LABOUR MARKET AND SOCIAL POLICY IN THE JIU VALLEY

MIHAELA CAMELIA SCHMIDT *

ABSTRACT: The paper contains an analysis of the labour market and social policies in the Jiu Valley from the perspective of its inhabitants.

KEY WORDS: labour market; indicators and tools for labour market analysis; work force; unemployment; unemployment rate

JEL CLASSIFICATION: A14

1. THE LABOR MARKET – INDICATORS AND ANALYSIS TOOLS

The labour market can be defined as "the economic and social space where the work force demand (the capital owners as buyers) and supply, represented by the work force owners, meet, confront each other and are freely negotiated" (Pârvu, 2001, p.286). In other words, the labour market is "a system defined by the economic relations regarding the work force employment and use, as well as the social protection and assistance provided for the owners of this special merchandise" (Niculescu, 1995, p.23). Consequently, the labour market, alongside with the goods and capital market, display work force as their object.

On the work force market, which is a component of the market system in a modern market economy, the work force demand and supply (the basic principles of the work market) confront each other (Pârvu, 2001, p.292; Dobrotă, 1997, p.147):

1. The work force demand is expressed by the amount of work force, structured in professions and training and qualification levels, necessary to an economic unit, sub – branch or branch in order to produce a certain quantity of goods and services demanded by the market at a certain moment or within a certain period. It represents the total number of occupied and unoccupied jobs in an economy. The work force demand bearer is the employer. From this perspective, the work force demand depends on the demand of goods and services to the achievement of which participate

* Lecturer, Ph.D., University of Petroșani, Romania, schmidtcamelia@yahoo.com
employees in different trades and professions, in a geographic area and within a time lapse;

2. **The work force supply** consists of that section of the work resources that call for a paid job. It is expressed by the available working population from which we subtract the non-working population represented by students, soldiers and individuals unwilling to engage in remunerated activities as they have certain living resources. Obviously, the first and foremost factor that has an impact on the work force supply is population dimension "which is delineated by a series of criteria, social – demographic conditions, and options of the individuals of legal working age and able to work".

According to the capacity to participate to the economic and social activities, population falls into the following categories (Cojocaru apud Neamțu, 2003, p.605):

- **the working age population** – individuals between 14 (16) years old and retirement age, resident in a certain area and considered able to be involved in the process of social work;

- **the population available for work**, or the **population able for work**, whose health condition allows them to perform a type of economic and social activity; this category of population represents the basis of a country’s work force resources and operates directly on the work force market under the form of supply;

- **the inactive population** – the individuals who do not participate to the process of social work and are supported (children, persons incapable of working, pensioners, housewives, school children, students);

- **the active population** – the individuals who participate to the process of social work, carrying out a professional activity and the working age individuals willing to work and available to be employed;

- **the occupied active population** – the population who actually participates to the economic and social activity.

The delineation of these population categories differs, to a certain extent, both from one author to the other, and according to the methodology used in the information gathering and processing. The American economists McConnel and Brue (in Preda, 2002, p.59), are of the opinion that the work force supply can be understood, at the same time, as: the total number of able persons in search for a paid; the number of hours they are willing to work or they actually work; the effort they put in while working; the qualification level that determines the quality of their work.

**The indicators of the work market** are characterized from a variety of perspectives: demographic, economic, educational–formative, social, etc. These indicators, which measure the intensity of phenomena and processes on the work market, are grouped as it follows:

1. **Level indicators** – represented by: work resources indicators (active population, occupied population, work resource, working age population, and the individuals without the legal limits of working age); work force occupation and unemployment indicators (occupation and unemployment rate); salary indicators (work force cost); work duration indicators; work conditions and conflicts indicators.

2. **Structure indicators** – are represented by the above mentioned indicators, structured according to such criteria as: sex, age group, territorial distribution, social – occupational categories, activity branches, professions, company size, professional
experience of the employees or of the unemployed (and duration of unemployment),
payment types, duration of employment, etc.

3. Derived indicators – are the indicators combining different criteria and population
characteristics (for instance the structuring of occupied population according to areas,
the salary level, etc.).

From the point of view of the work market analytical indicators, the most
significant are the following:

- **The active population**, consisting of two large categories: the civilian active
  population and the army forces;
- **The activity rate** can be calculated either by referring the active population to the
total population to obtain the whole population activity rate, or to the working age
population or, in other cases, to the available work resources, to obtain the working
age population activity rate, respectively the available work resources;
- **The occupation rate** can be calculated by referring the occupied population either
to the working age population, or to the available work resources;
- **The unemployment rate** is calculated by referring the number of unemployed
  individuals to the active population or to the occupied population.

Each of these indicators can be calculated on a national, regional or local level,
for the whole work force or as partial indicators, for certain segments.

2. THE ANALYSIS OF THE WORK MARKET IN THE JIU VALLEY

The work force occupation is an important indicator of the efficient use of
human resources, which have a vital contribution to the ensuring of efficient economic
activity in an area. The following concepts are used in the specific language
(M.M.P.S., 1994): **work resources** represent the total number of individuals of, under,
and over the working age, able to work, in a certain area; **active population** represents
the total number of individuals of, under, and over the working age, able to work or in
search of a job; **occupied population** represents the total number of individuals of,
under, and over the working age, able to work, having a paid job (including non –
remunerated home workers); **the unemployed** represent the total number of individuals
able to work, of working age, in search of a job and in the records of work offices.

Of these indicators, occupied population is considered a barometric, prognosis
indicator of the economic and social environment of an area. In general, on a national
level, the occupation rate can rise in time, whereas in certain areas, among which the
Jiu Valley, it falls. This is possible because the Jiu Valley area has a sharp
monofactorial development character, and the decrease of the predominant mining
activity in the area inevitably leads to the regional decrease of the occupation rate. The
predominant professions in the area (miner, coal processor, mining mechanic, etc.) are
no longer demanded and are difficult to convert. The families in the region are
generally large and often supported financially by only one member who works in the
field of mining or a connected field.

The analysis of the structure of the active and occupied population in the Jiu
Valley (Schmidt, 2008, p.105), showed that the number and rate of the active
population in the total population varies according to gender and the social – economic
conditions. The rate of the active population in the Jiu Valley is negatively influenced by the restructuring of the mining sector over the past years and the low degree of involvement in the production process on the part of women. The participation of women in the activity is much more reduced than that of men. Of the total number of active population, only 78.31% works. The rate of occupied population (of the total number of population) has also decreased much over the past years. That is why a high unemployment rate is also to be noticed.

In order to find out the opinions of the Jiu Valley inhabitants about the work market offers and the occupation possibilities we have drawn the conclusions of an ample field research conducted in all the towns in the area, in which we have used the direct inquiry based on the interview applied to a number of 288 subjects.

Due to the reduction of activity in the field of mining, there is a change of mentality to be remarked with the local population, who is more willing to accept jobs in the private sector, and breaks away from the paternalism induced by the state, which was, until recently, omnipotent and omnipresent in the field of economy, health, education, culture, etc. Figure 1 is relevant in this sense:

![Figure 1. Job preferences](image)

The Jiu Valley population, like other local populations, still prefer a job in the state sector to one in the private sector, even if the former is more poorly paid, because it is considered safer. In the same sense, we have tried to find out what should be, in the opinion of the Jiu Valley inhabitants, the main factor to be taken into account in the establishing of a salary.

Less than a quarter of the questioned subjects consider job related competence to be the major factor in claiming a certain salary. However, the factors mentioned above operate as a whole, as it is impossible for a high competence level (the third factor) not to be doubled by a high education level (the fourth factor in the diagram).

Another aspect, closely related with the previous, is represented by the job expectations of each employee, which is a major element in the policy regarding the negotiation with the unions and conflict management when necessary.
Figure 2. Factors to be taken into account for salary establishment

Figure 3. Job expectations

Knowing expectations, it is much easier to connect reality to the requests of social groups in order to avoid frictions and frustrations which turn into social and material costs. The expectations of the Jiu Valley inhabitants are in full accordance with the findings of specialists in the field: expectations based on positive extrinsic motivation (by appraisal: *the acknowledgement of individual merits* – 21.50%, or materially expressed: *a good salary* – 43.20%; *conditions for professional promotion* – 9.1%; *vacations as long as possible* – 0.4%), negative extrinsic motivation (expressed through fears for tomorrow: *long term job safety* – 21.70%) and intrinsic motivation (*possibility to be useful for the society* – 1.3%; *possibility to work with people I like* – 1.7%).
Unemployment is considered the antipode of occupation, being actually characterized by total non-occupation or total lack of a job. The unemployed is “anyone over 15 who simultaneously meets the following conditions: is able to work, does not work, is available for remunerated work, is in search of a job” (Voinea, in Zamfir & Vlăsceanu, 1993, p. 632). Unemployment is a negative phenomenon which expresses distortions both on the work market and the goods and services market when the demand exceeds the supply. The main sources of unemployment are: the loss of jobs on the part of the employed and inadequate job offers for those who graduate from certain education forms and reach the legal working age.

The unemployment rate decreased at the beginning of 2010, so that in July 2010 it was 10.15 %, in Hunedoara county, and higher in the Jiu Valley. The most unemployed persons in the Jiu Valley are in Petroșani – 1,599, followed by Vulcan – 1,357, Petrila – 1,354 and Lupeni – 1,139. This happens because, unlike the other towns of Hunedoara county, the Jiu Valley has the fewest available jobs: for instance, Aninoasa – 4 jobs on the market, Lupeni – 8 jobs on the market and Petrila – 10 jobs on the market (according to AJOFM Hunedoara). This situation can be accounted for by the fact that the Jiu Valley is the area with the lowest investments in finding work force occupation alternatives in Hunedoara County.

The category of the unemployed in the Jiu Valley is characterized by a very poor material situation, the living standard slightly oscillating around the subsistence level for the beneficiaries of the minimum guaranteed income, poor health condition, (frequent diseases), the impossibility to buy the necessary medicine, poor households, massive disconnections from the heating system, etc.

We have already outlined the coordinates according to which the inhabitants of the Jiu Valley accept or refuse a job, as well as their job expectations. Now we are going to analyze their opinions about the unemployed populating the area.

![Figure 4. Motivation of high unemployment](image-url)

From the whole set of reasons pointed out as causes of unemployment we can select at least two objective ones: jobs do not match training, and job scarcity. Reasons
such as low salaries or unsafe jobs are not acceptable. On the contrary, persons in financial difficulties would accept any job, even below their training level, to overcome poverty. However, it is obvious that people consider such arguments to be quite justified. Let us analyze what people think about social protection exclusively based on financial support, or about social support:

![Figure 5. The opinion of the Jiu Valley inhabitants about exclusively financial social support](image)

Not even one category of subjects resulting from the processing of the answers appreciates the method of financial support. This method, in its most positive version, is considered to have short term efficiency, helping the individual and the family to survive until a job is found. The idea emphasized here is that of creating new safe and decently paid jobs. Otherwise, there is the risk to perpetuate among the population the belief that they can live without working, the little they get being, anyway, better than nothing. This idea is also reinforced by the following answers:

![Figure 6. Effects of social financial support](image)
We can conclude, therefore, that most of the Jiu Valley inhabitants consider social support an element that hinders the development of a culture of work, allowing certain counterproductive concepts to settle in the social body and stop the production of material and spiritual values.

REFERENCES: