

LABOUR FORCE AND LABOUR MARKET IN TIMIȘ COUNTY

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This article presents the demographic evolution of Timis County population, the structural analysis of employed labour force, the evolution and peculiarities of unemployment, and the impact of economic crisis on the Timis County labour market.

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1. Demographic developments in Timis County

Among Romania's counties, Timiș County ranks 1st as covered area – 8,696.7 sqm – and 8th as number of inhabitants. As at 1 July 2007, Timis County had a population of 666,866.

The County's population increased until 1990. Then, the population decreased, as shown in Table 1. Thus, from 1990 until 2007 Timisoara's population decreased by 58,722 inhabitants, although in July 2007 there was a slight increase in comparison to 2006 (table 1). The decrease in inhabitants is also reflected in the population's density, expressed in inhabitants / sqm. The density of Timis County population decreased from 83.4 inhabitants / sqm in 1990 to 76.2 inhabitants / sqm in 2002, and to 76.0 inhabitants / sqm in 2006, increasing to 76.7 inhabitants / sqm in 2007.

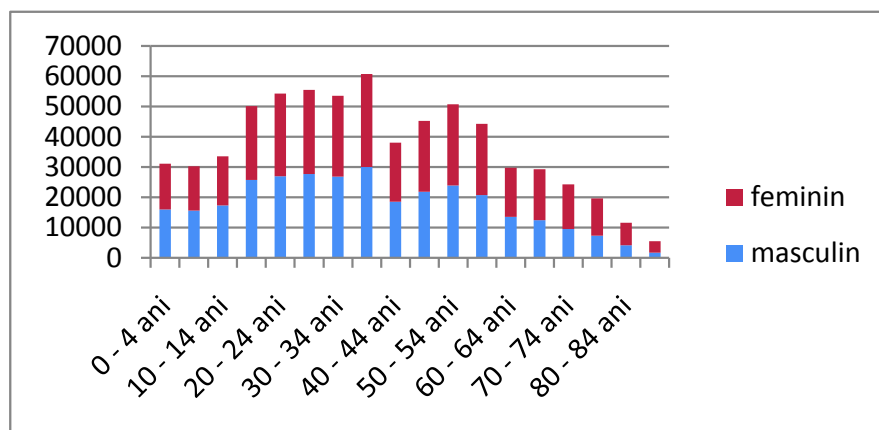
Table 1. Timis County population and its density in the period 1990 – 2007

Years	Number of inhabitants	Male	Female	Density (inhabitants/ sqm)
1990	725,588	352,901	372,687	83.4
1995	722,426	334,599	358,907	79.7
2000	688,575	330,262	358,313	79.2
2005	658,837	315,272	343,565	75.8
2006	660,966	316,413	344,553	76.0
2007	666,866	319,587	347,279	76.7

It is worth to highlight that, whereas the population of Timisoara has decreased, the population of small towns in Timis County has increased. However, Timișoara remains a strong polarizing centre. Thus, while its area represents 1.4% of the county's total area, the city concentrates 46.3% of the county's total population.

It is also worth to point out that urban population represents 62.8% of the total population recorded in July 2007 (Source: Statistical Compendium of Timiș County). The structure of the population by categories of age and gender is shown in Figure 1.

Figure 1. Stable population by age and gender for 2007



In terms of age there is a process of demographic ageing, due primarily to the decrease of birth rate, which resulted in reducing the weight of young population (0-14 years) and increasing the weight of elderly population (60 years and over). Furthermore, unfortunately, couples decide to have children at a later stage, which follows the trend of developed countries, and on long-term deteriorates the population's structure by age.

The demographic ageing process will entail changes at the levels of school population, childbearing population and working population. Analysing the ageing process by means of demographic vitality index, one can observe that this process manifests especially in rural areas and it is generated by migration of youth to urban areas, thus producing a decrease in the demographic potential at rural level. Analysing the structure of Timișoara population by age, one can observe that age group between 20 and 60 years holds 64.5% in 2006, increasing in comparison to 2000, when it held 58%. Average age stands at 38 years, both in Timișoara and in Timiș County. Average age for Timișoara stands at 37 years for male population and at 39 years for female population.

In terms of gender, Timiș County population shows a slight decrease in the weight of male population compared to female population, from 48.4% in 1992, to 48% in 2002, and to 47.9% as at 1 July 2007. We would like to highlight that the weight of male population is slightly higher in rural areas than in urban areas.

Ethnic diversity is one of the county's main features. Many ethnic groups live here together: Romanians – 83.4%, Hungarians – 7.5%, Gypsies – 2.4%, Germans – 2.1%, Serbians – 2.0%, Ukrainians – 1.1%, Bulgarians - 0.8%, other nationalities – 0.7%. In the last 10 years we observed an increase in the percentage of Romanian nationals, due also to the fact that German and Hungarian communities reduced their numbers further to definitive departures from Romania of citizens belonging to these minorities.

According to data from the 2002 census, the county's population **in terms of religion** is as following: 78.9% Orthodox; 10.6% Roman-Catholic; 4.2% Pentecostal; 1.9% reformed; 1.5% Baptist; 1.3% Greek-Catholic; 0.3% Adventist; 1.3% other religions and atheists.

The structure by education level reflects the existence of a well-trained human potential. Illiteracy is extremely low in Timișoara (1.5% of total population). Thus, the weight of population with elementary education (primary school) stands at 28.4% in Timișoara, with secondary education (high-school) at 33.7% in Timișoara, and with higher education at 14.5% in Timișoara. In Timișoara coexist peacefully citizens grouped into 17 ethnic groups and 16

religions. These latter two aspects reflect two major features of the population in the area, namely ***multiculturalism*** and ***high level of tolerance***.

Analysing the **natural movement of population**, presented in table no. 3, one can observe the following: there is a high rate of deaths and natural growth is negative. In Timișoara there is a fertility rate of 27.6 live births per 1,000 women aged 15-49 years. The natural growth is negative due to low birth rate in comparison to mortality rate.

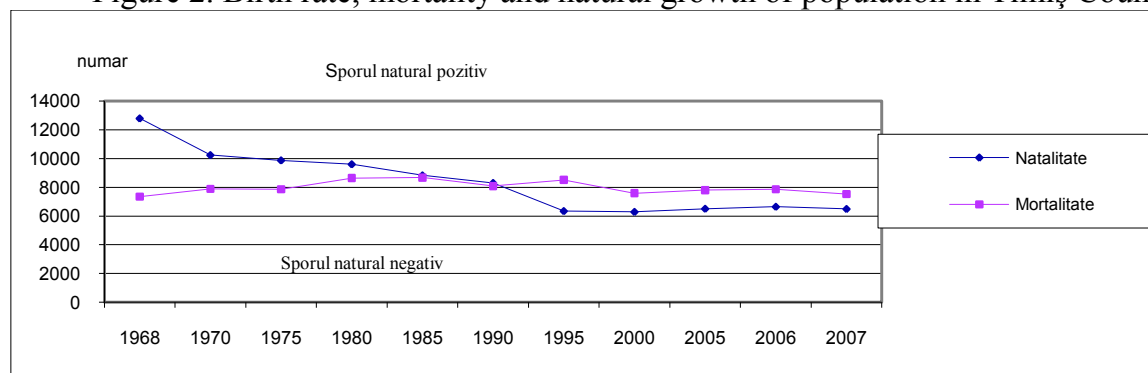
The population's vitality, calculated as a ratio between the number of live births and the number of deaths, has values below one, at national level standing at 93.2% in 2007 in comparison to the county rate of 78.6%. These values below one raise many questions, representing a risk for the development of the country, county and Timișoara.

Table 2. Natural movement of population

Year 2007	Rates (per 1,000 inhabitants)					Dead births per 1,000 births (live+ dead)	Deaths under 1 year per 1,000 live births
Region /County	Live births	Deaths	Natural growth	Marriages	Divorces		
West	9.4	16.2	-6.8	5.5	1.06	9.0	14.7
Timiș	10.6	13.9	-3.3	6.1	0.89	8.5	15.1

Timiș County has the lowest deaths rate among the region's counties, and natural growth, although negative, is the lowest per 1,000 inhabitants among the Western Region's counties. Moreover, natural growth is negative in the whole country (average rate per 1,000 inhabitants is -4.3).

Figure 2. Birth rate, mortality and natural growth of population in Timiș County



The main factors which led to decrease of birth rates are of economic and social nature. First, we speak about a significant transformation of the population's occupational structure, which imposed to the youth a special territorial and professional mobility, while extending the training period. Many couples have problems in ensuring adequate income. Labour market and housing problems can be serious obstacles in establishing a family. Some families have children, but most young couples do not have children or they delay having children. This decision is determined both culturally, psychologically, but also by the family's economic or social situation. A numerous family is not appropriate to the requests on the labour market. Furthermore, an increasing number of women work outside their families. This participation is much more pronounced in urban areas. Lower fertility of urban population strongly influences general fertility level.

The population's migratory movements have a positive development, under the impact of county's economic and social development and attractiveness of jobs. However, **migration**

balance was negative in recent years. These negative values are due especially to cross-border migration of domestic population. Migration of skilled labour force to other countries becomes a more acute problem. Currently, there is no data on labour force migration from the country's counties. Based on data provided by the Ministry of Labour, Family and Equal Opportunities, in 2006, the Office for Labour Force Migration has mediated contracts for a total number of 6,958 workers from the Western Region, mostly for Germany. However, the number of work visas issued in 2006 by various embassies for Romanian citizens amounts to 89,663.

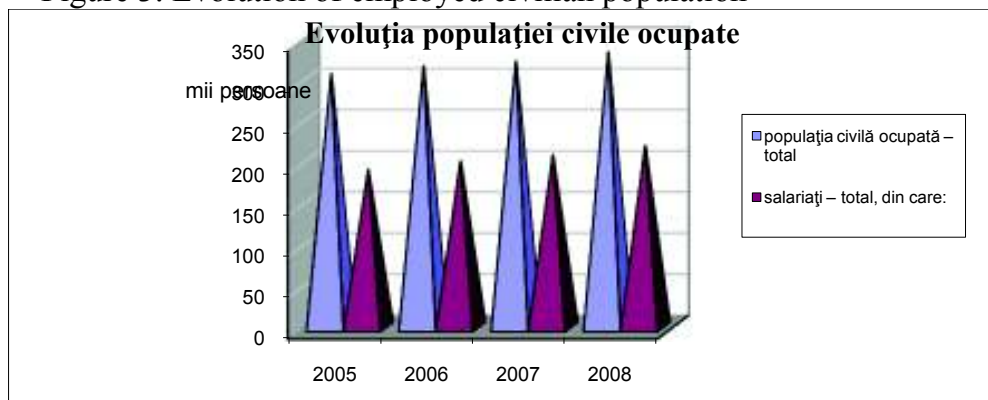
2. Structural analysis of employed labour force in Timiș County

In terms of structural analysis of employed labour force in Timiș County, in this section we will discuss the following indicators: available work resources, active civilian population, employed civilian population, total occupancy rate and per industries.

Active civilian population = employed civilian population + unemployed population

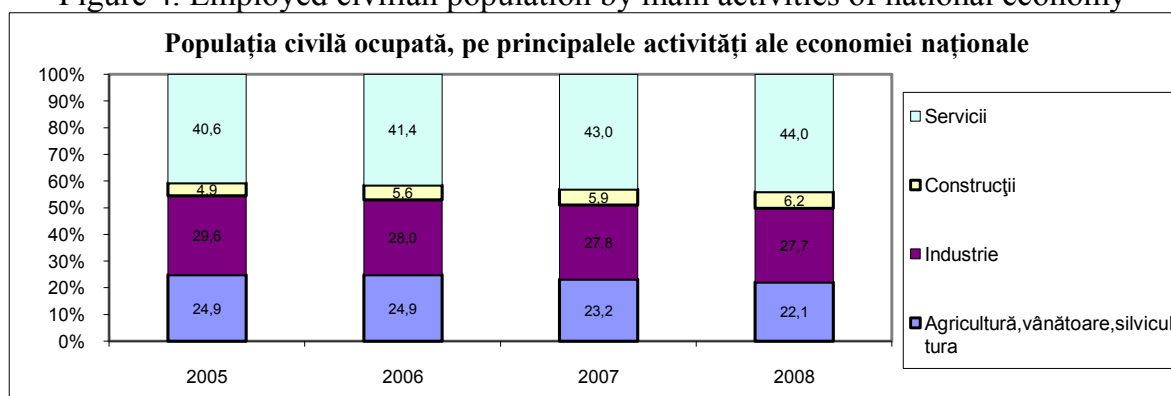
As disclosed, during 2001-2008, the active civilian population and the employed population have increased. The employed population increased in this period by 40,900 persons, the highest increases being noticed in the period 2005-2008. In the period under review, we can observe that employment rate increased from 68.3% in 2002 to 74.7% in 2008, and unemployment rate decreased significantly from 8% in 2001 to 1.6% in 2008.

Figure 3. Evolution of employed civilian population



In terms of employees per activity fields, the sectors with the highest number of employees in 2008 are industry, agriculture, trade, constructions and real estate transactions, and the sectors with the lowest number of employees are financial-banking, public administration and hotels.

Figure 4. Employed civilian population by main activities of national economy



In terms of the weight of employees by activity fields in total employed civilian population, we observe several trends:

- in 2008, employees in **industrial sector** hold the largest weight in total employed population (27.7%), although compared to 2001 it is not a spectacular evolution (26.5% in 2001). In 2006,

industry recorded the highest decrease in employment rate in all sectors of national economy. While the average net salary in this sector increased, it failed to produce a significant increase in the number of persons willing to work in this field;

- **in agriculture** there is a high number of employed persons, which remained high in 2008 too, although it decreased continuously since 2001. Thus, in 2001, employees in agriculture held 35% in total employed population and decreased to 22% in 2008. A significant decrease in the number of persons employed in agriculture has been registered in 2003, being offset by an increasing number of persons employed in industry and services. Main motivation is probably the increase of average salary (net per month) in industry and services, which was much higher than in agriculture;

- **in constructions**, the weight of employees in employed civilian population increased from 4% in 2002 to 6.2% in 2008, with the highest increases during 2005-2008. Construction is a field where employment rate has increased continuously since 2004, in a fairly rapid and constant pace (around 0.5%). A similar evolution has the **real estate sector**, which recorded an increase of employee from 3.5 % in 2002 to 6.2% in 2008.

- **services** also have an upward trend: in **trade**, the weight of employees increased from 10% in 2003 to 13.8% in 2007 and 14,2% in 2008; **transports** also recorded similar figures, increasing from 3.5% in 2002 to 4.5% in 2005 and to 5.3% in 2008; in **hotels**, the trend increased from 0.8% in 2002 to 1.9% in 2008.

- **public administration and defence** have also increased in terms of number of employed persons in the period 2004-2005, followed by a sharp decrease in employment rate in the first 6 months of 2006, and then a slight comeback in the last two years. The increase in the number of employees can be attributed to salary growth in this area, so that average salaries in this field are the highest.

- a slight increase in the number of employed persons has been recorded in **health and social security sectors** in the last two years, although 2006 has led to the most abrupt “fall” in the dynamics of employment rate in this sector, the highest decrease in all unproductive sectors of economy. Low salaries in this field do not represent an interesting motivation for attracting staff in the field.

- there is a decrease both in absolute numbers and employees in the **education sector**, from 6.1% in 2001 to 4.9% in 2008. Education is a sector where employment rate has declined continuously, even if in a slow pace.

The situation of employed women by activity fields shows that the women are the majority of employees in budgetary sectors (education, health and social assistance), trade, hotels and restaurants, light industry. In general, employment earnings from these activities are with a third below the average wage in economy, in comparison to top industries in terms of wage increases, such as: mining and energy, metallurgy, chemistry, transports and telecommunications, where male employees prevail. Exceptions are financial institutions, banks and insurance companies, which have the highest salaries level and where women are the majority.

As one can observe, the demand for labour force has increased constantly, particularly in manufacturing industry, constructions and services. In the period under review, labour force “migrated” from agriculture to industry and services. The biggest problems seem to occur in industry, where wage growth is no longer sufficient motivation to attract new employees; also, in this sector wage growth is subject to labour productivity and requirements of the free market, thus limited.

3. Structural developments and features of unemployment in Timiș County

According to the data provided by the Timiș County Agency for Employment and Professional Training (AJOFM), the number of unemployed persons for the period 2001-2008 is shown in table 3.

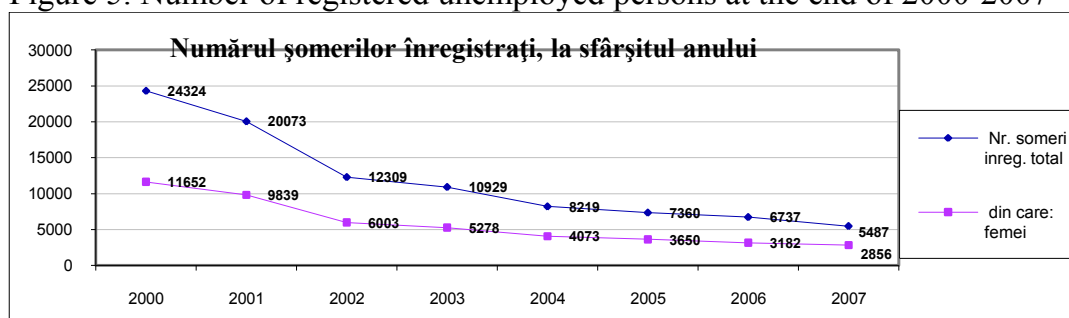
Table 3. Unemployment in Timiș County -thousand persons-

Specification	2001	2002	2003	2004	2005	2006	2007	2008
Unemployed persons	24,3	20,1	12,3	10,9	8,2	7,4	6,7	5,5
Unemployment rate	8,0	6,3	3,9	3,5	2,6	2,3	2,0	1,68

In 2006, unemployment rate *at county level* was 2.3%, while the one for December 2008 was of only 1.68%. This decrease in unemployment rate is the result of the consistent policy of the local administration for attracting private investors.

In terms of gender, the situation of unemployed persons shows that the number of unemployed women was slightly below 50% in total during 2000-2006, and increased to 52% at the end of 2007.

Figure 5. Number of registered unemployed persons at the end of 2000-2007



Source: Regional Statistics Authority Timiș

Table 4 shows the situation of unemployed persons **in terms of education**, at the end of 2007. There are 1,413 persons with secondary/high-school education (981 with elementary school, gymnasium and vocational schools, and 432 with high-school and post-high-school) and 382 with advanced studies / higher education. In total unemployed persons, the largest share is represented by women with elementary and gymnasium education, while the smallest is represent by those with university education. However, it is worth to mention that unemployed women with higher education are more numerous than men (62.1% in 2006 and 64% in 2007), while in the number of unemployed persons with elementary education men are prevailing (56.1% in 2006 and 52.2% in 2007).

Table 4. Number of registered unemployed persons at the end of 2000- 2007

	2004	2005	2006	2007
TOTAL UNEMPLOYED PERSONS,	8219	7360	6737	5487
OUT OF WHICH:				
• elementary school, gymnasium and vocational school	5899	5631	5286	4069
Out of which: women	2588	2571	2323	1946
• high-school and post-high-school	1679	1207	928	870
Out of which: women	1074	741	534	560
• higher education	641	522	523	540
Out of which: women	411	338	325	350
UNEMPLOYMENT RATE - %	2,6	2,3	2,1	1,6

Source: Timis County Agency for Employment and Professional Training

Unemployment among young graduates is an important social problem, because they must first accumulate work experience. It is possible for young people to remain unemployed on long-term and to be in danger of not being ever able to find a regular job on the labour market, because they lose confidence in their own forces and they could end up in problematic circumstances.

In Timișoara data show the following:

- as at 31/12/2007 there were 1,795 unemployed persons (of which 1,101 women): 689 unemployed persons receiving unemployment allowance and 1,106 without unemployment allowance. Of the unemployed persons receiving allowance 475 are women, and of the unemployed persons without allowance 626 are women. Most of the unemployed persons come from lower educational levels. One can observe also that most of the unemployed persons are not receiving unemployment allowance. The evolution of unemployed persons in the first quarter of 2007 confirms the decrease of their number, especially of those receiving the allowance.

- the official unemployment rate shows oscillations from one year to another, with a general decrease trend, standing at approx. 7.9% at the end of 2000 versus 3.9% in 2002. In 2004 and 2005 unemployment rate was estimated just below 3%, and for 2007 is stands at 1.6%, one of the lowest levels in Romania. For 2006 and 2007, the weight of unemployed persons in the stable population between 18-62 years was around 1%, well below unemployment rate at county level, which is still decreasing (2.3%) or versus the national rate (6.3%).

In recent years, job offers have been in continuous growth: 15,743 vacant jobs for 2000; 17,923 vacant jobs for 2002; 17,292 vacant jobs for 2004; 17,321 vacant jobs for 2005; 24,624 vacant jobs for 2006 and 29,374 vacant jobs for 2007. Of this offer, for 2006, the highest percentage of jobs was recorded in industry (51.7%), followed by constructions (11.6%), trade (9.7%), health (4.4%) and 22.6% for other branches and services.

One can observe that during 2000-2007 the number of stable inhabitants has decreased, job offers have increased, the natural consequence being that unemployment rate dropped as well. However, activity rate has also decreased, probably due to the high number of persons retired before the deadline or persons involved in non-productive activities (education, grants, working abroad, etc.).

Unemployment under the impact of economic crisis. The latest information on unemployment provided by the Timis County Agency for Employment and Professional Training show that in December 2008 approximately 5,600 persons, i.e. 1.68% of Timis inhabitants, did not have a job and that most unemployed persons, over 1,400, were from Timișoara. More than 50% of them do not receive unemployment allowance and are women.

Due to low demand in the market, many companies have reviewed their activity. Thus, in the first three months of the year there will be layoffs, and over 2,000 people will lose their jobs, most of the unemployed persons coming from **automotive, steel industry and electronics**. Among the firms making layoffs we mention: Eybl Automotive Romania, Flextronics Romania, Zoppas Industries Romania, Lisa Draxlmaier, Kromberg & Schubert Romania. Other fields that will be affected by unemployment as an effect of the economic crisis are clothing, trade and real estate.

4. Conclusions

Demographic developments in Timiș County show the following:

- a downward trend in the number of inhabitants in the period 1990-2006, with a slight improvement in 2007. Whereas the population of Timisoara has decreased, the population of small towns in Timis County has increased; death rate is high and natural growth is negative; It is estimated that during 2002-2025, population in the Western Region will decrease with over 200,000 persons. The decrease will be moderate until 2010 and accentuated towards the end of the estimated period. This decrease is due to the deficit of births versus deaths (negative natural growth), together with the negative cumulated balance of internal and external migration. In 2025, the population of Timiș County will reach 631,800 persons (according to the Development estimated by INS, Population forecast on counties, region and country).
- in terms of age, there is a process of demographic ageing, due primarily to decrease in birth rate, which is more accentuated in rural areas;
- a slight decrease of male population versus female population; female population of the county is more numerous than male population by 3%;
- ethnic diversity of population will be maintained, but with an increase of Romanian nationals versus the other nationalities;
- migratory movements have a positive development, more pronounced in the last two years. Migration of skilled labour force to other countries will probably decrease in the future, as a result of the effects of global economic crisis, which will increase unemployment rate;
- activity fields with the highest number of employees in 2008 industry, agriculture, trade, constructions and real estate transactions, and activity fields with the lowest number of employees are financial-banking, public administration and hotels. The education sector will decrease both in absolute and relative figures. Employment rate will decrease continuously, even if in a slow pace;
- unemployment rate decreases significantly until the end of 2008, with an upward trend since the beginning of 2009, especially in automotive, steel industry and electronics;
- women are the majority of employees in budgetary sectors (education, health and social assistance), trade, hotels and restaurants, light industry. Employment earnings from these activities are with a third below the average wage in economy. However, women are the majority of employees in financial institutions, banks and insurance companies, which have high salary levels.
- the situation of unemployed persons shows that at the end of 2007 unemployed women represent 52% of total unemployed persons. In total unemployed persons, the largest share is represented by women with elementary and gymnasium education, while the smallest is represented by those with higher education. However, unemployed women with higher education are more numerous than men.

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