



# *Occupational mobility*

*implications on resizing the real labour force  
and rural economies in Romania*

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# Argument

**The size and characteristics of the labour force in rural areas are conditioned, besides other factors, by the phenomenon of temporary occupational migration. The occupational migration of the population with the domicile in the Romanian rural area has many and deep economic and social implications**



- This phenomenon extracts a significant part of population from the rural labour market which, potentially, could offer their labour force.
- The employment outside the locality of residence of a part of the active rural population is accompanied by a loss of local value added as the labour force is not activated within the local economy, as well as by income gains, as a result of the cash transfers generated by working outside the locality (wages, remittances, etc.)

# Size of emigration phenomenon

- At present, 2.5 million - 2.7 million Romanians are on the territory of other EU Member States  
(OECD Report on World Migration, 2010)
- $\approx 50\%$  of the Romanians who migrate for work come from the rural areas  
(according to the estimations of the Applied Economy Group - Romania)
- About 4.5 million active people have the domicile in the rural area

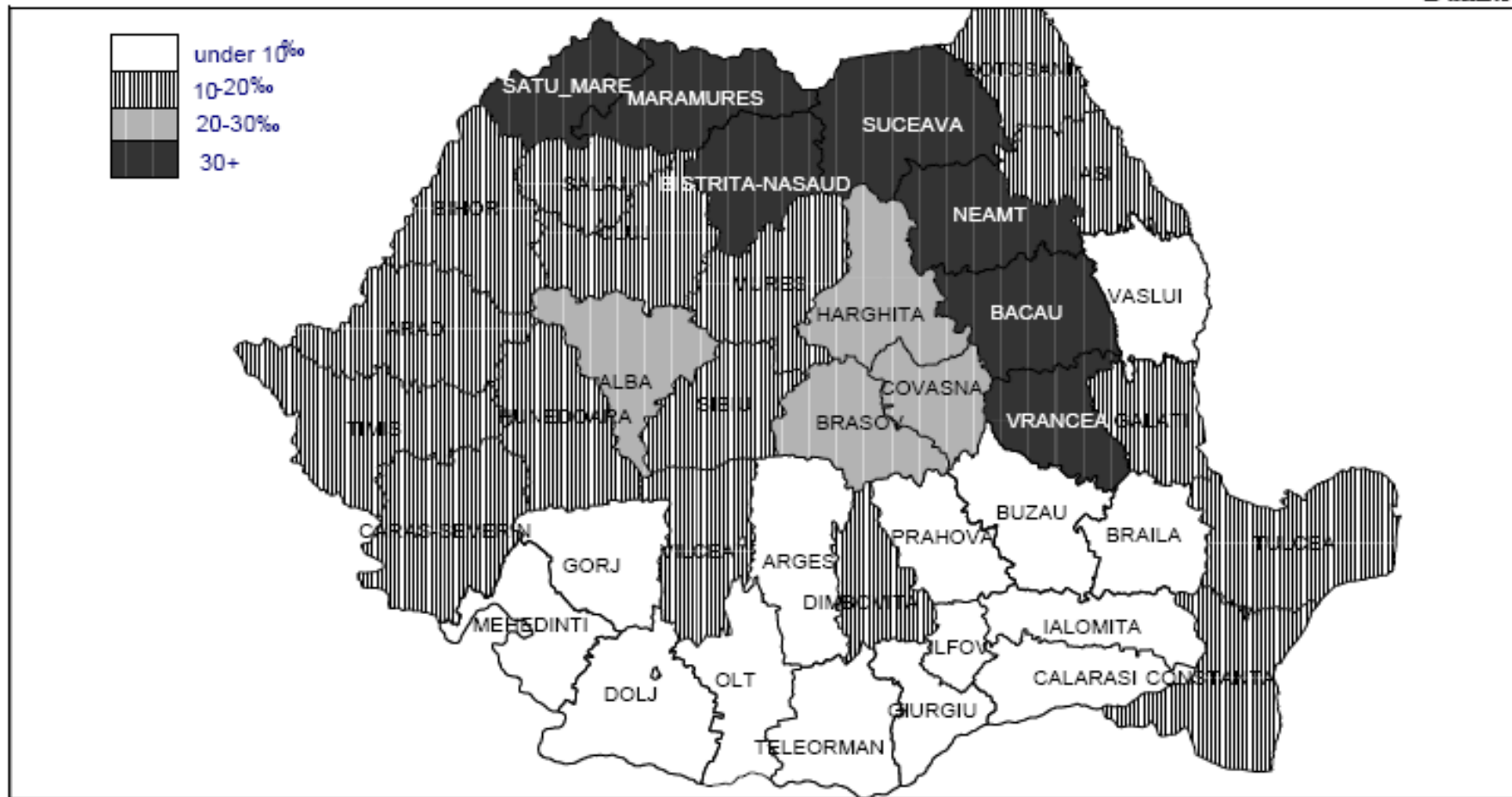


Over 1 / 3 of the active population is working abroad

# Temporary out - migration for job, by county

(2002)

Dumitru Sandu



Source: D. Sandu, Tipologia culturala a satelor Romaniei, 06.09.2007

Toderoiu, Tudor, Voicilas, 2010

# **PNCDI II**

## **Capacities**

Functional model to estimate the *real*  
*disposable labour force* size in the rural area  
- ***DALFI*** -  
***2008 - 2010***

**Coordinator: IEA, Bucharest**

Partners:

ICES "Gh. Zane" Iasi

USAMVB, Timisoara

University of Pitesti

# Project objectives

- Development of a **model** for measuring the **real disposable labour force** size in the rural area
- Estimating the **loss / gain of economic values** (GDP, incomes, etc.) as a result of the temporary absence of a part of labour force - migrants for work

# Main actions of the project

- ❑ Defining the concept **“Real disposable labour force”(DALFI)** and its estimation at the level of the investigated pilot communities
- ❑ Defining the concept **“Loss / gain of economic values” ( $\pm EV$ )** and its estimation at the level of the investigated pilot communities
- ❑ **Field surveys in four pilot rural communities, representative for the four typologies of circulatory migration to foreign countries**

(according to the classification proposed by Dumitru Sandu):

- *with maximum circulatory migration experience*
- *with medium circulatory migration experience*
- *with incipient circulatory migration experience*
- *with no circulatory migration experience*

# Defining the concept of “Real disposable labour force” (DALFI) -1-

**ACTIVE POPULATION** from the economic point of view (according to LFS) *includes all active persons whose usual place of residence is in a certain territory, who supply labour for the production of goods and services during the reference period, **regardless if they are working away for less than 6 months***

But not all the active persons at a certain territory (according to LFS definition) are effectively available to respond to the labour force demand from the local/regional economic operators, as part of the active population is working:

- on daily, weekly commuting basis in other locality from the country
- on the basis of contractual arrangements shorter than 6 months in a foreign country



# Defining the concept of “Real disposable labour force” (DALFI) - 2 -

..... SO.....

*The persons of working age, resident in Romania, but who left to foreign countries for less than 6 months, are registered in the active population category in Romania*

*The persons of working age, resident in the (rural) locality X, are considered as local labour force even though they carry out their activity in other (urban or rural) locality*



That is why, by DALFI we intend to propose a new statistical methodology and indicator that estimates the

**real disposable labour force,**  
that force which is available for entrepreneurs and their plans

# Defining the concept of “Real disposable labour force” (DALFI) -3-

## Labour Force Survey definition

**ACTIVE POPULATION** from the economic point of view *includes all active persons whose usual place of residence is in a certain territory, who supply labour for the production of goods and services during the reference period, regardless if they are working away for less than 6 months*

**ACTIVE POPULATION (LFS)** =  
*Employed population + The Unemployed ILO*

## DALFI definition

**REAL ACTIVE POPULATION** from the economic point of view *includes all active persons whose usual place of residence is in a certain territory, who supply labour for the production of goods and services during the reference period and non-resident active population who supply labour in the certain territory in the reference week for less than 6 months*

**REAL ACTIVE POPULATION (DALFI)**  
= **ACTIVE POPULATION (LFS)** -  
- **active resident population who supply labour in other territory (commune, town or abroad) in the reference week** +  
+ **non-resident active population who supply labour in the given territory, in the reference week**

# Defining the concept

## “Loss / gain of economic values” ( $\pm EV$ )

Loss / gain of economic values  
at local economy

**Loss by temporary migration for work:**

1. GVA losses at local level as a result of internal occupational migration

$$(p_c + p_t) * GVA/p$$

$p_c$  - employed population working in other commune in the reference week

$p_t$  - employed population working in other town in the reference week

$GVA/p$  - gross value added/week/employed person

2. GVA losses at local level as a result of external occupational migration

$$\sum_{n=1}^m (p_n * GVA_n)$$

$n$  - (1,  $m$ ) economic branch

$p_n$  - no. of workers abroad selected by the economic branch were they worked before

$GVA_n$  - gross value added per week

Loss / gain of incomes  
at individual level (from labour)

**Loss of incomes by temporary migration for work:**

1. Net wages losses as a result of external occupational migration

$$\sum_{n=1}^m (p_n * s_n)$$

$s_n$  - net average salary per week

**Gains of incomes by the temporary migration for work:**

1. Net wage gains following the internal occupational migration

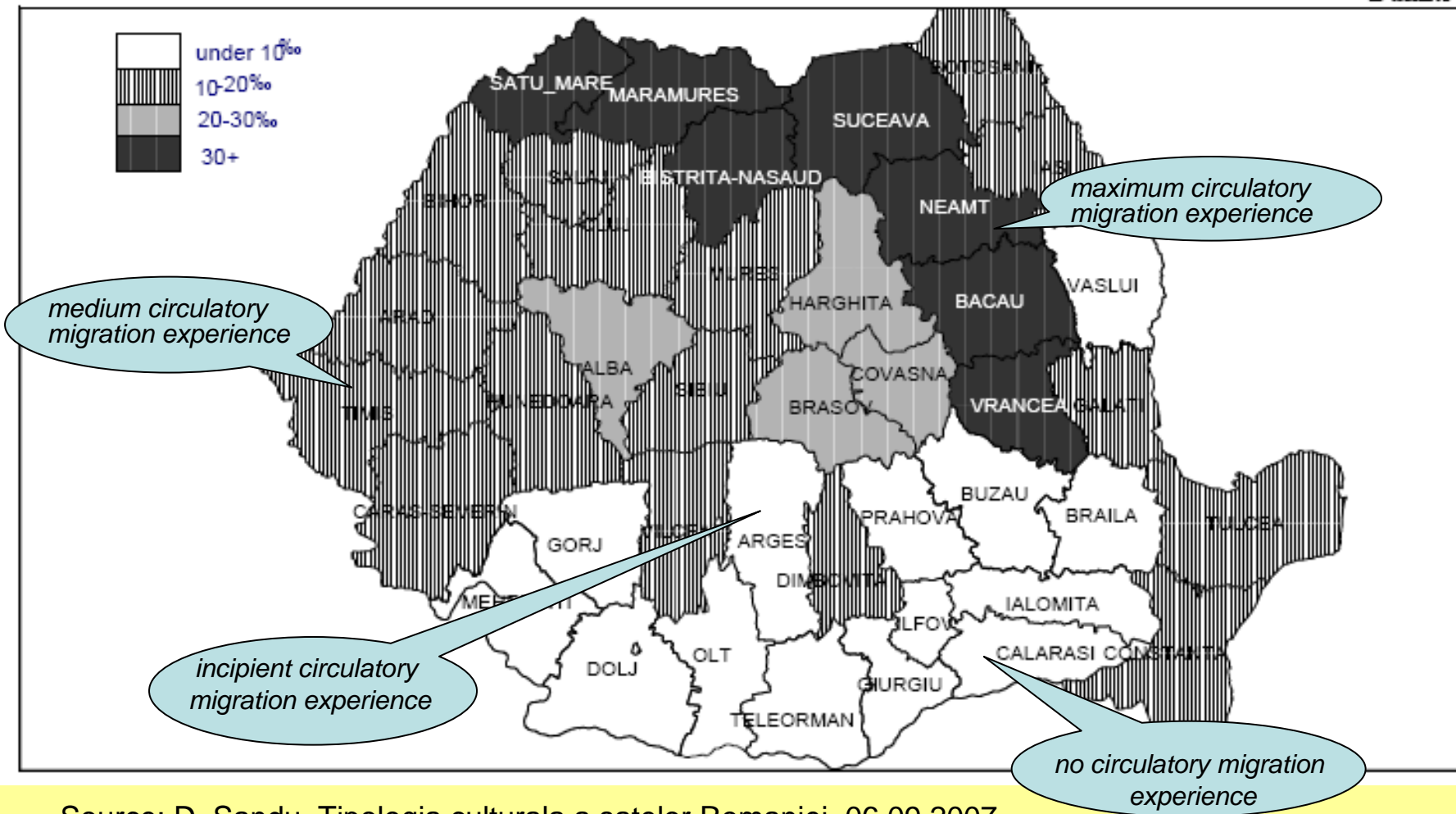
$$\sum_{n=1}^m [(p_c + p_t) * s_n]$$

2. Remittances gains following the external occupational migration per week

# Field survey areas

Map of temporary out - migration for job, by county, 2002

Dumitru Sandu



Source: D. Sandu, Tipologia culturala a satelor Romaniei, 06.09.2007

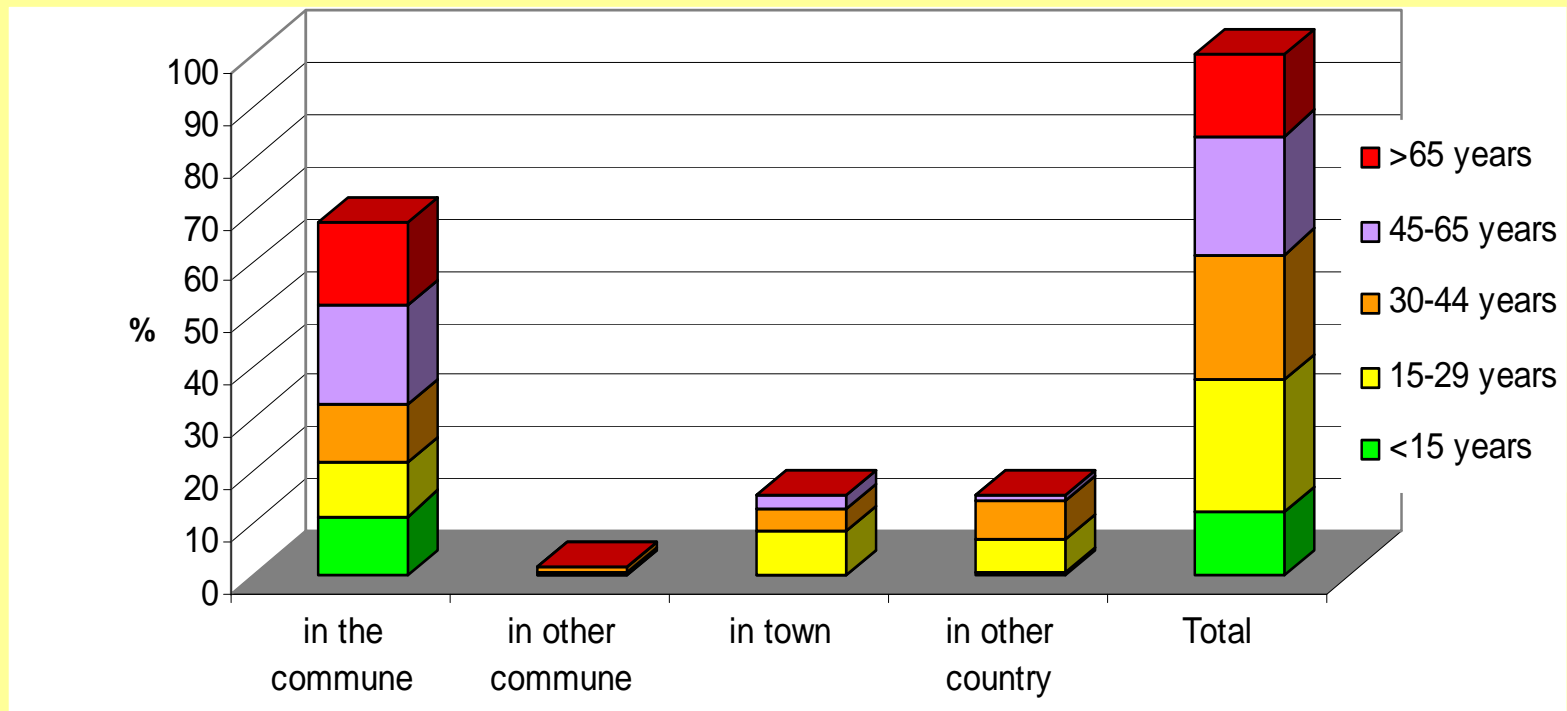
Toderoiu, Tudor, Voicilas, 2010

# Results of the field surveys

## “Real disposable labour force” (DALFI)

### Who left, who remained in the village ?

Structure by ages of the population from sample by the place of activity



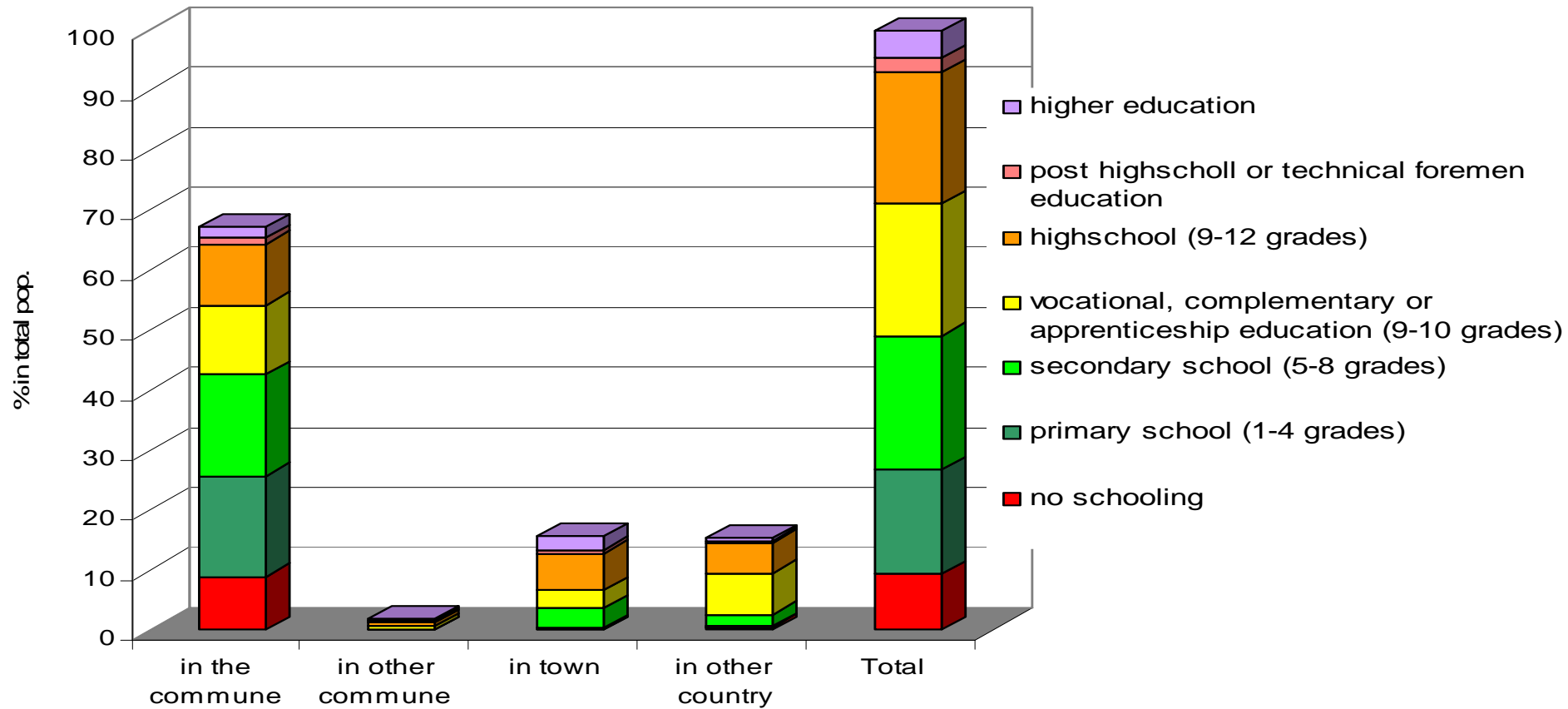
Source: Capacities Project – DALFI 2008/2010, coordinator IEA (field surveys in 4 representative communes from the point of view of the intensity of the experience in migration abroad – September 2009)

# Results of the field surveys

## “Real disposable labour force” (DALFI)

### Who left, who remained in the village ?

Educational structure of the population from sample by the place of activity



Source: Capacities Project – DALFI 2008/2010, coordinator IEA (field surveys in 4 representative communes from the point of view of the intensity of the experience in migration abroad – September 2009)

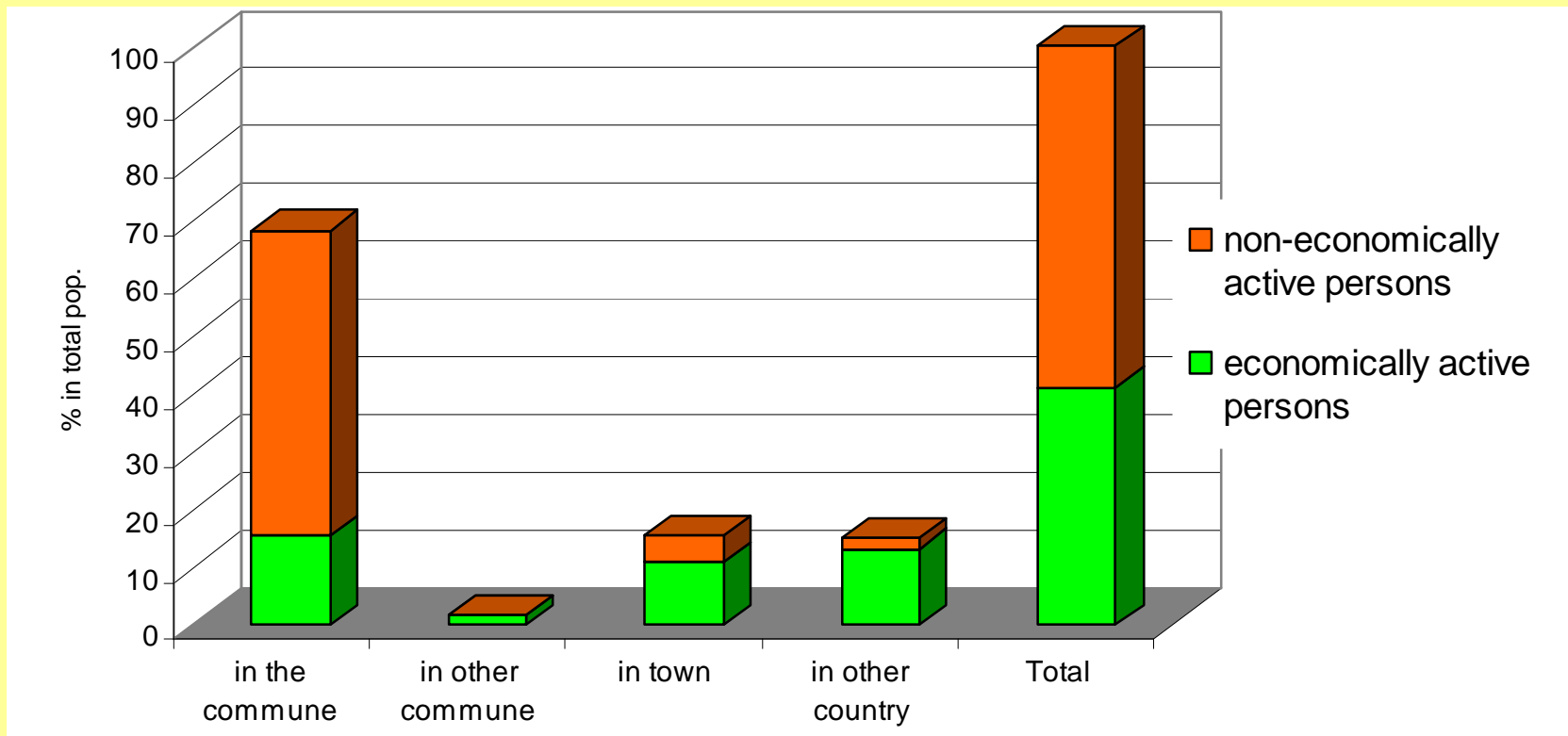
Toderoiu, Tudor, Voicilas, 2010

# Results of the field surveys

## “Real disposable labour force” (DALFI)

### Who left, who remained in the village ?

Structure of the population from sample by the participation to the economic activity and by the place of activity



Source: Capacities Project – DALFI 2008/2010, coordinator IEA (field surveys in 4 representative communes from the point of view of the intensity of the experience in migration abroad – September 2009)

# Results of field surveys

## “Real disposable labour force” (DALFI)

### Structure of population of working age by the place of activity

<b>Active population with the domicile in the households included in sample, out of which:</b>			
- % of active persons permanently present in the commune	37.7	37.7	37.7
- % of persons working in another commune	4.0	4.0	-
- % of persons working in another town	26.4	26.4	-
- % of persons working in a foreign country under occupational arrangements shorter than 6 months	4.6	4.6	-
- % of persons working in a foreign country under occupational arrangements longer than 6 months	27.3	-	-
<b>Active population with the domicile in the households included in sample, out of which</b>	<b>100</b>		
<b>Total active population according to LFS definitions</b>		<b>72.7</b>	
<b><i>REAL ACTIVE POPULATION (DALFI)</i> at commune level</b>			<b>37.7</b>

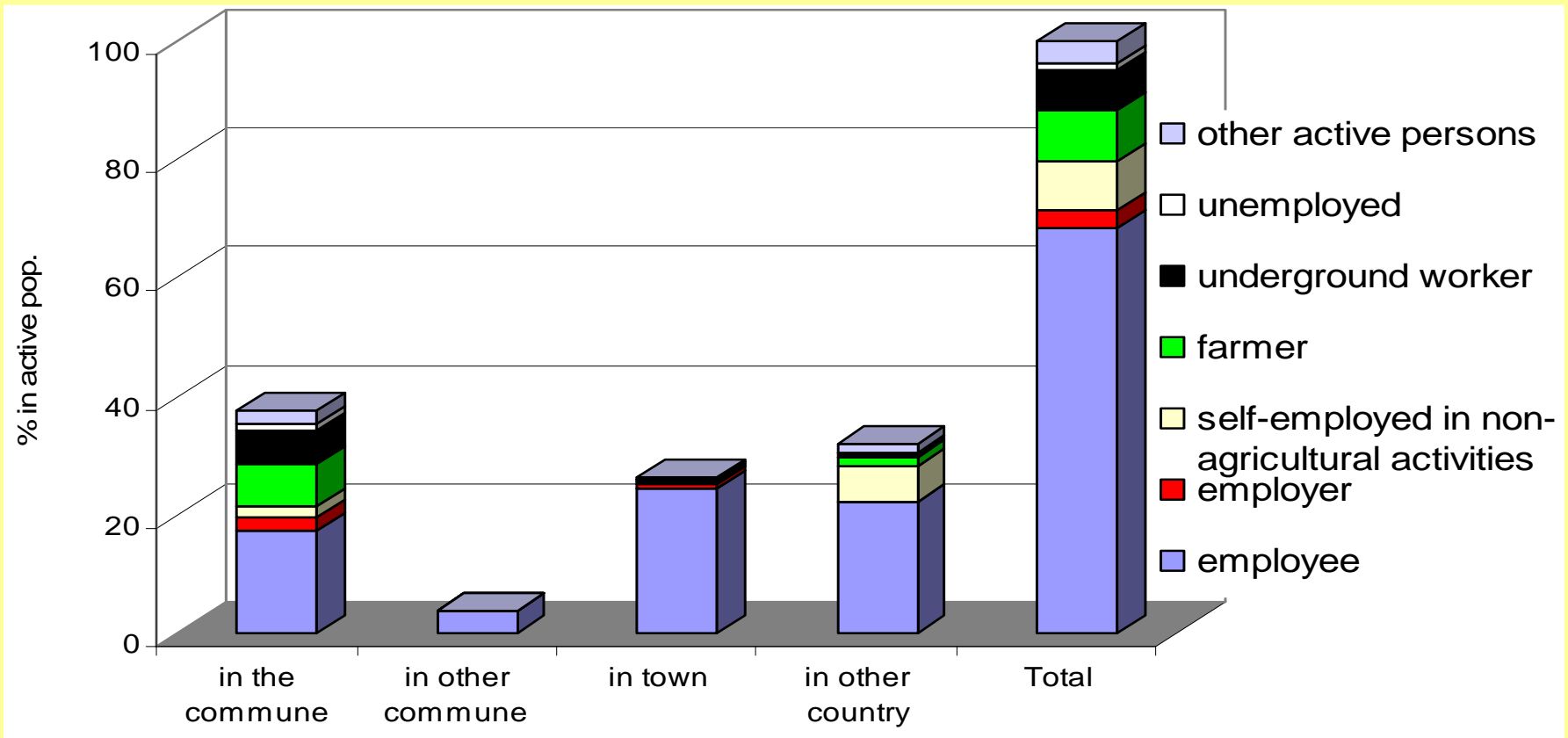
Source: Capacities Project – DALFI 2008/2010, coordinator IEA (field surveys in 4 representative communes from the point of view of the intensity of the experience in migration abroad – September 2009)



# Results of the field surveys

## “Real disposable labour force” (DALFI)

Structure of active population by the place of activity

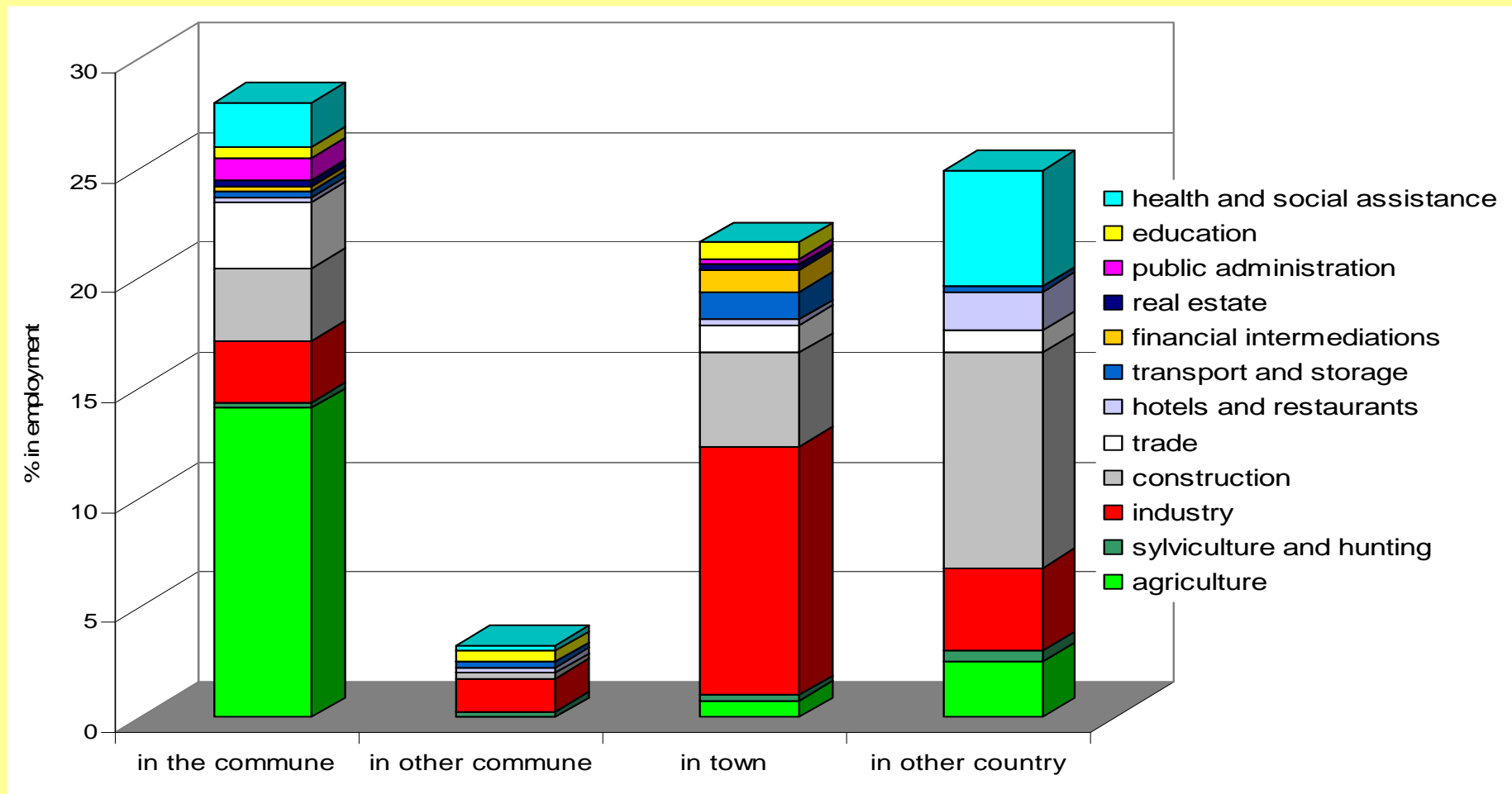


Source: Capacities Project – DALFI 2008/2010, coordinator IEA (field surveys in 4 representative communes from the point of view of the intensity of the experience in migration abroad – September 2009)

# Results of the field surveys

## “Real disposable labour force” (DALFI)

Employed population structure from samples of the pilot communes by the place of activity



Source: Capacities Project – DALFI 2008/2010, coordinator IEA (field surveys in 4 representative communes from the point of view of the intensity of the experience in migration abroad – September 2009)

Toderoiu, Tudor, Voicilas, 2010

# Results of the field surveys

“Loss /gain of economic values” ( $\pm$ EV)

**Balance of local GVA following the occupational migration at the level of samples from the pilot communes (euro / capita, 2009)**

Local GVA/capita estimation, generated by the economic activity of the employed population from the pilot communes / year	966.7
Estimation of total local GVA loss / capita, generated by the occupational migration of the labour force from the pilot communes / year, out of which:	- 2245.1
- local GVA loss/capita, generated by the internal occupational migration of the labour force from the pilot communes	- 1203.6
- local GVA loss/capita, generated by the external occupational migration of the labour force from the pilot communes	- 1041.5
$\pm$ GVA/capita	- 1278.4

Source: Capacities Project – DALFI 2008/2010, coordinator IEA (field surveys in 4 representative communes from the point of view of the intensity of the experience in migration abroad – September 2009)

# Results of the field surveys

“Loss /gain of economic values” ( $\pm$ EV)

Balance of net incomes from work following the occupational migration at the level of samples from the pilot communes ( **euro** /capita, 2009)

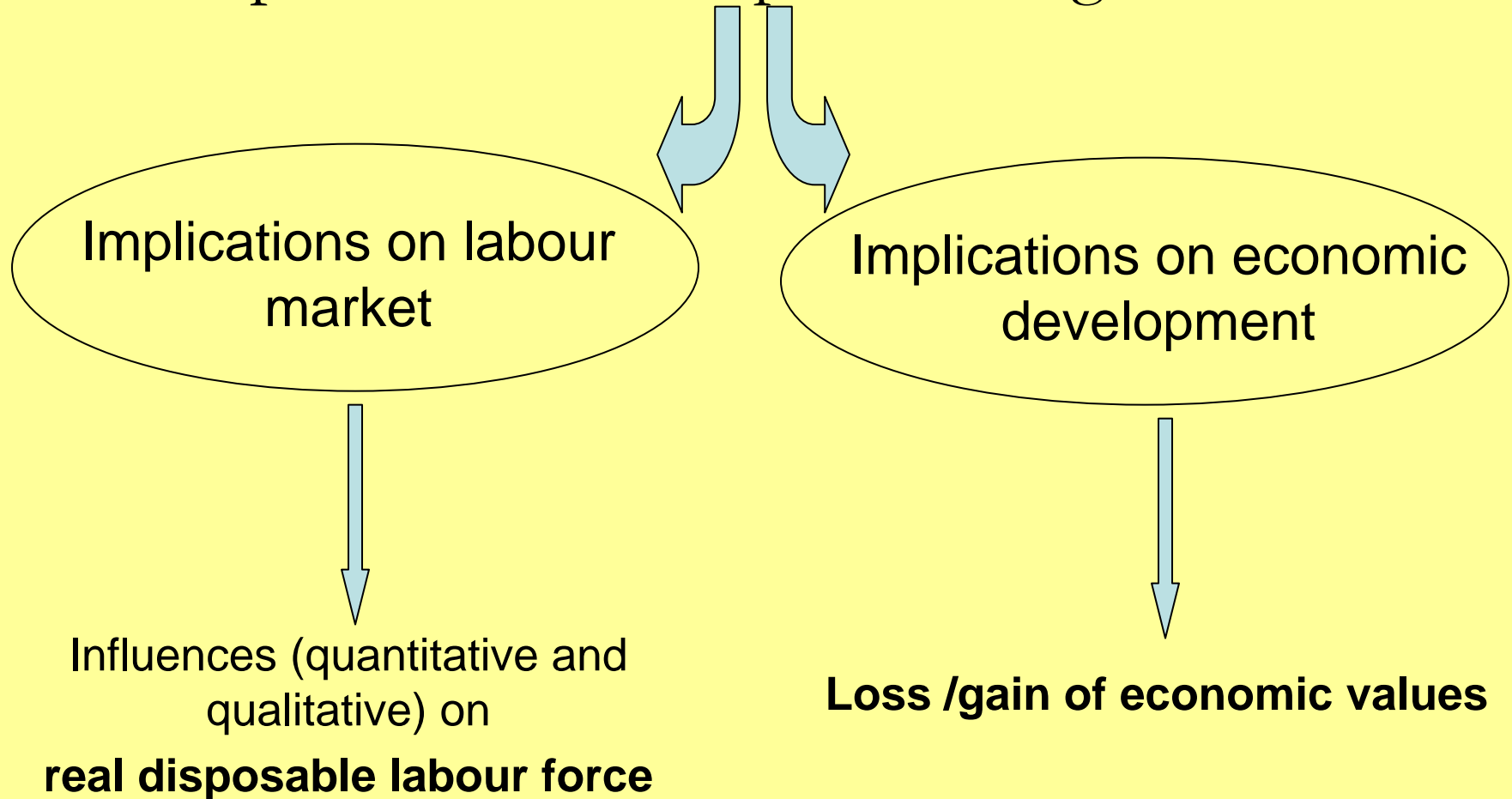
Estimation of the local wage/capita, obtained by the economic activity of the employed population from the pilot communes/year	<b>437.9</b>
Estimation of the wage gains/capita obtained through the internal occupational migration of labour from the pilot communes/year	<b>+ 442.4</b>
Estimation of the wage losses/capita generated by the external occupational migration of labour from the pilot communes/year	<b>- 342.6</b>
<b><math>\pm</math> wage gains / capita following the occupational migration /year</b>	<b>+537.2</b>

**Total value of remittances/capita/ year = 15.5 euro**

Source: Capacities Project – DALFI 2008/2010, coordinator IEA (field surveys in 4 representative communes from the point of view of the intensity of the experience in migration abroad – September 2009)

# Conclusions

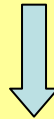
- implications of occupational migration -



# Conclusions

Influences (quantitative and qualitative) on  
**real disposable labour force**

- Generally, *the younger population* of working age (15 – 44 years) opt for the occupational migration solution
- The largest part of the rural population included in the circulatory migration flows for work has *better education and qualification*



**The detailed study of the characteristics and size of the actual available labour force in the rural area**

**The need for the scientific substantiation of the statistical measurement methodology of the actual available labour force**

# Conclusions

## Implications on economic development


### Economic losses at community level

The occupational migration outside the locality of residence (in other locality from the country or abroad) is accompanied by a significant loss of economic values at community level, materialized into the creation of low gross value added (GVA) at local level, under the local labour force potential.

The annual GVA / capita loss in the investigated pilot rural localities, following the occupational migration, amounts to about 1278.4 euro / capita

### Economic gains at individual level

The persons with their domicile in the rural area, involved in the circulatory migration flows for work, have individual incomes (wage) gains following the employment outside the locality. The individual income gain, as a result of the occupational migration of the active population with the domicile in the pilot communes, amounts to about 537 euro / capita /year



**The need for the scientific substantiation of the statistical measurement methodology of the losses / gains of economic values, by the temporary migration for work**



# THANK YOU FOR ATTENTION!

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