

HUMAN CAPITAL IN THE CURRENT LABOR MARKET OF EUROPE

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The human is the most important factor of the labor market regardless of space-time criteria to which we refer. With the theme of human capital in the labor market of Europe, this article is structured in three parts: the first part-theoretical approach, the second-statistical analysis of labor market indicators in Europe and the third -a survey on the health implications on work, and also identifying the existence of situations of psychological violence in the workplace. The hypothesis of the article assumes that the lack of human capital makes the organizations a set of useless equipment. The added value brought by the present article is - besides a statistical presentation of employment and work in Europe-, also a presentation of the work quality in Europe (seen in the light of the legislation in force, and also of main problems faced by an individual).

Keywords: human capital, income inequity, labor.

Jel Classification: J24, J40, J81

1.Introduction

In the XXI century the concept of human capital has been given increasing importance because the specialists understood its role on two different aspects: on the one hand in production, but on the other hand, as intellectual property. There have been numerous efforts to replace work performed by the individual in the production process with the work done by robots and machines, but all these cannot function if they are not handled by an individual. Unlike the machines which were intended to replace the individual in the production process, the individual has the ability to make decisions.

2. Human capital

The concept of human capital has evolved over time in terms of its significance. At the beginning of the emergence of this concept it was based on individual aspects, and this view belonged to Schultz in 1961. According to him, the human capital represents "something like property". Subsequently most researches carried out by specialists in the field showed that his opinion is justified since it addresses the knowledge and skills that are found in an individual. The human capital represents the knowledge, qualifications, skills, innovation and human resource capacity to achieve the required tasks. Human capital cannot be owned by the company [1].

The figure below shows the structure of the market values.



Figure 1. Structure of market values

According to information found in the figure above, the intellectual capital is both human capital and structural capital. The microeconomic approach of human capital regarded as one of the factors of production, namely sources of economic growth is presented in Figure 2.

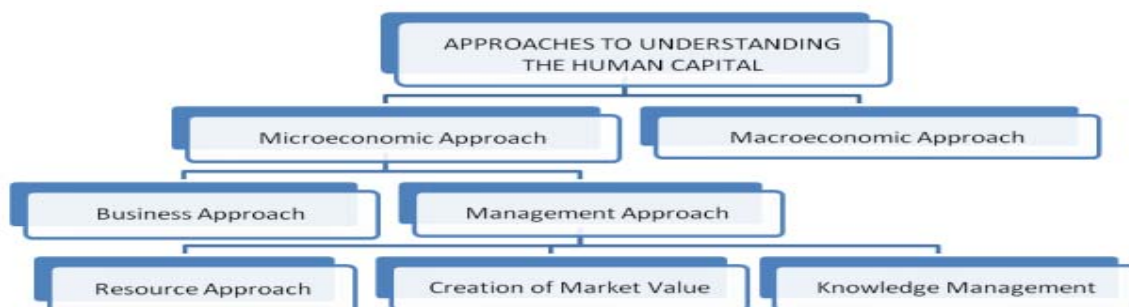


Figure 2. Human capital at the microeconomic level

This emphasizes the fact that the microeconomic approach includes: business approach and management approach. The management approach includes: resource approach, market value and knowledge management.

Over the years since the last century, personnel management, and organization management viewed as a whole, have gone through an evolutionary process of a qualitative nature. The factors of personnel role growth are as follows [4]:

1. The labor content. In our classification, the raising staff's role factors in contemporary production are the most important, resulting from the use in production of new techniques and technologies.

2. Control of staff. The second factor to increase the staff's role in contemporary society is to exchange the possibility of control over staff and a significant increase of self-control and self-discipline.

Changing the role of human capital in the labor market can be a motor for attracting other factors, one of which being physical capital, which also helps to measure changes in income per capita. According to Crawford, compared with physical work, human capital includes expandable, self-generating, portable, and shared features. To begin with the first two features of human capital we should take into account the fact that they are closely related to the increased volume of knowledge [5].

Regarding the human capital in the labor market we must talk about income inequity, and in this sense economists pay attention to the factors that generate it. Kuznets (1955) analyzed the impact of economic growth on the evolution of income distribution. The research undertaken by him stressed the existence of a reversed relationship between income and GDP per capita as a result of the application of mathematical modeling [6].

3. Research on human capital in the labor market of Europe

Methodological context

Research objectives:

- Knowledge of statistical indicators of the labor market in Europe over the past six years,
- Highlighting legislation on working abroad,
- Identify problems encountered by individual in the labor market,
- Work implications on the health of Europeans,
- Identifying situations of psychological violence on the European employee.

Research hypotheses:

1. European labor market indicators show progress in the last 6 years,
2. The highest percentage of people working abroad is facing problems related to foreign languages
3. 70% of Romanian respondents consider that work does not affect their health,
4. The majority of Europeans were subjected to physical violence at work.

We used quantitative research based on international statistics. For dynamic analysis, but also for the survey were used results from European reports, results that were analyzed and interpreted in our own way.

Results**Analysis of European labor market**

To analyze the labor market in Europe the following were used as statistical indicators: the number of unemployed, employee status, number of discouraged people on the labor market in Europe. These indicators are reflected in the following tables.

Table 1. Number of unemployed (thousands)

Country	2008	2009	2010	2011	2012	2013
Australia	8,2302593	8,0016115	8,744996	9,1562841	9,2818352	8,9987768
Canada	3,4388863	3,9664044	4,6339884	4,8932659	4,682916	4,8990796
Czech Republic	21,237239	13,869353	16,031209	15,918275	16,647132	17,405724
Finland	9,4621987	8,481549	9,7618468	9,7723032	9,620206	9,9026378
Hungary	17,828072	16,377925	17,795425	17,824183	17,422394	17,600847
Mexico	0	0	0	0	0	0
Norway	4,202126	5,0987362	6,1981616	6,3941535	6,276657	6,0327666
Poland	12,071482	10,925889	10,774938	12,001405	12,848136	11,789083
Slovak Republic	31,345274	23,601941	27,132351	28,78753	30,546368	31,674466
Sweden	..	..	..	..	..	..
Switzerland	18,844101	14,424743	16,270961	18,705781	16,002654	15,184709
United States	4,1296443	5,6398482	7,6180549	9,084274	9,1033969	8,4365271
Europe	15,811929	13,294975	14,347444	15,176117	15,653464	15,251396
G7 countries	4,056409	5,4847459	7,3564074	8,7128183	8,6855058	8,0781777
OECD countries	5,7381164	6,0713072	7,6635818	8,7221759	8,878694	8,3871081

Source: <http://www.oecd.org/>

According to the data found in the table below we notice that the number of unemployed in the OECD expressed in thousands of persons evolved from 2008 to 2012 and 2013 show an involution.

Table 2. Status of employees (thousands of persons)

Country	Series	2007	2008	2009	2010	2011	2012	2013
Europe	Permanent employment	7923,36	8020,69	7246,78	6947,75	6902,22	6690,28	6554,16
	Temporary employment	5033,02	4859,17	4485,02	4625,67	4572,95	4432,66	4384,39
	Total declared	12956,38	12879,86	11731,8	11573,42	11475,18	11122,95	10938,55
OECD countries	Permanent employment	23510,76	23549,42	22151,61	22163,34	22063,12	21884,39	21781,32
	Temporary employment	8499,57	8275,76	7759,68	7969,31	7865,5	7770,15	7724,51
	Total declared	32010,33	31825,18	29911,29	30132,65	29928,62	29654,54	29505,83

Source: <http://www.oecd.org/>

Employment status by comparing OECD with Europe in terms of total number stated shows that in the OECD there are almost 20 million more people than in Europe that either have a permanent

job or hold a temporary job. In order to achieve an effective diagnosis of the temporary employees in Europe we conduct an analysis at EU 27 level (Figure 3).

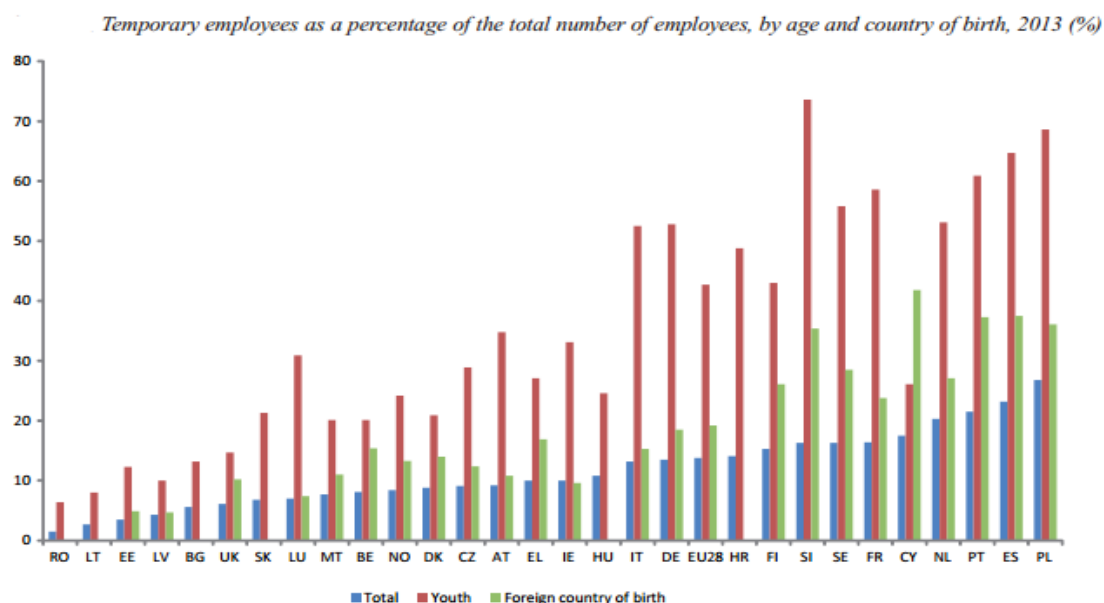


Figure 3. Percentage of temporary employees in 2013

Source: <http://www.oecd.org/>

Analysis of the data shown in the figure above indicates that in Romania during 2013 there was a 2% percentage of people who had a temporary job. The highest percentage recorded is in Slovakia with a share of over 70% in the number of temporary employees in the labor market.

The fact that repetitive steps of employability in the labor market of individuals have not been successful caused them to have an attitude of discouragement towards it (Table 3).

Table 3. Number of discouraged people on the labor market (thousands)

State	2008	2009	2010	2011	2012	2013
Australia	60	54	89	84	69	73
Austria	5	4	3	3	3	3
Belgium	12	9	9	9	..	10
Chile	..	..	..	115	108	91
Czech Republic	..	..	8	10	8	20
Denmark	2	1	2	2	2	2
Estonia	7	4	9	9	10	7
Finland	20	15	24	28	22	24
France	15	11	24	27	29	46
Germany	40	42	51	59	91	67
Greece	10	10	11	10	8	6
Hungary	109	118	100	109	111	88
Ireland	..	..	..	..	..	..
Japan	1320	840	870	740	660	600
Luxembourg	..	0	0	0	..	0
Netherlands	35	40	60	60	68	80

State	2008	2009	2010	2011	2012	2013
New Zealand	8	7	7	6	6	3
Poland	..	..	..	..	..	..
Portugal	12	14	18	..	12	20
Slovenia	..	..	..	..	4	5
Spain	93	114	94	108	262	246
Sweden	..	..	..	..	..	..
United Kingdom	47	47	46	39	29	..
United States	321	371	458	465	435	387
European Union 21	465	487	492	773	891	986
OECD countries	2167	1759	1879	2037	2035	2014

Source: <http://www.oecd.org/>

The analysis of the number of discouraged people on the labor market shows that at the EU 21 level their number was increasing for the 2008-2013 period, while the OECD level situation reflects a decrease stage from 2008 to 2010, and then a growth stage.

The figure below shows according to European sites the most important problems encountered regarding working abroad.

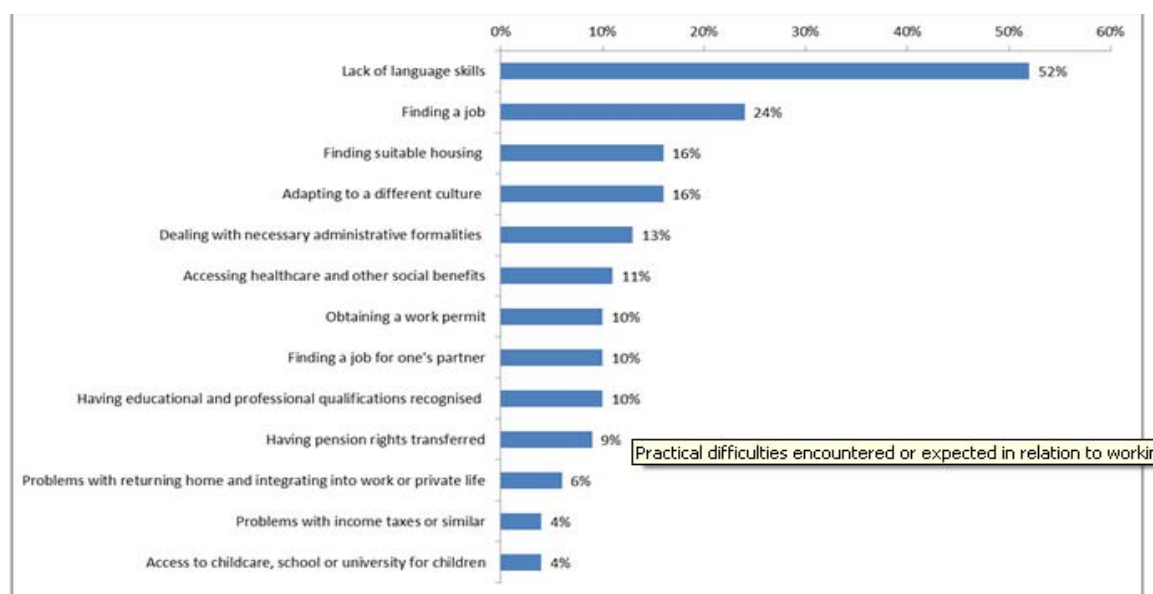


Figure 5. Practical difficulties encountered or expected in relation to working abroad

Source:

<http://eurofound.europa.eu/news/spotlight-on/employment/movement-of-workers-within-the-eu-rising-slowly-but-still-low>

The data in the figure above of the report made by Eurofound in 2012 indicates that the most important problems lie in: language knowledge, finding a job and adapting to different cultures. As for the language problems 52% of people are facing this problem.

The principle of free movement in the labor market is promoted by the European law, and also by the law of each country. They have had a negative impact on labor migration. With each enlargement stage, the EU countries that were already EU Member States have applied transitional arrangements that limit, although temporary, the free movement of people expecting to smooth the shock of opening markets.

Labor market legislation (EPL) consists of a set of rules and procedures related to the companies and to the human resource commitment on recruitment and dismissal of individuals. These

characteristics are not unique to law, but they are included in collective and individual employment contracts.

The most important conditions are taking into account:

- legality of the dismissal,
 - probationary period,
 - notice period,
 - procedural requirements to be followed in case of individual or collective layoffs
- Layoffs,
- Payments to employees for termination of the contract,
 - penalties for unfair dismissal,
 - regulatory constraints on the use of primarily fixed-term employment contracts.

Table 6 shows the number of restrictions on labor resource protection in the year 2013.

Table 6. Strictness of employment protection, OECD, 2013

	Protection of permanent workers against individual and collective dismissals	Protection of permanent workers against (individual) dismissal	Specific requirements for collective dismissal	Regulation on temporary forms of employment
	EPRC	EPR	EPC	EPT
Austria	2.44	2.12	3.25	2.17
Belgium	2.95	2.08	5.13	2.42
Czech Republic	2.66	2.87	2.13	2.13
Denmark	2.32	2.10	2.88	1.79
Estonia	2.07	1.74	2.88	3.04
Finland	2.17	2.38	1.63	1.88
France	2.82	2.60	3.38	3.75
Germany	2.98	2.72	3.63	1.75
Greece	2.41	2.07	3.25	2.92
Hungary	2.07	1.45	3.63	2.00
Ireland	2.07	1.50	3.50	1.21
Italy	2.79	2.41	3.75	2.71
Luxembourg	2.74	2.28	3.88	3.83
Netherlands	2.94	2.84	3.19	1.17
Poland	2.39	2.20	2.88	2.33
Portugal	2.69	3.01	1.88	2.33
Slovak Republic	2.26	1.81	3.38	2.42
Slovenia	2.67	2.39	3.38	2.50
Spain	2.28	1.95	3.13	3.17
Sweden	2.52	2.52	2.50	1.17
United Kingdom	1.62	1.12	2.88	0.54
United States	1.17	0.49	2.88	0.33
Latvia	2.91	2.57	3.75	1.79
OECD un-weighted average	2.29	2.04	2.91	2.08

Source: http://ec.europa.eu/europe2020/pdf/themes/25_employment_protection_legislation_02.pdf

Among the restrictions analyzed in the following table we have the following data: permanent employees protection at individual and collective level, permanent employees protection at individual level, specific requirements at collective level and forms of regulation of temporary work. The OECD level for each criteria an average value of 3 can be obtained.

1. Do you think that your health or safety is at risk because of your work?
by labor market status

Table 7. Impact of work on health

		1995			2000			2005			2010	
		No	Yes	N	No	Yes	N	No	Yes	N	No	Yes
RO	Employee: permanent contract	0,0%	0,0%	0	47,2%	52,8%	726	58,2%	41,8%	689	70,3%	29,7%
	Employee: other arrangements	0,0%	0,0%	0	66,3%	33,7%	64	59,0%	41,0%	83	68,5%	31,5%
	Self-employed	0,0%	0,0%	0	49,1%	50,9%	153	33,4%	66,6%	183	49,8%	50,2%
	Total	0,0%	0,0%	0	48,5%	51,5%	943	51,2%	48,8%	955	65,2%	34,8%

<http://www.eurofound.europa.eu/>

Work impact analysis on Romanians health according to their status in the labor market shows that in 2010 for both permanent employees and temporary employees, work was not an impediment to health.

The analysis of this impact is also analyzed for the EU27 (Figure 4).

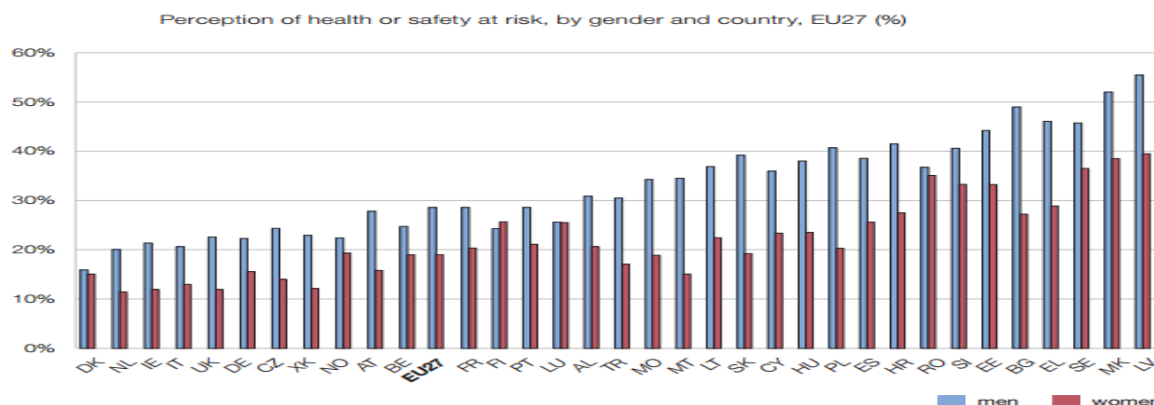


Figure 4. The perception on health safety as a result of the work performed.

<http://www.eurofound.europa.eu/>

At the EU 27 level people who think work generates risk can be observed in the figure above, while in Romania up to 30% of women and men believe that work affects their lives. Almost 55% of Latvian citizens consider that work generates risks.

2. Have you been subjected to psychological abuse at work?

Violence and harassment are attacks on personal dignity everyone has the right to equal treatment and non-discrimination. Workers affected by this feel insecure about their work.

Table 8. The existence of psychological abuse at work

DK (Denmark)	Under 30	0.6
	30 to 49	4.4
	50+	2.2
	Total	2.9
DE (Germany)	Under 30	1.2
	30 to 49	2.0
	50+	1.1
	Total	1.6
EE (Estonia)	Under 30	0.5
	30 to 49	0.6
	50+	0.0
	Total	0.4
EL (Greece)	Under 30	0.3
	30 to 49	0.8
	50+	1.9
	Total	1.0
ES (Spain)	Under 30	0.9
	30 to 49	0.7
	50+	1.8
	Total	1.0
FR (France)	Under 30	6.3
	30 to 49	3.4
	50+	2.7
	Total	3.8
IE (Ireland)	Under 30	1.9
	30 to 49	4.3
	50+	2.1
	Total	3.2
IT (Italy)	Under 30	0.4
	30 to 49	0.2

	50+	0.0
	Total	0.2
CY (Cyprus)	Under 30	0.0
	30 to 49	0.6
	50+	0.5
	Total	0.4
LV (Latvia)	Under 30	1.4
	30 to 49	0.9
	50+	1.4
	Total	1.1
LT (Lithuania)	Under 30	0.3
	30 to 49	0.2
	50+	0.3
	Total	0.3
LU (Luxembourg)	Under 30	0.8
	30 to 49	2.3
	50+	1.3
	Total	1.8
HU (Hungary)	Under 30	0.0
	30 to 49	0.2
	50+	0.9
	Total	0.3
MT (Malta)	Under 30	1.3
	30 to 49	1.3
	50+	0.0
	Total	1.0
NL (Netherlands)	Under 30	1.8
	30 to 49	3.0
	50+	3.2
	Total	2.8
AT (Austria)	Under 30	0.7
	30 to 49	2.9
	50+	0.7
	Total	1.8
PL (Poland)	Under 30	1.5
	30 to 49	1.2
	50+	0.7
	Total	1.1
PT (Portugal)	Under 30	1.7
	30 to 49	2.1
		1.6
	Total	1.9
RO (Romania)	Under 30	0.2
	30 to 49	0.4
	50+	1.8
	Total	0.7
SI (Slovenia)	Under 30	3.7
	30 to 50+49	0.8
	50+	0.6
	Total	1.5
SK (Slovakia)	Under 30	0.5
	30 to 49	0.7
	50+	0.7
	Total	0.7
FI (Finland)	Under 30	4.2
	30 to 49	2.5
	50+	2.1
	Total	2.7
SE (Sweden)	Under 30	0.9
	30 to 49	2.6
	50+	2.5
	Total	2.5

UK (United Kingdom)	Under 30	1.5
	30 to 49	4.6
	50+	2.4
	Total	3.3
HR (Croatia)	Under 30	1.7
	30 to 49	0.2
	50+	0.2
	Total	0.5
MK (FYR of Macedonia)	Under 30	0.8
	30 to 49	0.9
	50+	0.0
	Total	0.6
TR (Turkey)	Under 30	0.7
	30 to 49	1.2
	50+	0.8
	Total	0.9
NO (Norway)	Under 30	3.2
	30 to 49	4.6
	50+	2.5
	Total	3.7
AL (Albania)	Under 30	0.0
	30 to 49	0.5
	50+	0.0
	Total	0.3
XK (Kosovo)	Under 30	0.8
	30 to 49	0.7
	50+	0.0
	Total	0.5
ME (Montenegro)	Under 30	1.3
	30 to 49	2.1
	50+	2.5
	Total	2.0
CH (Switzerland)	Under 30	.
	30 to 49	.
	50+	.
	Total	.
EC12	Under 30	2.0
	30 to 49	2.3
	50+	1.7
	Total	2.1
EU15	Under 30	2.0
	30 to 49	2.4
	50+	1.7
	Total	2.1
EU27	Under 30	1.8
	30 to 49	2.1
	50+	1.6
	Total	1.9

<http://www.eurofound.europa.eu/>

The survey conducted by the European site for individuals aged between 30 and 50 years in the European countries shows that most respondents were not victims of psychological abuse.

Conclusions

The most important lessons learned as a result of the scientific endeavor conducted on human capital in the labor market in Europe reveals that its role should not be minimized because in its absence the labor market would face problems that will reflect on the economy of these states. A country that does not have an efficient work resource must compromise in the sense that it should turn to other countries.

Statistical analysis of relevant indicators of employment rate (number of unemployed, the number of permanent and temporary employees) reflects the fact that they don't show a linearity in

the sense of evolution between 2007-2013, but rather an involution (hypothesis number two does not verify).

Over 52% of people working in other countries, not in the one they're from, have problems in terms of learning the language. Thus, the second hypothesis is verified. The second to last hypothesis verifies while the latter hypothesis is not verified. Over 70% of the European respondents who were part of the research conducted by the Eurofound site, believe that work does not affect their health, and this supports the second to last hypothesis. A very small percentage of citizens of European countries have been subjected to psychological abuse at work, and this proves the last hypothesis to be false.

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