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Points of view

HUMAN RESOURCES IN EUROPEAN MARKET IN THE PAST DECADE

Abstract

European market is known to pay particular importance to characteristics of human resources in the past decade. It is well known that these features such as unemployment rate caused deep economic and social crisis encountered in the EU member countries by the end of the last decade and continues today in most of them. The forecasts of the experts stating that the crisis will last 5 to 7 years has been considered promising but with suspicion. That is why it is extremely important that policy-makers should not lose sight in making economic, social and political decisions where the balance is always fragile in terms of interdependence of the labor market.

Keywords: *European market, human resources, monthly salary, number of employees, purchasing power parity (PPP), relocation-outsourcing, unemployment rate etc.*

1. Introduction

A short retrospective on the labor market in EU countries in the past half decade

In most Central and Eastern European countries people are working more hours per week than in Western European countries. This indicator is not relevant in itself. Conjunction with security systems is less permissive than the western and lower wages show that employment brings higher profits than East. The difference between the minimum wage in the old Member States and the new Member States is a negative argument in favor of competitiveness less than developed EU economies. Citizens of the new EU Member States work more than the EU-15 to buy the same product: a Dutchman working as 16 minutes for a Big Mac, nine minutes for bread and nine minutes for a kilo of rice, a Czech takes 40 minutes working for a Big Mac, 17 minutes for a loaf of bread and 16 minutes for a kilo of rice, a Pole needs to buy these products 42, 17, and 15 minutes of work. Romanians, the prospective members, are the worst, working 76 minutes for a Big Mac, 22 minutes for a loaf and 20 minutes for a kilo of rice.

A Danish employee earns 50 times more than a citizen of the Republic of Moldova. Being somewhere in the middle Maltese means paid five times worse than employees in Denmark in terms of hourly wage, whereas Malta is in third place among the 10 countries that joined the EU on 1 May 2004, being outranked in this regard only by Cyprus and Slovenia.

The statistics indicates that only Portuguese are paid worse than average "10". In a single qualification, for example, workers in Luxembourg, Germany, Sweden, Holland, Italy and the UK have on average three times higher salaries than Maltese. According to the same survey in Switzerland, Norway, Liechtenstein and Denmark the top end on hourly wages they pay, the worst paid workers are those in Ukraine, Albania and Moldova who won 50 times less than from the top.

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Active in human resources is the key to flexible labor market in question. An active policy, which includes investments in training and upgrading of human resources and skills development along with advice on career, could bring incalculable benefits to the labor market. In EU Member States, which have invested in an active, quickly dealing vacancies and wages, are more responsive to market demand. It also noted a greater flexibility of jobs, such as those for part-time or fixed-term. European commissioner for employment and social affairs Vladimir Spidla said that, although they managed doubling employment rate of unemployment in the EU, 0.6 percent lags behind that of the United States of 1.1 percent. The European countries such as Netherlands, Ireland, Sweden, Denmark and Belgium are examples of successful implementation of active labor market policies. The progress has not been uniform in all EU countries. If Spain has succeeded in reducing disparities in Poland this has been stressed. According to EUROSTAT in 2005 the regional unemployment rate in the EU was between 2.4 and 32.8 percent. Between 1995 and 2004, EUROSTAT statistics show that the largest decline in structural unemployment has been in the UK (3 percent), followed by Greece, Spain, France, Italy and Finland (by 2 percent). In order of increasing unemployment rates in major EU countries were the following rates: a) 4.4 percent (April 2005) - in Japan which was the lowest level of unemployment in this country during the last six years, but Analysts predict maintaining unemployment at 4.5 percent.

The unemployment rate for women increased from 4.2 to 4.3 percent and for men decreased from 4.7 to 4.5 percent. Unemployment in Japan (April 2005) reached 3.1 million, less than in 2004 250,000, while the number of employees remained stable - 63,520,000 people. The number of workers who left their job voluntarily in hopes of finding a better commitment increased as compared to 2004 with 50,000 individuals, reaching 1.11 million people. This increased the number of employees who seek the best opportunities for career development, slows pace of unemployment, b) 5.2 percent in the U.S. (April 2005) and 5.1 percent in 2005, 7.5 percent in Portugal, c) 10.2 percent in France (May 2005).The third largest economy unemployment rate recorded in Europe, Hexagon. The last six years, in March 2005, the French Parliament passed a controversial reform of the Labor Code, which allows increasing the number of hours of work.

Each employee submitted weekly the maximum time allowed by the EU from 35 to 48 hours, d) 12 percent in Germany (March 2005) the first country for the economy level in Europe. It had the highest rate of unemployment recorded after World War II, the slight decrease during the months that followed; in June 2005 there was an unemployment rate of 11.7 percent, which means about 5 million Germans out of work.

The main causes why the high unemployment rate are slowing, for several years, growth and relocation-outsourcing (moving some production departments of many corporations in Asia or South-Eastern Europe, where labor costs is lower). Between 1997 and 2004, EU-10 unemployment rate rose to 5.5 percent, reaching even the "performance" as 8.5 percent in Lithuania, Poland and Slovakia. Between 1997 and 2004 unemployment fell by 2 percent in Spain, Ireland, Italy, Latvia, Hungary and Finland. Active policies implemented have led to more efficient labor market Denmark, Spain, the Netherlands, Hungary and the UK, where the unemployment rate is lower and occupied vacancies or faster.

During the first half of the past decade over 92 million Europeans were inactive and 19 million were unemployed. Of those 92 million, 14 percent were able and willing to work. Inactive people are generally aged between 15 and 64 years the ones who are not working, not registered as unemployed and the ones who are outside the labor market because of education level, inadequate training requirements and family responsibilities or disabilities in their possession. Due to these factors, the rate of inactive people sometimes reaches up to 30 percent in the population who became able to work.

Despite the policies pursued by France, Italy, Poland, Germany and Spain which have lost due to very limited incentives for those places which are entering or returning to the labor market. In may 2006, a study conducted by the Saratoga Institute which reveals substantial differences between European countries and the U.S. recorded for each dollar invested in employee during the year. While the benefit obtained is 1.48 U.S. dollars, in the Central and Eastern Europe countries including Romania, employers generates 1.36 dollars for every dollar they receive, in one form or another increasing the level of the company.

The above situation reflects large differences between European countries and the U.S about the hourly wages and therefore labor productivity and employment rates of the various human resources. We consider that the common law, which active policies applied direct investment will help to reduce these discrepancies, but the phenomenon will occur in the medium and long term.

There has been some progress in strengthening EU market human resources and improving employment indicators, but much remains to be done to increase the competitiveness of European economic bloc to the U.S. accounted for U.S in order to increase the number of jobs and environmental protection environment related with effects of human action on it. EU Member States must adopt economic reforms in a more convincing manner if they are to achieve the ambitious competitiveness and employment, established by the revised Lisbon Agenda. On 1 January 2004, the lowest average monthly salary was in the pre-enlargement EU countries register in Portugal - 498 euro per month, with only 3 euro less than in Spain, before which stood Greece - 605 Euro, Ireland - 1073 Euro, UK - 1083 euro, France - 1173 Euro, Belgium - 1186 Euro , Holland - 1265 euro and Luxembourg - 1403 Euro. Among the new members received into the EU on 1 May 2004,Malta stood the best with an average monthly salary of 543 euro, followed by the Czech Republic - 207 euro, Hungary - 191 euro, Poland - 177 euro, Estonia - 159 euro, Slovakia - 148 euro, Lithuania - 125 euro, Latvia - 121 euro. In Bulgaria, the minimum wage reached 61 euro, in Romania - 69 euro, while in Turkey, a country which also hopes to be admitted to the EU reached 240 euro / month.

In a report presented in Brussels at the end of January 2005, the European Commission, stated that Member States should engage in a more resolute reforms to boost growth and to determine the occurrence of new jobs employment. Despite reforms undertaken by several Member States, document on employment for 2004-2005 show that there is an overall stagnation in employment in the EU and in the relative productivity growth. Such trends which show that progress is uneven, both at sector and country level have been identified since 2003 when the European Council adopted thus "Broad economic policy 2003-2005 ", a report defining business strategy to increase the competitiveness of the European Union.

In June 2004-February 2005, Kelly Services has conducted the study of "World at Work", according to which Scandinavians are the happiest employees in Europe, while Belgians are the opposite. 68 percent of Norwegians, Swedes or Danes are satisfied with the jobs they have, 61 percent of the French are happy at work, 45 percent in the Netherlands and only 35 percent of workers in Belgium enjoy the service they have. By gender, men are happy to work at the rate of 59 percent and women at 57 percent. People aged 45-54 years are satisfied with their job compared to people aged 20-24 years ,of whom only 54 percent. In mid-2005, according to EUROSTAT, the Statistical Office of the European Communities, the main market indicator HR - unemployment rate – is showing as the following in the euro area: 7.8 percent. A year ago, unemployment reached euro area of 8.6 percent.

The lowest unemployment rates were recorded in the Netherlands (3.8 percent), Denmark (3.9 percent), Ireland (4.4 percent) and Luxembourg (4.7 percent). The highest rates were recorded in Poland (16.0 percent), Slovakia (15.1 percent), Greece (9.6 percent), France (8.7 per cent) and Malta (8.5 percent). Among EU member states, 17 have experienced an annual decrease in unemployment and later an increase in ratio 7:01. The most significant declines has known Estonia (from 8.0 percent to 4.9 percent), Lithuania (from 8.4 percent to 5.4 percent), Denmark (5, 1 percent to 3.9 percent) and the Netherlands (from 4.8 percent to 3.8 percent). Most important increase in unemployment took place in Malta (from 7.2 percent to 8.5 percent), in the UK (from 4.6 percent in April 2005 to 5.3 percent in April 2006), in Slovenia (from 6.2 percent to 6.5 percent) and in Cyprus (from 5.4 percent to 5.6 percent).

Between June 2005 and June 2006, the unemployment rate among male workers fell from 7.5 percent to 6.8 percent in the euro area and from 7.9 percent to 7.3 percent in European Union. As unemployment among women, it dropped from 10.1 percent to 9.1 percent in the euro area and from 9.8 percent to 9.1 percent in the EU. In June 2006, the unemployment rate among those aged under 25 was 16.5 percent in the euro area and by 17.4 percent in the EU, compared with 17.4 percent and 18.4 percent in 2005. Lowest rates for age group under 25 were recorded in the Netherlands (5.8 percent), Denmark (7.4 percent), Ireland (8.1 percent) and Estonia (9.2 percent) and highest in Poland (32.3 percent), Slovakia (29.7 percent) and Greece (26.4 percent).

EUROSTAT estimated that in June 2006, 11.5 million people were unemployed in the euro area and 17.7 million in the European Union. In the same month, the unemployment rate in the United States was 4.6 percent and in Japan - 4.2 percent. To ensure the relevance of comparisons and studies, Eurostat calculates harmonized unemployment rate after a treatment algorithm data provided by Member States.

EUROSTAT also relies on definitions recommended by the International Labor Organization, which defines unemployed persons as persons aged between 15 and 74 years and satisfying the following conditions: have no job, are available to start a professional activity two weeks after the study, they looked for a job in the last four weeks prior to the survey. Definition of unemployment is: differences between EU Member States: Spain and the United Kingdom of Great Britain and Northern Ireland, unemployment covers only persons aged between 16 and 74 years. In Spain this difference is because the minimum legal age for employment is over 16 years old. In the Netherlands, people who do not have a job are only included in unemployment if they wish to work.

In Romania there are seven times fewer temporary employees than in the EU, only 2 percent of Romanian employees have employment contracts for limited periods. Thus, compared with trends in the EU and acceding countries, Romanians are the "job related" employees in Europe. There are countries, such as, for example Spain, where nearly one in three employees (33.8 percent) which signed a contract for a limited time. Also, among countries with large numbers of employees, the period, includes Poland (26.5 percent), Portugal (19.5 percent) and Slovenia (17.6 percent).

On average in the EU, 14.7 percent of employees have signed employment contracts of "part time" (time-limited). Romania's workforce is a typical one and those who have been engaged in prostitution were for limited periods. Thus, in the EU, 15.2 percent of employees have signed a contract with the employer for a fixed period, while the percentage for men is 14.2 percent. According to Eurostat in late 2005, 2.3 percent of male employees had limited contract, while the proportion of women with limited time commitment was only 1.5 percent in Romania. From April 2005, the European Foundation for the Improvement of Living and Working Conditions, which is a structure funded by the European Commission in order to provide information and analysis on economic and social situation of member countries began to monitor also Romania. While in Austria the average salary exceeds € 2,500 per month in Romania it's only 260 euros in Bulgaria - 160 euros, while the Czech Republic and Hungary - the average monthly salary exceeds EUR 600. Despite the fact that the countries that joined the EU in 2004 or 2007, a growth rate higher states of Western Europe, it is hoped that the gap will be reduced to about two to three decades.

2. Policy makers and their social position

Jacques Delors the former President of the European Commission, recommended UNICE (Union of Industrial and Employers' Confederations of Europe) at its conference in June 2006 to re-engage in the European Social Dialogue and support the need to establish common minimum salary in the European Union.

Party of European Socialists (PES) launched the initiative to create the New Social Europe by guaranteed jobs and the traditional European social protection so that Europe can cope with the pressure of globalization. At a press conference organized on this occasion, Delors said that social dialogue at EU level is effective and warned SINGLE neglect through the process: "The European institutions should encourage patrons to return in the negotiating table. There is the need to discuss concrete issues such as establishing a common minimum wage and strengthening of European Works Councils by discussing common minimum wage and defining in proportion to the level of development of each Member State in the context of social dialogue" Delors said.

He rejected the claim that liberal views of the current European Commission President Jose Manuel Barroso, PES could affect the project to promote a new social Europe. According to him, "EU governments are the ones who decide policies" and he recommended EU leaders to think more often in "European-style" by adding that they should "see beyond the nose". PES, President Poul Nyrup Rasmussen said that the EU should not mean competition between states, but building social bridges. The Member States have chosen between several options, but the choice of a state should not affect other countries. The amount of money spent on labor in the EU countries in Western Europe are at least four times lower than the cost of human resources of EU countries in central Europe. On average, the workforce is 15 percent more expensive in EU than in the U.S. Formula for calculating labor costs are based on the national average wage, social security and other benefits requirements and typical including the pensions, health costs and benefits for people with disabilities. This was considering that, from the Atlantic to the Urals, scientists have found a massive demographic decline of the "old" Europe.

According to projections by EUROSTAT, the EU could lose 14.8 million people by 2030, assuming the immigration zero. This could be due to a low birth rate and population renewal became impossible in two-thirds of EU countries, especially in Spain (where a sharp 1.6-million population), Italy (- 5 million) and Germany (-7.5 million): These are three countries where the birth rate ranges from around 1.3 to 1.4 children per woman. France, on the other hand, continues to maintain its leading place in Europe demographic with family gathering fruits of its policy. Its birth rate (1.88) is surpassed only by that of Ireland. France is followed by the UK (850.00 inhabitants in addition) by Belgium, the Netherlands and Finland. Immigration could work, so as a counterbalance to declining birth rates. Spain should receive in 2030 a total of 3.6 million immigrants by allowing its people the growth. With 5.2 million entries Germany will get close to maintain the current trend, moving from 82.6 to 81.1 million inhabitants. Overall, immigration will lead to an increase of 25 million people across the European Union.

Calculation at purchasing power parity (PPP) in 2007 indicates that the minimum salary in Romania was of 204euros. The Lowest minimum wage in the same year was recorded in Bulgaria, where it reached only 92euros. However, it has a higher purchasing power equivalent of 216 euro. The explanation is that in Bulgaria the prices are much lower. Thus, according to PPP, the minimum wage in Romania was placed in January 2007 as the last place in the EU. On the opposite is Luxembourg where is the highest minimum wage of 1,570 euro per month and followed by Ireland, 1403euro and the UK, with 1363euros. In Greece, Spain, Malta, Slovenia and Portugal, the minimum wage varies between 470 and 668 euro. Other countries with significant low minimum wages are Latvia - Lithuania with 172 euro - 174 euro. However, unlike Romania, in these countries, purchasing power exceeds 300 Euro. On PPC at first is Luxembourg, where wages due to high prices increases and PPP (worth 1503 euro) which is lower than the real one, followed by Great Britain 1292 euro and the Netherlands with 1244 euro.

Eastern European directors have an average salary of 35,000 euro per year, less than half the average of 82,000 euro as their Western counterparts earn. The highest recorded the manager salaries in Switzerland, where the heads of companies earn an average of 138,000 euro, while managers in Austria and Denmark receive annually about 95,000 euro. In the other extreme are Romanian directors, with an average salary of 30,000 euro and their Bulgarian counterparts, with an average of 24,000 euro. In general, Eastern European directors earn significantly less than those in the West and in addition they pay higher taxes. But Eastern economies usually have faster growth rates so that revenues could have a growth rate higher than Western countries. Regarding costs in Europe, Western workers can buy, on average, 50 percent more products and services net salary than those in the East. Thus, a Swiss director can earn four times much money in comparison to a manager in Bulgaria.

Ever since the creation of the Federal Republic, the unemployed people was not higher, for example than 5.2 million, as the Federal Labor Office announced on 2 March 2005. By looking at the increased pressure on the government social-ecological unimaginable in Berlin, Chancellor Gerhard Schroeder called to remedy this plague. Unemployment is mainly due to labor market reforms known as Hartz IV. From 1 January 2005 unemployment benefits for long-term unemployed was combined with social support. Christian democratic and liberal opposition accused the German government of failure and demanded that Hartz IV law to be followed by other reforms to liberalize the labor market. German opposition to the federal government proposed conclusion of the Pact for Germany, including emergency ten measures to reduce short-term unemployment. In Germany, the time is too expensive Abolition jobs helped in reducing costs, but it was not a solution. Corporate governance and boards of directors needed to find appropriate solutions, and finally in business climate were not compromised and fired people. The unions, in turn, are called to abandon rigid tariff policy. It is critical that business does its duty and does not create new jobs. State must help creating jobs for unskilled personnel.

It is a scandal that people of 55 years are removed prematurely retired or dismissed. Current tax system encourages illegal work and demotivates those who have ideas to send in another great evil; the term “bureaucracy”. Bavarian Prime Minister Edmund Schtoiber, has asked several times to reduce business taxes. Once the investments will increase and the Germans fear to save the maximum will not escape, economic circumstances cannot grow in this country, and the dubbed "locomotive of Europe" will be formed. Mass unemployment created in the last 30 years in Germany cannot be reduced overnight and there is no miracle recipe against it.

Employment due to the inability to have several positions in industry made in 2007 the German economy suffer losses estimated at 20 billion euro. In early July 2007 in an interview, the newspaper "Die Zeit", Joaquin Almunia, European Commissioner for Economic and Monetary Affairs, stated that although the idea may seem unrealistic, authorities in Brussels could force the EU to adopt the salaries to its minimum.

In the EU, 20 of the 27 Member States which are; Belgium, Bulgaria, Spain, Estonia, Greece, France, Hungary, Ireland, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia , Slovenia, Czech Republic and the UK shall ensure a minimum wage law.

In Luxembourg, the minimum wage is set at 1,570 euro and in Romania in mid-2007, the minimum wage was equivalent to 204 euro, while the minimum wage in Bulgaria is 92 euro per month. Germany has no general minimum wage, although in June 2007 a compromise agreement which extends the applicability of several minimum wage sectors was signed. This topic deeply divided ruling coalition in Germany.

Chancellor Angela Merkel's Party - Christian Democratic Party strongly opposes that estimating the introduction would cost jobs, while the Social Democrats want the introduction of the minimum wage in the German economy. "To meet the challenges of the XXI st century, labor law rather to ensure job security throughout life and to protect jobs in the private sector", indicates a report to the European Parliament in mid-July 2007. MEPs called for by this report active labor policy, allows more easily finding a job and transferring from one job to another.

The report, conducted by Jacek Protasiewicz (EPP-ED, PL) refers to a combination of flexibility and security in the labor market, allowing increased productivity and improved job quality, ensuring safety and flexibility in response to changing needs of labor market. Parliament calls for simplification of administrative procedures for businesses, especially start-ups small and medium enterprises. The "Excessive administrative burdens" hinders receiving new workers, even in periods of economic growth. To combat the exploitation of workers without legal papers, labor law should be strengthened and priority should be given to legal employment.

3. Conclusions

EU labor law should confirm the indefinite contracts as a general rule. Any other non-standard contracts (fixed-term, temporary recruitment agency concluded, repeated use independent services) should have consider and support for workers who move from one status to another. Employment contracts should provide working "flexible enough" for employees in order to be able to find a balance between time spent in work and family obligations.

A "flexible working time" would help improving employment situation in Europe. Member States should review and adapt to their social security systems and implement active policies to reinvigorate the labor market. The European Parliament called on Member States to remove restrictions regarding their access to employment, to ensure improved labor mobility within the Union. Improving existing social security, elimination of administrative barriers, strengthening the EURES (European Mobility Portal Employment) and raising awareness about the possibility of working abroad were the main objectives of the EU Action Plan on labor mobility (2007-2010).

In 2006-2007 were created about 6.5 million jobs and their number would have increased by another 5 million in 2009 if EU countries were not in the economic crisis that shook the Western world. "Labour mobility is a fundamental right of EU citizens" highlights former social affairs commissioner Vladimir Špidla. Although one in two Europeans welcomes the opportunity to work abroad - according to a Euro-barometer survey in November 2007 - too few people do so. In November 2007, only 2% of Europeans were working in another EU country. While many remain at home, satisfied with their current situation, others are put off by the red tape involved in setting abroad. On 4 May 2011, the European Commission presented several initiatives to ensure better management of migration issues.

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