

Annual Country Refemet article – ROMANIA

Sweeping Changes to Romania's Labour Code positively impact Enterprise-based VET provision

Romania's Government embarked two years ago upon an ambitious program aiming at both restoring fiscal and currency equilibriums as well as increasing the country's external competitiveness as prerequisite for a more sustainable and robust (i.e.: capable of withstanding shocks) growth.

As part of the process labour market reforms are aiming at increasing flexibility, decoupling the private sector from the public one and creating conditions for more job generation while reducing regulatory burden on employers. Thus the Government has moved to modify the country's Labour Code adopted early in the last decade and which was heavily geared towards insiders with a disproportionate role for what was centralized collective bargaining, especially with regard to wages.

While not easily accepted by the unions the amendments to the Labour Code (Law no.53/2003) have been fast-tracked through the country's Parliament entering into force with May 1st this year (2011). The main changes include an increased scope for closed-end, determined duration contracts, the removal of the links between the public and the private sector with regard to the minimum wage and, via the social dialogue law (adopted and entered into force also this May 2011), the removal of the mandatory character of national collective bargaining as well as, in some cases, of the sector or branch collective bargaining, thus leaving the enterprise as sole realm of collective bargaining. In the meantime there has been a wide liberalization with regard to the number of labour contracts an individual might engage into which is now unlimited. Full flexibility has been as such introduced to the market, with the aim of harnessing to the maximum possible whatever winds of growth might blow into the rather battered sails of the Romanian economy. Amongst the changes have been also the one affecting, at enterprise level, probation of test period, an interval following hiring, which most companies were using for on-the-job training of new entrants and which was counting for a large part of enterprise-based vocational training, both in cases where specific training was not so sophisticated as well as, in cases where it was expected that the new entrant would have sufficient previously accumulated knowledge and skills. The former version of the Code created here a number of restrictions as employers were not allowed to have more than three persons hired successively and under probation for the same job. This created problems as it made labour relations rather rigid for in certain instances employers were unable to find the suitable person and thereby they were compelled by law to hire after three successive attempts or, alternatively they were forced to put their hiring efforts on halt. Moreover, for management positions this period was limited to no more than 90 days, something which now has been extended to 120 days.

In the meantime an important distinction has been introduced with respect to young graduates for which, any initial period in employment, up to 6 months following graduation is to be considered as "professional practice period" with this being applied to all occupations except for the ones where such a period is regulated by special law. This will give young graduates finding a first job after the completion of their studies (provision applies only for graduates of higher education!) a chance to hone their hard-acquired knowledge and skills and obtain also written proof of it as employers are now obliged to make clear mention of it in a written document to be released individually after the completion of the first 6 months in employment following graduation.

While unions have been vehemently against the increased flexibility in terms of probation period the new legal provisions regarding higher education graduates have been more welcome as in most instances, the first and foremost barrier in fostering youth employment has always been the lack of proven professional experience. The new regulation generously makes way for the proof. However, it remains to be seen if there will be enough employers willing to make use of it and, obvious enough, if there will be enough jobs around to give willing youth an honest chance to hone their skills and thus gain the much-vaunted proof. In a climate of recession though, chances remain, momentarily at least, *rather* slim with odds, *fairly* against!

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