



Munich Personal RePEc Archive

# **Active Measures for Stimulating the Employment of Labour Force and its Impact in the Gorj County**

Ecobici, N and Paliu-Popa, L

Faculty of Economics, Constantin Brancusi University of Targu Jiu,  
Romania

2 April 2007

Online at <https://mpra.ub.uni-muenchen.de/8043/>  
MPRA Paper No. 8043, posted 02 Apr 2008 13:21 UTC

# **Active Measures for Stimulating the Employment of Labour Force and its Impact in the Gorj County**

Nicolae Ecobici

Faculty of Economics, Constantin Brancusi University of Targu Jiu, Romania

Email: [nicu.ecobici@utgjiu.ro](mailto:nicu.ecobici@utgjiu.ro)

Lucia Popa Paliu

Faculty of Economics, Constantin Brancusi University of Targu Jiu, Romania

Email: [univers\\_cont@yahoo.com](mailto:univers_cont@yahoo.com)

## **Abstract:**

In Romania the government tried to stimulate the employment through active measures since 2002. Therefore, there are two types of measures: one that attempts to increase the chances of employment of the persons that are looking to work. These measures include the following: job-matching services, information and counselling services, organizing vocational training courses, benefits granting to the unemployed who take up employment before the end of the period of entitlement to the unemployment benefit, the stimulation of the labour force mobility. The other one is destined to stimulate employment of the unemployed (unemployed over 45 years or single providers for the monoparental family, unemployed who are three years away from pension, graduates, disabled persons) and create new jobs through granting loans to SME's for new jobs creation. In fact, the paper is a guide of the active measures used to employment in Romania. In the end, we present the impact of those measures calculated for Gorj County till December 2006.

## **I. Short history of public services of employment**

Labour and social insurances issues have been regulated in our country under various forms ever since the 12th-14th centuries, when there were guilds and corporations. Around the year 1890 essential changes occurred in the labour field through the appearance of industry in Romania; hence the appearance of some general normative acts with the function of regulating the new issues (the Regulations of unwholesome industries, the Law of Sunday rest, the Law of Vocational Education).

After the first world war, in the new social economical conditions the state is obliged to found an institution that should regulate the labour problems and protect workers' interests. Thus, by the decree law no. 1327 of March 29, 1920, the Ministry of Labour and Social Protections is set up and one of its main scopes was labour protection and organization. In time, the minister's attributions widened, the ministry dealing with drawing up and implementing the workers laws, with the placement organization, with the migration and unemployment problem, with workers' education. The name of this institution has known along the time several variants: The Ministry of Labour, Public Health and Social Protections, the Ministry of Labour, Cooperation and Social Insurances, the Ministry of Labour, Health and Social Protections, the State Committee on Problems of Labour and Wages.

In 1921, a legislative framework in the field begins to shape along with the emergence of the "Law on the Organization of Placement", subsequently followed by the "Law on Vocational Training and Employment", appeared in 1936, the "Law Establishing the Minimum Wages in Private, Commercial and Transport Companies", in 1939 and by the "Labour Code", in 1950. The labour force problem has been handled from the beginning within special lines. After the reorganisation of the ministry and the

emergence in 1921 of the "Law on the Organization of Placement", the "Placement Offices" were set up in 1922. In 1943, within the Ministry of Labour, Health and Social Protections, the "Public Subsecretariat of Labour" is set up, consisting of the "Department of Vocational Training of Workers Education and Apprentice Hostels", the "Records Department of the placement and guidance of workers of any kind, as well as of the disabled and war widowers" and as an external service, "Vocational Courses for Apprentices" and "Guidance Offices". In 1944, the Ministry of Labour, Health and Social Protections divides in three ministries, the Ministry of Labour including the "Department of Labour and Migration Regulations", the "Department of Vocational Training of Workers Education and Apprentice Hostels", the "Department of Labour Placement and Guidance", the "Office for Documentary Studies and Guidance".

During 1960-1967, problems specific to the labour field were taken over by the State Committee on Labour and Wages. Starting with 1968 the Ministry of Labour was reestablished and it functioned until 1990, when the Ministry of Labour and Social Protection (MLSP) was set up. Since 2001 the name of the institution changed into the Ministry of Labour and Social Solidarity (MLSS).

In January 1991 the Law no. 1/1991 was adopted, law concerning the social protection of the unemployed and their social reintegration, a normative act recognizing, after several decades, the existence of the unemployed in Romania.

This law has been replaced, starting with the 1st March 2002 with a modern, European law, *Law no. 76/2002* concerning the unemployment insurance system and incentives for employment. It lays stress on the active measures meant to increase the employment degree, active measures that stimulate employers to employ staff among the unemployed, but they also stimulate persons who are looking for a job to become employed before the expiration of the period they are entitled to receive unemployment indemnities.

Irrespective of the form under which it functioned, the Ministry of Labour dealt with placement, vocational training and guidance. But, because of the economic reform, the requirements of society and the important social and economic changes occurred after 1990, there was the need to set up an institution that should particularly deal with placement, vocational training and guidance and that should make the monetary payments for the beneficiary population. Thus, the Law no. 145/1998, regulated the setting up of the National Agency for Employment and Vocational Training, institution that changed its name in the year 2000 into the National Agency for Employment (NAE).

From an institution dealing with the payment of the monetary rights of the unemployed, the Agency turned into a service supplier for the persons looking for a job, currently providing a wide range of services, such as: vocational counselling, courses of professional training, pre-dismissal services, labour mediation, consultancy for starting up a business, subsidization of jobs where there are employed people from the underprivileged categories of population, advantageous credit granting for the creation of new jobs and many others.

## **II. Legislative stipulations in the sphere of employment stimulation**

The Law 76/2002 concerning the unemployment insurance system and the incentives for employment, with its subsequent amendments and completions, regulates *the measures* for achieving the strategies and the policies framed in order to protect people from the unemployment risk, to ensure a high level of employment and adaptation of the labour force to the labour market requirements, the aim of these

measures being to achieve some *concrete objectives* on the labour market, namely:

- To prevent unemployment and to combat its social effects;
- To employ or to re-employ persons who are looking for a job;
- To support the employment of persons belonging to underprivileged categories of population;
- To ensure equality of chances on the labour market;
- To stimulate the unemployed to become employed;
- To stimulate employers to employ persons who are looking for a job;
- To improve the employment structure on economic branches and geographic areas;
- To increase the labour force mobility under the conditions of structural changes that occur in the national economy;
- To protect people within the unemployment insurance system.

The measures for stimulating the employment of labour force address equally to persons who are looking for a job and to employers and they are provided by the *County Agency for Employment (CAE) Gorj*, aiming on the one hand to "*Increase the chances of employment for the persons who are looking for a job*" and on the other hand, "*To stimulate employers to hire persons who are unemployed and to create new jobs*".

*The increase of the chances of employment for the persons who are looking for a job* is mainly achieved by *CAE Gorj* through:

1. Information and vocational counselling;
2. Labour mediation;
3. Vocational training;
4. Consultancy and assistance for starting up an independent activity or a business;
5. Supplementing the wage income of the employees;
6. Stimulation of the labour force mobility.

*The beneficiaries* of these services are the persons who are looking for a job and who are in one of the following *situations*:

- ✓ They became unemployed, coming from the labour field;
- ✓ They couldn't become employed after graduating from an education institution or after serving in the army;
- ✓ They have a job and from various reasons, they wish to change it;
- ✓ They obtained the statute of refugee or another form of international protection, in accordance with the law;
- ✓ The foreign citizens or the stateless persons who became employed or got an income in Romania, in accordance with the law;
- ✓ They couldn't become employed after repatriation or after being released from detention.
- ✓ Persons who carry out activities in rural area and don't have monthly income or they get an income lower than the secured payment of the national minimum gross basic wage and who are registered at *CAE Gorj*.

*The stimulation of employers to employ persons who are unemployed* is achieved through:

- Subsidization of jobs;
- Advantageous credit granting for the creation of new jobs;

- Granting of facilitations.

## *A. THE INCREASE OF THE CHANCES OF EMPLOYMENT FOR THE PERSONS WHO ARE LOOKING FOR A JOB*

### *A1. INFORMATION AND VOCATIONAL COUNSELLING*

The information and vocational counselling practically consists of a complex of services which can be provided free of charge to the persons who are looking for a job, whenever necessary, either individually or in group and with the purpose to:

- *Provide information concerning the labour market and the job evolution to the applicant persons;*
- *Evaluate and self-evaluate the personality for vocational orientation, in order to establish the compatibility between the vocational training level, the person's aspirations and the possibilities of employment in the labour market.*

The career orientation counsellor within the County Agency for Employment Gorj, depending on the psycho-professional profile of the counselled person, shall use instruments and techniques of evaluation of the professional skills and competences of the persons who are looking for a job, such as: interview, observation, questionnaires, tests batteries.

On the basis of the results of the individual discussions and the tests performed, the counsellor shall set up the steps to be followed by the counselled person for choosing a job, by way of the courses of professional training, as an active measure to become employed.

- *Develop skills and self confidence of the persons who are looking for a job, so that they can take the right decision concerning their own career.*
- *Acquire knowledge on methods and techniques of job seeking that mainly consists of exercises concerning how to draw up curriculum vitae, a letter of application, a thank you letter, and also an interview simulation, therewith being presented various tapes with scenarios regarding the way of presentation at an interview.*

### *A2. LABOUR MEDIATION*

The labour mediation services represent the interrelation of employers with the persons who are looking for a job, in order to establish labour or work relationships. The county agencies for employment must identify the vacant jobs and the attendance of the mediation services is compulsory for the unemployed who are recipients of unemployment indemnity. The mediation services consist of providing information concerning the vacant jobs and the conditions to hold them, by publishing, posting and organizing job markets, electronic mediation, namely posting labour demands and offers on the Internet (at the address [www.semm.ro](http://www.semm.ro)) and candidate preselection, according to the job demands.

NEA organizes every year a general job market and other markets for target groups such as women, handicapped persons and graduates. ESLM (the Electronic Service of Labour Mediation) was launched in 2000 in nine counties (Argeş, Bihor, Braşov, Buzău, Cluj, Constanţa, Hunedoara, Neamţ, Vâlcea). The results obtained in these counties show that they enjoy a great audience, especially among young people and the persons of the professional categories with informatics education. During 2001 and 2002 the service was extended throughout the country, [www.semm.ro](http://www.semm.ro) becoming one of the most accessed web sites of jobs mediation/intermediation. ESLM is the result of a collaboration with the Government of Canada - Ministry of Human Resources

Development, which offered the original program and technical assistance. A group of informaticians within NEA and the Ministry of Labour and Social Solidarity customized the program for the Romanian market.

For the unemployed who are recipients of unemployment indemnity, the attendance of the mediation services, upon the request of CAE Gorj is compulsory and the unemployed who are not recipients of unemployment indemnity have to file an application at CAE Gorj in order to be registered for mediation and, in case of unemployment, to renew the application after 6 months. If there are identified jobs appropriate for the profile of the person who is looking for a job, CAE Gorj shall issue an allotment disposal to be filed to the employer in order to hold the interview or to participate in the selection he organizes.

### *A3. VOCATIONAL TRAINING*

*The vocational training* of the persons who are looking for a job is performed by taking into account the time and perspective requirements of the labour market and in concordance with the individual options and skills of the respective persons, thus the vocational training programs wherethrough the persons who are looking for a job can be initiated, qualified, re-qualified, perfected or specialized, are organized considering the vocational profiles, the occupational profiles and standards, as follows:

- *Upon the express request of the employers* who want to employ persons who are looking for a job or to ensure vocational training for the employed persons who are in one of the following situations:
  - they resumed the activity after the maternity leave within 2 years of the birth of the child, respectively 3 years, in case of a handicapped child;
  - they resumed the activity after serving in the army;
  - they resumed the activity pursuant to the recovery of the labour capacity after the invalidity superannuation.
- *Upon the request of the persons* who want to perform an authorized activity according to the law or upon the request of the employed persons, with the employer's agreement, who are in one of the aforementioned situations.
- *On the basis of speciality analyses and studies* concerning the required current and forecasted labour force.

Within the vocational training programs there are accepted the persons able to work, with the required education level and who attended services of information, vocational counselling or mediation and who have a testimonial for the vocational training program.

In order to prevent unemployment and to consolidate jobs by increasing and varying the vocational competences of the employed persons, the employers who organize (according to the yearly plan of training) vocational training programs for their employed, run by the suppliers of vocational training services, authorized under the law, are granted, from the unemployment insurance budget, an amount representing 50% of the expenditure with the vocational training services organized for a number at most of 20% of the employed personnel.

Employers can benefit of the above-mentioned amount for running a single program of vocational training within one year, being liable for maintaining the labour and job relationships of the persons who attend the vocational training program, for which the amount was granted, for at least 3 years since the date of granting the amount, the selection of the employers who shall benefit of the aforementioned amount is performed by the County Agency for Employment Gorj.

The vocational training services are provided *free of charge* upon the request of the employed persons, with the employer's agreement or upon his request provided that the application is formulated within 12 months since the persons resumed their activity, one time for each situation.

*The convicted persons* who still have to serve at most 9 months until the last day of serving the sentence may attend a vocational training program organized by the County Agency for Employment Gorj, the expenditure necessary for the vocational training being paid from the unemployment insurance budget.

#### *A4. CONSULTANCY AND ASSISTANCE FOR STARTING UP AN INDEPENDENT ACTIVITY OR A BUSINESS*

The consultancy and assistance for starting up an independent activity or a business is granted upon request to the persons who are looking for a job, in the shape of juridical, marketing, financial services, efficient methods and techniques of management and other consultancy services.

The consultancy and assistance services for starting up an independent activity or a business are granted free of charge, upon request:

- one time, for each period one person is looking for a job;
- one time, for each period they have the quality of insured persons, to those who have the quality of insured persons in the unemployment insurance system;
- to the students who apply for credit granting with attractive interest from the unemployment insurance budget.

Persons who don't fit into the specified categories may benefit of consultancy and assistance services for starting up an independent activity or a business, by filing an application to the CAE Gorj and paying all the expenditure it performs.

The consultancy and assistance services for starting up an independent activity or a business are: basic and specialized services.

*The basic services* include:

- Information,
- Consultancy,
- Training.

*The specialized services* can be granted individually or in group, according to the applicants' options and needs, as follows:

- individual consultancy that mainly consists of: technical assistance in the floatation process, such as: drawing up of the articles of incorporation, setting the scope of activity, registration of the legal or natural person, conclusion of contracts, authentication of documents, drawing up of the business plan;
- the group entrepreneurial training includes modular training in issues relating to: management, marketing and sales techniques, legislation, accounting and primary records, drawing up of business plans

#### *A5. SUPPLEMENTING THE WAGE INCOME OF THE EMPLOYEES*

The persons who become employed while they receive the unemployment indemnity benefit since the moment they become employed until the end of the period they are entitled to receive indemnities of a monthly, untaxable amount representing 30% of the unemployment indemnity.

The persons who are employed by employers with whom they had labour or job

relationships during the last 2 years, as well as the persons for whom the payment of the unemployment indemnity was suspended after employment don't benefit of the aforementioned amount, in accordance with the law, for a period of at most 12 months and subsequently, in consequence of changing the duration of the individual labour contract, the payment of the unemployment indemnity ceases.

The aforementioned persons also benefit of the specified amount if during the period they are entitled to receive unemployment indemnity, the labour or job relationships with the first employer cease and they are hired by another employer.

The aforementioned rights are granted only if the entitled persons file at CAE GORJ, within *60 days at the most* from the date of termination of the right to unemployment indemnity as a consequence of employment.

The amounts that are not received by the beneficiary are prescribed at the expiration of the general 3 years term of prescription, stipulated by the law.

If the graduates from educational institutions and from special schools, aged minimum 16 years, registered at CAE Gorj, become employed with a normal work schedule for a period over 12 months, they benefit from the unemployment insurance budget of a bonus equal to a national minimum gross basic wage secured in payment, in force at the employment date.

*The persons who don't benefit of this bonus are:*

- the graduates who at the graduation date had labour or job relationships;
- the graduates who become employed at employers with whom they had labour or job relationships during the last 2 years,
- the graduates who at the date of appliance for the entitlement attend an education form;
- the graduates from educational institutions whom employers are liable to employ, according to the law;
- the graduates for whom the payment of the unemployment indemnity was suspended after employment, in accordance with the law; for a period of at most 12 months, and subsequently, in consequence of changing the duration of the individual labour contract, the payment of the unemployment indemnity ceases on account of the employment, in accordance with the law, for a period over 12 months.

The above-mentioned entitlement to bonus payment is granted to the graduates who fulfil the following *conditions cumulatively*:

- they are not in one of the aforementioned situations;
- they are graduates from educational institutions and from special schools, aged minimum 16 years, registered at CAE GORJ;
- they didn't have labour or job relationships during graduation and employment;
- they become employed, with normal work schedule, for a period over 12 months, within 12 months from the graduation date.

In order to receive the bonus payment, the entitled persons shall file an application to CAE GORJ *within 60 days at the most* from the employment date after graduation.

The specified term of 60 days at the most to apply for the bonus payment represents the termination of the right to benefit of this bonus.

The bonus right is granted only once for each of the following levels within the national education system regulated by the Law of Education no. 84/1995, republished, with its subsequent amendments and completions:



- lower secondary education, lower cycle of high school or school of art and craft;
- upper secondary education or post high school education;
- superior education.

#### *A6. STIMULATION OF THE LABOUR FORCE MOBILITY*

While benefiting of unemployment indemnity, the persons who become employed, in accordance with the law, in a place situated at a distance over *50 km* from the place of their residence, benefit of an employment bonus payment granted from the unemployment insurance budget, equal to the level of two minimum gross wages in force at the date of granting.

While benefiting of unemployment indemnity, the persons who become employed, in accordance with the law, in another place and consequently change their residence receive a settlement bonus payment granted from the unemployment insurance budget, equal to the level of 7 national minimum gross wages in force at the date of settlement.

The persons who become employed for a period of at least 12 months benefit of the aforementioned rights.

These rights are granted upon request and their setting and termination is made according to the disposals issued by the executive board of CAE Gorj.

The payment of these rights is provided upon request from the unemployment insurance budget

The aforementioned rights are requested within 12 months at the most from the employment date, with the specification that the two rights are not cumulated.

If the labour or the job relationships cease within less than 12 months from the employment date, the amounts granted as aforementioned rights shall be recovered from the beneficiaries on the strength of the commitments that constitute enforceable titles.

### *B. THE STIMULATION OF EMPLOYERS TO EMPLOY PERSONS WHO ARE UNEMPLOYED*

#### *B1. SUBSIDIZATION OF JOBS*

From the unemployment insurance budget and other sources allocated in accordance with the legal stipulations, the expenditure with the labour force can be subsidized, expenditure performed within some programs for temporary employment among the unemployed with a view of developing local communities.

Subsidies are granted upon the request of the local public authorities to the employers who were assigned contracts in compliance with the regulation in force concerning public acquisitions for a period of at the most 12 months for each employed person among the unemployed, with individual labour contract for an undetermined period of 12 months at most.

The monthly quantum of the subsidy granted for each employed person with individual labour contract among the unemployed is of a national minimum gross basic wage secured in payment, whereat are added the social insurance contributions due by employers and afferent to it.

In order to grant the aforementioned subsidies, CAE GORJ concludes conventions, upon the request of the local public administration with the employers of the persons among the unemployed in order to perform activities with a view to develop the local communities that were assigned contracts in compliance with the regulation in force concerning public acquisitions.

In order to conclude the convention, CAE GORJ shall provide the labour force

requested by the employers among the unemployed.

The employers are liable to conclude an individual labour contract for a determined period of 12 months at most with the persons hired among the unemployed.

The copies of the individual labour contracts of the persons hired among the unemployed, as well as the copy of the contract of public acquisition shall be enclosed to the concluded convention.

The monthly quantum of the aforementioned subsidies is granted to employers for a period of at the most 12 months for each person employed with individual labour contract among the unemployed, proportionally to the real time of work, as follows:

- from the person's employment date, if the convention is concluded within 30 days from this date;
- from the date of conclusion of the convention, if it is concluded within over 30 days from the date of the person's employment.

The social insurance contributions due by employers, according to the above-mentioned data represent the social insurance contribution, the unemployment insurance contribution, the contribution for labour accidents and professional disease insurance, as well as the health insurance contribution.

The employers who hire graduates from education institutions for an undetermined period shall be exempt, for a period of 12 months from the payment of the contribution due to the unemployment insurance budget, afferent to the employed graduates and shall receive every month during this time, for each graduate:

- 1 national minimum gross basic wage, in force at the employment date, for the *graduates from the lower cycle of high school or schools of art and craft*;
- 1.2 national minimum gross basic wages, in force at the employment date, for the *graduates from the upper secondary education or post high school education*;
- 1.5 national minimum gross basic wages, in force at the employment date, for the *graduates from the superior education*;

The employers who hire for an undetermined period graduates from the superior education who did not pass the Bachelor exam benefit under the conditions of the law of a subsidy equal to 1.2 national minimum gross basic wages, in force at the employment date.

The employers who hire graduates among the handicapped persons for an undetermined period shall receive the above-mentioned amounts every month, for 18 months.

The employers who are liable, according to the law; to employ graduates from the education institutions do not benefit of these amounts for the graduates from this category.

A graduate from an education institution represents a person who obtained a study diploma or certificate, under the conditions of the law, in one of the institutions of secondary, vocational, special, high school, post high school or superior education, public or private, authorized or accredited according to the law.

The employers who hire graduates under the specified terms are liable to maintain their labour or job relationships for at least 3 years from the conclusion date.

The graduates can be employed under the specified terms, only once for each education form, within 12 months from the graduation date.

The term of 12 months represents the termination of the rights.

The graduates' employment for an undetermined period shall be made only on

the vacant jobs; the jobs recreated after less than 6 months from the date of cessation of the labour or job relationships because of the personnel reduction are not considered as vacant jobs.

The above-mentioned stipulations are applicable if the employers hire for an undetermined period graduates from education institutions that at the graduation date didn't have labour or job relationships.

The employers who hire graduates under the specified terms shall conclude a convention with CAE GORJ within 12 months from the graduation date.

During the 3 years of compulsoriness to maintain the labour or the job relationships, the graduates can attend a vocational training form, organized by the employer, under the conditions of the law, the expenditure for their vocational training being paid, upon the employer's request from the unemployment insurance budget.

The vocational training form organized by the employer represents one of the vocational training forms (courses, practice traineeships, specialization and other forms) which are performed by means of vocational training programs, run by the suppliers of vocational training services, authorized under the law concerning the adults' vocational training.

The employers shall require CAE to pay the expenditure afferent to the vocational training of the graduates who passed the graduation exam.

The employers who, after the fulfilment of the obligation to maintain the labour or job relationships for at least 3 years from the contract conclusion date, keep maintaining these relationships with the graduates employed, for each year of continuation of these labour and job relationships shall receive a financial aid equal to the amount afferent to the social contributions due for these persons and transferred by the employers in accordance with the law, financial aid that can be granted for a period of at the most 2 years from the fulfilment of the specified obligation.

The *social contributions* due by employers represent the social insurance contribution, the contribution for labour accidents and professional disease insurance, the health insurance contribution and the unemployment insurance contribution.

The financial aid is transferred, upon request, from the unemployment insurance budget to the employers who don't register debts deriving from the non-payment of the social contribution, by paying this amount within 90 days from the application approval date.

The employers who hire for an undetermined period *unemployed over 45 years* or unemployed who are single parents providers for the monoparental families shall be exempt for a period of *12 months* from the payment of the contribution due to the unemployment insurance budget, afferent to the persons belonging to these categories and shall receive every month during this time, for each employed person of these categories, an amount equal to the national minimum gross basic wage in force, with the obligation to maintain the labour or job relationships for at least 2 years.

The amount which represents the exemption from the payment of the contribution due to the unemployment insurance budget is determined by applying the contribution due by the employer to the unemployment insurance budget (for 2007 the quota is of 2%) on the total funds of monthly gross wages earned by the employed persons belonging to the aforementioned categories, for whom the convention is concluded.

The employers who, with respect to the number of employees, are not liable, in accordance with the law, to employ handicapped persons, if they employ handicapped

persons for an undetermined period and maintain their labour or job relationships for at least *2 years*, they benefit every month, for a period of 12 months, for each employed person of these categories, of an amount equal to one national minimum gross basic wage secured in payment, in force, with the obligation to maintain the labour or job relationships for at least 2 years.

The subsidization of the vacant jobs for the handicapped persons' employment, under the specified terms, cannot exceed *60%* of the wage costs of the employer, for a period of one year of employment, afferent the employed handicapped persons.

The employers who cease the labour or job relationships of the specified persons before the term of 2 years are liable to refund to the County Agency for Employment Gorj all the amounts received for each person, plus the reference interest of the National Bank of Romania in force at the date of the relationships cessation.

The employers who hire unemployed who within *3 years* from the employment date meet the conditions, in accordance with the law, to apply for a partial anticipated retirement pension or mandatory retirement, if they don't meet the conditions to require the partial anticipated retirement pension, they benefit every month during employment, until these conditions are met, of an amount equal to one national minimum gross basic wage, in force, granted from the unemployment insurance budget.

The employers who during the last 2 years had labour or job relationships with the employed persons belonging to the aforementioned categories don't benefit of these facilitations.

In order to grant the specified rights, the employers shall conclude a convention with CAE GORJ within 12 months from the persons' employment date, the term of 12 months representing the termination of the right to benefit of them.

## *B2. ADVANTAGEOUS CREDIT GRANTING*

In order to create new jobs by setting up or developing small and middle enterprises, co-operative units, family associations as well as independent activities carried out by natural authorized persons, credits under advantageous conditions can be granted from the unemployment insurance budget.

These credits are granted on the strength of some feasibility projects, proportionally to the number of jobs to be created, for a period of at the most *3 years*, for investments, including the grace period of at the most *6 months* and respectively, one year for ensuring the production, with an interest of *50%* of the reference interest of the National Bank of Romania.

The persons who benefit of credits with the aforementioned interest are persons up to 30 years old who have a student status for the first time and attend day form courses at a superior education institution, public or private, authorized or accredited.

Credits are granted to students who set up or develop, individually or with other students who meet the specified conditions, small and middle enterprises, co-operative units, family associations or who perform independently an economic activity as natural authorized person.

The beneficiaries of credits granted under advantageous conditions must meet the following conditions:

- To have at the most *249* employees and/or co-operator members with labour or job relationships;
- The perform the basic activity in productions, services or tourism;
- On at least *60%* of the number of newly created jobs by setting up or

developing small and middle enterprises or co-operative units, the personnel has to be employed from the unemployed registered at CAE GORJ;

- The personnel employed under the aforementioned conditions has to be maintained in activity for at least 3 years;
- The jobs considered when the credits are granted under the specified conditions must not be vacant jobs, subsequent to the cessation of the labour and jobs relationships of some employees during the last 12 months precedent to the conclusion of the credit granting contract.

The unemployed who engage to set up small and middle enterprises, co-operative units, family associations or who perform independently an economic activity as natural authorized persons have priority to receive credits under advantageous conditions.

For credit granting under advantageous conditions, the beneficiary's contribution must be at least 25% of the value of the filed feasibility project.

The beneficiaries of credits granted under advantageous conditions have the obligation to maintain the newly created jobs for a minimum period of 5 years.

The family associations can receive credits under advantageous conditions proportionally to the number of their members if at least one of them is insured in the unemployment insurance system and performed a subscription time of at least 12 months in the last 24 months precedent to the credit request date.

Natural authorized persons who perform independently economic activities can receive credits under advantageous conditions to finance their own job, if they are insured in the unemployment insurance system and performed a subscription time of at least 12 months in the last 24 months precedent to the credit request date.

The beneficiaries of credits granted under advantageous conditions can apply again for credits from the unemployment insurance budget if they paid integrally the formerly received credits, including the afferent interests.

### *B3 FACILITATIONS GRANTED TO THE EMPLOYERS*

The employers who hire persons among the unemployed, whom they maintain in activity for a period of at least 6 months from the employment date benefit of the reduction of the amount representing the contribution due to the unemployment insurance system.

The contribution reduction is granted starting with the following fiscal year, for a period of 6 months and consists of diminution of the amount due every month with 0.5% for each percent of the weight of the newly employed personnel under the aforementioned conditions, of the scriptic average number of personnel employed with individual labour contract in the respective year.

In order to benefit of the reduction of the amount representing the contribution due to the unemployment insurance system, under the specified conditions, the employers shall file an application to CAE GORJ.

The application is filed after the expiration of the period of 6 months when the persons hired among the unemployed registered at CAE GORJ were maintained in activity, but no later than the day of June, 30 inclusive of the fiscal year following the year when the 6 months elapsed.

Not filing the specified papers within the stipulated term incurs the cessation of the employer's right to benefit of the reduction of the amount representing the contribution due to the unemployment insurance system.

*The reduction of the due contribution is granted as the case may be:*

- starting with the fiscal year following the year when the 6 months elapsed, while the hired unemployed were maintained in activity, if the employer requests the contribution reduction in the year when the 6 months have passed.
- starting with the month after the reduction request, if the employer requests the reduction in the fiscal year following the year when the 6 months elapsed, while the hired unemployed were maintained in activity, within the stipulated term.

In order to benefit every month, for a period of 6 months of the amount representing the reduction of the due contribution, the employers are liable to deduce this amount and to file the monthly declaration concerning the nominal records of the insured persons and of the payment obligations to the unemployment insurance budget afferent to the respective month, until the expiration of the term stipulated by the law for filing this monthly declaration.

The employers who do not make the monthly deduction or who do not file the monthly declaration in term or fill it in otherwise than according to the legal stipulations or with erroneous data, lose the right to benefit of the amount due for the respective month.

### **III. The impact of the active measures for stimulating the employment of labour force in Gorj county**

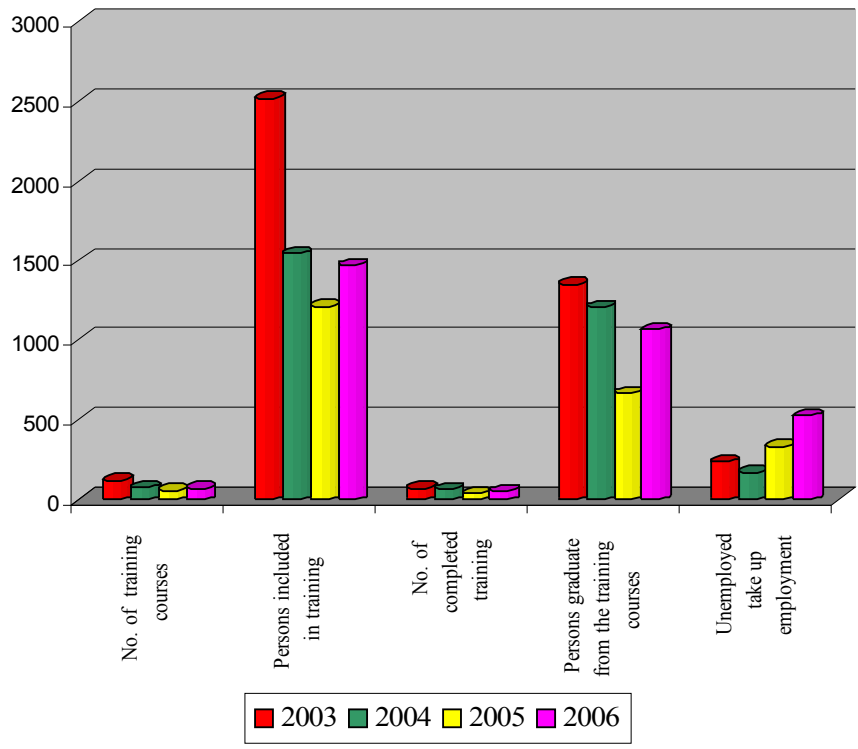
As for the impact of the active measures previous presented Gorj county the data are very conclusive (they are speaking for themselves). Therefore, the evolution of vocational training courses between 2003-2006 in Gorj county is presented in table no. 1 and in graphs no. 1-3.

Table no. 1 The evolution of *vocational training courses* between 2003-2006

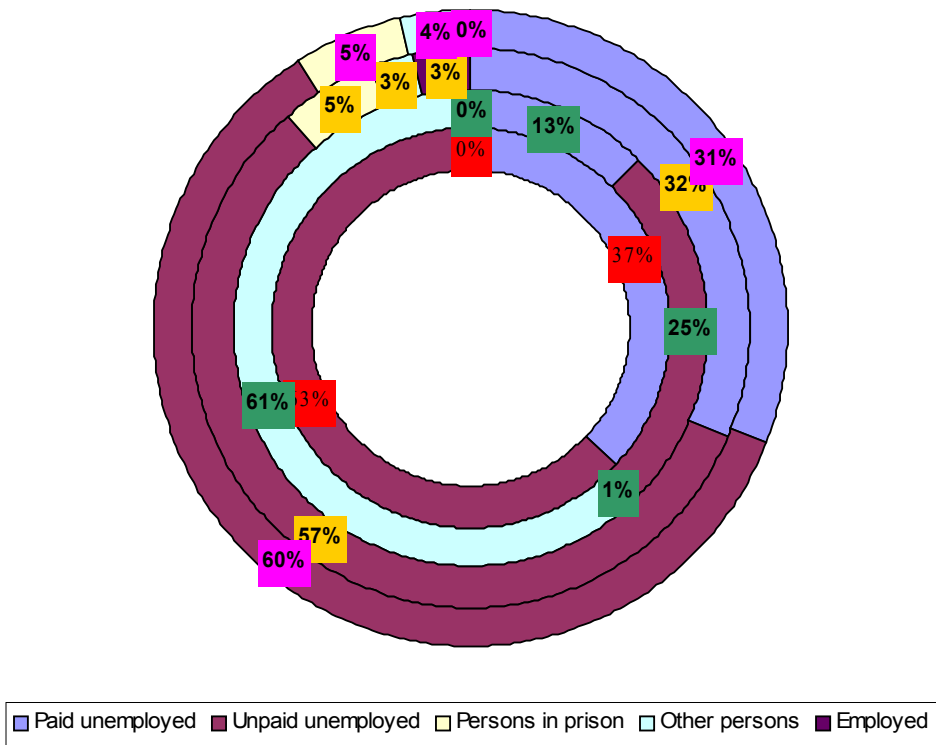
	2003	2004	2005	2006
• No. of training courses	118	74	58	66
• Persons included in training, out of wich:	2513	1542	1212	1471
⇒ Paid unemployed	202	194	382	455
⇒ Unpaid unemployed	346	389	693	883
⇒ Persons in prison	0	15	65	79
⇒ Other persons	0	944	33	54
⇒ Employed	0	0	39	0
• No. of completed training	72	65	36	53
• Persons graduate from the training courses, out of wich:	1353	1207	667	1065
⇒ Paid unemployed	144	115	206	322
⇒ Unpaid unemployed	139	274	397	660
⇒ Persons in prison	0	808	46	43
⇒ Other persons	0	0	18	40
• Unemployed take up employment	238	172	332	525

Source: The Gorj County Agency for Labour Force Employment

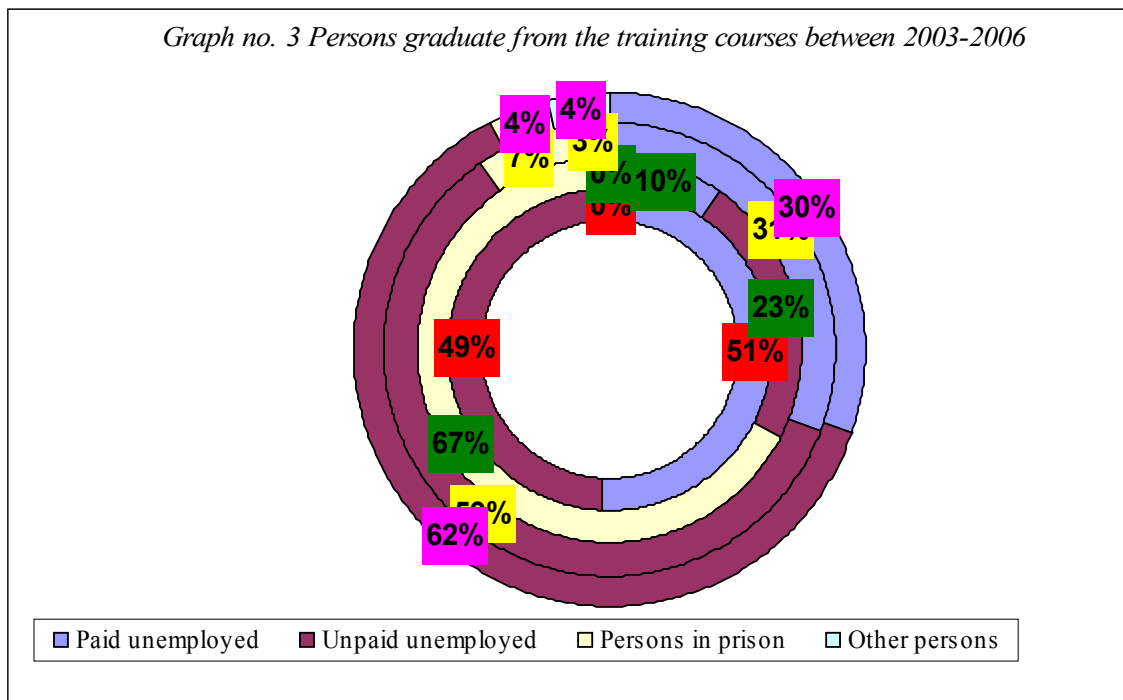
Graph no. 1 The evolution of vocational training courses between 2003-2006



Graph no. 2 Persons included in training between 2003-2006



Graph no. 3 Persons graduate from the training courses between 2003-2006



The counselling services between 2003-2006 in Gorj county are presented in table no. 2.

Table no. 2 The counselling services between 2003-2006 in Gorj county

Indicator		Number
Persons counselled, new registered	TOTAL	5625
	- urban	3133
	- rural	2492
Gender	Women	2987
	Men	2638
Age	- under 25 years	2317
	- between 25-35 years	1548
	- between 35-45 years	1350
	- over 45 years	410
Study level	- with incomplete grammar school	75
	- with grammar school	575
	- with vocational school of apprentice	1109
	- with highschool or secondary highschool	1267
	- with university	201



Categories of persons counselled	- Paid	2209
	- Unpaid	2965
	- young	102
	- adults	318
	- disabled	14
	- released from prison	21
	- graduates post-institutionalized	16
	- rroma person	43
	- repatriates	0
	- refugees	0
	- other persons	451
	<i>Persons employed after counselling</i>	TOTAL
- urban		411
- rural		333
Persons with recommendation for courses		3501
Persons who received services of consultancy and assistance for starting an independent activity or a bussiness		176
Persons reprogrammed for new counselling meetings		938
Other persons counselled		266

Source: The Gorj County Agency for Labour Force Employment

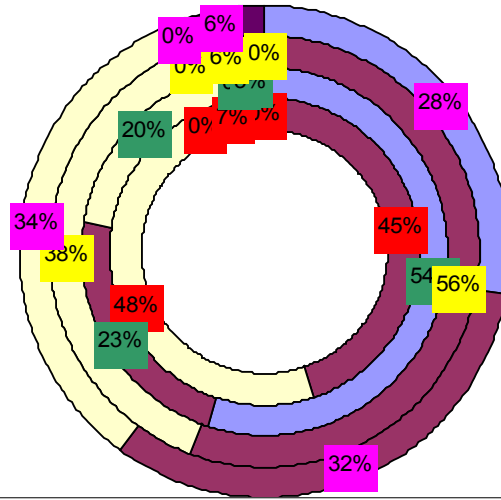
The results of the stimulations stipulated in Law no. 76/2002 in Gorj county are presented in table no. 3 and in graphs no. 4 and 5.

Table no. 3 The stimulations for labour force's employment between 2003-2006 in Gorj county

The Stimulations according to Law no. 76/2002	Temporary employment in public works of community interest	Graduates	Unemployed over 45 years old or single providers for the monoparental family	Facilities to employers (0,5%)	Disabled persons and unemployed who are three years away from pension
2003	0	312	335	0	50
2004	1116	460	407	0	51
2005	0	513	353	0	57
2006	474	547	579	0	104
<i>Total</i>	1590	1832	1674	0	262

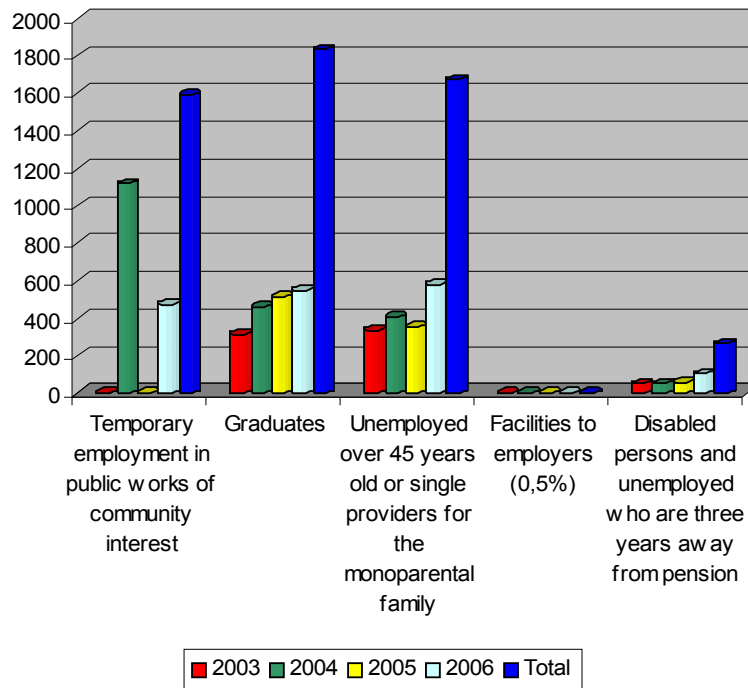
Source: The Gorj County Agency for Labour Force Employment

Graph no. 4 Persons employed according to Law no. 76/2002 by categories



- Temporary employment in public works of community interest
- Graduates
- Unemployed over 45 years old or single providers for the monoparental family
- Facilities to employers (0,5%)
- Disabled persons and unemployed who are three years away from pension

Graph no. 5 Employers's subsidization



#### IV. The conclusions

Even the existence of unemployed were recognized in Romania in the beginning of 1991 the unemployment legislation were focused on the passive protection measures. This mean that on the one side the employers were not encouraged to hire unemployed persons and on the other side neither the unemployed to legal work because they received for one year the unemployment indemnity. In the same time many unemployed get paid from companies by working in the grey economy without contract, illegally.

Beginning with 2002 in Romania the Law no. 1/1991 for unemployment protection and their vocational returning in labour was replaced with a new modern european Law no. 76/2002 for the unemployment insurance system and employment stimulation. From then on in Romania the active measures were used to grow up the employment degree through two methods:

- ✓ by increasing the chances of employment the persons who are on labour pursuit;
- ✓ by real stimulating the companies to hire the unemployed with open-ended contracts and to create new jobs.

Analysing the data previous presented we can say that the impact of active measures for stimulating employment in Gorj county is remarkable, helping to diminish the unemployment. We run over some convincing data:

- 13278 unemployed at 31.december.2006 in the Gorj county,
  - out of wich: men 7707= 9,50% and women 5571=7,76% unemployment rate;
- only in 2006: 1704 employed through employers's subsidization, 525 through vocational training, 744 through counselling, etc.

Moreover, according to Law no. 76/2002, the university graduates are working practicaly for free because the employers are receiving from the the unemployment insurance budget one and a half minimum national basic gross wage guaranteed to be paid (MGW), meaning around 145 euros, and they can make on that sum all the payments to the state inclusively the minimum netto wage to the employee hired through employers' subsidization according to the law. Moreover, the employers get in excess 3 euros. The same events occurred to the other diadvantageous categories of persons: unemployed over 45 years old or single providers for the monoparental family, unemployed who are three years away from pension, disabled persons etc. That's why it is easy to understand how the unemplyment quickly decreased in the Gorj county and in Romania in general. Today the unemployment in Gorj county is around 7,5%.

Although it is hard to find the specific measures to reduce much more the unemployment and more hard is to put them in practice we believe that in Romania, through the current law (Law no. 76/2002 with all the modifications and supplements suffered in time till today) the unemployment get a heavy punch and in the future the tendency will be more decreasing.

#### *References:*

- The Law no. 1/1991 for unemployment protection and their vocational returning in labour
- The Law no. 76/2002 for the unemployment insurance system and employment stimulation
- Government Decision no. 174/2002 for approval of method norms regarding the applying the Law no. 76/2002
- Government Decision no. 377/2002 for approval of the procedures regarding the acces to the measures of employment stimulation, the ways of financing and the implement's instructions
- National Agency for Employment available: <http://www.anofm.ro>