

Contents

Executive summary	5
I. Analysis of best practices regarding the mechanism for establishing the national guaranteed gross minimum wage in other countries of the European Union and the OECD.....	12
1.1 Introduction.....	12
1.2 Minimum wage: aim and ILO standards	13
1.3 General overview of the minimum wage mechanisms in the European Union and some OECD countries	15
1.3.1 Actors involved.....	16
1.3.2. The number of rates and scope.....	19
1.3.3 Other relevant elements for the minimum wage setting mechanisms.....	21
1.4 Case studies of minimum wage systems in the EU	24
1.4.1 Methodology for observing good practices in minimum wage setting mechanisms	24
1.4.2 The case of countries corresponding to the first cluster	27
1.4.3. The case of countries corresponding to the second cluster.....	28
1.4.4 The case of countries corresponding to the third cluster.....	32
1.4.5 The case of countries corresponding to the fourth cluster	35
1.5 Criteria for the minimum wage indexation mechanisms.....	38
1.6 Conclusions and recommendations for the case of Romania	40
II. Designing the mechanism and the monitoring evaluation system for the proposed one	43
2.1 Reasons for implementing a minimum wage setting mechanism in Romania. Economic and social determinants.....	43
2.2 Minimum wage setting mechanism for Romania. Design and limits.....	48
III. Designing the criteria to adjust the minimum wage and the alternative scenarios to support the mechanism.....	56
3.1 Methodological specifications	56
3.2 Social criterion - needs of employees and their families	58
3.3. The economic criterion.....	64
3.4 Proposed scenarios	71
IV. Measuring the ex-ante and ex-post economic and social effects of the minimum wage adjustment.....	75
4.1 Impact assessment of minimum wage increases on poverty and income distribution	75

4.1.1 Introduction	75
4.1.2 Methodology for impact assessment	76
4.1.3 Impact assessment of minimum wage increases based on scenario analysis	77
4.1.4 Conclusions	84
4.2 Impact assessment of minimum wage increases on macroeconomic variables	85
4.2.1 Introduction	85
4.2.2 Methodology for impact assessment	86
4.2.3 Impact assessment of minimum wage increases based on scenario analysis	87
4.2.4 Conclusions	98
4.3 Impact assessment of minimum wage increases on firms' performances.....	99
4.3.1 Introduction	99
4.3.2 Methodology for impact assessment	100
4.3.3 Impact assessment of minimum wage increases based on scenario analysis	101
4.3.4 Projecting a survey to investigate the reactive behaviour and the capability of micro, small and medium sized enterprises to integrate the increased labour cost	103
4.4 Summary of the impact assessment results	107
V. Conclusions	110
References.....	113
Annex 1. Socio-economic indicators for the European Union countries – year 2013.....	117
Annex 2a. Potential indicators for minimum wage setting criteria	119
Annex 2b. Potential indicators for impact assessment of minimum wage increase	121
Annex 3. Output estimations for macroeconomic impact assessment.....	123
Annex 4. Questionnaire	130