

B) PNCDI Projects – Socio-economic research (CERES)

Project 14 C4-55 - The impact of active employment programmes in the Romanian socio-economic context

Phase IV: Evaluation of active employment programmes' impact. Dissemination. Final report.

The study and impact evaluation of the active employment programmes in Romania was a demand of the National Agency for Employment. The necessity of financing such a research was assumed by the Ministry of Education and Research, to the demand and according to the grounding opportunity note by ANOFM and introduced for financing in the PNCDI 1- The CERES Programme, as a priority project in 2005.

The problem of the net impact evaluation of active employment measures on some result variables such as employment level, unemployment level, wage level of the participants to those programmes is an interest theme for the institute. The methodology of evaluating the active programmes' impact was tested previous to this project by the institute, in a Romanian county, within a project financed through USAID funds, in 2004. The project was developed in partnership with a prestigious institute of economic research from Moscow (CEFIR) with the support of experts from Mariland University (USA). As the results of this research were disseminated to the National Agency for Employment – ANOFM, the agency considered useful to ask for the extension of this kind of study to more development regions of Romania and towards all the active measure programmes that were implemented. Knowing the impact of these programmes can lead to a better design of the future policy in the field with much more visible results.

The methodology applied:

The evaluation of the net impact of active measures programmes is the appropriate method for the measurement of the additional value generated by a certain employment measure. The net impact evaluation used a microeconomic semi-experimental method based on the direct matching calculation through the control of the sampling process. A group of comparison was created concordant with a treatment group (the group of participants to the programme) using the method of statistic functions “propensity score”. In order to find the propensity score of an individual, a model of logistic probability was estimated in order to predict the probability that the individuals are selected to participate to a certain employment programme. Based on the coefficients of model's equation the predicted probability is calculated for each individual. A caliper interval was defined in order to avoid the problem of two many participants. The

comparison groups were designed based on some variables (covariate) for each of the programmes analyzed.

The groups of participants and non-participants were obtained as a result of applying a statistic survey, on samples from the unemployed registered at the County Agencies for Labour Force Employment. The calculated impact and the measured impact were established based on the concordance group from the model. The measured impact is based on the determination of the simple difference between the result variables considered for the participants and the non-participants to the programme. The calculated impact is based on the calculation of a linear multivariate regression with covariate independent variables determined through the analysis of the sample.

Information collection:

- ❖ The statistic population that is at the base of the samples of the survey was designed from the data of total registered unemployed from the county analysed, in 2003 and the unemployed that participated to the active measures programmes within the same data base
- ❖ The data and information obtained about the characteristics of the individuals, participants or non-participants to the programme, at the moment of the survey and at the moment of programme's finish were collected through structured questionnaires applied at the residence of the individuals in the sample

Dissemination:

- ❖ Research report – given to the contracting authority
- ❖ Activity report - given to the contracting authority
- ❖ Published book: The Impact of Active Employment Programmes in the Romanian Socio-Economic Context, Agora publishing house, ISBN (10)973-8295-48-3, 2006, Authors: Vasilica Ciuca, PhD, Aniela Alexandrescu, Andra Bertha Sanduleasa
- ❖ Vasilica Ciuca, Cristina Lincaru, Bertha Polch, Aniela Alexandrescu, “The impact of Active Policies over Employment in Romania”, published in the “Supplement of the Romanian Statistic Review” no 2/2005, The National Institute of Statistics (INS) and the Romanian Statistics Society (SRS) (ISSN code 1018-046x), 2005
- ❖ Presentation during the Seminar organized by DG-Employment together with MMSSF regarding the Evaluation of Employment Policies in Romania, Sibiu, August 2006

Project's coordinator: Vasilica Ciuca, PhD, scientific researcher I

Project no 15 C4-PP1 “The impact of minimum wage on employment and on the firms’ competitiveness”

Phase IV The new system of minimum wage

Phase V The feasibility of the new system of minimum wage

Final report

Nine of the EU member states and almost all the countries in the process of acceding to the EU (except Cyprus) have established a minimum wage. While France, the Benelux countries, Spain, Portugal and Greece have an established tradition of minimum wage protection, Ireland and Great Britain introduced the national systems of minimum wage in the last part of the nineties. Within the other six states of EU – Germany, Austria, Italy and the three Nordic states and Cyprus – the collective agreements are the most important mechanisms used for the enactment of the minimum wage. There are also clear differences regarding the measure in which the minimum wage and the collective bargaining have established a common threshold on the labour market.

In France and Luxembourg the minimum wage is applied to a relatively high share, of 13% of the employed (almost 20% women and 10% men) and in Portugal almost 6% of the employed (around 5% men and 10% women) is covered. In other countries like Spain, Holland and Great Britain the minimum wage is not applicable to many workers. Among the member states that settle minimum wages through collective bargaining the remuneration threshold remains relatively high in the Nordic countries while in Austria and Germany there is a great variety of levels of minimum wage established through collective bargaining. In fact along Denmark, Great Britain and Ireland, Germany and Austria are among the member states that have the highest share of low remunerated workers among those with low qualifications.

The problem of the minimum wage is regulated by the International Labour Organization, through its conventions and recommendations. The obligations of the ILO member states derive from their ratifications. Romania ratified the Convention 131 (1970). The application of this convention is settled through the Recommendation no 135 (1970).

In Romania, the brute minimum wage is established through Government Decision after the consultation of the social partners. They negotiate the collective labour contract at the national level and the collective contract at industry level. The clauses established through the labour collective contract at national level are considered minimal when the branch collective contracts are negotiated. When the collective contract is negotiated at organizational level, the

clauses established at branch level are considered to be minimal. Knowing the amplitude of the deviation of collective bargaining at organizational level from the branch collective bargaining is important in order to determine the impact of the minimum wage on inflation and employment.

There are numerous studies unrolled internationally regarding minimum wage. Besides the independent researchers this area is studied through the research departments of European Parliament, of the World Bank and of FMI. When the measures of establishing the minimum wage are focused exclusively on the protection of vulnerable workers it is admitted that they have effects that are so limited that they can be neglected on the economic activity, inflation and economic growth.

It is not the case with measures that have a sensitive incidence on the general level of salaries. In our country the study on a scientific base of the complex problem of the minimum wage on economic and social variables is a scanty process.

Methodology applied:

- ❖ Design of the analysis model
- ❖ Building the data series regarding the model's indicators
- ❖ Applying the model on data series
- ❖ Study of system's feasibility

Dissemination:

- ❖ Research report - given to the contracting authority
- ❖ Activity report - given to the contracting authority
- ❖ Paragraph "Minimum wage in Romania" in the study "The dynamics of Romanian labour market in 2006 – 2007" in preparation

Project's coordinators: Nicolae Cataniciu, PhD, scientific researcher I

Project no 16 C4-240 Models for the estimation of the necessary of training through professional and technical education in correlation to the labour force demand in the South-West region, in the offing of 2010

Phase III Previsions regarding the qualifications need according to the regional development forecasts

Final report

Within the negotiation for acceding to the EU, Romania adopted in March 2000 the Document of Position to the 18th Chapter – Education, Professional Training and Youth, through which the communitarian aquis in this area is completely accepted. In July 2001, Romania adopted the Document of Position to the 13th Chapter – Social Policy and Employment and in 2002 the Romanian Government designed together with the European Commission the Joint Assessment Paper – JAP. This document identified the areas of interest and action: the education’s reform and the improvement of adaptability of the vocational and technical education to the long term needs of the labour market. For an answer, in the Strategy for the development of Secondary Education it is established as a strategic priority “the openness of the educational system and of vocational training towards society, towards the social, economic and cultural environment”. The implementation programme of the strategy, through the Project for Modernizing the Vocational Education is focused on “adjusting the educational planning to the needs of sustainable, integrated, economic and social development, locally, regionally and nationally”.

A methodology of evaluating the education need through vocational education in correlation to the demands of the labour market already existed in Romania. It was partially tested in the Center Region in 2003 in order to be improved. The improved methodology hadn’t been applied at the date of the beginning of the project.

The applied methodology:

- ❖ Projections of the regional development based on evolution scenarios; the calculations are based on econometric models
- ❖ Forecast on the need of qualifications reported to the regional development scenarios, assuring the balance between the demand and the supply of labour force

Dissemination:

- ❖ Research report- given to the contracting authority
- ❖ Activity report - given to the contracting authority

Project’s coordinator: Speranta Pirciog, PhD, scientific researcher, I

Project no 17 – R1976 – Projection of the need of initial vocational training according to the demands of the labour market in the South-East region, towards the year 2010

Phase IV Forecasts regarding the qualifications needs function of the regional development scenarios

The Barcelona European Council in 2002 ratified a detailed work programme for the implementation of the three strategic objectives for the educational and vocational training systems (the development of skills that are necessary in the knowledge based society, assuring the access to the communication and information technology, the increase of the integration in the systems of technical and scientific studies), facilitating the access to the educational and vocational training systems, transparency of these systems (through the strengthening of the connections with work, research, society as a whole, mobility increase, cooperation strengthening).

Within the negotiation for acceding to the EU, Romania adopted in March 2000 the Document of Position to the 18th Chapter – Education, Professional Training and Youth, through which the communitarian aquis in this area is completely accepted. In July 2001, Romania adopted the Document of Position to the 13th Chapter – Social Policy and Employment and in 2002 the Romanian Government designed together with the European Commission the Joint Assessment Paper – JAP. This document identified the areas of interest and action: the education's reform and the improvement of adaptability of the vocational and technical education to the long term needs of the labour market. For an answer, in the Strategy for the Development of the Secondary Education it is established as a strategic priority “the openness of the educational system and of vocational training towards society, towards the social, economic and cultural environment” The implementation programme of the strategy, through the Project for Modernizing the Vocational Education is focused on “adjusting the educational planning to the needs of sustainable, integrated, economic and social development, locally, regionally and nationally”.

Presently in Romania there is a methodology of evaluating the educational needs through vocational and technical training in correlation with the demands of the labour market, that was partially tested for the Center Region in 2003, in order to be improved. The improved methodology hasn't been applied in any region.

The results obtained in the Central region were used in the elaboration of the Regional Plan of Action for the Development of Vocational and Technical Education until 2007. Such a study is necessary for all the regions for the development of PRAIs.

The applied methodology:

- ❖ Projections of regional development based on evolution scenarios; the calculations are based on econometric models

- ❖ Forecast on the need of qualifications in relation with the regional development scenarios, assuring the balance between the demand and the supply of labour force

Dissemination:

- ❖ Research report- given to the contracting authority
- ❖ Activity report - given to the contracting authority

Project's coordinator: Speranta Pirciog, PhD, scientific researcher, I

Project no 18 – R1981 – Improvement of the organizational system in the field of public services

The development of modern and efficient public social services is one of the major objectives of the Government. The modernization of the administrative structures of Romania and of the other acceding countries is necessary in order to allow the harmonious functioning of the communitarian policies after the accession. Thus, the public administration reform has become an essential criterion of evaluation of the EU accession preparations. It is also a priority of the government that designed a strategy regarding the acceleration, starting with 2004, of this objective. The strategy of reform acceleration as well as the other laws and regulations regarding the public administration and the integration exigencies focus especially on the development of human resources and on lifelong learning. The public administration improvement greatly depends on the human resources management and the lifelong learning. The increase of the professional level of the public function play an essential role in guaranteeing the quality of the services offered, transparency, the application of standards in the activity and adjustment to the European standards and demands.

The process of public administration institutional reorganizing, the decentralization and the consolidation of local autonomy, applying the subsidiarity principle, respecting the legal frame almost entirely reformed, the correct interpretation and application of the law as well as the correct perception of the new dimensions of the administration as part of the European family, they all imply a responsibility and high implication of the public worker, their continuous education and the continuous modernization of the organizational and informational system.

The current situation of the public administration is known based on a diagnostic analysis that was done by the national Agency of Civil Servants, which is responsible of the regulation, planning and methodological coordination in the field of public function administration.

The informatization of the public administration and the continuous training of the civil servants are considered to be special priorities in these strategies considering their key role for the success of all the other objectives in this sector.

All these prove themselves to be presently incapable to resolve the amplitude of the proposed objectives considering the heritage of structure and the existing mentalities in the local public administrations that show a powerful inertia to radical changes.

The development of managerial and professional abilities of the human resources in the local administrations is an important component of the project. The needs of training differ in local administrations. So the methodologies must be adjustable and their implementation must be characterized through flexibility.

Dissemination:

- ❖ Research report- given to the contracting authority
- ❖ Activity report - given to the contracting authority

Project's coordinator: Nicolina Racoceanu, scientific researcher, I

Project no 19 - R1983 – The impact of national and branch collective bargaining on the wage policy of the economic agents

Phase III Survey on the impact of wage bargaining at national and branch level on the economic agent

Phase IV Manual of wage collective negotiation

Final report

The neoclassical theory sustains the fact that the salary of a worker varies function to his characteristics that reflect productivity, like age, experience and education (human capital theories). The age and the work experience are considered to be measurement units of the general human capital along the career. The seniority is considered to be a measurement unit of the human capital of the firm. It is presumed that the productivity grows together with the general human capital and the human capital specific to the firm. These models sustain a positive connection between age, experience on the labour market and experience on the job on one side and salaries on the other side. In economic terms, the increases in productivity due to investments in general and specific human capital lead to a continuous increase of the salary. The models of the human capital offer an image based on productivity for the remuneration schemes afferent to the experience on the job.

In Europe there are significant wage differences between firms and branches. The wage differences between regions are less pronounced, except for Germany and Greece. The studies of the researchers from the General Research Direction of the European Parliament confirmed that the idea that higher salaries lead to employment growth as they stimulate the demand is valid only in very restrictive conditions that are almost impossible to achieve in practice.

The simulations designed with macroeconomic models indicate, on the contrary, that higher salaries are unfavorable to employment as their effect on the offer is much more important than the effect on the demand.

Along the last century the tendency of most of EU member states was towards a higher decentralization of wage bargaining. This tendency was noticed in Belgium, Austria, Germany, England and the Nordic members of EU. More and more the salaries are established locally or at enterprise level, and different remuneration schemes - including the performance remuneration – have become more important.

The chances of an explicit union coordination in the euro zone are low as the national political considerations and the heterogeneity of legal and social frames give significantly different meaning from country to country, without considering the fact that the bargaining almost never focus only on the wage problem, but it also approaches other aspects. Anyway, from a purely practical point of view, the wage coordination of the unions of an expanding UEM, each of them having different customs, legal frames and so on will be difficult.

In Romania the social partners negotiate the collective labour contract nationally and the collective contract on branched. The clauses established through the labour collective contract at national level are considered minimal when the branch collective contracts are negotiated. When the collective contract is negotiated at organizational level, the clauses established at branch level are considered to be minimal. Knowing the amplitude of the deviation of collective bargaining at organizational level from the branch collective bargaining is important in order to determine the impact of the minimum wage on inflation and employment.

The potential users of the project are the Economic and Social Council, as the most important beneficiary, the Employers Associations, and the Unions.

Dissemination:

- ❖ Research report- given to the contracting authority
- ❖ Activity report - given to the contracting authority

Project's coordinator: Nicolae Cataniciu, PhD, scientific researcher I