

WORK – LIFE BALANCE IN ROMANIA. A COMPARATIVE APPROACH¹

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Abstract. *In Romania, gross domestic product dropped from a total of € 48.75 billion in 1989 to € 40.28 billion in 2000, and after 2002 a significant increase reached over € 79 billion in 2005. The overall decrease in the number of employed persons by 2.56 million people, between 1989 and 2005, led to an increase in productivity of around €1,222 per employed person – representing 28.4% of the total productivity increase. A central factor of work–life balance policies is the issue of time. However, for many Romanians ‘time is money’, and the low level of income earned by the majority of Romanian workers means that the issue of free time tends to be a low priority. Such issues represent particular features of working time in Romania and imply a very specific perspective in terms of the balance between working life and family life.*

Key words: Economic trends, Wage, Households Income, Work-life balance

JEL Classification: J6, J8

1. Macroeconomic context

General background

During the first decade of Romania’s political and economic transition, the possibility and timing of the country’s integration into European and Euro-Atlantic economic structures remained uncertain. As a result, economic reforms and their political, legal and institutional support were delayed and interspersed, with various inconsistencies and social tensions arising.

From 1995, the extensive restructuring of the country’s market economy institutions and mechanisms coincided with efforts focused on political, institutional and legal reform, in view of Romania’s potential accession to the North Atlantic Treaty Organisation (NATO) and the European Union (EU). The country’s entire macroeconomic environment, and in turn the level of welfare, quality of life and work, have developed in this context.

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At the beginning of 1990, the Romanian economy was overwhelmingly state-controlled and over-institutionalised, almost exclusively comprised of large state-owned companies; at the same time, a large proportion of production was focused on investment and on the exporting of goods.

The dissolution of the Eastern European market, namely of the Council for Mutual Economic Assistance (CMEA), coincided with the fall of a domestic market dominated by large companies producing investment goods; this resulted in reduced production flexibility accompanied by price deregulation (November 1991). At the same time, this brought with it the prospect of enduring and severe economic recession. Living and working conditions were adversely affected by the resulting disorder, the effects of which are still tangible in institutions, regulations, customs and mentalities, on the one hand, and in the daily stresses which resulted from the new transformations and their social and economic effects, on the other hand. The scope and immediate impact of the reforms is reflected even in a simple reading of the annual averages of certain economic indicators.

Evolution of gross domestic product

In Romania, gross domestic product (GDP) dropped from a total of €48.75 billion in 1989 to €40.28 billion in 2000 (Figure 1). However, since 2002, GDP has significantly increased, well exceeding the level achieved in 1989 to reach over €79 billion in 2005.

In terms of GDP development in euros, using the annual average 'old' Romanian leu (ROL²)-euro exchange rate as the reference, the data reveal a rapid decline in GDP in 1992, amounting to just 31% of the level recorded in 1989. Ten years later, in 1999, GDP reached 69% of the basic index value. A GDP level similar to that in 1989 was only achieved again in 2002. However, stronger growth in recent years has meant that, in 2005, GDP increased to about 162.6% of the 1989 level.

² Note: On 1 July 2005, Romania underwent a currency reform, switching from the previous leu (ROL) to a new leu (RON). 1 RON is equal to 10,000 ROL.

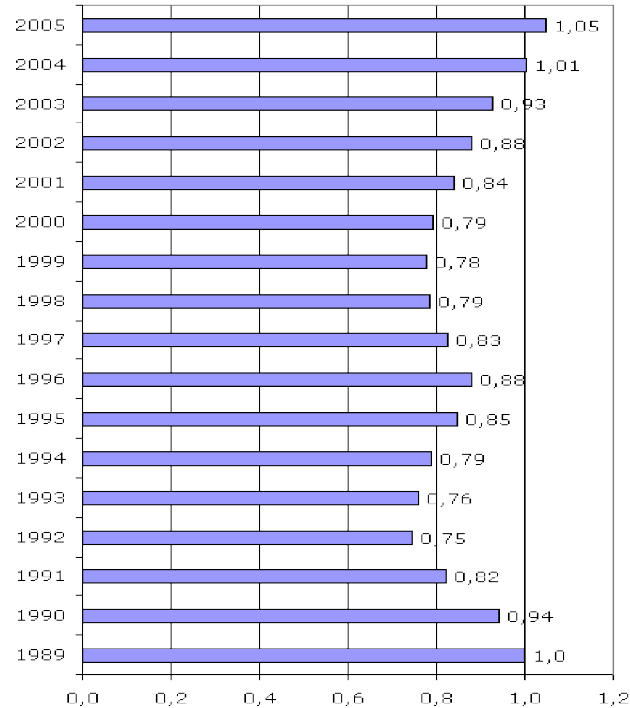


Source: Based on data issued by the National Institute of Statistics (Institutul Național de Statistică, INS) and the National Bank of Romania (Banca Națională a României, [BNR](http://www.bnro.ro/)³), 1989–2005

Figure 1: GDP development in Romania, 1989–2005 (€ billion)

When measuring actual GDP in national currency, the largest decrease was also recorded in 1992, when GDP reached only 75% of the 1989 level (Figure 2). In 1999, real GDP reached 78% of the basic index value. Only in 2004 was the 1989 level achieved once again. Subsequently, in 2005, real GDP increased to 105% of the 1989 level. In relation to gross value added (GVA), which measures the contribution to the economy of each individual producer, industry or sector in the country, major changes have occurred in industry in real terms.

³ <http://www.bnro.ro/>



Source: Based on data issued by the NIS and NBR, 1989–2005

Figure 2: Index of real GDP, 1989–2005

Inflation

Another relevant factor influencing price development in terms of Romania’s ‘old’ local currency (ROL) is the GDP deflator – a measure of the cost of goods purchased by households, government and industry. Compared with 1989, consumer prices in ROL increased by a factor of 31.4 in the period 1989–1993, by a factor of 806.4 times in 1989–1999, and overall by a factor of 2,514 times from the start of the transition process to now. In the past two years, only a single-digit inflation rate was achieved; in 2006, the annual inflation rate reached 4.9%.

At the same time, the annual average exchange rate of the national currency was forced up from the 1989 level by around 2,470 times in 2004, slightly adjusting to 2,208 times this level in 2005.

The evolution of prices has generated a significant decrease in the purchasing power of employees’ wages, at the same time creating significant tensions among the social partners.

Domestic investment

Domestic investment in Romania decreased from about €14 billion in 1989 to €2.2 billion in 1992, rising again to €11 billion in 2004 and to €18 billion in 2005. The rate of investment in GDP fluctuated from 29.6% in 1989 to 14.1% in 1993 and to 22.7% in 2005. At the same time, the average investment per year and per employed person reached approximately € 1,316 in 1989, falling to €210 in 1992 and to €618 in 1999, and rising again to €1,349 in 2005.

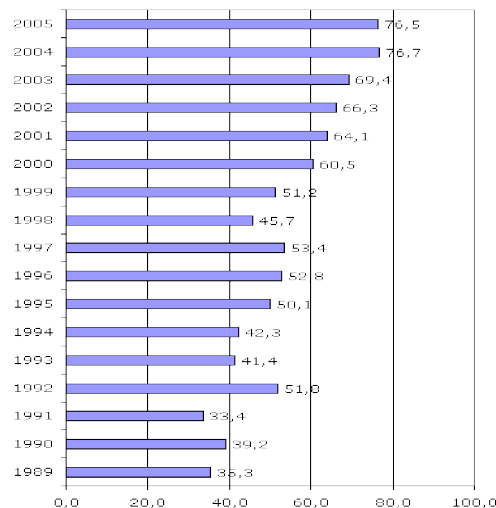
Foreign direct investment

Between 1990 and 2004, foreign direct investment (FDI) in Romania reached a total of € 15 billion. However, such investment is low if the potential of, and domestic needs of, the Romanian economy and the improvements in workers' living and working standards are taken into account. Up until 2004, 56% of FDI was absorbed by the Bucharest area, which accounts for around 10% of Romania's population and jobholders. Conversely, the northeast and southwest regions of Romania absorbed only about 0.1% and 2.7% respectively of FDI, despite these regions' significant employment problems and severe poverty. Thus, a clear imbalance is evident in the regional distribution of FDI.

State budget and deficit

In 1989, state budget expenditure accounted for 36.1% of Romania's GDP, but dropped to 19.6% in 1999 and to 13.5% in 2005. At the same time, the budget revenue reached 43% of GDP in 1989, but only 17% of GDP in 1999 and 12.7% in 2005. As a result, the budget shifted from a surplus of 7.5% of GDP in 1989 to a deficit of 4.9% of GDP in 1996 and 0.8% in 2004 and 2005. Evidence indicates that the state budget expenditure was not sufficient to cover the costs of Romania's economic and social restructuring.

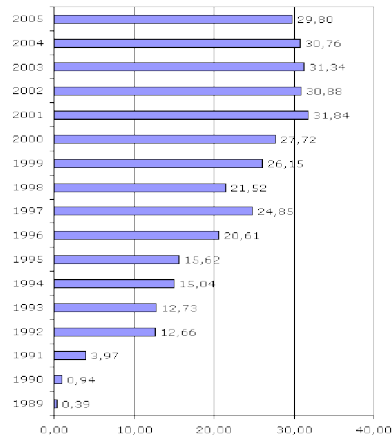
Imports and exports – which have an impact on labour market equilibrium – accounted for 35.3% of Romania's GDP in 1989, increasing to 51.2% of GDP in 1999 and to 76.5% in 2005 (Figure 3). However, the balance of foreign trade (exports minus imports) shifted from a surplus of 3.8% of GDP in the reference year (1989) to a deficit of 9% in 1990 and of 10.3% in 2005.



Source: Based on data issued by the NIS and NBR, 1989–2005

Figure 3: Foreign trade (imports and exports) as a percentage of GDP, 1989–2005 (%)

In terms of Romania's foreign debt, this level increased from 0.39% of GDP in 1989 to 30.76% in 2004 and 29.8% in 2005 (Figure 4).



Source: Based on data issued by the NIS and NBR, 1989–2005

Figure 4: Foreign debt as a percentage of GDP, 1989–2005 (%)

Sectoral added value and employment

The severe drop in GDP and in the state budget revenue has had varied and far-reaching consequences in terms of the cost of transition, including with regard to income distribution, for both active and inactive persons. As a result, major changes have occurred in the sectoral distribution of GVA, along with the rate and structure of employment and the development of labour productivity and wages.

From 1989 to 2005, the number of employed persons⁴ dropped by approximately 2.56 million people, while the number of employees decreased by over 3.44 million persons. At the same time, the number of retired persons increased from 3 million to over 6.5 million people.

In 1990, full-time employees and those on open-ended employment contracts represented 75% of the employed population; however, in the period 2000–2005, only 50% of the working population were employed as permanent employees.

The overall decrease in the number of employed persons by 2.56 million people, between 1989 and 2005, led to an increase in productivity of around €1,222 per employed person – representing 28.4% of the total productivity increase. On the other hand, the value added increase generated a growth of €3,086 – the equivalent of 71.6% of the total productivity increase. At sectoral level, the percentage contribution of the two factors – employment (‘E’) and value added (‘Va’) – amounted to 89.8% compared with 11.2% in agriculture, 106.7% compared with -6.7% in industry and construction, and -5% compared with 105% in services.

2. Work–life balance

The assessment of quality of work and of life, in relation to the interactions between workplace-specific and external factors, requires at least a three-dimensional approach looking at: family, family income and general non-work activities. The size of the family, as well as the different sources of income within a family, may have a direct impact on the

⁴ Note: The employed population encompasses both employees and self-employed persons.

health and work performance of workers, but also on their working hours and working time arrangements.

Family and sources of income in Romania

A central factor of work–life balance policies is the issue of time. However, for many Romanians ‘time is money’, and the low level of income earned by the majority of Romanian workers means that the issue of free time tends to be a low priority. On the contrary, most workers are constantly seeking new sources of income, either through a second job or through overtime work at their main job. Such issues represent particular features of working time in Romania and imply a very specific perspective in terms of the balance between working life and family life.

Moreover, the relatively low level of household income in Romania often precludes access to specialised services for the care of dependent persons, thus affecting the balance between time dedicated to one’s professional life and to the family.

In 2004, compared with 2000, the average monthly income per person for all households in Romania increased from €42.50 to €68.80 (Table 1). In employee households, the average monthly income increased more rapidly from €59.60 to €95.40 per person over the same period; in the households of farmers, incomes rose from an average of just €19.60 to €34.20.

Table 1

Average monthly household income per person and per active person, 2000 and 2004 (thousands ROL and €)

	2000			2004		
	Total households	Employee households*	Households of farmers**	Total households	Employee households	Households of farmers
Income per household (thousands ROL)	2,266.5	3,852.7	1,251.3	8,230.3	12,658.5	4,772.3
Number of persons per household	2.672	3.239	3.198	2.95	3.274	3.444
Number of active persons*** per household	1.146	1.893	2.113	1.228	1.882	1.615
Income per person (thousands ROL)	848.2	1,189.5	391.3	2,789.9	3,866.4	1,385.7
Income per person (€)	42.5	59.6	19.6	68.8	95.4	34.2
Income per active person (thousands ROL)	1,977.7	2,035.2	592.2	6,702.2	6,726.1	2,955.0
Income per active person (€)	99.1	102.0	29.7	165.4	166.0	72.9

Note: *Households in which the head is an employee;

**Households in which the head is a farmer;

***Employed and unemployed persons

Source: Romanian Statistical Yearbook, NIS, 2001 and 2005.

In terms of daily income, the households of farmers, which represent almost 35% of the total employed population, recorded an average daily income of just €1.13 per active person in 2004. The average daily income per active person in the total number of households reached approximately €2.30 a day in the same year, and about €3.18 a day per person in employee households.

Living Conditions Survey (*Condițiile de viață ale populației*, ACOVI) data (June 2005) indicate that 62.2% of households had the same economic standing in 2005 as they did in 2004, while 29.1% of households reported a more difficult situation, and just 8.7% reported a

more favourable situation. In the 12 months prior to date that the survey was conducted, just one in nine households was able to provide for all of its expenses and to make savings; 85% of households were able to purchase the necessary food staples, while 52% were able to buy the required clothing and shoes, and 26% could afford to maintain adequate temperature levels in their house. Only 3% of households were able to put aside money for luxuries such as holidays. For 67% of urban households and 37% of rural ones, wages represented the main source of income.

The same survey indicates that 46% of Romania's population had an average monthly income of approximately €29.4 per person, or less than €1 a day, while the average monthly income per person in the total number of households was €60, or €2 a day per person. In rural areas, an average monthly income of €45 per person was reported. Some 65.6% of households recorded an average monthly income of €26.7 per person, or less than €1 a day per person.

Therefore, the majority of Romania's population do not have the necessary income allowing them to use their spare time for purposes other than preparing food at home; moreover, their lack of financial resources prevents them from receiving other paid services for personal care and household cleaning and maintenance, or for family care of dependent relatives.

Working time and balance between work and non-work activities

Household labour survey (*Ancheta asupra forței de muncă în gospodării, AMIGO*) data (2005), show that 31.7% of the total employed population had worked evenings in the previous four weeks of being interviewed (33.6% of men and 29.3% of women). Moreover, some 11.8% of the employed population had performed night work (14.6% of men and 8.5% of women); 56.9% of the total population had worked on Saturdays (legal holidays), while 30.1% (31.4% of men and 28.6% of women) had also worked on Sundays.

The European Working Conditions Surveys (EWCS) findings for Romania indicate that 50% of respondents had worked evenings for at least two hours; 11% of these respondents worked evenings at least 1–5 times a month, 16% did so 6–10 times a month, while 12% worked evenings 11–20 times a month, and a further 11% did so more than 20 times a month. In general, the average number of working days per month in Romania is 22 days. Over 20% of the respondents in Romania had worked evenings more than 11 times a month, compared with just 14% of respondents in the EU25.

As regards night work, 80% of Romanian workers and 81% of those in the EU25 indicated that they had never engaged in night work (at least two hours a night). About 6% of Romanian workers and 10% of EU25 workers reported that they had worked at least two hours a night 1–5 times a month. Some 13% of Romanian workers and 10% of EU25 workers had engaged in night work for at least two hours a night more than six times a month.

In relation to work on Saturdays, the results for Romania differ from those of the other EU Member States (Table 2). About 25% of Romanian workers, compared with 48% of those in the EU25 or 50% of workers in the EU15, stated that they had not worked on Saturdays. At the same time, 20% of Romanian workers and 16% of EU25 workers claimed they had worked on Saturdays twice a month. Some 45% of Romanian workers, compared with 22% of

EU25 workers, indicated that they had worked on Saturdays 4–5 times in a month, in other words, virtually every Saturday.

Table 2

**Frequency of work on Saturdays, by country group, 2005
(% of total respondents)**

Work on Saturdays	Romania	EU25	EU15	NMS*
Never	25	48	50	42
Once a month	6	9	9	11
Twice a month	20	16	15	19
Three times a month	5	5	4	6
Four or five times a month	45	22	22	22

Source: EWCS, 2005.

Note: NMS - New Member States.

In terms of work on Sundays, the EWCS results show that some 39% of Romanians had worked on Sundays, compared with about 25% of workers in the EU15 or 27% of those in the EU25 (Table 3). Around 20% of respondents in Romania claimed that they had worked on Sundays 3–5 times a month, compared with 10% of workers in the EU25.

Table 3

**Frequency of work on Sundays, by country group, 2005
(% of total respondents)**

Work on Sundays	Romania	EU25	EU15	NMS
Never	61	73	75	64
Once a month	4	8	7	9
Twice a month	15	9	8	13
Three times a month	4	3	2	4
Four or five times a month	16	7	7	9

Source: EWCS, 2005.

ACOVI data indicate that, in 2005, 8.1% of Romania’s employed population had engaged in evening work, while 3.1% had worked nights, and 23.9% worked on Saturdays and Sundays (26.3% in the private sector and 16.7% in the national and local public sector).

Notwithstanding these findings, the majority of workers interviewed in the EWCS 2005 indicated that their working schedule integrated well or very well with their family or social commitments outside of work. Some 73.8% of Romanian workers reported that this was the case, compared with 79.8% of respondents in the EU25 (Table 4).

Table 4

**Workers’ perceptions of work–life balance, by country group,
2005 (%)**

	Romania	EU25	EU15	NMS
Working hours fit in well or very well with family or social commitments outside of work	73.8	79.8	80.9	73.4

	Romania	EU25	EU15	NMS
In the past 12 months, have been contacted – e.g. by email or phone – on matters concerning main paid job outside of normal working hours	16.4	22.5	22.2	23.9
Involved in childcare and education outside of normal working hours	38.4	28.2	27.3	33.1
Involved in cooking and housework outside of normal working hours	52.0	46.2	46.8	42.4

Source: EWCS, 2005.

About 16% of Romanians and just over 22% of EU25 workers stated that they had been contacted about work-related matters outside of their normal working time in the previous 12 months.

Levels of income and the social infrastructure may help to explain the EWCS results for Romania with regard to childcare and education, along with cooking and housework duties, outside of normal working hours. In this respect, more than 38% of Romanians, compared with around 28% of EU25 respondents, reported that they were involved in childcare and education activities outside of normal working hours; at the same time, some 52% of Romanians, compared with about 46% of those in the EU25, claimed that they carried out cooking and other household duties outside of normal working time.

Reconciling work and family-related responsibilities

The INS survey, ‘Reconciliation of work and family life’ (*Reconcilierea vieții profesionale cu cea familială*), conducted in the second quarter of 2005 among those aged 15–64 years from households selected by AMIGO 2005, categorises the distribution of the employed population as follows: 90.4% of the total employed population were employed on a full-time basis and 9.6% on a part-time basis, while 18.4% of those residing in rural areas worked on part-time work contracts, compared with only 2.6% of people living in urban areas.

Some 59.3% of the employed population worked an average of 40 hours a week, while 24.4% worked for more than 40 hours a week and 16.3% for less than 40 hours a week. A total 4.98 million people, or 34% of the total working-age population, had family commitments; of these, some 3.9 million people were active while 1.1 million were inactive.

The NIS survey also shows that 47% of Romania’s employed population had the possibility of at least one hour’s flexibility in their working schedule for family reasons; 64.2% of employed persons in rural areas had this possibility, while 67.2% of people living in urban areas were unable to alter their daily working schedule. At the same time, 54% of the total number of employed persons were able to take one or several days’ leave for family reasons, without interfering with their vacation. Over 37% of those who stated that they were unable to alter their daily or weekly working schedule indicated that they had responsibilities for dependents.

Based on levels of education, flexible working hours are only possible for 62% of those with a lower education, 40.7% of workers with a medium level of education, and 35.4% of people with a higher education. Generally, only 30% of employees enjoyed this possibility, compared with 85% of other categories of employed persons. Just 27% of workers in industry and construction have the possibility of flexible working hours, compared with about 37% of workers in services and 81% of those in agriculture.

The NIS survey indicates that, among all of the different responsibilities, the most important one is for one's own children: 36% of employed persons in Romania live in a household with at least one child aged 15 years or younger, while more than 46% of employed persons have childcare responsibilities. Over 68% of employed persons living in a household with children normally receive childcare assistance.

Only 10% of employed persons resorted to care services provided by institutions or private individuals, such as a nurse, nanny or babysitter. About 33% of employed people received assistance from their husband, wife or partner, while 26% received unpaid help from others such as relatives and neighbours. About 95% of persons caring for dependents stated that they did not wish to reorganise their working life. Nonetheless, women caring for children, especially those with a higher education, appeared to be more willing to reorganise their working life.

In accordance with Romanian legislation, out of the approximately one million people who were entitled to parental leave, 68% were employed persons and 53% were women. However, only 15% of these people actually benefited from parental leave, 92% of whom were women and the remainder of whom were men. Of those who did not benefit from such rights, more than half attributed this to their failure to comply with legal requirements regarding the period of contribution; a further 23% stated that their partner had exercised this right, while approximately 7% preferred to continue working.

Results of the EWCS 2005 reveal that almost half of Romanian workers (49%) stated that they spend at least one hour a day on childcare and education, compared with 30% of their counterparts in the EU15 and 39% of those in the NMS. Moreover, 85% of Romanians involved in such activities spend between one and four hours a day on childcare duties, compared with 69% of those in the EU15, while 11% spend between five and nine hours a day on these tasks, compared with 23% of respondents in the EU15.

A total of 9% of Romanian workers spend at least one hour a day caring for an aged or impaired person, compared with just 4% of workers in the EU15. About 75% of workers were not involved in such tasks, compared with 81% of those in the EU15.

Finally, the EWCS 2005 findings show that just 2% of Romanian workers spend an hour or more each day on sports, culture and leisure activities, compared with 7% of workers in the EU15. Moreover, about 8% of Romanian workers engage in such activities once or twice a week, compared with 32% of their counterparts in the EU15, while 67% spend no time on such activities, compared with just 34% of EU workers.

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