

Aspects regarding the quality of employment in Romania

D. Pașnicu and G. Tudose

Abstract— The multidimensional concept of "quality of employment" recommended by the European Commission (EC) or "decent work" promoted by the International Labor Office (BIT) is a difficult subject to address as there is currently no unitary theoretical framework to measure employment quality from a multidimensional perspective. To highlight the complex and multidimensional character of the "quality of employment" in the paper, an analysis of the evolution of the statistical measurement of this concept is made, emphasizing the main approaches in the field. Using a hierarchical cluster method, a comparative analysis of employment quality in small and medium-sized firms, at EU and candidate country level, from training, career-development, working time arrangements and pay perspective, is made. Also, some results of a sociological investigation regarding the quality of employment in SMEs from Romania are presented. It can generally be seen that the quality of employment in small and medium-sized firms is dependent on the degree of development of the countries concerned, on the modernization of labor markets as well as on the geographical position. In Romania, the quality of employment is not a key priority for the management of SMEs, which results from the relatively low investment in the human resource.

Keywords— employment quality, labor market, small and medium size enterprises, cluster analysis, training, working time arrangements.

I. INTRODUCTION

The concept of employment quality has developed a semantic family with derived expressions: English expressions, "quality of employment", "quality in work", "job quality", "quality work", or French expressions: "qualité du travail", "qualité de la vie au travail", "qualité de l'emploi". In this paper we will use the expression of the quality of employment that covers many aspects related both to the workplace itself and to the economic and social context that influences it. The quality of employment is a complex, multidimensional concept, at the confluence of several disciplines: economics, sociology, ergonomics, psychology that has raised interest both in the academic field, the statisticians and the practitioners in the field. Approaches concerning measuring the quality of employment have a historical pathway, characterized by several attempts to determine a unitary and comprehensive theoretical framework.

Recent international research and analysis has highlighted a common trunk with six dimensions of employment quality, dimensions that may have relative content and relative

importance that differ from one perspective to another. The six dimensions are: 1) security and ethics in employment; 2) pay; 3) working time, working time arrangements and reconciliation between working and private time; 4) security of employment and social protection; 5) social dialogue and professional relations; 6) skills development and training.

For a better understanding, the measurement of employment quality should be seen from three perspectives:

A. multidimensionality and multidisciplinary perspective. In the research of this issue we can distinguish the six dimensions of the employment quality mentioned above, which require theories and methodologies from different domains.

B. the perspective of the adopted point of view (either individually, corporatist and / or societal) and the level of analysis: micro-meso-macroeconomic. These perspectives are needed to reduce as far as possible the phenomena of under-use of the workforce and the inequality of wages or working conditions.

C. the perspective of other dimensions with which they intersect, namely access to employment, as well as the general conditions of the labor market in a particular country.

Although the debates on employment quality date back to long ago, the first policies in the field have begun to be applied since the 1960s and have been renewed, especially with the European Union strategy aimed at creating an increasingly competitive European economy. In fact, the quality of employment has been at the heart of the European Strategy and the European Social Model. The focus was not only on creating more jobs but on quality jobs. Improving employment rates and quality of employment will contribute to reducing poverty and social exclusion, fiscal burden and will improve social cohesion; also by increasing motivation and engagement in work and labor productivity will ensure economic growth and competitiveness [1].

Despite this growing interest and recognition of this concept, the quality of jobs is not yet well supported by implementing measures. The revised OECD Employment Strategy (OECD, 2006) and the Employment Strategy for Europe 2020, for example, have increasingly focused on policy recommendations and progress indicators in terms of quantity of jobs, that is to say, job creation and access to employment, rather than in terms of job quality, although many of the labor market institutions have been created to improve the quality of jobs [2].

Romania still suffers from an important research deficit in

the area under discussion, which is also reflected in the insufficient capacity of central and local authorities to implement policies and actions to promote quality employment [3]. Moreover, there is a lack of research to address the quality of jobs in SMEs in Romania. As a subject of little or not at all research, but which is of particular importance in the current extremely dynamic economic and social context, the present paper aims to develop a cluster analysis on the quality of employment in SMEs in E.U. and candidate countries and highlighting some aspects related to the quality of employment in SMEs in Romania.

II. LITERATURE REVIEW

• *Evolution of the quality of occupation concept*

The concept of quality of employment has gained a lot of attention with the development of Human Resource Management field, then with increasing interest in human capital development (Becker, 1964) so necessary to ensure economic growth and competitiveness, becoming today a major concern in European strategies. The objectives of economic and social growth have resulted in an integrated policy response at EU level as well as action by Member States. The Union has a strong legislative acquis that complements the actions of the Member States to improve working and living conditions, to ensure minimum standards across the EU on working conditions, health and safety at work, information, consultation, rights of workers, equality between women and men and non-discrimination, fair competition on labor market, high levels of productivity and the creation of quality jobs. In addition to the legislative tool, E.U. promotes actions to expand and develop political coordination, social dialogue, funding and strategic partnerships at European level. [4].

These efforts, however, have been less effectively geared towards qualitative employment indicators and more to quantitative ones, as we have seen before. A major impediment to promoting concrete policy actions on job quality has been the challenge of defining and measuring job quality so as to allow comparisons over time between countries and different socio-demographic groups. Another obstacle is that inherently this concept is a multidimensional one that can be measured in different ways. Both aspects can be somewhat tackled by integrating the measurement framework on employment quality with that of measuring well-being at the workplace [5]. Putting emphasis on workers' welfare helps identify those aspects of employment that are most important to workers and can be used to identify common elements for consistently measuring job quality in different countries for different socio-economic groups and in time [2].

Research topics on the employment dimensions and on the different quality employment concepts were resumed by I.L.O. and OECD. In this respect, more research has been carried out over time to create a unitary structure for the statistical measurement of the quality of employment. There are three

distinct approaches, having also similarities in measuring the quality of employment: one belonging to the International Labor Office (I.L.O.) and the other two European Union, namely the European Commission (EC) and the European Foundation for the Improvement of Life and Working Conditions (Eurofound). I.L.O. focuses on measuring decent work combining decent work indicators with information on the legal work framework [6]; that of the European Commission on Labor Quality Indicators for Labor Market Policies Monitoring and that developed by Eurofound on work quality and employment quality indicators based on the Labor Conditions Survey in Europe. Although there are some similarities, each of these approaches has a specific objective, not constituting a broad, all-encompassing framework for the unitary statistical measurement of the quality of employment.

More intense discussions on the importance of statistical measurement of employment quality have taken place since the first decade of the 2000s, when workshops of the Task Force with representatives of UNECE /I.L.O./EUROSTAT, representatives of the National Statistical Bureaus and representatives of Eurofound, etc. The results of the meetings concretized in reports and conceptual paperworks and tested the validity of the indicators on seven dimensions proposed at that time (Safety and Ethics of Labor, Wages and Benefits from Work, Working Time and Balance of Professional - Private Life Time, Employment Security and Social Protection, Social Dialogue, Skills Development and Training, Professional Relationships and Employment Motivation) [7]. In 2013, there was a change in the content of the statistical definition of employment that was assimilated in employment quality statistics, respectively in the Eurofound surveys. According to the resolution of the 13th International Conference of Labor Statisticians, work activity is considered "employment" if the activity in which the individual is employed is included in the National Accounts System. This definition is more restrictive than the previous one and eliminates some of the population previously included in this category.

• *Statistical Measurement of Employment Quality*

There are papers that considering the concept as one-dimensional, defined by a single criterion, generally choosing to focus on either salary or satisfaction with the exerted job. Although unidimensional approaches are relevant through the results of their empirical research, they still have significant limits: when reporting on pay, there are difficulties in the availability and comparability of data and when it comes to job satisfaction, this criterion is too subjective, invalidating any international comparison that could be drawn. The use of the multidimensional approach due to the inadequacy of the one-dimensional approach in research has not solved the question of the unitary concept theoretical framework. The multidimensional perspective requires the building of diverse theories based on disciplines, such as economics, sociology, psychology and ergonomics. The broad openness approach to employment and workplace adopted in recent research

recommends to overcoming the sociological perspective so far by focusing on working conditions, skills, autonomy and work content. For example, if we look at the "reconciliation between family life and work life" dimension, we do it through gender and sociology regarding couple sharing tasks. Researches and working conditions analyses call for specialist on health and safety at work. Integration into the definition of employment quality of education and training indicators is based on various theories, including the theory of human capital, industrial relations describing the training process through the relationship between employment and the work organization within the enterprise. In conclusion, the approach adopted by most organizations or researchers working with this concept is to define several dimensions that can be hierarchized and then weighted in the context of a composite indicator. [8]

The definition and components of the quality of employment depend on the perspective adopted in the analysis, which may be of society, of the company or of the individual. The social outlook for quality of employment focuses on social issues. Thus, a high quality of employment for society can mean an appropriate labor qualifications and skills employment, resulting in high productivity rates and increasing social cohesion. From a corporate point of view, high quality employment can correspond to a skilled and efficient workforce. Individually, workers can assess the quality of employment as high, under certain conditions, which is equivalent to work safety, healthy at work or generous pay. There is, of course, an overlap between societal, corporate and individual views on what constitutes a high-quality job. Both employers and workers are likely to have a strong interest in reducing accidents in employment. Also, workers have usually a high interest in working in a profitable business. However, there are also contrasting opinions. For example, what an employee might see in a high-quality job with "high salary" (and would be for his benefit), the employer could appreciate as high labor costs, which weigh significantly in company profits. [9]

If some aspects of the quality of employment are still analysed exclusively through qualitative methods (interviews, case studies), most research has ultimately adopted a quantitative approach that implies not only the choice of a definition of employment quality but also a conciliation concerning the indicators chosen for the measurement.

Technical aspects of employment quality measurement. Types of indicators

In the literature, there is a whole debate on objective and subjective indicators. The boundary between subjective and objective indicators is not clearly outlined and difficult to define. Some authors consider that qualitative indicators that explicitly refer to perceptions of an investigation, preferences or attitudes are "subjective" indicators, while those who do not express perceptions or do not require expressing preferences can be considered "objective." It should be stressed that the vast majority of the employment quality indicators used are the result of surveys addressed to workers and therefore there is

subjectivity in any response. While responses to work satisfaction, although it is a global indicator that can give indications of how good or bad a job can be, it is still a subjective indicator and, moreover, does not allow the employment quality assessment on the component dimensions [1].

The European Working Conditions Survey is based on an analysis of "objectified" work situations and less on perceptions, preferences and so forth. For example, labor intensity issues refer to workload constraints rather than to perceived intensity: "Do you have to (often, sometimes or never) hurry to work?" [8].

Researchers in the field have different positions regarding the inclusion, exclusion or combination of objective and subjective indicators. In some studies on employment quality, strict exclusion of subjective indicators has been made, while in other studies complementary objective and subjective indicators have been examined in order to obtain a better understanding of the employment quality in a country or for a given category of workers. There are authors who propose a combination of these indicators that can be obtained from surveys and from administrative sources [1].

III. METHODOLOGY

A grouping of 32 countries (EU countries plus Turkey, Macedonia, Montenegro and Iceland) is made in the paper according to four indicators of employment quality, depending on the size of the enterprise: small enterprises (10-49 employees) and medium (50-249 employees). Grouping has been done through four dimensions: training, career-development, working time arrangement, pay (table 1).

No.	Dimension	Indicator
1	Training	In the past months, what percentage of employees received paid time-off from their normal duties to undertake training, either off or on your premises?
2	Career development	Approximately what percentage of employees have a performance appraisal or evaluation interview at least once a year?
3	Working time arrangements	Approximately what percentage of employees have the possibility to adapt – within certain limits– the time when they begin or finish their daily work according to their personal needs or wishes?
4	Pay	Whether or not they are available to at least some employees payment by results, for example piece rates,

		provisions, brokerages or commissions?
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Source: The indicators were used in the analysis Eurofound 3rd European Company Survey, 2013.[10].

Given that the indicators are of a subjective nature, the obtained results can be interpreted. The data were extracted from the UK Data Archive (2) and the group of countries were analyzed comparatively according to the size of enterprises, with special attention to Romania. Hierarchical cluster analysis through dendograms was made using the method average linkage (between groups). The metrics used for hierarchical clustering was Squared Euclidean distance. The mathematical formula for calculus is:

$$d(C1C2) = \sqrt{(T_1 - T_2)^2 + (CD_1 - CD_2)^2 + (W_1 - W_2)^2 + (P_1 - P_2)^2}$$

Where:

d(C1,C2) = the distance between Country1 and Country2;

T1, T2 = the percentage of companies in which no employees have received paid time-off from their normal duties to undertake training, either off or on its premises, from Country1 and Country2;

CD1, CD2 = the percentage of companies in which no employees have performance appraisal or evaluation interview at least once a year, from Country1 and Country2;

W1, W2 = the percentage of companies in which no employees have the possibility to adapt – within certain limits- the time when they begin or finish their daily work according to their personal needs or wishes, from Country1 and Country2;

P1, P2 = the percentage of companies in which are available to at least some employees payment by results, for example piece rates, provisions, brokerages or commissions;

In order to better capture certain characteristics of the quality of employment in Romanian firms, the analysis was complemented by some results obtained by the National Council of Private Small and Medium Enterprises Survey from Romania, in 2016, regarding the pay and training of human resources (3).

IV. RESULTS

- *Hierarchical Clustering by employment quality*

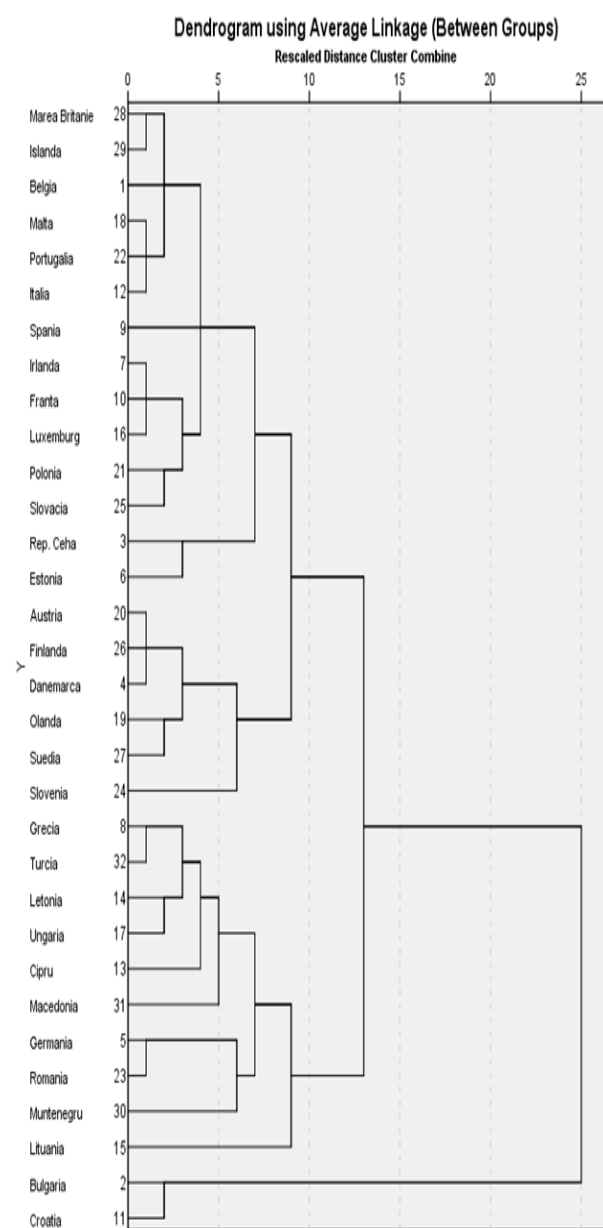
The grouping of countries in the sample according to the aforementioned indicators for small enterprises in four groups is shown in Figure 1. It is noticed that Romania is in the same group with 8 countries, namely: Germany, Greece, Cyprus, Latvia, Hungary, Montenegro, Macedonia and Turkey, the second group consists of Bulgaria and Croatia, Lithuania differentiates itself as outlier and the other countries are part of the fourth group.

The grouping of countries in the sample according to the aforementioned indicators for medium-sized enterprises in four

groups is shown in Figure 2. It can be noticed that Romania is in a group with 7 other countries, namely: Portugal, Poland, Hungary, Latvia, Cyprus, Italy and Estonia, the second group consists of: Turkey, Macedonia, Montenegro, Croatia, Greece and Bulgaria, and the other countries in the sample form the third group. Lithuania also differs in this case as a outlier,

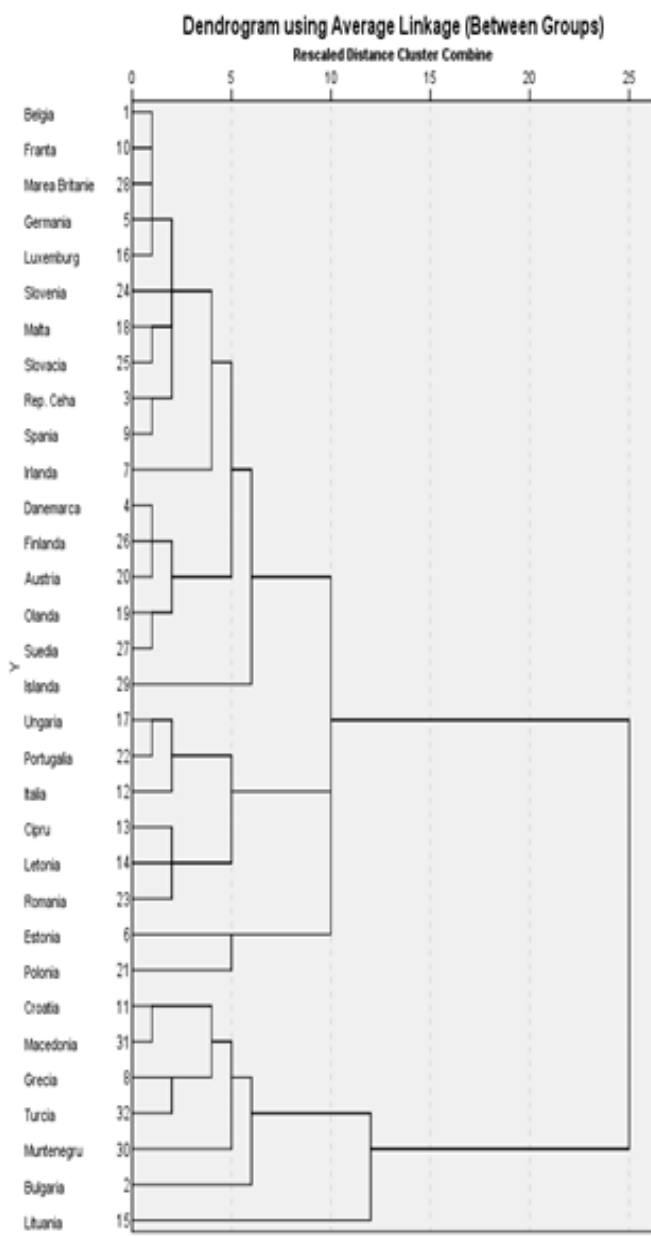
On a comparative basis, it can be noticed that the countries of the Romanian group changed in the two cases with the exception of the countries of Hungary, Cyprus and Latvia. It can generally be observed that the quality of employment in small and medium-sized firms is dependent on the degree of development of the respective countries and the modernization of the labor markets as well as the geographical position.

Figure 1: Small size enterprises



Source: Prelucrare autor dupa date UK Data Archive [11]

Figure 2: Medium size enterprises



Source: Prelucrare autor dupa date UK Data Archive [11]

- *Quality employment in SMEs from Romania*

Measures to promote job creation must take into account the important contribution of small and medium-sized enterprises to the economy and the creation of employment opportunities. More than 99% of enterprises of E.U. are SMEs and provide two-thirds of all private-sector jobs.

The employment quality analysis in SMEs is based on the results of the 2016 White Paper on Small and Medium Enterprises from Romania [12].

Among the competitive advantages of SMEs is also the quality of employees, recognized by only 20% of the respondents as one of the main assets of SMEs in the goods and services market. The percentage indicates the relatively low interest of managers in the development of human resources.

One of the dimensions most relevant to the quality of

employment is salary. The evolution of the average salary in SMEs in Romania in 2015 compared to 2014 reveals the following: in 70.9% of the companies the salaries remained the same, while in 21.4% of the companies the level of remuneration increased in (0 -15%) and over 15%. There are also reductions in employee income: for approximately 5.8% of companies, the average income was down by 0-15% and by over 15%. Salaries vary by company characteristics by size, age, development regions and industry.

A relevant analysis refers to the variation of employees' salaries according to the size of SMEs:

- wage increases of over 15% and between 5-10%, as well as low wage cuts (0-5%) were found in firms frequencies that are directly proportional to the size of SMEs;

- stagnation and decreases of 10-15% and over 15% were recorded in higher percent as size of organizations diminished;

- there was increases in employees' earnings by 10-15% mostly in small firms.

Employee training is also one of the dimensions that provides employment quality. The financial support provided by the firm according to the survey conducted in SMEs in Romania shows that in 2015 an average percentage of 1.96% of the turnover per company is allocated for the training of 15.3% of the personnel at the sample level, which shows the relatively low interest in investing in human resources. The average number of employees who were trained in 2015 was about 15.4% of the total number of employees at the sample level, which varied on the characteristics of the organizations.

One third of SMEs in the analysed sample considered employee training, slightly higher than in previous years. This is an increase in the quality of company management, given that most organizations have gone through a difficult period in the years of the economic crisis and those who immediately followed. The survey data from the 2016 White Paper on SMEs in Romania indicates that employee training is directly proportional to the size of the enterprise, so middle-sized firms are the ones that offer the most training, then small ones and then micro-enterprises.

V. CONCLUSION

A. Figures and Tables

The cluster analysis showed that Romania is part of the same group with 8 countries, small firms and 7 countries in the case of medium-sized firms in terms of employment quality, according to the indicators mentioned above. The quality of employment shows a relatively low interest in managerial priorities, being associated with the quality of the Romanian SME workers. However, there is an increase in the share of organizations in 2015 as compared to 2014 providing training to employees. It also notes the financial efforts made during the same period to maintain the salary levels for most companies and to increase the remuneration of employees in a small number of SMEs. Although different measures and actions have been promoted to achieve some of the sub-objectives specific to the field of employment quality, better

synchronization and concentration of resources, management of proposed actions, strengthening of partnership and social dialogue between the employee and the employer is needed. In most studies the employment quality deteriorated. The explanation for this deterioration would be the emergence of new forms of employment, new forms of work organization and other human resource management issues that have induced precariousness and social insecurity. However, there are also elements that balance to a certain extent the negative developments in the quality of employment over the past decades, such as: a significant decrease in the number of accidents at work, a rather stable security of employment (measured by age) and an increase of wages (despite the rise in wage inequalities). The results show that our country needs to continue its concerns at both strategic level and the concrete actions and measures to meet the employment quality standards as defined in the six dimensions in the latest researches and analyzes at the level world.



D. Pașnicu Bucharest, Romania, 1967. Phd in economics (labor economics), Academy of Economic Studies Bucharest, Romania, in 2005; Post graduate course on Business management of small and medium-sized enterprises, at Academy of Economic Studies Bucharest, Romania, 2004; engineer, Faculty of Engineering Technology, University Politehnica of Bucharest, 1990.

She is PROFESSOR of Microeconomics and Macroeconomics at Spiru Haret University, Bucharest (since 2002) and SENIOR RESEARCHER at National Scientific Research Institute for Labour and Social Protection Bucharest (since 1995). Daniela works as expert/ consultant/committee member for World Bank, European Commission, Ministry of Research and Innovation Romania. Previous publications: *Flexibilitate și securitate pe piața românească a muncii* (Bucharest, Romania, Editura Agora, 2009); *Microeconomie și Macroeconomie* (Bucharest, Romania, Editura Fundației România de Măine, 2014); *The Main Structural Deficiencies on the Rural Labor Market and Employment Quality* (European Proceedings of Social and Behavioural Sciences, 2016). She acted as coordinator/expert in research projects focuses on the labor economics, education, migration, rural development.

Prof. Pașnicu is memberships in professional societies: Lumens conferences and journals, Conference on Education and New Developments (END), JEDEP, IJMKL, ICESBA, CEN.

ACKNOWLEDGMENT

This work is part of a study directed by the Daniela Pașnicu and is financed through National Research, Development and Innovation Plan (PNCDI - Planul National de Cercetare Dezvoltare și Inovare), NUCLEU Program 2016-18, developed with the support of ANCSI, project no. PN 16-440106.

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