

## TERRITORIAL ASSESSMENT OF INSTITUTIONAL ACTORS AND TOOLS IN GOVERNANCE OF THE ROMANIAN LABOUR MARKET

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**L'approche territoriale des acteurs institutionnels et des instruments pour la gouvernance du marché du travail en Roumanie.** La gouvernance du marché du travail comprend les politiques, les normes, les lois, les règlements, les institutions et les processus qui influencent l'offre et la demande du travail. L'article propose une approche territoriale des acteurs institutionnels impliqués dans la gouvernance du marché du travail. L'article souligne les relations établies entre les différents niveaux de gouvernance (nationale et européenne). Les acteurs institutionnels sont organisés selon trois niveaux, chacun ayant des attributs spécifiques, différents d'un niveau à l'autre. La dimension spatiale des acteurs institutionnels impliqués dans la gouvernance du marché du travail est évidente dans le cas de structure pyramidale spécifique pour l'Agence Nationale pour l'Emploi (41 agences départementales + l'agence municipale de Bucarest, 96 agences locales et 149 points de travail).

### I. INTRODUCTION

The interesting problems involved by the complex process of governance have in the past few decades aroused global, national, regional and local debates. In the UN Development Programme (UNDP), governance is defined as "the exercise of political, economic and administrative authority in the management of a country's affairs at all levels. It comprises the mechanisms, processes and institutions, through which citizens and groups articulate their interests, exercise their legal rights, meet their obligations and mediate their differences" (UNDP, 1997, *Governance for Sustainable Human Development*, pp. 2–3, cited by Narang 2005). This definition gives a clear outline of representative governance notions, such as, responsibility, transparency, participation, commitment and inclusion (Narang 2005).

Governance in the job market covers all the policies, norms, laws, regulations, institutions and processes which influence labour supply and demand. Strengthening the institutional capacity in order to improve labour offer/demand relations is a basic component of governance in the job market ([http://www.ilo.org/asia/areas/lang--en/WCMS\\_099408/index.htm](http://www.ilo.org/asia/areas/lang--en/WCMS_099408/index.htm)). Governance in the labour market represents a research subject in a lot of studies, articles and books. The specialist literature underlines the following aspects: governance in the labour market of Eastern and Central Europe (Standing 1997), (re)modelling work relationships in the economic transition period (Hill, Martin, Vidinova 1997, Allsopp, Kierzkowski 1997), the role of social movements maintaining an instable/stable labour market in Eastern Europe (Ost 2002), employment and productivity disparities in the EU and their impact on labour market governance (Dunford 1996), characteristics of the informal labour market in some industrial branches (Baumann 2002), relationships between governance of the labour market and working conditions in New Europe (Teague 1994), the geography of labour market governance (Haughton, Peck 1994), indicators of governance (Kaufmann, Kraay, Mastruzzi 2007), analysis of the emerging scalar configuration of the governance of the European Union (Mamadouh, van der Wusten 2008). Governance represents a core concept or a collateral concept of some theories. A lot of studies and articles put governance in the focus of research, but in the light of the present study, the approaches to the theory of multi-level governance are particularly important. Multi-level governance characterises the changing relationships between actors, both public and private, situated at different territorial levels. Multi-level governance

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has been conceived as a system of continuous negotiation among nested governments at several territorial tiers (Marks 1993, Marks *et al.* 1996, Hooghe 1996), which describes how the supranational, national, regional and local governments are enmeshed in territorially overarching policy networks (Bache 2005) ([http://en.wikipedia.org/wiki/Multi-level\\_governance](http://en.wikipedia.org/wiki/Multi-level_governance)).

The range of multi-level governance is related to the process of decentralisation, a concept of major scientific and practical importance. Based on the different definitions and the multitude of meanings of the “governance” concept, Liesbet Hooghe and Gary Marks have made a significant contribution to the identification of two types of assessments of decentralisation. Type I is characterised by: sub-central jurisdictions that are multipurpose, membership of these sub-central jurisdictions do not overlap, and the number of levels of sub-central jurisdictions is fixed. Type II is defined by task-specific jurisdictions, overlapping memberships and an unlimited number of jurisdictional levels (*Governance and Development Review*, Institute of Development Studies, 2003, [www.ids.ac.uk/gdr/reviews/review\\_22.html](http://www.ids.ac.uk/gdr/reviews/review_22.html)).

## II. EUROPEAN IMPLEMENTATION TOOLS IN THE GOVERNANCE OF THE LABOUR MARKET (INCLUDING UNEMPLOYMENT)

Official European documents and their provisions should be observed by all member-states. Each country elaborates its own strategies and programmes in matters of labour market and unemployment, but it is obligatory to respect all the European documents. Because of it, the implementation of European tools in the management of the job market may be considered a higher level of modelling the governance process.

The European employment policy passes through many key-moments ending up in the adoption of some official documents, e.g.: 1989, the *Social Paper (The Paper of the Employees' Fundamental Social Rights)* was adopted; 1994, the *White Paper*<sup>1</sup>; 1997, the *European Employment Strategy (EES)*<sup>2</sup>, introduced in the Amsterdam Treaty); 2000, the elaboration of the *Lisbon Strategy*. This document is a guide-line for the European social policy and establishes the EU's fundamental goal for the next decade, namely the transformation of the European economy in the most competitive and dynamic one in the world, based on knowledge, capable to increase the economy in a sustainable way, with better jobs, and greater social cohesion. In 2004, the *Lisbon Strategy* was evaluated and the conclusions were disappointing: 6 million new jobs, but the economic performance was a far cry from the average of 3% (the Lisbon Strategy goal).

The Romanian labour market makes part of the low – medium performance class. This situation is similar to that of regions in central and northern Spain, in the north, centre and south of France, in the south of Italy and of Greece, and in the eastern part of Germany. Romania is the only EU member-state, which has a high regional homogeneity in matters of labour market performance (better said “missing performances”) in terms of the Lisbon Strategy indicators (*Spatial scenarios for Europe*, Conference on Austrian Spatial Scenarios 2030, ESPON, 2008, Vienna).

The *New Social Agenda*<sup>3</sup> was presented in February 2005. The “Annual Report of Progress on Increasing Jobs” (2006), elaborated by the European Commission, underlines four most urgent challenges for the member-states, and three of them focus on the labour market: **1.** increasing investments in the higher educational system and in R&D activities; **2.** creating a business framework capable to encourage economic increase; **3.** helping people to find a job.

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<sup>1</sup> The *White Paper* insists on the role of continuing education and vocational training.

<sup>2</sup> The *European Employment Strategy* represents a new culture in terms of employment, promotes the creation of new jobs by encouraging the local development and flexible work arrangements.

<sup>3</sup> The *New Social Agenda* focuses on security jobs for all active European citizens by granting equal opportunities for all of them.

### III. NATIONAL IMPLEMENTATION TOOLS IN THE GOVERNANCE OF THE LABOUR MARKET (INCLUDING UNEMPLOYMENT)

*The National Employment Strategy 2004–2010* represents a useful tool in guiding and coordinating priorities in terms of employment policies. This document was elaborated by the Ministry of Labour, Family and Social Protection, by other ministries, and different institutions in partnerships with the social actors.

The *Joint Memorandum on Social Inclusion in Romania* is a document which evaluates short-term priorities in terms of employment and labour market policies specific to Romania. This working instrument, elaborated by the Ministry of Labour, Family and Social Protection and the European Commission, was adopted in October 2002 and its priorities represented the employment policy objectives with the perspective of having the European Employment Strategy implemented, after the country's EU access in January, 2007.

The role of the *National Action Plans for Employment (NAPE)* is to coordinate and provide for coherent labour employment programmes. These programmes are elaborated by the Ministry of Labour, Family and Social Protection in collaboration with the National Employment Agency, other ministries, associations of employers and trade-union representative at national level. The documents are conformable with the guide-lines set by the European Employment Strategy. NAPE highlights those short and medium-term measures which Romania intends to put into effect in order to increase employment and decrease unemployment, support continuing education, make the job-market more efficient and flexible, so as to cope more readily with economic change, and avoid social discrimination and exclusion (NAPE, 2002–2003).

In line with the provisions of the European Employment Strategy, Romania, just like any other member-state, should elaborate a *National Reform Programme* in keeping with the guide-lines of the *Lisbon Strategy*. The plans should follow three directions in terms of macro-economic (1), micro-economic (2) and employment (3) priorities. Romania's new EU-membership status requires its permanent endeavour to fall in line with the Community cycle of policy preparedness, work out the first *National Reform Plan* and meet the "Lisbon targets". The Plan was published in 2007, its third part, "Employment priorities", replacing NAPE.

The *National Employment Programmes* are elaborated yearly by the National Employment Agency. This instrument follows the implementation of the employment policies and strategies. The programmes were based on the Employment National Strategy, the National Action Plans for Employment, the Government Social Programme, the Anti-Poverty Plan, different government programmes and the National Reform Plan<sup>4</sup>. An important criteria for constructing the National Employment Programmes represent the social security budgets consistent with Laws 76/2002<sup>5</sup>, 116/2002<sup>6</sup> and 72/2007<sup>7</sup>.

The *Employment of Marginalised Persons Programmes*, elaborated by the National Employment Agency, is an integral part of the National Employment Programmes.

The *Permanent Vocational Training Strategy (2005–2010)* has been worked out by the Ministry of Labour, Family and Social Protection in collaboration with the National Employment Agency, the

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<sup>4</sup> Those are the entire strategic documents representative for the National Employment Programmes.

<sup>5</sup> Law no. 76/2002 on the unemployment security system and the system for encouraging employability. This law was modified by 4 other laws (no. 4/2003, no. 107/2004, no. 580/2004 and no. 144/2005), 13 government decisions and 12 government ordinances.

<sup>6</sup> Law no. 116/2002 on the prevention and control of social marginalisation.

<sup>7</sup> Law no. 72/2007 on stimulating student employment.

National Committee for the Vocational Training of Adults, the Ministry of Education and Research, etc. This strategy was built such that the level of participation in different forms of continuing education/learning to be of 12.5% of Romanian's adult population in 2010. The main goal of this strategy is to develop a system of continuing vocational training, flexible and transparent, with an adequate level of financing, and with the implication of the social partners.

The *National Permanent Training Plans* are put out by the National Employment Agency, based on labour market analyses. The aim is to better adapt the labour force supply to different types of activities.

#### IV. INSTITUTIONAL ACTORS AND MULTI-LEVEL GOVERNANCE IMPLEMENTATION TOOLS IN LABOUR EMPLOYMENT (UNEMPLOYMENT INCLUDED)

A general approach to the subject leads to individualising three levels of action, each with its own institutional actors, specific tools and tasks:

**I. the upper level** includes the Ministry of Labour, Family and Social Protection (MLFSP), the manager of OPDHR (Operational Programme for the Development of Human Resources) and the authority assigned the implementation of the PHARE programmes;

**II. the median level**, more precisely, the Labour Programmes and Strategies Department, subordinated to MLFSP, represents Romania at the European Commission in matters of employment and permanent professional training. This Department has two hierarchical subordinates, which have a direct tool to implement Social Policy (SP) in the job market (unemployment included), namely, the Employment and Professional Training National Observer (EPTNO). The role of EPTNO at the national level is to inform the national institution involved in labour market governance about the main characteristics and trends of the job market and unemployment. This information is useful for the elaboration of projects, plans and strategies in labour market field, for correct information and relations between different actors active on labour market.

Both the main actors and the subordinates of the first two levels are assigned coordination (at national level), harmonisation (with EU provisions), assessment, monitoring and management of the complex phenomenon of governance in the job market by implementing the national SP in this area.

**III. the lower level**, represented by the National Agency for Employment (NAE), has to put into effect the official documents elaborated at the first two levels (strategies and programmes in various job market sub-areas, e.g. professional training, permanent education, equal employment opportunities, marginalised people in the job market, etc.), organising and undertaking concrete steps and actions to implement the governance in matters of job market (unemployment included) (Fig.1).

#### V. THE TERRITORIAL DIMENSION OF THE INSTITUTIONAL ACTORS AND THE MULTI-LEVEL GOVERNANCE IMPLEMENTATION TOOLS IN MATTERS OF LABOUR MARKET AND UNEMPLOYMENT

The task of coordinating the employment policy devolves on the institutions placed on the first two levels, the basic method used being the so-called "open coordination" contained in the European Employment Strategy. One of its fundamental principals is subsidiary, that is, setting and assigning tasks to the actors of the three hierarchical levels ([http://www.ier.ro/documente/formare/Politica\\_sociala.pdf](http://www.ier.ro/documente/formare/Politica_sociala.pdf), pp. 16). The coordinators must receive the signals emitted by the lower level actors who have the best knowledge of the local reality ("the *local* is the very place where everything is happening", Ianoş, Popescu 1997, pp. 42). It is crucial for the coordination process to meet the job market needs, perceived and transmitted to the national level via regional and local routes. Each local space,

and implicitly the local job market, entertains, via the regional route, complex relations with the much wider national space which contains and determines regional and local relations (Botazzi 1996).

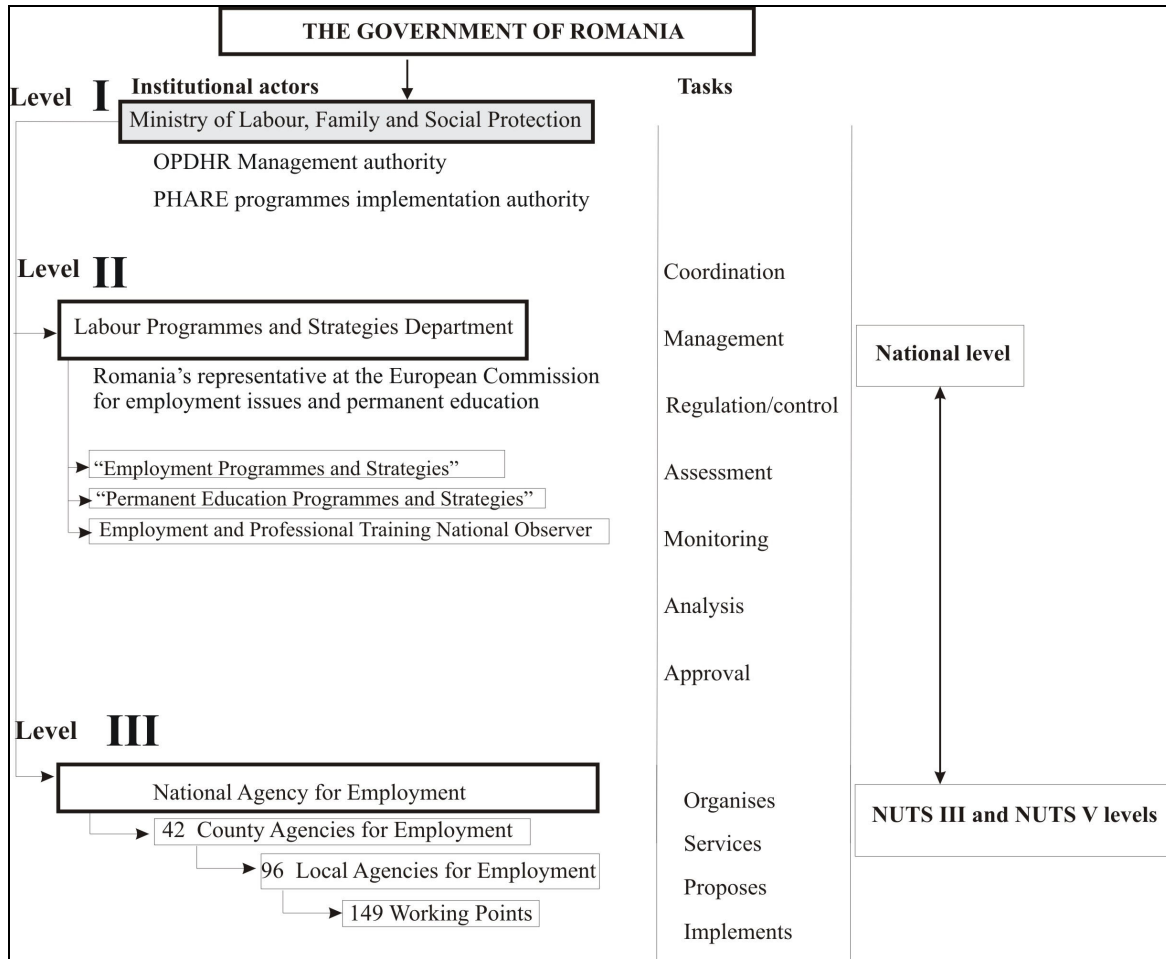


Fig. 1 – Institutional actors who implement multi-level governance in matters of job market (unemployment included).

The territorial dimension of the institutional actors active in implementing the national SP in matters of labour and unemployment are situated on the lower level. One of them is the National Agency for Employment (NAE), whose objectives are to institutionalise the social dialog for employment and professional training and to implement the corresponding strategies and social protection measures for the unemployed. These goals are attained through a territorial network of 41 Counties Agencies for Employment (CAE) and the Bucharest Municipality Agency, 96 Local Agencies for Employment (LAE) and 149 Working Points (WP). The National Agency for Employment is structured on three hierarchical levels: county agencies, local agencies and working points, all coordinated by NAE, and forming a system fundamentally involved in implementing the labour social policy of in matters of employment and unemployment. The Working Points are located in towns other than county seats (127 WP) and in the countryside (22 WP) and coordinate activities specific to more or less large rural area, having in view a multitude of economic, social, demographic and physical-geographical conditions. Many of the major activities discharged by county agencies cover labour employment pools, each of these being attached to a LAE (Fig. 2).

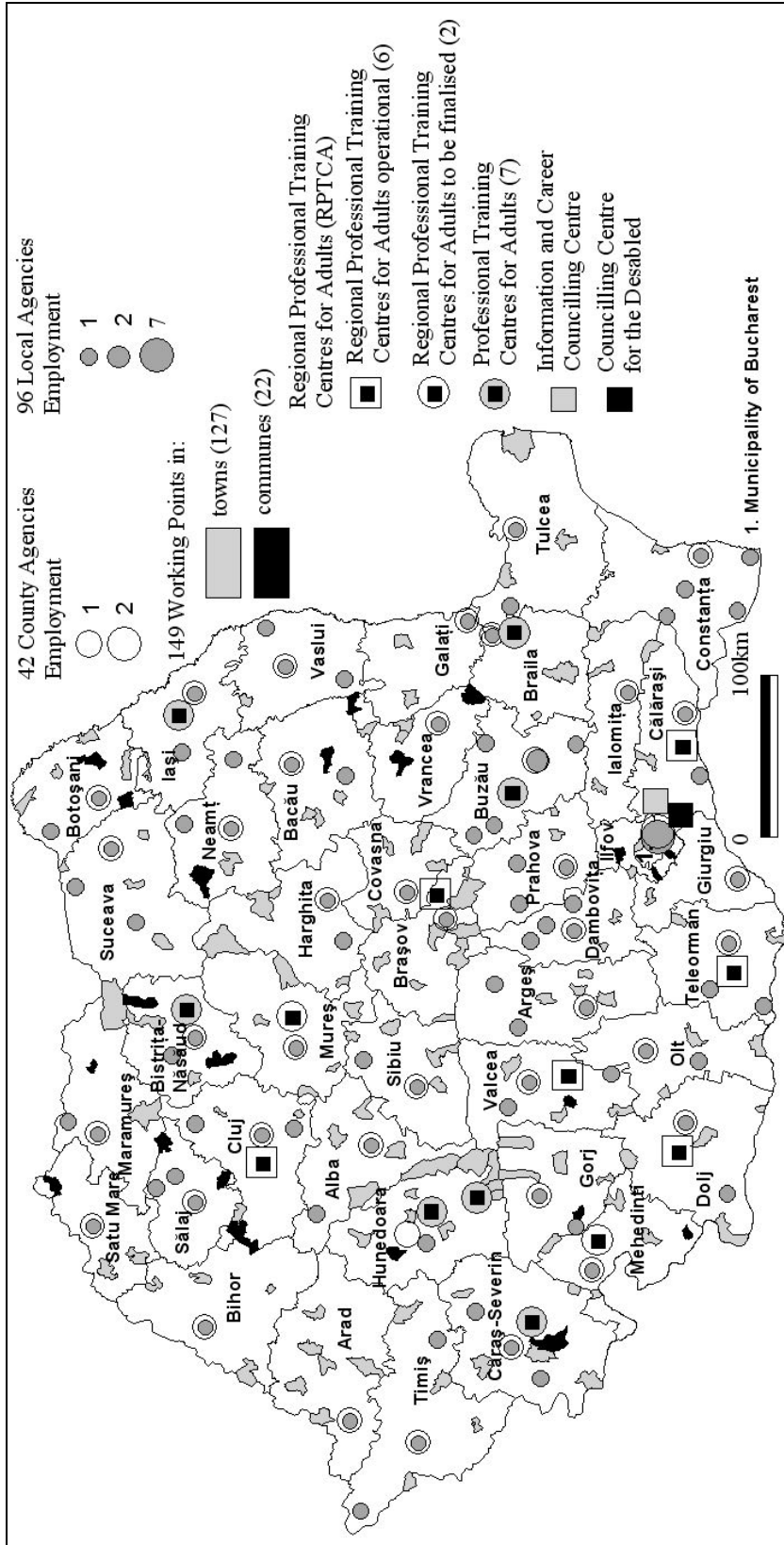


Fig. 2 – Multi-level National Agency for Employment system.

(Counties associated with Regional Professional Training Centres for Adults: RPTCA Braşov – Braşov, Covasna Harghita, Mureş, Covasna Harghita, Mureş, Prahova, RPTCA Cluj – Cluj, Bistriţa-Năşăud, Sălaj, Maramureş, Bihor, Satu Mare, RPTCA Vâlcea – Gorj, Vâlcea, Argeş, RPTCA Dolj – Mehedinţi, Dolj, Olt, RPTCA Teleorman – Teleorman, Giurgiu, Ilfov, Dâmboviţa, RPTCA Călăraşi – Călăraşi, Ialomiţa, Constanţa, Buzău, Brăila). Note: 15 counties (and Municipality of Bucharest) are not associated with any RPTCA. (Source: mapped information from <http://www.anofm.ro/contacteaza-ne>)

The employment pools represent the lower level of labour market governance: this level is the place where the measures and actions previewed for accomplishing the goals formulated on the higher levels are effectively implemented. The Local Employment Agencies, or the Working Points which coordinate the employment pools, hold a very important data-base regarding the quantitative and structural characteristics of the local labour market and of unemployment. Therefore, governance at the lower level means informing the higher institutional level about the situation in the local job-market and on the unemployment phenomenon; developing the first and the most adequate measures for resolving and minimising labour market dysfunctions. Job-market governance at the level of the employment pool means a face-to-face interaction between supply and demand (job exchanges, vocational training courses, etc.). This means that it is of vital importance for Local Employment Agencies or the Working Points to have access in the territory in order to ensure good governance in the local job market. Studying the territorial limits in the case of Buzău County Employment Agency (focused on the preliminary identification of homogeneity areas in the local labour market, on their correction under the influence of some geographical factors and on the final outline of territorial limits) enabled us to foresee the possibility for establishing a new Local Employment Agency, or a new Working Point in Berca Commune, which is the active actor on the local job-market and in this way contributes to decongesting the County Employment Agency (Mocanu, 2009) (Fig. 3 A, B).

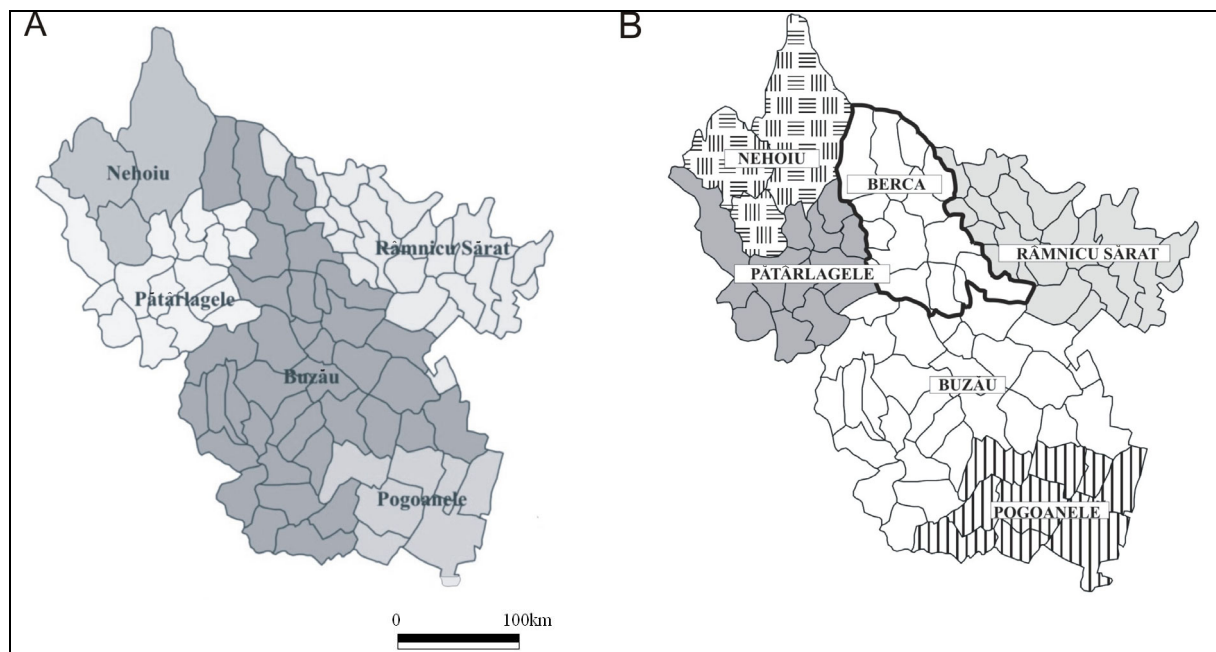


Fig. 3 – A) Buzău County Agency Employment (Working Points: Buzău, Râmnicu Sărat, Nehoiu, Pătârlagele, Pogoanele).

(Source: [www.ajofp.buzau.ro/](http://www.ajofp.buzau.ro/))

Fig. 3 – B) Buzău County Agency Employment (Working Points: Buzău, Râmnicu Sărat, Nehoiu, Pătârlagele, Pogoanele, Berca).

(Source: Mocanu, (2009))

The Employment and Professional Training National Observer (EPTNO) is one of the tools of governance, which improves the elaboration and implementation of the labour market governance. The EPTNO had permanent relationships with the public and private actors of the job market and realised some correct and coherent assessments of the real situation in the job market in Romania. The Observer fulfils this task by using the proposals received from the Territorial Labour Inspectorates, from CAE and the Territorial Directions for Labour and Social Protection.

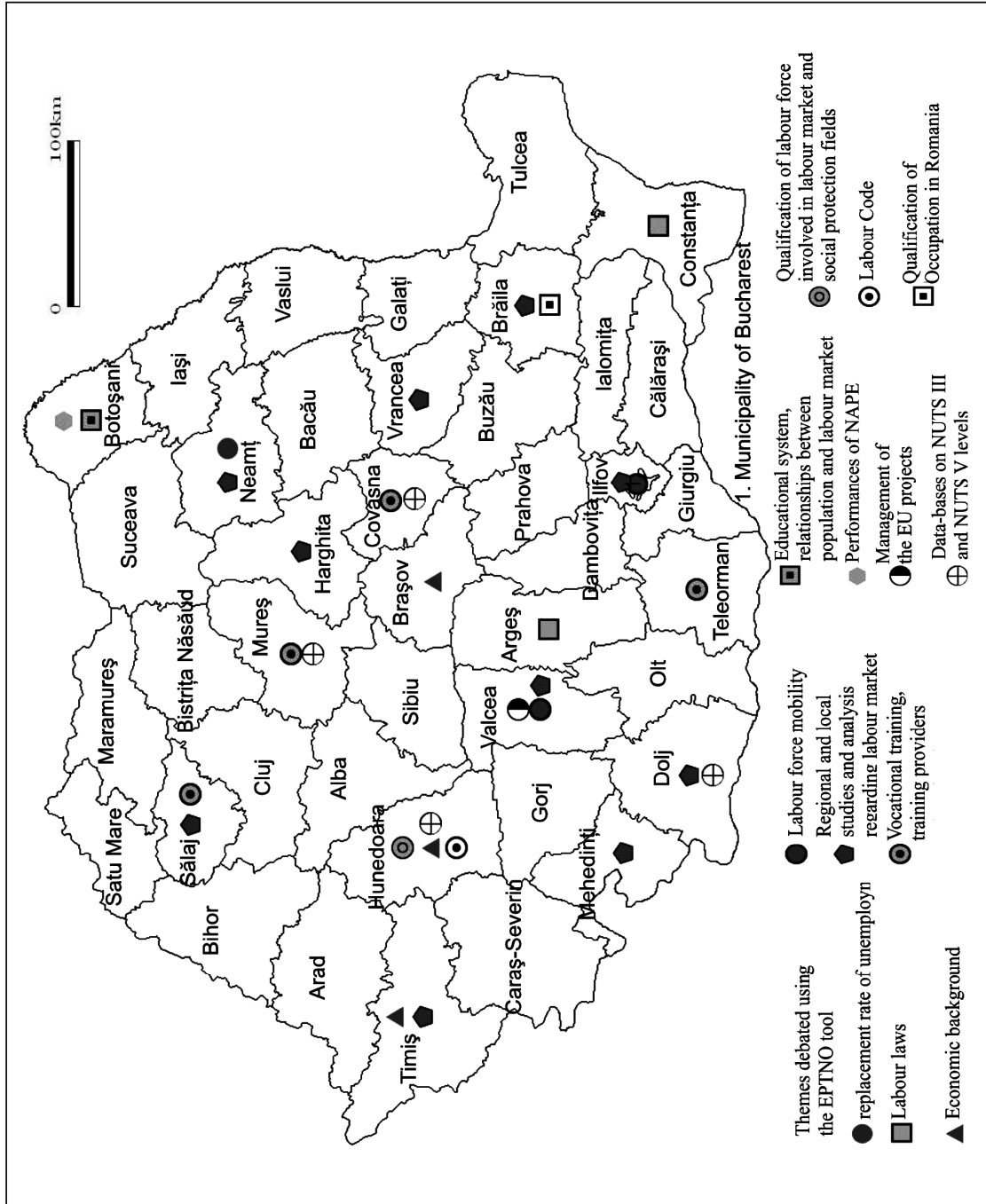


Fig. 4 – The Employment and Professional Training National Observer (EPTNO) – the proposals received from the territorial actors. (Source: mapped information from <http://www.anofm.ro/contacteaza-ne>)



The proposals are focused especially on the following: studies and analysis regarding the local and regional labour markets; vocational training and training providers; the creation of data-bases in matters of job market on NUTS II and V levels; the relationships between educational system, economic and demographic background and labour market (Fig. 4).

## VI. CONCLUSIONS

The study of the multi-level governance in matters of labour market and unemployment in Romania underlines the following:

1. the national social policy in matters of labour market and unemployment was elaborated on the bases of the European official documents (instruments) in this filed of action;
2. in Romania, the governance of the labour market is focused on the assessment of the “Lisbon goals” and on the most urgent challenges established by the New Social Agenda, in February 2005;
3. the national institutional framework for the governance of the labour market assures the relationships with the European specialised institutions;
4. the institutional actors are organised on three levels and each of them have specific functions (the first level – the Ministry of Labour, Family and Social Protection (MLFSP), the second level – Labour Programmes and Strategies Department, subordinated to MLFSP and the third level – the National Employment Agency);
5. the territorial approach of the institutional actors and of the tools of governance is founded on the inferior level of the pyramidal structure, materialised by the territorial entities of National Employment Agency (42 County Employment Agency, 96 Local Employment Agency and 149 Working Points).

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