

ANALYSIS OF THE ECONOMIC AND SOCIAL EFFECTS OF UNEMPLOYMENT IN ROMANIA

**Ovidiu BUZOIANU ^{a*}, Amelia DIACONU ^b,
Marcela Antoaneta NICULESCU ^c, Silviu DIACONU ^d**

^a Bucharest University of Economic Studies, Romania

^b Bucharest University ARTIFEX, Romania

^c Researcher EcoIND, Romania

^d Bucharest University of Economic Studies, Romania

DOI: 10.24818/IMC/2020/04.02

ABSTRACT

Today, unemployment is seen as a negative factor in the development of economic care in terms of proportions many countries, especially the most underdeveloped and famous in the market economy transition. Keep that in mind terms of the labor market, unemployment can be defined as a surplus of supply to meet labor demand and the unemployed can be considered problems of work, care and finding work, forming the relative overpopulation there is basically a surplus of labor compared to many employees. This article aims to perform an analysis based on statistical indicators. on the situation of unemployment in Romania, as well as the socio-economic effects it determines.

KEYWORDS: *economical effects, economical growth, social effects, unemployment.*

JEL CLASSIFICATION: *E24, J64.*

1. INTRODUCTION

Unemployment is analyzed in the literature from various angles, forming opinions that are the subject of extensive controversy (Bassanini & Duval, 2009). Over time, different definitions of unemployment have been given, taking into account the degree of scientific knowledge and the possibilities of measuring it. Although there is this diversity in defining the concept of unemployment, there are still common elements that can be found, to a greater or lesser extent in all opinions.

Unemployment is seen as a negative element of economic development that affects all countries in different proportions, especially those underdeveloped and those in transition to a market economy (Ciucur & Scurtu, 2010). There are various ways of estimating unemployment and implicitly various ways of quantifying it. In general terms, unemployment is that negative state of the economy that affects a part of the available active population, by not finding jobs.

We note that, if we approach the terms of the labor market, unemployment can be defined as a surplus of labor supply compared to the level of labor demand, and the unemployed can be considered able-bodied, unable to find work, forming the relative overpopulation, being basically a surplus of labor compared to the number of employees (Hujer et al., 2009).

Unemployment is a negative state of the available active population, which does not find jobs, due to the disorder of the relationship between economic development, as a source of labor demand and the evolution of the population, as a source of labor supply (De Serres & Murtin, 2013). Under

* Corresponding author. E-mail address: buzoianuvidiu@yahoo.com

contemporary conditions, unemployment is seen as an imbalance in the national labor market, ie an imbalance between global demand and global labor supply.

This imbalance reflects a surplus of labor supply over labor demand, with different levels and directions of evolution across countries and periods (Dobrotă & Aceleanu, 2007). It was initially temporary, so that it is now permanent, but does not completely and definitively exclude the existence of an optimal state of employment. Unemployment, like economic growth, tends to follow a cyclical pattern. (Hunjra et al., 2011).

2. UNEMPLOYMENT AT THE LEVEL OF THE ROMANIAN ECONOMY

2.1 The evolution of the number of unemployed in Romania

Unemployment is a phenomenon that cannot be stopped, but which, through the economic measures that are being taken, must be controlled (Constantin, 2013). This phenomenon has experienced a contradictory evolution, and in some periods of the past years we can talk about an increase.

At the end of January 2019, the unemployment rate registered at national level was 5.82%, 0.23 pp higher than in December of the previous year. Out of the total registered unemployed, 258,698 were compensated unemployed and 314,651 not compensated. The share of unemployed workers in the total number of unemployed (59.75%) decreased compared to the previous month by 1.27 pp.

It can be observed that in the analyzed period, the number of unemployed people employed was higher than the number of dismissed persons, and the ratio between people out of unemployment through employment and those entering unemployment through current and collective redundancies in 2018 was 2.8 at 1. This report is also explained by the fact that the national economy has grown and there have been opportunities for employment. At the end of January 2018, the unemployment rate registered at national level was 3.9% higher by 0.7% pp than in January 2017.

Out of the total registered unemployed, 184,852 were compensated unemployed and 285,154 were not compensated. The number of unemployed unemployed increased by 35,304 people, and the number of unemployed workers by 12,162 compared to the previous month. The number of registered unemployed, and their share in the stable population aged 18 - 62 in the period 2012-2013, by sex are presented in the following table:

Table 1. Number of registered unemployed												
Year	2012						2019					
Month	Ian	Feb	Mar	Apr	Mai	Iun	Ian	Feb	Mar	Apr	Mai	Iun
Total	473,5	473,9	454,5	425,8	409,9	404,1	513,3	510,4	492,4	467	443,9	438,1

Source: www.insse.ro

Of the number of unemployed without compensation at the end of the analyzed period, 73.2% were workers, most of them being unskilled workers. This number represents only those people who are registered at the offices of labor and social protection and who receive, in one form or another, unemployment benefits, but in our country, the category of the unemployed is much higher, in it including graduates with secondary and higher education, not yet registered as unemployed, the

unemployed who have left the unemployment benefit period and are no longer employed or who carry out occasional activities.

Another group is that of persons who have never been included in the category of unemployed and have carried out so-called free activities, as well as a part of the population who carry out part-time activities, with reduced schedule. In the table below can be identified the share of registered unemployed in the stable population aged 18 - 62 years.

Table 2. The share of registered unemployed in the stable population aged 18-62 years

Year	2012						2019					
Month	Ian	Feb	Mar	Apr	Mai	Iun	Ian	Feb	Mar	Apr	Mai	Iun
Ponderi	3,4%	3,4%	3,4%	3,1%	2,9%	2,9%	4,3%	4,2%	4,1%	3,8%	3,5%	3,5%

Source : www.insse.ro

Another element of analysis is the number of employees in the industrial and services fields, compared to the number of unemployed and pensioners. This situation creates great difficulties in establishing the social insurance budget against the background of the decrease of the real incomes of the employees, and can accentuate the decrease of the subsistence level of the retirees category.

2.2 Evolution of the unemployment rate in Romania

Unemployment is not only determined by the level of education, there are areas where the unemployment of the highly skilled is high and at the same time the demand for work for unskilled workers is not covered, being necessary the particularized analysis of the unemployment structure (Nica, 2004). The exodus of young people from rural areas is often perceived as a challenge for sustainable rural development, but this relocation could be the best option for young people (Galbraith & van Norden, 2019). The perception of young people on the rural area from which they come depends on the geographical location, social framework, infrastructure, services, accessibility, the local labor market and the role of family, friends and social networks. In the table below can be identified the rate unemployment in urban and rural areas in Romania.

Table 3. Unemployment rate in urban and rural areas in Romania (gender / area)

	2012	2013	2014	2015	2016	2017	2018	2019
Male								
M	6,5	6,4	5,7	5,4	5,2	5,1	4,9	4,6
F	6,5	6,4	5,7	5,4	5,2	5,1	4,9	4,6
Area								
Urban	6,5	6,4	5,7	5,4	5,2	5,1	4,9	4,6
Rural	6,5	6,4	5,7	5,4	5,2	5,1	4,9	4,6

Source: (Stanef, 2012). *Economie teoretică și aplicată*, volumul XIX, Academia de Studii Economice, București.

No results are visible on unemployment, and the effects on incomes are mainly the result of the influence of low wages in the source regions of migration. These counterintuitive results can be explained by motivating interregional migration decisions partly as a result of the decollectivization

process of Romanian agriculture. This provided opportunities for development in the rural economy, while the potential of urban areas was affected by high unemployment rates. As a result, there was a process of migration from urban to rural areas, which also involved interregional relocation. The analysis of the annual differences between the migration directions reveals the existence of a "phenomenon of attraction" rather than one of "rejection" of the rural area, a phenomenon justified by the rationality of the choice based on the income analysis (Stanef, 2012). This reality emphasizes the importance in perspective of some socio-economic factors such as housing, health services infrastructure, human capital, factors that must be analyzed in migration research interregional. The extension of economic models to include significant socio-economic conditions in relocation decisions is also a direction of future research, conditioned by the existence of recent and relevant data on internal migration in Romania.

2.3 The structure of unemployment

In the first quarter of 2018, 284,000 people were registered in the records of the National Agency for Employment (ANOFM), which added to the 387,886 people already in the database at the end of last year. Out of the total number of people registered, 18.4% were young (under 25 years old), and 33.1% were over 45 years old. All the 282,000 people who addressed the Public Employment Service in the first 3 months of 2018 received assistance for registration in the database as job seekers.

True to its desire to address all registered persons, without any discrimination, the National Employment Agency has made efforts to integrate or reintegrate those people who need more support due to age-related barriers, respectively, people over 45 years old, but also to young people without professional experience (Crețu & Aceleanu, 2010).

The structure of unemployment registered tilts the balance towards those in the adult age category, those over 40 years old (about 48% of the total unemployed, the average in the first quarter of 2018). The average percentage of unemployed people under the age of 25 registered in the agency's records, between January and March 2018, was about 18%.

The number of young people activated in measures to stimulate employment during the first three months of this year was 44,318 (39% of the number of young people registered), and of people over 45 74,410 (37% of the number of people registered). over 45 years recorded in the records.

The structure of unemployment by age groups in April 2018 is as follows:

- 51,256 unemployed are under 25;
- 38,062 unemployed people are between 25 and 29 years old;
- 109,835 unemployed are between 30 and 39 years old;
- 121,529 unemployed people are between 40 and 49 years old;
- 59,809 unemployed are between 50 and 55 years old;
- 59,850 unemployed people are over 55 years old.

At territorial level, the number of unemployed decreased in Bucharest and in most counties, the largest decreases being registered in the counties: Constanța (with 1483 people), Dâmbovița (with 1679 people), Alba (with 1500 people), Dolj (with 1386 people), Harghita (with 1462 people) and Mureș (with 1324 people). Cluj County is the only county that has registered an increase in the number of unemployed (by 841 people).

The counties with the highest share of unemployed in the total number of unemployed are: Teleorman (82.78%), Dolj (79.35%), Covasna (79.56%), Iasi (79.21%), Buzau (79.12%) and Vaslui (78.02%). In terms of long-term unemployment, at the end of February, there were 33,404 young people under 25 registered in the agency's records who had been unemployed for more than 6 months (representing 46.28% of the total unemployed under 25) and 143,359 unemployed adults over 12 months (ie 36.65% of the total adult unemployed), the share of long-term unemployed in the total number of unemployed being 38.25%.

At territorial level, the number of unemployed decreased in all counties, the largest decreases being registered in the counties: Alba (with 1569 people), Constanța (with 942 people), Vâlcea (with 580 people), Bistrița Năsăud (474 people), Cluj (475 people), Suceava (416 people), Caraș Severin (with 561 people), Hunedoara (486 people) and Cluj (with 985 people). In Bucharest, the number of unemployed increased by 254 people.

The counties with the highest share of unemployed in the total number of unemployed are: Teleorman (84.76%), Dolj (83.86%), Galați (83.37%), Iasi (82.21%), Vrancea (81.66%), Brăila (81.25%), Călărași (79.88%) and Buzău (78.21%). In the table below can be identified the unemployment structure by age groups, for 2019.

Table 4. Unemployment structure by age groups, 2019

Age	Stock in the reporting month
Total generally	528.041
Under 25 Years	72.306
25 - 39 Years	42.542
30 - 39 Years	120.692
40 - 49 Years	147.940
50 - 55 Years	68.995
Over 55 Years	75.566

Source: www.anofm.ro

From the table above it is observed that the highest number of unemployed is represented by people aged 40-49 years, and the lowest number is held by those aged 25-39 years.

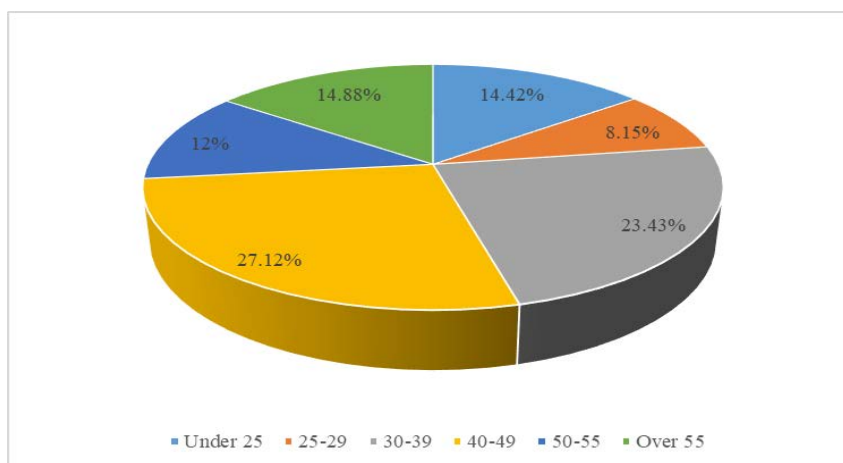


Figure 1. Distribution of unemployed by age groups in 2019

Source: www.anofm.ro

The unemployment rate increased in 19 counties, the largest increases in the unemployment rate are recorded in the counties: Mureș (by 0.65 pp), Mehedinți (0.48 pp), Buzău, Dâmbovița and Dolj (by 0.28 pp), Bacău (with 0.26 pp).

The unemployment rate decreased in 22 counties and the Municipality of Bucharest, namely in the counties: Harghita with 1.36 pp, Teleorman 0.74 pp, Hunedoara 0.64 pp, Alba 0.62 pp, in Olt with 0.61 pp, Gorj 0, 59 pp and Sălaj by 0.41 pp. In Bucharest, the unemployment rate decreased by 0.08 pp.

The highest levels of the unemployment rate were reached in the counties: Vaslui (13.41%), Mehedinți (13.02%), Teleorman (12.67%), Alba (12.39%), Dolj (10.00 %), Galați (9.68%), Buzău

(8.73%), Ialomița (8.7%), Olt (8.75%), Gorj (8.66%) followed by Călărași counties (8.80 %) and Dâmbovița (8.33%).

The minimum level of the unemployment rate in January, of 2.82%, is registered in Ilfov County. The amplitude between the maximum and the minimum level of unemployment (9.8 pp) is 0.21 pp higher than in the previous month (9.85 pp).

Regarding the structure of unemployment by level of education, the unemployed without education and those with primary, secondary and vocational training have the highest share in the total number of unemployed registered in the records of the County Agencies for Employment (76.16%). The unemployed with high school and post-high school education level represent 21.32% of the total registered unemployed, and those with university studies 8.72%.

3. CONCLUSIONS

Employment policy is part of a country's social policy, along with pensions and other social security rights, social assistance and family policies, labor relations, occupational safety and health, health insurance, housing and housing policies, education policies, delinquent social policies and other social policies.

Employment strategy and policies should be based on a number of key objectives:

- Stimulating economic growth by creating new productive units and, through this, new jobs, especially in key sectors of the economy;
- Increasing, at a higher rate, jobs in research-innovation and education, while paying more attention to staff in these sectors (salaries, material base, documentation conditions, relations with other countries, etc.);
- Stimulating the technological progress of enterprises by bringing them to the (close) level of competitiveness in other countries;
- Operating more serious changes in working conditions and the work system, so as to generate sustainable motivation of bidders to fill available jobs;
- Forming and supporting a new managerial class empowered for competitive business in the harsh conditions of globalized economies;
- Measures aimed at creating and consolidating a middle class capable of competing with large enterprises – especially those in relations with foreign enterprises operating in Romania;
- A large source of job creation is the rural economy, where there are many demands for services and availability of unemployed labor.

The study and evaluation of labor market processes as dimensions, structures and trends are the basis for defining active employment and social protection policies, under their different sides.

AKNOLEDGEMENTS

We thank the work team for the help offered in making this article. I wish to thank the National Institute of Statistics for his assistance with the statistics used in this report.

I would like to express my deep gratitude to my colleagues for their patient guidance, enthusiastic encouragement and useful critiques of this research work.

REFERENCES

- Bassanini, A. & Duval, R. (2009). Unemployment, Institutions and Reform Complementarities: reassessing the Aggregate Evidence for OECD Countries. *Oxford Review of Economic Policy*, 25, 40-59.
- Ciucur, D. & Scurtu, M. (2010). *Macroeconomie*. Pitești: Editura Independența Economică.
- Constantin, A. (2013). *România 2012*. București: Editura Economică.

- Crețu, A. Ș. & Aceleanu, M. (2010). *Strategii și politici de ocupare în contextul pieței actuale a muncii*. București: Editura ASE.
- De Serres, A. & Murtin, F. (2013). Do policies that Reduce Unemployment Raise its Volatility? Evidence from OECD countries. *OECD Economics Department Working Papers*, 1020.
- Dobrotă, N. & Aceleanu, M. (2007). *Ocuparea resurselor de muncă în România*. București: Editura Economică.
- Hujer, R., Rodrigues, P. J. & Wolf, K. (2009). Estimating the macroeconomic effects of active labour market policies using spatial econometric methods. *International Journal of Manpower*, 30(7), 648-671.
- Hunjra, A. I., Ul Haq, N., Akbar, S. W. & Yousaf, M. (2011). Impact of Employee Empowerment on Job Satisfaction: An Empirical Analysis of Pakistani Service. *Industry Interdisciplinary Journal of Contemporary Research in Business*, 2(11), 680-685.
- Nica, E. (2004). *Strategii și politici de ocupare a forței de muncă în România*. București: Editura Economică.
- Stanef, R. M. (2012). *Economie teoretică și aplicată*. Volumul XIX. București: Academia de Studii Economice.
- Galbraith, J. W. & van Norden, S. (2019). Asymmetry in unemployment rate forecast errors. *International Journal of Forecasting*, 35(4), 1613-1626.