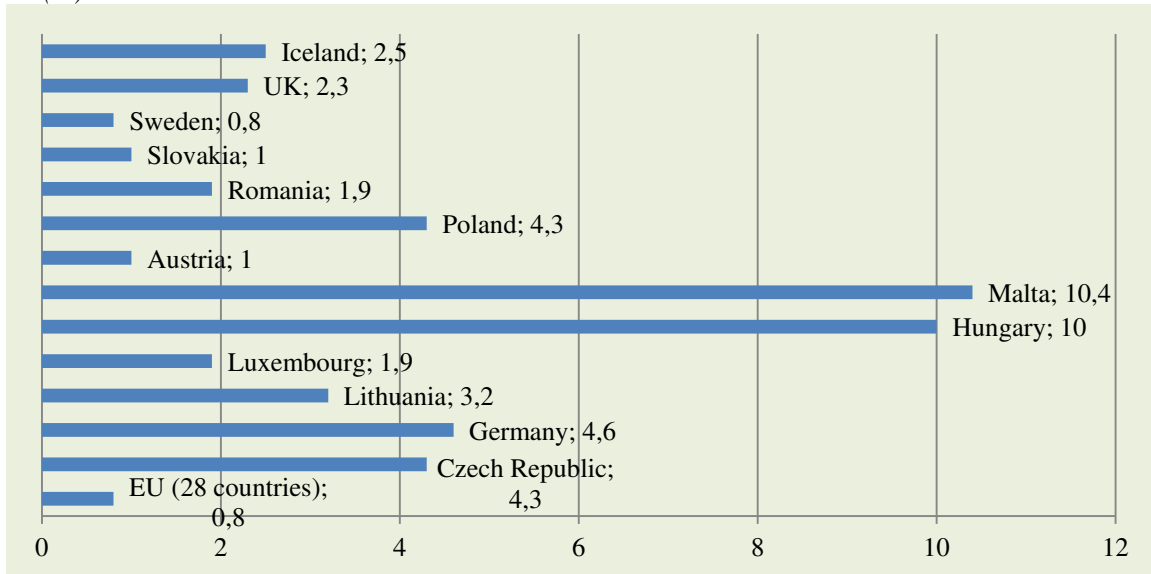
It is noticeable that the employment rate in Romania was able to recover and exceed the level before the economic crisis, while in many European countries the employment rate in 2016 stood still below the level before the crisis. Thus, lower occupancy rates than in 2008 were achieved in 2016 by 16 countries (Figure no. 2), the most significant differences being observed in Greece (-10.1%), Cyprus (-7.8%), Spain (-4.6%). Even the average of employment rate in the EU euro area is 0.2% lower in 2016 than in 2008.

On the other hand, in countries like Austria, Czech Republic, Germany, Iceland, the UK, Lithuania, Luxembourg, Malta, Poland, Sweden, Slovakia, Hungary and Romania, the employment rate in 2016 was higher than in 2008: the differences observed are between 0.8% in Sweden and 10.4% in Malta (Figure no. 3). Average employment in the EU, in 2016, exceeded 0.8% average in 2008, but progress was made on account of non-euro area countries.

According to statistical data, in 2016, some Member States managed to fulfil the employment objectives assumed at national level. So, Lithuania had an employment rate of 75.2% and exceeds the national target by 2.4%. In the same time, Germany, the Czech Republic, Estonia, Ireland,

Latvia and Sweden achieved employment rates beyond the national targets and Malta was close to reach its target.

Figure no. 3: Countries where the difference between the employment rate in 2016 and 2008 is positive (%)



Source: authors using Eurostat data.

#### 4. Differences in employment rates by gender in Romania

Both at European and national level there are differences regarding the employment of population by region, residence, age, gender and education.

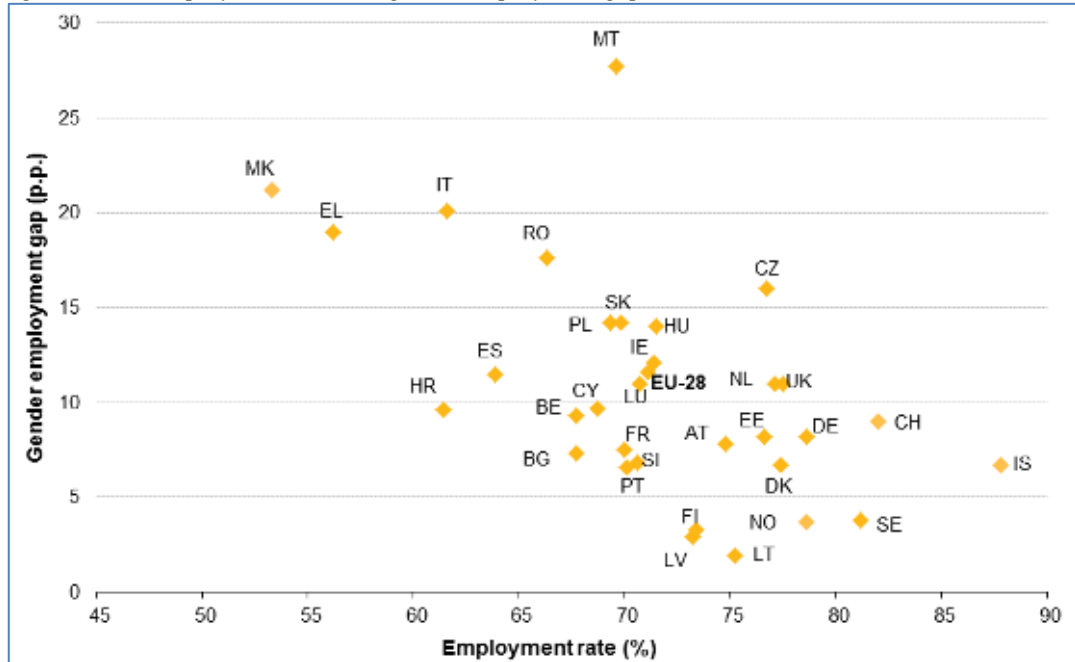
By regions, for example, some countries from north-western and central Europe enjoy very high employment rates: Austria, the Czech Republic Germany, Sweden, and the Netherlands. On the contrary regions around the Mediterranean (Greece, Spain, south of Italy and French) had lower rates of employment [Eurostat 2017: 32].

If we consider the residence, significant differences are observed between Western countries of EU and other Member States. Like this, in western countries like Austria, Belgium, France, Germany and the Netherlands the employment rates were higher in 2016 in rural areas. On the other hand, the employment rate was higher in urban area of many countries from south of Europe (Cyprus, Italy, Malta and Spain), central and eastern of EU (Bulgaria, Croatia, Hungary, Poland, Slovakia and Romania) as well as in Baltic countries. But if we refer to employment rates by age, an important similarity exist: the employment rate for young people (20 to 29 category) and also for older people (55 to 64 category) is lower than the average employment rates regardless of Member State considered. [Eurostat 2017: 33, 36].

At European level, gender employment gap is decreasing as a result of structural factors favouring the participation of women in the labour market (transformation of social values, national policies facilitating reconciliation between work with family responsibilities, flexibility of working program etc). Thus, during the period of 2002-2016, the gap decreased from 9.1% to 5.8% for the aged between 20-24 years, from 17.2% to 11.8% for the 25-49 years old and from 19.6% to 12.5% in the group of 50-64 years old. [Eurostat, 2017: 37]. According European statistics, women remain underrepresented in sectors with high returns and in top (management or supervision).

Romania had in 2016 one of the highest employment gap (17.6% versus 11.6% in the UE28 average); higher rates that in Romania were registered only in Greece (19%), Italy (21.1%) and Malta (27.7%). Therefore, in the Joint Employment Report 2018, Romania along with the other three countries is considered in a - *critical situation*. Belgium, Cyprus, Czech Republic, Hungary, Poland and Slovakia are included in 'to watch' category, Germany, Estonia, Spain, Croatia, Netherlands, Ireland, Luxembourg, the UK are at a medium level, while a situation better than average is observed in Austria, Bulgaria, Denmark, France, Portugal and Slovenia [JER, 2018: 21].

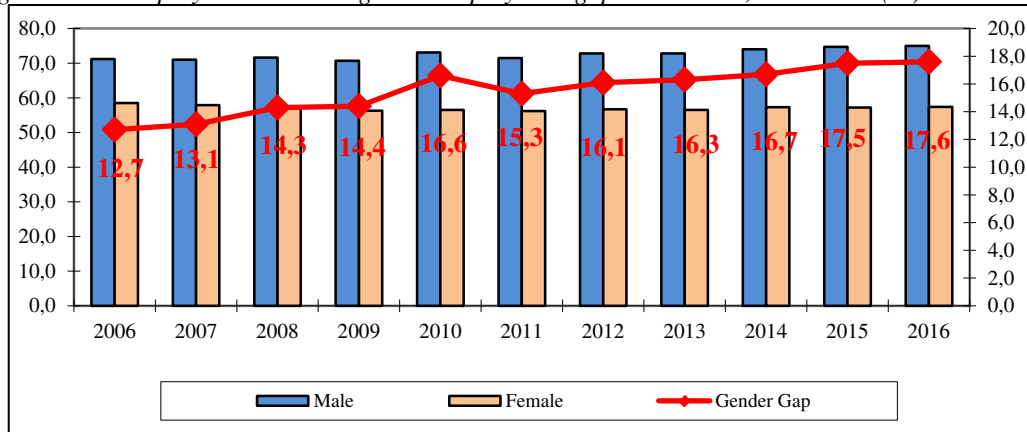
Figure no. 4: Employment rate and gender employment gap in EU Member States, 2016



Source: Eurostat, [http://ec.europa.eu/eurostat/statistics-explained/index.php?title=File:Employment\\_rate\\_and\\_gender\\_employment\\_gap\\_2016](http://ec.europa.eu/eurostat/statistics-explained/index.php?title=File:Employment_rate_and_gender_employment_gap_2016).

The statistical data shows that in UE28 the employment gap decreased; in the same time, the Romania 'situation is characterized by important differences. Thus, although the employment rate for the total population has been increasing, from 64.8% in 2006 to 66.3% in 2016, this growth was achieved due to increase employment of men, so that the difference between the employment rates of men and women has unfortunately increased in Romania: from 12.7% in 2006 to 17.6% in 2016 (figure no. 5).

Figure no. 5: Employment rate and gender employment gap in Romania, 2006-2016 (%)



Source: authors using Eurostat data.

## 5. Conclusions

Romania was in 2016 at a difference of 3.7% to achieve the target agreed at European level in terms of employment, a difference similar to that recorded in Europe (UE28). Also, in Romania, employment rate exceeded in 2016 the 2008 level, while many Member States have still failed to recover or exceed the level of 2008.

On the other hand, in terms of gender employment gap, Romania has one of the worst cases, being placed in the critical group of countries with Greece, Italy and Malta. Moreover, employment gap widened from 12.7% in 2006 to 17.6% in 2016.

Some factors plays a considerable extend to this situation, such as the level of education of the female population. Hence, Romania is between countries with the highest rates of early leave from education and training; in the same time, the participation in programs for adult learning is very lower in Romania. Consequently, Romania Government could develop more measures intended to ensure both further education of women and acquisition of professional skills. Improving education is also one of the main conditions that the Romanian Government has identified as essential for increasing employment. Among the necessary measures in this regard we mention the development of the partnership for initial and ongoing training, the recognition of competences acquired in non-formal and informal contexts, the fostering of lifelong training. Additional measures on the development of advice, guidance and retraining are needed [GR, Strategia Națională, p. 42, 48-49].

Also, family responsibilities, as many issues involved are a hindrance to increase employment of women. In this context Romania adopted measure of employment for women in order to benefit from incentives employability when they give maternity leave. But it is necessary a more effective policy to support workers reconciliation between professional and personal responsibilities. It is, for example, the case of measures aiming to develop infrastructure to ensure childcare facilities and care services for dependent family members. The information on the benefits of working time flexibility, awareness actions regarding wage differences by genders, as well as a better awareness of practices regarding gender stereotypes could also contribute to a better integration of women in the labour market.

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