

Anne-Marie Andreea HORDAU
Technical University Cluj Napoca – Baia Mare Branch

INCREASING EMPLOYMENT LEVELS THROUGH THE USE OF CREATIVE JOBS

Empirical
studies

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JEL Classification

J10 , J23, J21

Abstract

In this paper we want to raise awareness of how important is for an economy the existence of creative jobs. In the last years the employment rate has grown in the sector of creative jobs. This research came out due the need of creative jobs contribution to the development of an economy, in particular Romanian economy. In this paper we want to stress on the importance of creative industry and also to propose some solutions for increasing employment in this sectors , being well-known that creative industry is attractive to smart and talented people. Nevertheless, it is important to point out the development of IT as part of creative industry. Not at last, we will take in consideration the role that small and medium enterprises have, the impact of fiscal facilities in the economy and the need for appropriate financial instruments to support this kind of business.

1. Literature review

Who could be a better source of creative jobs than entrepreneurship activity. Entrepreneurship is a term that has no generally accepted definition, the concept has evolved over time from (Cantillon, 1775) to which it assigns the first academic references to Schumpeter and creative destruction. In the latest and modern theories, Peter Drucker argued that "entrepreneurs innovate and innovation is the specific instrument of entrepreneurship."

He defined entrepreneurship as "an act of innovation, which involves equipping resources with new capacities wealth" (Drucker, 1985).

Innovation is usually associated with doing something new or different (Garcia and al, 2001). The concept of innovation is defined as "the application of a new or significantly improved or process, a new marketing method, or a new organizational method in business practices, workplace organization or external environment" (OECD, 2005). Innovation is considered a key element in their creation and adoption of technologies and help to explain differences in productivity at the individual, national and regional level. (Mel and al, 2009).

Popescu (2014) points out that in these circumstances, the SME sector is a key factor for future growth potential and launch of new start-ups need to be more adaptable to changing business environment and the government efforts should support the development and emergence of new innovative companies.

Support should focus on collaborative R & D and the creation of new technology-based SMEs research.

Romanian National policy should take into account and implement the measures recommended by the Europe 2020 strategy. Efforts should focus on entrepreneurship and small and medium enterprises, innovation and increased competitiveness in order to achieve a sustainable economic recovery and long-term health. (European Commission, 2013 European Framework for Key Competences, 2006) Entrepreneurship, as defined European Commission is the individual's ability to turn a business idea into real effective economic activity. This process involves creativity, initiative, innovation and risk taking. This process asks entrepreneurial skills in addition to skills and knowledge in the business. So overall, entrepreneurship should be considered as a state of mind which provides the basis for

social and economic activities of the individual.

Chășovschi et al (2014) discusses young entrepreneurs as those who must enjoy considerable support because they are more flexible to changes in all domains, when comparing them with the more mature. Even if financing business is seen as a problem lately, it has created various support programs for young entrepreneurs, especially in the start-up phase; a rather difficult stage to the other, but through appropriate support, can help business activity to have a better success. Brancu et al (2012) study done on a segment that includes future graduates of management came to the following conclusions: although national culture does not stimulate entrepreneurship, while it is estimated that there will be an increase in entrepreneurial potential, at least in the sample chosen. Harnessing this potential in developing can only be achieved by improving institutional conditions, and changes in terms of entrepreneurial education.

Enescu et al (2014) in their article propose that the tertiary sector policies needs to adapt to market developments, the need to consider a number of factors such as frequent changes in the competitive environment, specialist manufacturers, trade liberalization and expansion of markets, the reforming taxes, restructuring the range of products and services, creating new institutional structures and associative embedding average cost in total cost of products and increase the ability to use the most modern and sophisticated marketing services (logistics, management IT, consulting, etc).

Therefore, we believe that the transformation of a large table entrepreneurial mindsets of employees in pro-active and risk-taking thought can act as a driving force for growth and competitiveness. This is even more relevant in the context of economic crisis, the initiator can attract business opportunities for initiative, innovation and dissemination of technological progress, especially in the SME sector. In Romania, the share of people who prefer the status of entrepreneurship is higher than the EU27 average and lower than in the US and Canada. Choosing a status as an employee is uncommon and has a smaller rate in Romania than in the EU-27 average and have a higher incidence than in the US and Canada levels. Compared with men, the proportion of women who choose to be employed is higher in all countries observed.

In Romania, women have a lesser propensity to become an entrepreneur.

Zaman et al (2012) puts spotlight on female entrepreneurs which plays a major role for economic growth in all countries. Compared with male entrepreneur, female gives more value. The status of entrepreneurs is perceived as attractive, even if the total share of women entrepreneurs is lower; they are less willing to take risks and have a closer relationship than most men. In most countries, including Romania, male entrepreneur is less optimistic about start-ups and risk capital, and less likely to engage in innovative and creative activities. Compared to the situation in developed countries, women in developing countries are more motivated to become entrepreneurs, given the need to supplement family income or finding a job. The impact of the crisis has changed the relationship between opportunity and necessity as a decisive factor, even in businesses involved in running counters increase employment and support innovation more imperative.

For women entrepreneurs, particularly in less developed countries, whose economic activity is based more on resources and inputs used efficiently than entrepreneurship, the early stages of the business framework is a much greater challenge and a greater effort than men. Their propensity to innovation and internationalization is lower and their social networks are more limited and less diversified. However, the difference between male and female entrepreneurs decreases with increasing development economic. Research conducted revealed also some issues that differentiate entrepreneurship in developing countries and developed countries and among young entrepreneurs and the elderly. It also noted that the young entrepreneur considers generally selling tips from an experienced entrepreneur rather than only financial support.

In terms of planning tools used in decision making, companies surveyed said they mainly used the SWOT analysis and scenarios that demonstrate strategic thinking effort on their behalf, and the number of tools they use is designed to improve their knowledge of strategic management tools because they will guide the thinking and will provide a starting point for structuring activities. The trend of managers is rather than anticipating them to solve problems. (Gică et al, 2012) recommends having a dynamic environment globally viewed anticipating opportunities, but also major threats, a situation which will increase

chances of survival and a successful entrepreneur.

2.The influence of economic changes on the labor market

In this part of the paper we want to analyze how economic changes are affecting the labor market. The Romanian economy since 2000 has experienced three major periods of evolution: an initial period of growth from 2000 to 2008 that culminated in a boom that led to overheating and unsustainable imbalances between 2003-2008 followed by a second severe recession 2008-2009 global financial crisis, ending the third period 2010-2012 as a period of restoration of macroeconomic sustainability and modest growth with modest economic recovery prospects for the future.

Regarding the economic growth model used in our country up until 2008, which was based mainly on domestic consumption, under conditions of low employment rates (employment rate decreased steadily from 64.4% in 2008 to 62.8% in 2011) was not sustainable. Additional earnings were rather generated buy the loans granted by the banks then from earnings.

Low unemployment rates recorded during the period of economic growth were not an indicator of efficiency, as long as there were economic areas facing understaffing of the desired quality. In addition, low labor productivity and the quality of the education system rather limited and training are huge challenges for authorities with responsibilities in the labor market.

Moreover, labor demand in the private sector focused primarily on low skills, rather than on higher value-added and high technology sectors, which should be encouraged to develop new skills. In terms of economic activity the 2008- 2009 crisis had a severe impact on the labor market, many companies diminished their activities or were even forced to shut down. Between 2008 and 2011 the number of companies decreased by approximately 18.5% from 554,967 in 2008 to 452,010 in 2011. At the same time, employment fell by 704,000 people between 2008 and 2010 (a reduction of 15.1 %). This decline has affected all companies, regardless of the size, with the following distribution: 12.8% decrease in micro personnel companies, 11% decrease in small businesses, 18.2% in average companies and 17.8% inlarge enterprises. Employees in non-agricultural sector have been most affected by this trend. The private sector was hardest hit, with decreases of staff in

particular in the manufacturing industry, construction and trade.

The economy has start recovering in 2011 (an increase of 2.2% of GDP) and a further small increase (+ 0.2%) in 2012 (see Table 1 below), driven by a good harvest. But the country's economy continues to be driven by domestic demand.

Even with these growth rates, Romania still faces serious problems in terms of employment and registers a number of anomalies in the labor market, reflected in the coexistence of both a labor shortage in certain economic activities or geographical areas and use of a weak labor force. Moreover, despite the progress registered, Romania stands far behind other economies in Europe.

3. Skills and competencies of the workforce

According to Romania Country Report published by World Bank, the discrepancy between qualifications and skills is defined as one of the major weaknesses in the country's economic development: "The economic crisis has revealed (...) lack of competitiveness partly attributed to a low skill level. A workforce with a high level of skills depends on an education system that can generate quality graduates with appropriate skills. The challenge is to attempt to rise the level of children performance in Romania, key materials at current levels existed in most European countries. In this way, Romania should better align school educational content to the requirements of knowledge-based economy, to improve the quality of teaching and learning and to increase the effectiveness of the system."

At first sight, Eurostat data on job vacancies in Romania reveals little information, therefore it is more difficult to deduce if the jobs are not filled due to a major lack of skills and abilities. In 2011, in all sectors that can provide reliable information, less than 1% of total employment could not be filled by labor supply. In general, the share of jobs available has decreased in the recent years, particularly in relation to the activities of home care (from a 3.0% in 2009 to 0.9% in 2011), agriculture, forestry and fishing (from 1.8% in 2008 to 0.8% in 2011) and social welfare activities without accommodation (from 1.3% in 2009 to 0.8% in 2011). On the other hand, according to the Eurostat report, in the last two years there has been a marginal increase in industry and construction, and business services economy.

For occupations which failed in placing the jobs offered, Eurostat statistics provide data for the years 2007 and 2008. The information available indicates that the rate of job vacancies was high for managers, professionals, technicians and other technical professionals, with a share of 2.4%. Vacancy rate for administrative officials and those in sales, skilled workers in agriculture and fishing, and related skilled workers and plant and machine operators, assemblers and other machinery and equipment primary occupations remained below the 2 0% (see table below number 3).

According to European Centre for the Development of Vocational Training, a representative survey conducted in 2011 among employers with at least five employees and who followed the necessary skills, there are a number of challenges which have to cope with some companies in terms of reducing the total number of employees, these are affecting all regions. Study has focused on sectors such as energy production and supply, gas, steam and air conditioning supply, real estate, construction and manufacturing.

The analysis of the various groups of activities shows that the highest rates of available jobs are registered for skilled workers and related workers (3%), machinery and plant operators and assembly of machinery and equipment (2.5%) and skilled workers in agriculture and fishing (1.8%).

<http://www.google.com/url?source=transpromo&rs=rssf&q=/translate.google.com/community?source=all>

4. Entrepreneurship and flexible forms of employment

Romania has score well on indicators of entrepreneurship, with 16% of adults (2009) who started a business or have started this (compared to 12% EU 27 average), according to data provided by National Institute of Statistics (INS). However, this seems to be caused by the lack of alternatives for many of the existing entrepreneurs. There were 280,377 private entrepreneurs in 2011, with 17 767 262 610 family businesses and individual entrepreneurs (INS Tempo). Share of start-ups of all companies was 9.5% in 2009, each new firm employing 2.3 people on average. However cancellation rate is higher, with 10.4% of the companies ended their activity in the same year.

Current representative data offered by National Statistic Institute reflect the increased importance of entrepreneurship in

Romania: 48% of Romanian argue that they would rather be self-employed than employed in a company. This, compared to only 37% of those who prefer to be self-employed in the European Union (EU). Approximately the same number of respondents (47%) from Romania say that they would prefer to be employed - a result somewhat lower than 58% in the EU who say the same thing."

In addition, nearly a third (31%) of Romanian believe that self-employment is a feasible alternative to their current economic performance, a value that is close enough to result in the EU (30%) and showing a slight increase compared to 2009 when 29% of Romanian looked as feasible self-employment.

Self-employment remains an important option for economic activity in Romania: More than half (58%) of the population in Romania prefer self-employment, and this value is relatively high compared to the EU, where only a third (32%) believe that self-employment is appropriate (Eurostat data).

In addition to the information above, an additional indicator of entrepreneurship is important for evaluating the development of the number of self-employed persons and their related share in overall employment. Based on Eurostat data, processing statistical data collected demonstrates a high share in terms of self-employed persons in Romania, which doubles the average rate for the 27 EU countries. In 2012, overall, one third of all persons employed in Romania were people who were running employed, while in the EU27 only 15.6%.

Another important feature of Romania on self-employment is the high share of these activities in agriculture, forestry and fisheries: In 2012, 81.5% of employed people were running were part of this economic segment, a share which is 3 times higher than the EU average of 24.2%.

Despite the negative trend in the overall system of employment, self-employment have been developed in recent years, as follows: since 2008, and by 2012 the number of people carrying employed increased by 5.2%, while the number Total people employed fell by 1.5%. As a result, the ratio of persons whose activities independent of the total number of people employed rose by 2.0%. The positive development of self-employment in Romania only stagnated in 2011, when a slight decrease in the number and rate.

Compared to Romania, the trend of the 27 EU countries appears to be less favorable: in

the above time period, self-employment fell by 2.0% in absolute numbers and the proportion of performing independent activities of all persons employed remained almost the same (+ 0.1%).

A closer look reveals the rise of independent activities that increased affected all sectors and branches of the economy: The most significant increase (in absolute terms) in 2008-2012 can be seen in the targeting agriculture, forestry and fisheries (77,600 people carrying employed), art activities, entertainment and recreation; other service activities; activities of households and extraterritorial organizations and bodies (28 400), professional, scientific and technical services; activities of administrative services and support service activities (18,200) and information and communications (15,700). Other sectors were characterized by lower growth with a plus that range from more than 100 people carrying employed (financial and insurance) to 7.700 (activities of public administration, defense, education, health and social).

Amid the general trend, the number of self-employed persons declined in construction (-500) and in the wholesale and retail activities in the field of transport, accommodation and food services (-4,400).

Comparing the development of self-employment by sector, between Romania and the EU-27, in addition to a more favorable overall development in Romania, to the EU-27, one can see the following major differences:

- Despite reducing the number of self-employed in the EU-27 in agriculture, forestry and fisheries, and industry in Romania can be seen an increase in this number.

- In terms of sectors: construction and wholesale and retail trade, transport, accommodation and food service activities - both in the EU-27 and in Romania there was a decrease in the number of people employed menus However, the decrease was higher in the EU-27.

The other sectors were characterized by positive trends and EU-27 and in Romania, but in Romania the increase was more pronounced.

Conclusions

Despite the relative progress of the Romanian economy, there are still major challenges in what concerns the labor market. The low wages in Romania determine a lot of the people with very high

skills to leave the country looking for a better job in the advanced economies.

According to Romania Country Report prepared by The World Bank, the discrepancy between qualifications and skills is defined as one of the major weaknesses in the country's economic development: Romania has score well on indicators of entrepreneurship, with 16% of adults (2009) who started a business or have started this (compared to 12% EU 27 average), according to data provided by National Institute of Statistics.

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Self-employment might be one of the solutions to the problems registered in the Romanian labor market. These new business could provide the grounds to keep some of skilled labor force in the country which in turn will support the economic development of the country.

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Appendices

Table 1
Gross domestic product (GDP) at market prices in the EU27 and Romania from 2007 to 2012 - percentage change over the previous period

	2007	2008	2009	2010	2011	2012
UE27	3,2	0,3	- 4,3	2,1	1,5	- 0,3
Romania	6,3	7,3	- 6,6	-1,1	2,2	0,2

Source : www.eurostat.com

Table 2
Jobs available in Romania, per sectors, from 2008 to 2011 (%)

<i>Economic sector</i>	2008	2009	2010	2011
<i>Agriculture, forestry and fishing</i>	1.8	1.4	0.9	0.8
<i>Industry and civil construction</i>	1.5	0.6	0.6	0.7
<i>Business area</i>	0.9	0.4	0.4	0.5
<i>Professional, scientific and technical activity as well as support activity</i>	1.6	0.8	0.6	0.7
<i>Public administration , social assurance , education , health care system , cultural activities</i>	<i>unavailable</i>			
<i>Home care activities</i>	3.0	1.3	0.9	
<i>Social work activities without accommodation</i>	<i>unavailable</i>	1.3	1.2	0.8
<i>Activities of households as employer; differentiated activities households of producing goods</i>	<i>unavailable</i>			

Source : www.eurostat.com

Table 3

Jobs available in Romania, per types of occupations, from 2007 to 2008, expressed in %

Occupations	2007	2008
Total (all occupation)	2.1	1.9
<i>Manager, specialist, technical staff</i>	2.5	2.4
<i>Administrative workers , sales person</i>	1.7	1.6
<i>Workers active in agriculture and fishery</i>	1.8	1.6
<i>Mechanical operator , car and equipment assemblers and other primary occupation</i>	2.0	1.8

Source : www.eurostat.com

Table 4

Total number of persons employed (1,000 people) and people carrying employed (1,000 people), according to the national concept in the EU27 and Romania in the period 2007 to 2012, according to economic sectors

Sector /branch	UE -27						
	2007	2008	2009	2010	2011	2012	Evolution 2008 /2012 (%)
UE							
Full employment	225,998.60	228,193.80	224,127.00	223,195.20	223,834.30	222,943.30	-2.3
Entrepreneurs	35,594.20	35,482.10	35,155.30	35,351.10	35,081.20	34,782.60	-2
% entrepreneurs divided by full employment (%)	15,7	15.5	15.7	15.8	15.7	15.6	0.1
ROMANIA							
	2007	2008	2009	2010	2011	2012	Evolution 2008/2012 (%)
Full employment	Datele nu sunt disponibile	9,365.90	9.181	9.156	9.058	9.229	-1.15%
Entrepreneurs		2.853	2939	3129	2945	3000,30	5,2%
% entrepreneurs divided by full employment		30,5	32	34,2	32,5	32,5	2%

Source : www.insse.ro