

The investment in labor force, a decisive factor in dimensioning the production in Romania

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Abstract: Romania's economy needs productive investments that would create workforce and the possibility of sustaining consumer. Moreover, Romania needs to increase its public investments in order to develop the infrastructure and to increase the transparency degree in public institutions which, together with fiscal stability and the predictability of the business environment, could attract investments.

Key words: investment, labor market, labor legislation

Classification-JEL: J21 , K31

Introduction

Romania needs to diminish the action and decision power of the interest groups in order to decongest the market and freshen up the competition. Moreover, it needs to develop the idea of a common national interest that would offer trust in the development possibilities by means of an efficient exploitation of the national economic potential and the attracted one. The effect of some defective policies of attracting investments and simulating the investment process can be seen in the case of Romania's production and consume capacity, with important consequences over the economy's sustainability.

We cannot talk about the efficiency of some economic sectors if we do not take into consideration the implementation of measures for increasing work productivity, for technologizing the production processes, for stimulating the demand for economic goods, for permanently increasing the competitive capacity of economic goods by raising their quality. The corroboration of these economic strings leads to the maintenance of economic goods on the market, at a level of the selling price that would assure reaching that efficiency level meant to stimulate the offer, both on the internal and the external market.

These investments should be made according to the volume of existing and potential economic resources. Therefore, in accordance to the theory of the absolute economic advantage, in the case of production areas with a high potential of resources that is inefficiently exploited, the volume of investments will be higher, taking into consideration a series of factors, such as:

- ✓ The capacity of absorbing economic goods produced by the existing market;
- ✓ The degree of penetrating the goods produced on the market;
- ✓ The possibility of increasing the relative market share of the produced goods;



- ✓ The possibility of encouraging the market competition in order to reduce the selling price, as an advantage for the consumers;
- ✓ The increase of the occupancy degree in the area, as well that of the profits;
- ✓ The possibility of creating a local investments training effect.

According to the relative advantage theory, the investments will be made only if it can be anticipated a profitability rate higher than the average of the existing one, creating therefore the premises of an efficient functioning of the market. Any investment in the area must lead to the improvement of the occupancy degree and to economic growth. Moreover, investments will aim at increasing the profits and, through these, at increasing the area's development degree.

Currently, the theoretical approach leads to the idea of developing a theory of economic decrease, as in the process of valuing the economic resources for the production and/or consume activity there are already delays in what regards the ensuring of an equitable management of resources both in intra-generational and inter-generational terms. We have to adopt a rational consume of resources and production factors, their replacement with new production factors or renewable resources and the creation of a consumer's appetite for adopting a new way of living: adjusting the consume according to necessities, rethinking family budgets in accordance to the daily basket, creating some recycling abilities, converting the economic goods towards new uses, adopting a management of waste and residues, and using them in order to produce biofuel or biomass.

The analysis of the specific labor market concept

The approach of labor market is done in the context of the profound analysis of economy as a whole, both nationally and regionally, and at the level of a complex form of economic or social-political integration. The understanding of the labor market's mechanism implies the understanding of the market's mechanisms, in general, if we take into account the labor demand – labor offer relation, and some psycho-social connotations, when considering establishing the labor's price.

In the current economic and social-political development context, on the labor market there is an intensification of a series of manifestations that have as substance educational and cultural heterogeneity, the institutional dissolution or the dissolution of authorities in what regards the establishment of some normative elements that would favor work and entrepreneurship, by means of economic strings, mainly fiscal ones, the lack of complementarity between educational policies and occupational ones.

In these circumstances, it is natural to appear and to get intensified a series of syncope in the functioning of the labor market in its assembly. Therefore, it is necessary to introduce a concept that would incorporate the modifications of a labor market's segment in comparison to another, in the same period of development, with own objects and manifestation forms, called **specific labor market**. The significance of this concept resides in the specificity of labor market in comparison to other markets of economy, on the one hand, and the labor market's segments, on the other hand. Hence, in accordance to occupational standards that fluctuate as a result of the development of scientific research and technology, other occupations appear in order to form a new segment of the labor market, therefore a specific labor market. Moreover, many occupations disappear, in this case being registered a surplus of workforce that cannot be absorbed by other labor market's segments, or by other specific labor markets.

The congruence of the specialization with a certain segment of the labor market designates therefore the specific labor market. Generally, once it appears the need of a certain economic product, it also appears the offer, creating therefore the symbiosis between request and offer, on the one hand, and the market, on the other hand. There are some social, psychological, institutional and legislative phenomena that intensify on the labor market, because work necessity is



satisfied as long as there is a request for the produced good, corroborated with investments in increasing the production capacity, in innovation and research for producing that good in eco-efficiency conditions.

The policies that sustain the development of the specific market are a species of the development policies based on entrepreneurship and innovation. By means of promoting the entrepreneurship we will be able to identify new needs on the market, to sustain the request for products by creating purchasing power and to promote the concept of specific labor market.

Entrepreneurship policies have the role to sustain entrepreneurship, to identify solutions by means of which their ideas and business vision could gain meaning and pertinence.

There is no sector of the economic and social life that doesn't include entrepreneurs or their inexhaustible energy they are the most dynamic element of human society that they tend to develop continuously. The entrepreneurs are the pioneers of scientific expeditions, stock exchange investors, political dissidents, developers of companies and benefit societies, emigrants and inventors.

Many times, the entrepreneur is envied, despised, defamed, insulted and not so much appreciated by the rest of the people, who do not understand his motivation and energy resources. Unfortunately, the curriculum does not prepare entrepreneurs. They are born.

The manner in which a government treats the entrepreneur defines that government. The developed countries have understood earlier the positive role that the entrepreneur can have in their economic and social development. They have created an economic system favorable to the entrepreneurs' activity. In all these countries, the entrepreneur is cherished, stimulated and supported" (Lazăr, 1995).

In this sense, authors have understood the necessity of development, especially amongst youth, of the entrepreneurial economic behavior, which is more a given thing than a science. It is the art of putting the idea into practice; it is the process of creation and innovation, on the one hand, and of staging, on the other hand, for the personal benefit of people and community. Being an entrepreneur is a gift which, if not exploited, can be lost in time. We, the authors, wish to identify and support those entrepreneurial talents.

In Romania, there is an entrepreneurial spirit, but it is not cherished: the youth is not motivated by the highlighting of their entrepreneurial potential because of the lack of support; business people consider the profit and competition as being primordial, and they do not make place young people, who have ideas and enthusiasm, but do not have money and experience, and maybe don't understand the risks, but foresee unexplored markets. Even if their necessities differ from the experienced ones', they only want support and understanding. Moreover, they need financial support and assistance in what regards the assimilation of that information that is vital to an entrepreneur: the economical understanding of some main concepts for the entrepreneurial activity, the responsibility towards the state, the community, disfavored citizens and environment.

Another aspect that we want to approach is the development of the entrepreneurial spirit among the youth, from early ages, by training them in practical or handmade activities that can be valued on specific markets. With the money obtained in this way, it is possible to satisfy superior needs, such as professional training, lifelong education and research.

What is that young people need in order to put ideas into practice? First of all, they need training programs that would be able to develop a series of entrepreneurial competences, professional competences¹, as well as transversal² and

¹ Professional competences – they take into account the capacity of selection, combination and adequate use of the integrated, coherent, dynamic and open knowledge and abilities assembly (such as: cognitive, active and relational) and other acquisitions (such as values and aptitudes) specific to the activity of assessing public programs and policies, in order to successfully solve the problematic situations in efficiency conditions;

² Transversal competences – signify the capacities that transcend the specialization of assessing the policies and public programs, and that have a trans-disciplinarian nature: teamwork abilities, oral and written communication abilities, respecting and developing

trans-disciplinary competences that help in the comprehensive understanding of the business environment, the institutional environment and the market in its assembly.

Labour legislation in Romania. Advantages and Disadvantages of underground economy

Underground economy requires that everyone in this situation are outside of the legal system and do not have any rights as an employee. Employee hired undocumented is, unfortunately, a practice more common in Romania, according to a study of the Development Centre of the Organization for Economic Cooperation and Development, more than half of the jobs in Romania are not included in labor laws and employees not entitled to social protection and other benefits. The study also shows that there are two categories of people who find themselves in this situation: those who accept not to obey the legal employment system those that have no other possibility. Those who do not qualify for lawfully engaging (young people - mostly students, seniors or unqualified) are most often forced by circumstances to accept moonlighting.

Some of the disadvantages of employee hired undocumented are :

- employee has no safety salary being basically dependent on the good will of the employer, may delay payment of wages;
- employee is not entitled to annual leave;
- employee may be held without overtime to be paid for overtime;
- employee does not receive compensation (unemployment, parental, sickness, etc..);
- employee does not have access to bank credit market;
- employee does not receive seniority;
- employee fails to establish prior experience is presented an interview.

The advantage provided by the underground economy consists in the possibility of higher earnings - preferring employer provide the employee a higher salary than to pay taxes to the state, but this ' advantage ' is perfectly offset by other shortcomings.

At the same time, employers advertising taxes too high, so that does not respect the law.

To avoid illegal, there are a number of steps that employees, they can take before they start work (there are cases when signing a work contract status remains only a promise from the employer).

Thus, before signing an employment contract, the employee should inform themselves about what should be included and what rights and obligations would result from it. Therefore, from a contract should not miss:

- duration of contract;
- framing function;
- during leave of contract;
- gross salary;
- rights and obligations of the contracting parties.

After signing the contract, the employee must receive a copy of a registration number and seal by the employing institution.

professional values and ethics, IT use, solving problems and decision making, the recognition and respect of diversity and multiculturalism, the autonomy of learning, initiative and entrepreneurial spirit, opening towards a lifelong learning etc. From a bibliographic point of view, the scale that we elaborate values the following conceptual documents and thematic bibliographical resources:

According to European Qualifications Framework (EQF), adopted by the European Parliament and Council, April 23rd 2008

Labour Code: Advantages and disadvantages for employers and employees

In the following we present some of the advantages and disadvantages of each party in relation to the Labour Code in force.

In terms of the notice, it states that the increase of the period is in favor of the employer, so it is an advantage to it. Also, probation period offers employers the opportunity to give without having to lay off employees proper (disadvantage). Employers want to see if the employee in the sample corresponds to their requirements. Initial period was too short to reach a conclusion in this regard. In terms of the trial, things should be balanced. More specifically, to have won both the employer and employee.

Those who work on weekends should be properly paid (benefit because they earn more, but disadvantage, because they will lose their free time). Unions require a higher payment for weekend days worked. The law protects employees. But it is assumed that the problem is not the law, but at the market.

Even if employees are taking the right times, not all appeals to justice, content with the offer made by the employer. Definitely, there are favoured patrons (advantage for them). Meanwhile, jobs are scarce (disadvantage,) and supports nearly all employees to hold a job as possible to have aspirations and future plans, and debts by banks.

Unpaid work is one of the most common (disadvantage). Employers clearly specified in the employment contract value increases and so problems arise if these gains are included in salary or paid separately. The situation should be clear from the beginning, to fit as advantage.

In many cases, the dismissals are challenged employees (benefit for free access to justice). They can win in court both financial values, and the right to be reintegrated in the labor market.

Conclusion

Labor market is therefore a manifestation of the need to work for both the production act, from the perspective of the firms' sector, and the consumer act, from the perspective of the household's sector, each of the two sectors having different determinations for the same objective: gaining profit from valuing the work. Therefore, work is analyzed in the terms of profitability: cost for the producer, income for the worker, benefit for the society, in the conditions in which from valuing the work production factor and the human capital it can be created the object of the economic goods' market.

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