

IDENTIFYING THE PRIORITIES OF ROMANIA'S ECONOMIC POLICIES IN THE STRUCTURAL REFORM OF THE LABOR MARKET

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ABSTRACT

In this article we propose to put forward the priorities of Romania's economic policies in order to implement the structural reforms. The adaptation and implementation of structural reforms in the field of labor market must be made in line with other strategic reforms of the Romanian economy. Among these, we mention the financial market and commodity market. These three main markets for the economic development of the labor market - the commodity market and the financial market today are evolving and developing without a correlation and coordination of policies, strategies and the creation and functioning of a real model of economic interaction and development. It is therefore necessary to design the economic and social policies of the development of these three markets - which are fundamental to developed economies and which can ensure smart, sustainable and inclusive growth based on the high quality of policy management economic and social level, macro-, meso- and microeconomic.

KEYWORDS: *economic policies, structural reforms, structuration of labor market*

1. INTRODUCTION

In this article we propose to present: The priorities of Romania's economic policies in order to implement the structural reforms. The adaptation and implementation of structural reforms in the field of labor market must be in line with other strategic reforms of the Romanian economy. Among these, we mention the financial market and the commodity market. These three main markets for the economic development of the labor market - today's commodity market and financial market evolves and develops without a correlation and coordination of policies, strategies and the creation and functioning of a true model of economic interaction and development. It is therefore necessary to develop the economic and social development policies of these three markets - which are fundamental to developed economies and which can ensure smart, sustainable and inclusive growth, based on the high quality of political management and on economic and social plan, meso - and microeconomic.

Under the Europe 2020 Strategy *the first and most important objective of a set of five major socio-economic strategies is to increase the employment rate to 75% among the 20-64-year-old population. In this difficult context, the National Employment Strategy 2014-2020 aims to boost efforts to meet the 2020 employment target set by Romania, i.e. a 70% employment rate for the 20-*

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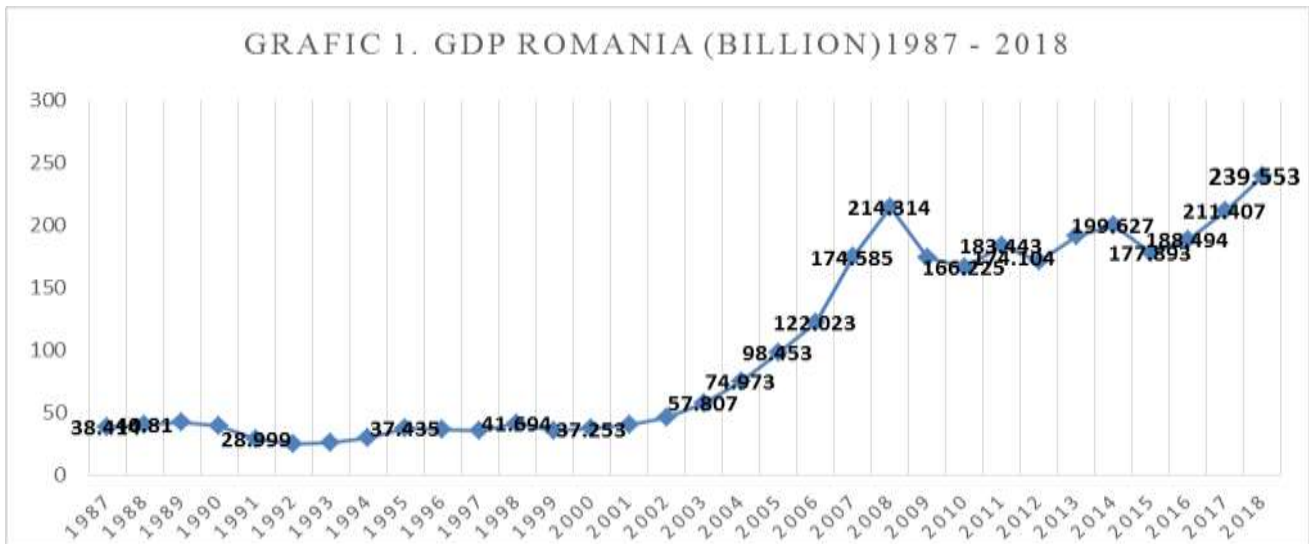
64-year-old population. *The second objective* - common international challenges induced by the prolonged economic and financial crisis. *The third objective* - evolutions and structures on the labor market at U.E. 28, the Euro area and Romania, in line with the labor market flexibility requirements and the implications of the economic crisis (Burlacu, Gutu & Matei, 2018). *The fourth objective* - the paradox of the crisis of staff of value and great talent in a world suffocated by the acute shortage of jobs In Europe, where the labor force has a high level of education and a rate of unemployment, the finding of talent is relative easy though, and here, some employers find it hard to find the people they need (Ionita et al., 2009 a, b, c). *The fifth objective* - the art of human resource management, probably the most powerful factor responsible for growth and productivity of companies in the near future (Costache et al., 2015). Increasing mobility of talented employees globally, particularly among countries in the developing world, creating a crisis of talent, mobilizing human resources departments to its focus resources to tackle it shows the latest study conducted by the Institute Adecco in UK. *The sixth objective* - the progressive and aggressive penetration of a digital economy into the economic and social life of modern society in the 21st century. *The seventh objective* - the main goal of the digital economy in terms of Romania's immediate future: e-Government. The modernization and reorganization of government and public administration have ended the electronic government. The success of e-commerce over the last few years has influenced the strong public sector (Burlacu 2009, 2010, 2011a, b, c, 2014). E-government has become the syntax used to designate many activities and attempts to innovate and modernize public administration, which is generally organized in a rigid and bureaucratic manner (Burlacu & Jiroveanu, 2011, 2012).

2. ROMANIA'S ECONOMIC EVOLUTION

The Europe 2020 Strategy includes the initiative on more efficient use of natural resources, an important objective in the context of climate change and the diversification of energy sources. The strategy pursues, inter alia, a number of objectives related to the concept of sustainable development, targeting the 20x20x20 trinomial (20% reduction in greenhouse gas emissions, 20% energy efficiency gains or 20% lower energy consumption, increasing the share of renewable energy sources in gross final energy consumption to 20%) by 2020. The mere fact of reaching the EU target of 20% of the energy used from renewable sources could create more than 600,000 places work in the EU. If this adds to the 20% energy efficiency target, more than 1 million new jobs are in play. The Flagship Initiative: "A Resource Efficient Europe".

2.1. Issues and phenomena affecting Romania's economic development

Let us review the evolution of the main macroeconomic indicators GDP, Import Export, Public Debt, Unemployment and Salary Evolution. Concerning the achievement of the Europe 2020 national targets, Romania has good results in terms of employment rates, national greenhouse gas emissions, renewable energy, energy efficiency and tertiary education (Burlacu, Profiroiu & Vasilache, 2019).



Source: www.insse.ro

Ensuring continuity with previous reforms and moving to an investment-based growth model could put the economy on a sustainable path towards convergence with the EU's standard of living and help reduce inequality. Despite the significant slowdown in 2018, growth remains robust. After it stayed at 7% in 2017, in 2018 the GDP showed real growth. Let's analyze what happened during the period 1991-2018. In the first years after 1990, the years 1991-1992 are characterized by significant decreases in GDP, with -12.9 in 1991, -8.7 in 1992, 1993-1996 characterized by an economic revival with GDP growth from 1.5 in 1993 to 3.9 in 1996. During 1997-1999, with a decrease of 1 - 4.8 with a gradual recovery to -0.37 in 1999. The period 2000-2008 is a stable period of growth of GDP in 2010, 2.4 in 2000, 5.7 in 2002, 10.4 in 2004, 4.6 in 2005, and 9.3 in 2008. After 2008, the crisis is also reflected in Romania's GDP -5, 5 in 2009, and -3.9 in 2010.

Chart 1. Percentage output of Romania's GDP between 1991 and 2018

1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
-12.9	-8.7	1.5	3.9	6.2	3.9	-4.8	-2.03	-0.37	2.4	5.2	5.7	2.3	10.4	4.6

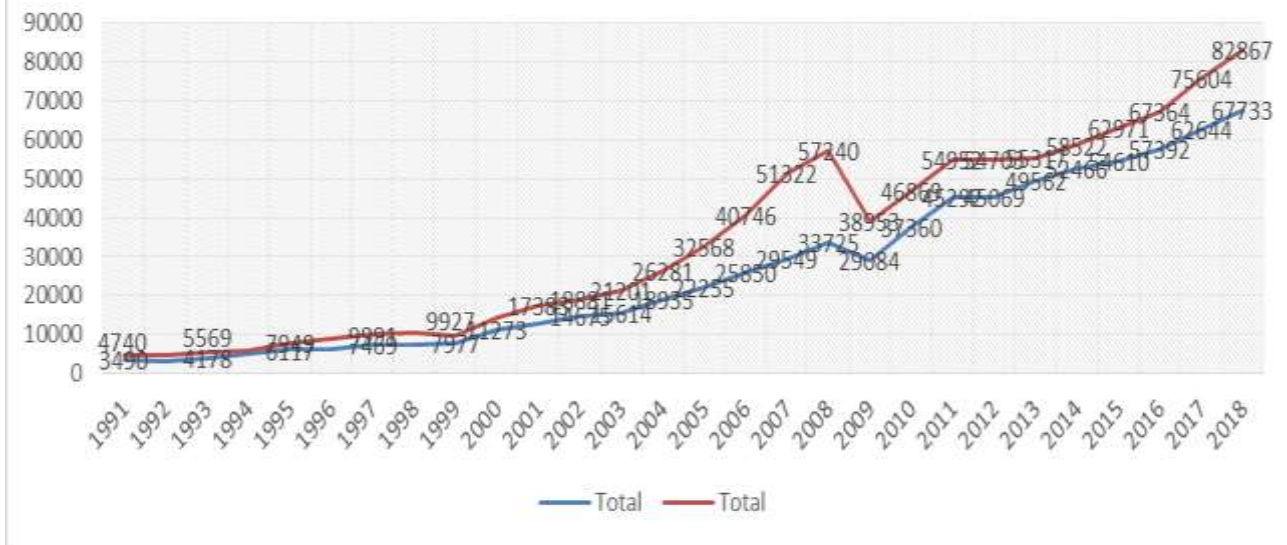
Further chart

2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
8.0	7.23	9.3	-5.51	-3.9	2.0	2.07	3.5	3.4	3.8	4.8	6.9	4.09

Source: www.insse.ro

We see GDP growth from 2012 by 2.07 in 2011 and 2012, 3.5 in 2013, 3.87 in 2015, 4.8 in 2016, 6.9 in 2017, and 4.09 in 2018. Regarding the evolution of Romanian exports and imports, we would like to mention the following (Gherman & Ștefan 2015, 53): "in Romania the export performance registered in recent years can mostly be accounted to the foreign direct investments attracted in the pre-crisis period, during 2004-2008 and particularly in the motor industry or transport equipment industry, investments that improved work productivity through technology and know-how transfer, increased workforce qualification, accrued product competitiveness on foreign markets".

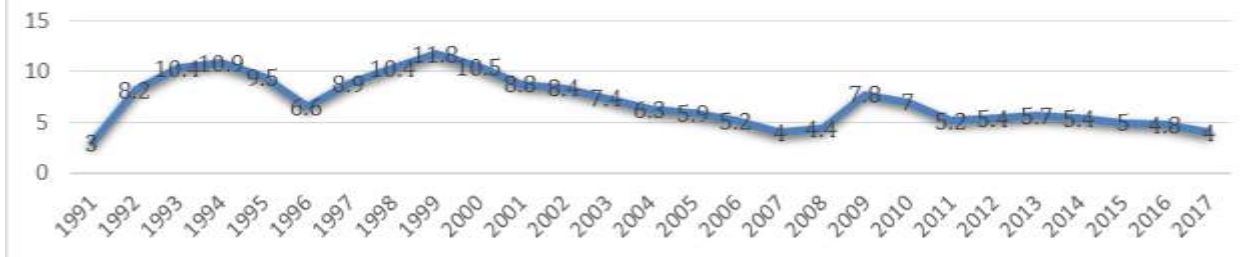
Graph 2. Evolution of Romanian exports and imports during the period 1991-2018



Source: www.insse.ro

Changes in the labor market are under permanent change due to structural changes that are mostly driven by technology and globalization. But after the results we have in the labor market both in Romania and in other EU countries, there are many other equally important factors, such as demographic change, new business development models, and so on (Jianu et al., 2019).

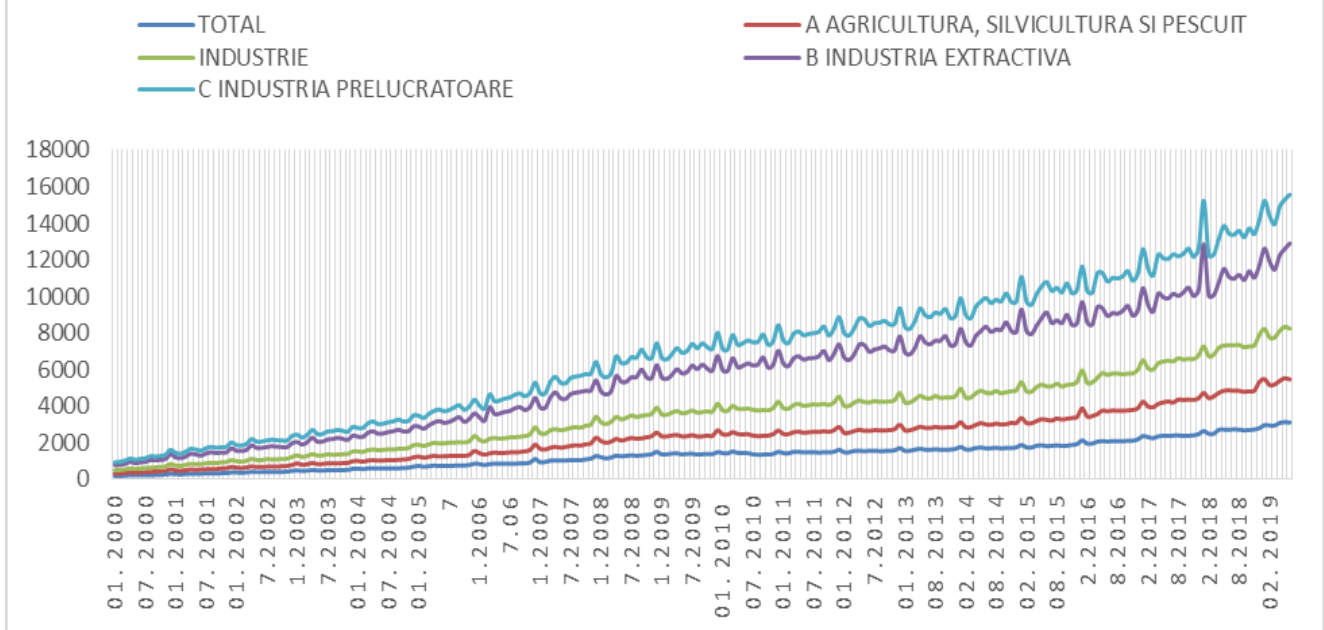
Graph 3. Total unemployment rate in Romania between 1991 and 2017 (%)



Source: www.insse.ro/tempo-online/

However, the Romanian labor market is facing more and more problems. Although we have the lowest unemployment rate in the last ten years (3.8% in 2018), the fall in labor force and the lack of skilled labor has led to almost full employment in Romania, which makes the recruitment process difficult and increases wages. Remuneration of employees is low compared to the EU average, but their strong increase since 2016, supported by both minimum wage and wage increases in the public sector, can put pressure on competitiveness if it is not backed by appropriate productivity boosting measures (Profiroiu et al., 2019).

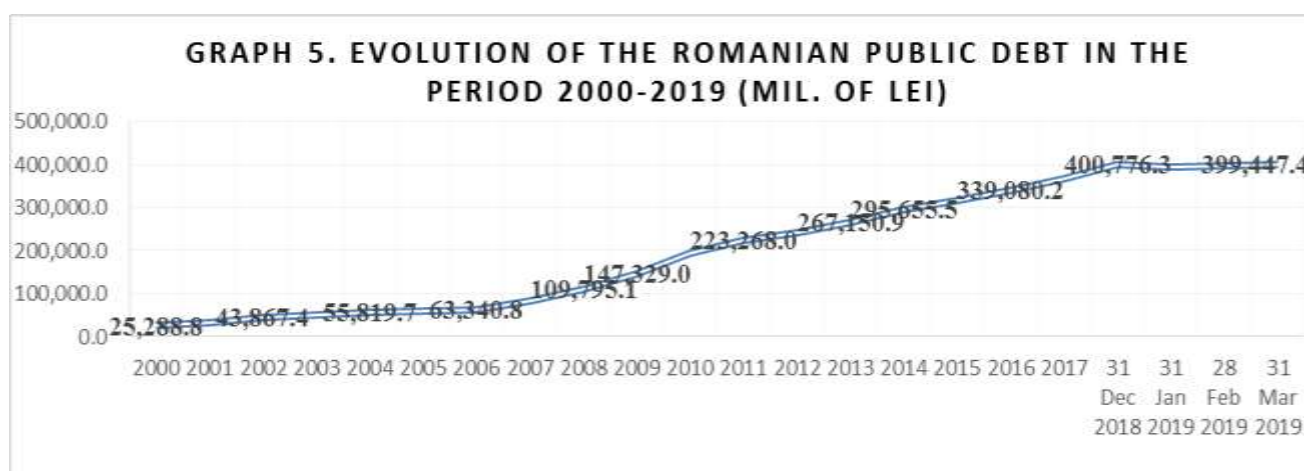
GRAPH 4. EVOLUTION OF WAGES IN ROMANIA DURING 2000-2019



Source: www.insse.ro

The supply of labor and skills is not, correlated with the needs of changes in the economy. Qualified limited staff, aging, low internal mobility, continued emigration and poor public administration capacity limit economic growth. Poverty and income inequality rates remain high, regional disparities continue to increase. Bureaucracy and lack of quality public services affect investment, and public administration reform is slow. Public procurement requires transparency, monitoring and supervision. The health care system faces many challenges (Faggianelli et al., 2018). Reduced funding, inefficiency of public resources, limits the effectiveness of the health system (Carra et al., 2016, 2017, 2018). The healthcare infrastructure, informal payments are a matter of concern. Labor migration has led to an increase in the shortage of health workers, particularly those in rural areas and vulnerable groups with limited access to healthcare services (Pricop et al., 2016).

One of the current priorities of the Romanian economy is the need for structural reforms, and fiscal consolidation. In recent years, the economy has witnessed a remarkable but sustained increase in population consumption, with modest investments. As a result, poverty has increased, social inequality, has grown steadily (Bran et al., 2018). Unemployment, and a lack of highly skilled workforce, has led to high labor market pressures. Romania's economic growth, which is from consumption, affects the country's ability to achieve the EU's living standards on a sustainable basis (Burlacu, Profiroiu, & Vasilache, 2019). Another important indicator is the budget deficit, the public debt exposed in the Romania Country Report 2019, including an in-depth review of economic imbalances prevention and correction, which accompanies the document.



Source: www.insse.ro

Chart 2. Evolution of GDP Debt in GDP 2000-2019

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
% PIB	31.1%	28.6%	28.7%	25.8%	22.4%	20.3%	18.3%	19.2%	20.4%	28.0%

Source: www.insse.ro

Continuation

2010	2011	2012	2013	2014	2015	2016	2017	Dec.2018	Jan.2019	Feb2019	Mar2019
36.7%	39.7%	40.5%	41.9%	44.2%	44.3%	44.3%	43.0%	42.4%	38.1%	38.4%	38.7%

Ensuring continuity with previous reforms, switching to an investment-based growth model could straighten the economy, a sustainable path to convergence with the EU's standard of living, and help reduce inequality (Rădulescu et al., 2018a, b). Despite the significant slowdown in 2018, growth remains robust. After it stayed at 7% in 2017, in 2018 it showed real growth.

The public deficit increased, especially as result of wage and tax cuts. Tax rates have been, reduced repeatedly; public sector wages have increased significantly since 2015 to date and marked by increases. Stability of the financial sector has been, put under pressure. *Public and private investment in infrastructure, education, health, social inclusion and innovation* would improve productivity and long-term growth. Limited progress has been, made in preparing public investment projects and setting priorities, with a slow absorption of EU funds. The decision-making process is unpredictable, complex and sometimes controversial legislative acts adopted through emergency ordinances without an impact assessment or consultation of stakeholders; Corporates governance is still far, from being, promoted. Progress in the fight against corruption has suffered significant regressions. *Poor results are, recorded for indicators in the social scoreboard on which the European Pillar of Social Rights is based.* The high level of growth has meant better employment prospects, an increase in households' incomes. The current account deficit has increased its structure raises questions. Increasing labor costs can affect Romania's ability to compete internationally. *The business environment and investment decisions* affect the unpredictability of the policy-making process. Impact assessments are of poor quality or lack. Significant public investments made after EU accession, and physical infrastructure remains underdeveloped.

2.2. Review of papers in the field

The Enhanced Economic Policy Coordination document states that: "The global economic crisis has tested the current mechanisms for coordinating economic policies in the EU and has revealed a series of deficiencies that we mention": (1) *Budgetary imbalances and other macroeconomic*

imbalances that arose in the years before the crisis have made the EU economy vulnerable to the shock of the financial crisis and global economic downturn. The public finances of the Member States were severely affected, with deficits of 7% of GDP on average and debts of over 80% of GDP well above the 3% and 60% of GDP Treaty reference value respectively. (2) *No high indebtedness of public debt can be maintained. The implementation of the Europe 2020 strategy, endorsed by the European Council in March, must be based on a credible strategy of withdrawing stimulus measures.* (3) The recent financial crisis and the pressures on financial stability in Europe have made it clearer than ever the interdependence of the European Union's economies, especially within the euro area. (P.2) Urgent action was taken to respond to the immediate needs of the crisis, measures culminating in an extraordinary Ecofin Council on 9 May; on a proposal from the Commission, it decided to establish a European stabilization mechanism and agreed a strong commitment to accelerated budget consolidation where the situation so requires. (p.3) (4) *The Communication will emphasize the need for to use all the surveillance tools available under the Treaty.* If necessary, existing instruments need to be amended and supplemented. (p.4) (5) *Public debt has not been sufficiently reduced over the last ten years.* There was no commitment to budgetary consolidation in favorable economic times. Public debt is on the rise. Major contingent liabilities related to financial sector rescue operations, which are still 25 percentage points of GDP at EU level, are a further cause for concern as they add to the long-standing budgetary challenges linked to aging populations. *We note that a series of macroeconomic and financial imbalances have accentuated the vulnerability of the euro area economy.* Competitiveness differences and persistent macroeconomic imbalances in the euro area are a risk to the functioning of the economic and monetary union. In order to strengthen the coordination of economic policies, it is necessary to 1. Respect the Stability, Growth and Close Coordination of Budgetary Policies. 2. Elaboration and evaluation of stability and convergence programs as a central element of the preventive work under the Pact. 3. National budgetary frameworks reflect the priorities of EU budgetary surveillance. Member States should be encouraged to integrate into national legislation, the objective of sound public finances. 4. The Excessive Deficit Procedure (EDP) is the basis for the corrective part of the Stability and Growth Pact. The corrective dimension of the EDP is too late to provide Member States with the necessary incentives to address emerging budget imbalances. 5. Pay more attention to public debt and sustainability. There is a vulnerability of Member States facing high public debt and negative cross-border repercussions of the situation. 6. The debt ratio in the excessive deficit procedure must be effectively implemented. The EDP should better take into account the debt-to-debt interaction to increase incentives to apply prudent policies. 7. In order to ensure stricter compliance with the rules of the Stability and Growth Pact, more attention needs to be paid to the use of the EU budget.

Study of literature in the field

In the opinion of author (Darcillon, 2016) the author states: "When the employment protection commitment (EPL) financial results, the results show the interdependence of EPL and total employment, regardless of its nature. I find the complementarity between the higher level of EPL based on regular contracts [EPR] (EPT in the context of temporary contracts [EPT]) and the degree of centralization of wage negotiations. Explaining differences between countries in terms of wage / income inequality, I find the complementarity effect between EPR (EPT) and stock market capitalization or salary centralization." Therefore - financial activity, industrial relations, labor protection legislation, institutional interaction, economic policies will positively influence those reforms that promote the expansion of the labor market, which will lead to a decrease in unemployment, to an increase in trade surpluses. The decline in unemployment or the positive trade balance is achieved with the cost of an increase that highlights the role of institutional interactions between financial markets and labor markets. This has been denied in regulating the impact on macroeconomic indicators.

The author (Bamidele, 2015) analyzes how the Nigerian capital market affects unemployment, in order to identify how the market has managed to reduce unemployment over the years. He pledged annual data from 1986-1990 on unemployment, market capitalization and other data obtained from the Nigerian Central Bank. The result shows that unemployment has steadily increased since the adoption of the Structural Adjustment Program (SAP) with an average unemployment rate of 8.12% for that period, while the stock market capitalization against the size of the economy was 14.42%. The analysis reflects, while economic growth significantly reduces the development of the unemployment market does not manage to limit unemployment. The stock market has grown over the years on the basis of job creation in Nigeria. Efforts are expected to be geared to an efficient capital market development, to increase the mobilization of long-term investment funds for enterprises and to stimulate job creation. The authors Bruno (Amable & Ekkehard, 2005) are of the opinion that a process of matching on both sides where firms have to look for both financial investors and workers. Value is endogenous because all three actors can make specific investments. Financial investors will examine potential borrowers for the quality of their investment projects, firms will select their technology, and workers will decide on the level of effort. When markets are characterized by transactional imperfections, market interaction can arise where imperfections in a market flow into another, mutually affecting the macroeconomic outcome. The two equilibrium react differently to changes in the basic parameters - identified in this paper as different reactions to structural policies. The authors have shown that "markets can interact in such a way that the larger friction economy responds differently to structural policy changes than expected in standard economic theory. Any attempt to increase the flexibility of the product market or the financial market may not produce the expected result."

The authors (Baziki, Selva Bahar, 2015) make a number of important proposals: "*In the 1st Essay*: I propose a cross-border procurement model where multinational enterprises (MNEs) and private equity firms (PE) compete against domestic assets. The SME advantage is based on enterprise-specific synergies, while private equity firms are good at restructuring. Higher interest rates do not work for private equity firms, but receive a lower risk premium and a better financial market development. *In the 2nd Essay*: Understanding how cross-border acquisition quotas (LBOs) in all cross-border mergers and acquisitions (M & A) vary by country and time, they use a similar cross-border merger and acquisition model where LBO is negatively related to transaction costs, international market integration and property rights. *In the 3rd Essay*: The paper examines the effect of increased competition from low-wage countries on the earnings gap between skilled and unskilled workers using Swedish micro-data suited to workers. The author also refers to treating China's accession to the WTO as an exogenous shock, and shows in the paper that a higher penetration of China's imports increases earnings for highly qualified workers and creates a significantly higher qualification premium, contributing to the growth wage inequality. *In the 4th Essay*: The paper studies changes in workforce allocations in firms and industries in response to recent changes in adopting information and communications technologies and increasing penetration of Chinese imports using a detailed micro-data on Swedish firm-based workers."

Authors (Michaels, Beau Page & Whited, 2015) integrate a model with a rich company-wide dynamic, including factor adjustment frictions and wage setting, with a theory of debt financing and costly capital. The theory confronted with a variety of empirical moments related to cross-sectional debts, growth in employment and capital investment. In this study the authors sought a quantitative answer to the question as to how and why funding. In the opinion of the authors: "Demand for labor in important ways with the demand for other quasi-fixed factors, especially capital. Unlike capital, it is unrealistic to assume that firms appreciate the labor market. In the context of these questions, we form and estimate a pattern of labor and capital demand. To estimate the model parameters, assemble a new set of data by merging the balance sheet standard and income statement from the Labor Statistics Bureau. We find that the model can fit with more data features." The authors found that our model can replicate the sensitivity of exogenous movements in demand for factors in cash

flows and interest rates that were previously found in data. Using the model to understand the economy behind these sensitivities: Many factors, apart from financial friction, affect the sensitivities of both labor and capital, which require these exogenous shocks. The obvious conclusion is that response to exogenous shocks does not have to indicate financial friction. The power of bargaining has a strong impact on the sensitivity of the demand for labor for cash flows as it affects the reasonableness of wages, the optimal debt decisions. The result of the research is considered to provide a microeconomic basis for aggregate balance analysis. An understanding of the funding constraints in aggregate balance is vital to the interpretation of aggregate capital and labor market dynamics. This affects the direction of monetary and fiscal policy. Monetary authorities would like to see their actions on this feedback. The appropriate fiscal policy stance following the recession will depend on how the shock can be amplified by the presence of funding frictions.

In the work OCDE, (2005) *Priorités des politiques structurelles*, in the last decade, the gap in GDP per capita vis-à-vis the US has increased in a number of OECD countries, including the major economies of continental Europe and Japan. The difference related to the reduced number of hours per capita, a low hourly productivity or the combination of these two factors. The chapter describes the general evolution of economic performance since the mid-1990s and summarizes the structural policy priorities that will allow all member countries to increase their GDP per capita. Action priorities identified from international comparisons of economic performance and public policies.

Author (Fougere, D., 2006) states the following: "The individual data activity of companies that have assessed the effects of structural reforms in several European countries rarely leads to firm conclusions. In terms of labor demand, reforms aimed at encouraging businesses to avoid temporary employment do not appear to have led to a change in their medium-term employment levels. Consequently, they do not appear to be able to reduce unemployment alone or stimulate production and productivity. Tax systems that provide tax credits to households in which one of the previously inactive members returns to work, aims to increase their job offer." Therefore, we must mention the fact that structural reforms in the labor market can be successful in the situation if their effects are not compensated by the inappropriate changes in wages.

Authors (Dosi et al., 2016) on the impact of the distribution of structural reforms, claim the following: "In most OECD countries, GDP growth over the past three decades has been associated with increased revenue gaps. In order to shed light on the potential sources of compromise between growth and equity, this paper analyzes the long-term impact of structural reforms on household incomes across distribution and income inequality." The paper is based on a macro-micro approach by combining recent macroeconomic estimates of the impact of structural reforms on macroeconomic growth with the microeconomic estimates of the impact of structural reforms on household incomes across the distribution of incomes. The authors (Causa et al., 2016) consider: "The sources of macroeconomic growth by breaking down GDP growth per capita into increasing labor force use and labor productivity. It is noted that a greater number of structural reforms, especially social protection reforms, have an impact on income inequality and can generate compromises and synergies between capital growth targets when inequality is assessed through measures that highlight relatively more revenue".

Authors (Batyra et al., 2016) say: "The increase in early retirement rates in Europe is usually attributed to the European tax and transfer system. Unlike a purely neoclassical framework, a model with an imperfectly competitive labor market allows, taking into account the effect of labor negotiating power and equal pay on pre-retirement." The authors argue that the lower negotiating power of workers and less efficient labor markets, characterized by lower mail efficiency, were a determining factor in early retirement in France and Germany. Structural changes, combined with anticipated transfers and the aging of the population, are in line with the common evolution of employment rates and unemployment rates, employment rates and seniority rates.

Authors (Lowe, 2012) argue: "Recent developments in the labor market can help us better understand the current balance between supply and demand in the economy. Regarding the structural changes in Australia: At the heart of several changes that are taking place are the industrialization and growth of Asia. This has led to high prices for Australia's exports of goods and food at a high exchange rate. The most obvious effect is the rapid expansion of the resource sector that has been taking place for some time." In the Conclusion: "the 'problems' of social policy and labor policy have been highlighted. This does not mean that these elements should be interpreted as reflecting an unclear view. There are many reasons to believe that if effective labor market and social affairs policies are put in place, there will be a fair and efficient regulated labor market in accordance with high-tech company, more flexibility".

The authors (Lazear & Spletzer., 2012) is of the opinion that: "The existing US evidence shows that historically, during the recessions, the real unemployment rate is higher than the one that would have been imposed by the Beveridge curve in the long run with up to 4 percentage points, which disappear that the economy is recovering. It is expected that the introduction of structural reforms in the United Kingdom and Germany has increased the labor market flexibility". Authors come up with some suggestions: "Designing policy responses to high unemployment rates during a recession would be welcome to rely on the assessment of indicators such as the composition of the unemployed, the degree of mismatch in the labor market and the availability of supply exchanges. Evidence from the United States experience of a steady unemployment rate during the 2007-2009 recessions indicate mainly cyclical factors driven by problems in the general macroeconomic environment rather than in the labor market." Therefore, the standard cyclical remedies, as far as they are effective, were appropriate.

In the study *Structural reforms: impact on growth and employment* (2015) the authors think: "In order to improve Italy's long-term growth prospects, major structural reforms are needed to boost competitiveness and support the creation of new jobs." Italian Prime Minister Matteo Renzi has established a structural reform agenda in many policy areas, including product markets, labor markets, taxation, public administration and civil justice, among others. Some reforms have been made, such as *the new provisions on employment contracts, the review of unemployment benefits, some tax reform, and measures to improve administrative justice and anti-corruption policies*.

In the report "Impact of the structural changes on jobs and industrial relations in the telecommunications and ICT Final Report". We would like to mention some essential moments in the IT field, and the problem studied by us. First of all, over the last decades, information and communication technology (ICT) has become a force for economic development and innovation and a powerful engine for changing work, society and the global economy. With accelerated globalization and market liberalization, ICT has made rapid and massive changes in the telecommunications sector. The specific objectives of the study are: To promote the economic activities as a whole and the relevant subsectors; Analysis of the total occupation of the sectors and the main growth / decrease factors, such as technological change; nature and main features of the jobs currently occupied by the sectors; Exploring the current situation and the main trends in the sectoral industrial relations structure. The specific purpose of the study was to establish boundaries between the telecommunications and ICT sectors, convergence trends and overlaps with other sectors. The study explored three different definitions of the sectors: (1) A narrow definition, comprising NACE 61 (Telecommunications), 62 (Computer programming, consultancy and related activities), 63 (Information service activities) and 82.20 call); (2) A definition of the medium range in accordance with the OECD definition; (3) A broad definition as foreseen by the International Telecommunication Union (ITU) in 2012. The results of this study indicate that a definition of the average range according to the OECD definition (subsectors: telecommunications, centers) is preferred, and the best, capturing current and future economic trends in the telecommunications and information and communication technologies sectors. The interviewed actors indicate that the narrow definition is outdated and does not cover the activities that are present in the sector today. In

essence, the main findings are: (1) *The results of laboratory research on technological convergence and the evolution of economic activities in the sectors.* These two IT and telecommunication sectors are technologically, organizationally interconnected and in terms of the stakeholders' sense of ownership of a particular sector. Social dialogue processes may be in the decline of the telecommunications sector and non-existent in many ICT services companies. There is a need for action to restore priorities, indicating that it creates value for employers, and for employees. Incentives to improve the level of collective bargaining include lack of workforce, recruitment, working conditions and restructuring management. Increasing the level of organization of employers in the ICT sector has been identified as a priority area for strengthening the solidity of the social dialogue. (2) *Sector definitions are of paramount importance to ensure fruitful dialogue between stakeholders.* This applies both to social dialogue and to the interaction between national labor market organizations and the interaction of stakeholders at European level.

3. CONCLUSIONS

Both the partial effects and the overall balance of labour market changes need to be taken into account simultaneously to determine the likely impact of any structural policy change.

Financial activity, industrial relations, labour protection legislation, institutional interaction, economic policies - all these elements will positively influence those reforms that promote the expansion of the labour market, which will lead to a decrease in unemployment, an increase in trade surpluses. The decline in unemployment or the positive trade balance is achieved with the cost of an increase that underlines the role of institutional interactions between financial markets and labour markets.

While economic growth significantly reduces the development of the unemployment market, it fails to limit unemployment. The experience of some countries shows that the stock market is rising over the years on the basis of job creation. Efforts are expected to be geared to an effective development of the capital market, to increase the mobilization of long-term investment funds for enterprises and to stimulate job creation.

When markets are characterized by transactional imperfections, the interaction market can emerge where market imperfections are reflected in another market, influencing each other's macroeconomic outcomes. The two equilibria react differently to changes in the basic parameters - they identify as different reactions to structural policies. The authors have shown that "markets can interact in such a way that the economy with larger changes will react differently to the changes in political structure as expected in the economic standard.

An understanding of the funding constraints in aggregate balance is vital for the interpretation of aggregate capital and labour market dynamics. This affects the direction of monetary and fiscal policy. Monetary authorities would like to see their actions on this feedback. The appropriate fiscal policy stance following the recession will depend on how the shock can be amplified by changes in funding.

For a given set of financial instruments and services, it is integrated if all potential market participants with the same relevant features: Face a single set of rules when deciding to deal with the respective financial instruments and services; Have equal access to the set of financial instruments and services; and are treated equally when active on the market.

Tax systems that provide tax credits to households in which one of the previously inactive member's returns to a job seeks to increase their job offer. It should be noted that structural reforms in the labour market can be successful in the situation if their effects are not offset by inappropriate wage changes.

We have solid evidence of how the degree of job protection and wage setting policies directly affect the functional distribution of income.

It is noted that a greater number of structural reforms, especially social protection reforms, have an impact on income inequality and can generate compromises and synergies between capital growth targets when inequality is assessed by measures that emphasize relatively more income.

Designing policy responses to high unemployment rates during recession would be welcome to rely on the assessment of indicators such as the composition of the unemployed, the degree of mismatch in the labour market and the availability of supply exchanges. Evidence from the United States experience of a steady unemployment rate during the 2007-2009 recessions indicate mainly cyclical factors driven by problems in the general macroeconomic environment rather than in the labour market. Therefore, the standard cyclical remedies, as far as they are effective, were appropriate. Structural reform in many policy areas, including product markets, labour markets, taxation, public administration and civil justice. Some reforms have been made, such as *the new provisions on employment contracts, the review of unemployment benefits, some tax reform, and measures to improve administrative justice and anti-corruption policies.*

In recent decades, Information and Communication Technology (ICT) has become a force for economic and innovation development and a powerful engine for changing work, society and the global economy. With accelerated globalization and market liberalization, ICT has brought rapid and massive changes in the telecommunications sector that reflected today in economic and social development at all levels of society.

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