

Job retention schemes in Europe

Romania

Cornel Ban¹

Note on ETUI classification of job retention schemes (JRSs): All job retention schemes (JRS) share the objective of preserving the ties between companies and their employees in times of temporary economic difficulties. They support incomes of workers who keep their employment contract even if the work is fully suspended. Depending on the primary objective and the nature of support, three different categories of JRS can be distinguished:

(1) Short-time Work Scheme (STW): The key objective of STW schemes is to provide support to companies to retain their employees in times of economic difficulties. The company receives financial support for the employees' wages paid for the time not worked. The extent of working time reduction can vary, including also a full work suspension.

(2) Furlough Scheme (FS): FSs can be best understood as temporary unemployment. The financial support is thus paid directly to the worker for the period of partial or full working time suspension. The aim of a FS is to enable companies to reduce their wage bill by temporarily laying off (parts of) their workforce. While retaining the ties with the employer, workers on the FS scheme are available to seek alternative employment. Integrated into the existing system of unemployment insurance, FSs can be seen as a tool to facilitate the transition towards a new job.

(3) Wage Subsidy (WS): The main objective of WS is to preserve employment through subsidizing companies' wage bills. For this purpose, a company in temporary financial difficulty receives financial support per employee, regardless of whether or not working time of specific employees is reduced. The employees keep receiving their wages. Permissible wage adjustments are not directly related to working time reductions.

Key characteristics of the job retention scheme

ETUI classification of the job retention scheme (JRS)	Short-time work scheme (STW)
Name of the scheme	Timpul redus de muncă, inclusiv somaj tehnic
Start date of the implementation of the special Covid-19 JRS rules	<p>21 March 2020: Ordonanța de urgență 30/2020, on wage subsidies for suspended contracts: up to 75% of gross wages can be covered by the social insurance budget capped at 75% of the national gross average wage (yielding RON 2,400 /€492 net pay per month for average wage earners), applicable to all employees with employment contracts suspended by the pandemic except those on medical leave.</p> <p>4 July 2020: Ordonanța de Urgență nr. 120/2020 extends the STW period. Available at: https://www2.deloitte.com/content/dam/Deloitte/ro/Documents/tax/romana/TLA-RO-1apr2020.pdf</p> <p>28 August 2020: Kurzarbeit Ordonanța de Urgență 132/2020</p> <p>If employers reduce working time by 50% for at least five consecutive working days, the government reimburses 75% of the gap between the gross wage and the wage applicable to the unsuspended working days. To be eligible, employers must suspend contracts for at least 10% of employees and record a 10% cut in turnover relative to the corresponding month of the previous year.</p> <p>December 2020: Ordonanța de Urgență 211 and Legea 282/2020. Working time can be reduced by at most 80% in a working month; this increased the 50% limit from August, OUG 132/2020. However, Legea 282/2020, adopted a few days later, reversed the 80% limit and reinstated the 50% limit. The five days of suspension need not be consecutive; the prohibition on extra pay for STW recipients applies only to management bonuses; Legea 282/2020 clarifies that the STW period counts towards unemployment insurance; employers must show an agreement with employee representatives or a trade union regarding the number of employees with suspended contracts. This made the initiative less unilateral and more the outcome of negotiations on the shopfloor.²</p>

1. Copenhagen Business School.

2. https://www.hotnews.ro/stiri-specialisti_filip_company-24485347-modificari-legislative-privind-somajul-

April 2021: Legea 58/2021 brings back the 80 percent time reduction rule and confirms the rule that STW schemes need to have the consent of the firm-level labor union or employee representative (in firms without a labor union)

Eligibility	<p>All private sector workers with an employment contract.</p> <p>All persons living off royalties (for them, the scheme was fixed at a flat 75% of the gross average wage).</p> <p>Trade unions, employee representatives or employees must be informed and consulted:</p> <ul style="list-style-type: none"> - At least 10% of the employees must be affected by the measure; - There must have been a 10% decrease in turnover compared with the month/two months before the measures started or compared with the same month in the previous year. <p>In addition, the following restrictions apply:</p> <ul style="list-style-type: none"> - The employer may not hire new staff to perform work identical or similar to the work of the employees on STW. Since December 2020 this prohibition has applied to the workplace at which the employee on STW worked five days before they were informed that they would be put on STW. Before December 2020, this prohibition also applied to subsidiaries and other secondary locations of the firm. - The same applies to outsourcing. - There must be no collective redundancies. - Companies are not allowed to pay bonuses or other extra benefits to management employees. - Working time can be reduced by no more than 50%. - Companies need to demonstrate a loss of turnover to be eligible.³
Exceptions (category of workers or companies excluded from support)	Workers on medical leave, public sector employees.
Duration of support (maximum duration for which JRS support is paid)	The duration of the STW scheme is open-ended and linked to the duration of the state of emergency. On 4 December 2020, by emergency order (OUG), the government extended the measure until 30 June 2021. The December 11 Legea nr. 282/2020 extends the scheme for up to three months since the emergency /alert situation ends. In April 2021, Legea 58/2021 confirms the extension of the scheme for 3 months after the state of emergency/alert ends.
Level of support for employees (percentage of gross or net wage, please also specify whether social security contributions are covered)	<p>From 23 March 2020 onwards the STW allowance covered 75% of the gross wage lost as a consequence of the reduction in working time, that is, 75% of the difference between the monthly gross wage stipulated in the individual labour contract and the gross wage corresponding to the actual work carried out in that month.</p> <p>Employees on a fixed-term contract of up to three months – until 31 December 2020 – receive 41.5% of the original gross wage for the time not worked but not more than 41.5% of the average gross wage.</p> <p>May 2020: The government decides to pay three months' wages, representing 41.5% of the wage of workers returning from suspended contracts (this amounted to RON 2 billion and benefited 600,000 employees); the measure was capped at 41.5% of the average wage and applied for at least 15 days during which work was suspended. This also applies to workers aged 16–29, returning migrants and workers above 50 years of age who had lost their jobs and were registered as unemployed. The subsidy was capped at three months, the length of the state of emergency. The actual payments were done between June and August. This income support measure was not extended for other periods than March-May 2020.</p> <p>The allowance kicks in if more than five working days are cut; these need not be consecutive days.</p> <p>December 2020 OUG: STW periods count towards unemployment insurance contributions.</p>
Cap on support (maximum amount of JRS support payable)	The maximum amount of STW allowance is 75% of the national average wage for 2020.
What share of the support is covered by the state and by the employer?	The state (the unemployment insurance scheme) covers 100% of the STW allowance for wages lost because of working time reduction.
Dismissal protection	Collective redundancies are not permitted for workers on STW.

tehnice-reducerea-timpului-lucru-kurzarbeit-ajutorul-pentru-telemunca.htm; <http://legislatie.just.ro/Public/DetaliuDocument/234455>

3. https://www.hotnews.ro/stiri-specialisti_filip_company-24485347-modificari-legislative-privind-somajul-tehnic-reducerea-timpului-lucru-kurzarbeit-ajutorul-pentru-telemunca.htm

Role of collective bargaining in the adoption and implementation of JRS support	OUG 132 and Legea 282 December 2020 requires that there be an STW agreement between the firm and the trade unions/workers' representatives, stipulating the number of workers affected by STW. What initially had been a unilateral decision by the employer was thus partly subject to firm-level collective bargaining. If unions reject STW, the STW procedure will be deemed inadmissible. The actual decision of the employer to reduce the working time by up to 50 percent only needed the consultation of the unions, not their written consent.
Special conditions for support to avoid misuse of the system (for instance, ban on paying out dividends or bonuses; ban on share buybacks or operating from tax havens)	Companies are not allowed to pay bonuses or other extra benefits to management employees.
Special provisions as regards training/ requalification/ reorientation of employees on JRS	No.

Quantitative data

How many workers were on JRS each month? (Please indicate whether these are applications for JRS or the actual numbers of workers on JRS) These are actual numbers	March 2020	498,778 (10.1%)
	April 2020	725,200 (14.7%)
	May 2020	595,672 (12.1)
	June 2020	141,664 (2.87%)
	July 2020	102,830 (2.08%)
	August 2020	NA
	September 2020	NA
	October 2020	NA
	December 2020	244,000 https://www.digi24.ro/stiri/actualitate/social/ministerul-muncii-doi-din-zece-romani-in-somaj-tehnic-in-urma-pandemiei-cea-mai-neagra-zi-pe-piata-muncii-a-fost-31-august-2020-1456244
	March 2021	162 million euro in JRS estimated by the PM for 2021, of which 71 million was estimated for Kurzarbeit in 2021. https://www.ziarexclusiv.info/politica-2/guvernul-citu-continua-masurile-de-sprijin-pentru-angajati-si-angajatori-promovate-cu-succes-in-2020-de-guvernarea-pnl/

According to the Minister of Labour, since the pandemic started the Romanian government has spent RON 7.2 billion (€1.4 billion) on STW support measures for 1.2 million people. In February 2021 the government declared that 1.2 million people had received STW pay in 2020, peaking on 13 April 2020.⁴

4. <https://www.digi24.ro/stiri/actualitate/social/ministerul-muncii-doi-din-zece-romani-in-somaj-tehnic-in-urma-pandemiei-cea-mai-neagra-zi-pe-piata-muncii-a-fost-31-august-2020-1456244>

Which sectors were most affected at the beginning of the pandemic in March/April and towards the end of the period studied in November/December? (as a percentage of overall number of workers on JRS)	<p>April: manufacturing 181,527 (25%); retail and repairs 141,248 (19.4%); hotels and restaurants 100,573 (13.9%).</p> <p>May: manufacturing 167,073 (28%); hotels and restaurants 99,182 (16.7%); retail and repairs 93,814 (15.7%).</p> <p>June: hotels and restaurants 34,277 (24.2%); manufacturing 26,500 (18.7%); retail and repairs 13,264 (9.3%).</p> <p>No sectoral data available for other months.</p>
Is there any data on how much money the state spent on JRS and over time? (in absolute figures and as a percentage of GDP)	RON 7.2 billion (approximately €1.48 billion) (0.62% GDP = RON 1,150 billion)

Information on non-standard workers and JRS⁵

Do non-standard workers (NSW) have access to the regular JRS scheme or are there other support schemes, for instance for the self-employed?⁶	Emergency order (OUG) 32/2020 stipulates that non-standard workers – such as the self-employed, small business owners, liberal professions, those living off royalties (exclusively or not), cooperative members – shall also have access to STW support. ⁷
What are the eligibility criteria?	Self-employed, single-owner firms with 3–8 workers, liberal professions, those living off royalties (exclusively or not), cooperative workers.
How is the financial support for non-standard workers calculated?	Up to 75% of the gross monthly average wage (RON 5,429; approximately €1,113), that is, RON 4,071 (€834 per month gross) for employees; fixed at 75% of the average gross wage for all others.
Which sectors were most affected in terms of providing support to non-standard workers?	No comprehensive data available – but in general, as in the case of 'normal STW', manufacturing tended to represent the largest share.
Are there any measures for training/requalification/reorientation for non-standard workers?	Nothing in addition to the standard offer.

5. Non-standard workers include workers with a temporary work contract, platform workers, temporary agency workers, multiparty employment, disguised employment/dependent self-employment, freelance workers, etc.
6. The following questions refer to any existing schemes for non-standard workers.
7. https://mmuncii.ro/j33/images/Documente/Legislatie/Munca_Legislatie/01042020oug_32_din_2020.pdf; <https://www.startupcafe.ro/coronavirus-covid-19/somaj-tehnic-pfa-intreprindere-individuala-drepturi-autor-cooperativa>