



Analysis of Employment and Unemployment Rate in Romania

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The analysis of unemployment and employment developments is generally an essential concern in contemporary economy, being a widely debated topic in the literature and intensely debated by analysts in the field, each expressing his doctrinal vision on this topic. The purpose of this article is to examine the leading causes that influence labor market developments and perform an analysis of the evolution of employment and unemployment in Romania.

Keywords: unemployment rate, employment, labor market

1. Introduction

In the development of the activity of modern society, the workforce has an essential role, in which employment is a necessary condition in all countries in terms of ensuring macroeconomic balances as well as socio-political stability, which is particularly important. Also, we can say that it is complex, dynamic, of major interest regarding the present and future of any society and has substantial economic, psychosocial, cultural, political, educational, etc. Active employment policies currently cover and make available labor market intervention schemes available and have a dual purpose. Firstly, at the individual level, they aim at integrating the unemployed or inactive people into the labor market. Secondly, indirectly, they facilitate the acquisition of experience or qualifications for better paid and long-term jobs. At the same time, the general objective of active employment policies is to promote economic and social integration, increase the self-confidence of people receiving unemployment benefits, often associated with poverty and social exclusion.

2. Definition and characteristics of unemployment and employment

In conditions of deepen globalization and increase the internationalization of employment, it is necessary to differentiate between work and employment. Thus, the International Labor Office defines the employed population as that part of the total population, aged over 15 years inclusive, and which perform an economic activity, which is generating goods or services, at least one hour per week, to be paid [5].

As can be seen from the above definition, a clear difference derives between work and employment, given that the term "employed person" has a narrower spectrum of coverage compared to that of a working person.

The term employment can be defined from two perspectives:

- in a broad sense, this term refers to the actions of public administration and economic entities, which contribute and have a direct influence on the creation of new jobs.
- in a narrow sense, it reflects the conjuncture on the labor market, formed by the situation between labor supply and demand.

In the quantitative determination of employment, an indicator called the employment rate is used, which is calculated as the ratio between the number of employed persons and the total number of persons with a minimum age of 15. In this way, the share of persons who perform a remunerated activity and contribute to the social insurance budget is obtained. Thus, the number of employed persons includes people who have worked different times, which raises the rate level. However, the reality is that taxpayers' share in the social security budget, people who work hard or in places based on knowledge, remains low.

An important role, when evaluating the employment, is the retirement age and, of course, the minimum period of contribution to the pension fund because, in conditions that the age at which a person retires is higher, then the minimum period of retirement contribution is higher.

There is an average indicator that influences and determines the accentuated decrease of the employment rate in the elderly population, namely the actual average retirement age, which thus has a significant importance when analyzing the employment according to age. That is why nowadays, in many countries, increasing the employment rate of the population is resorted to by increasing the actual average age of employment.

Concerning unemployment, the International Labor Office defines the unemployed as those in the age group of 15-74 years and meets several criteria. First of all, it does not carry out any activity that is remunerated. Secondly, they are looking for a job and thirdly, they want to start working in the next two weeks.

If we are referring to the population structure of a country in terms of employment, in this case, it should be emphasized that the total population is divided into two categories, namely: the active population and the inactive population. The active population includes the employed population in a paid job and the unemployed [2].

There are several types of unemployment, namely: involuntary unemployment, voluntary unemployment, seasonal unemployment, structural unemployment, frictional unemployment.

Regarding the causes and forms of unemployment, it can state that because it is a complex phenomenon, the occurrence of unemployment is determined by the economic situation of those who create labor demand and the social status of job seekers.

Broadly speaking, among the factors that cause and influence the forms and evolution of the unemployment phenomenon are:

- e) internal and international conjuncture;
- c) growth rate and recessions;
- a) technical-scientific progress;
- b) dynamics of national production;
- d) restructuring of economic agents, etc;

It should be noted that the level of unemployment depends by two crucial factors, namely labor supply and demand. Thus, the causes of unemployment could be divided into two broad categories:

- subjective causes, which are based on the individual will of the unemployed person;
- the objective causes include a series of events such as the restructuring of economic activities, the insufficiency of economic growth, the cyclical character of the economy's evolution, and the demographic explosion.

Through its duration, effects, and magnitude, at present, unemployment is a phenomenon that affects, in different proportions, all countries, becoming a general problem with significant importance, which significantly concerns contemporary society. Anti-

unemployment measures have both a direct and indirect influence on the economy, and the short-term goal is to reduce the effects of this phenomenon, while in the medium and long term, efforts are made to absorb or minimize available and unoccupied labor resources.

3. Analysis of the dynamics of employment and unemployment rate in Romania

Unemployment is considered an imbalance registered at the level of any national economy, is found in our country, is characterized by certain peculiarities. Given that this phenomenon had as premises the dysfunctions of the social economy, in the field of employment, over time, it has represented a permanent companion of the transition period to the market economy. [1]

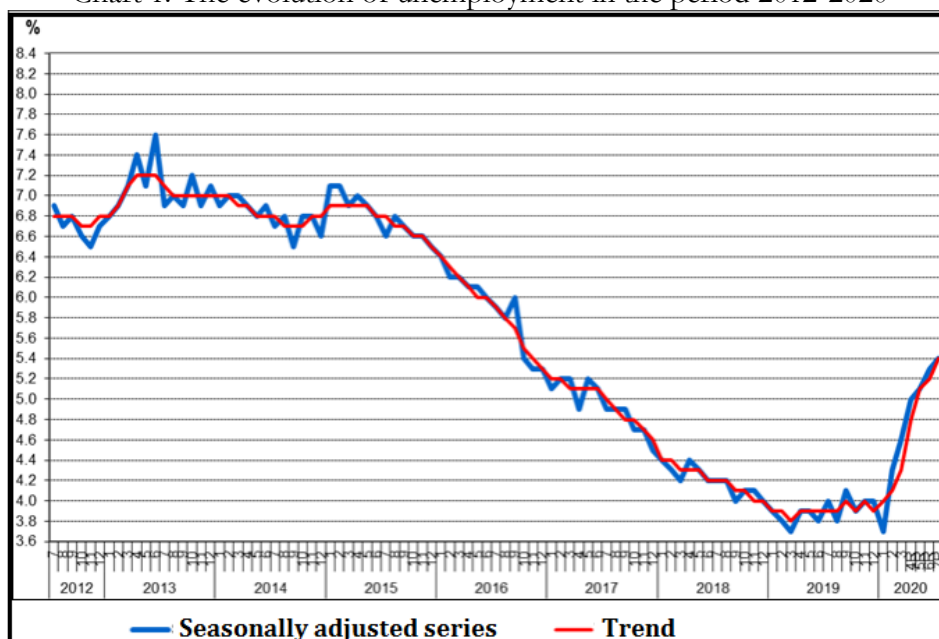
Regarding the way of manifesting unemployment in Romania, it can state that it was strongly determined by the transformations that the national economy had to endure during the time.

Since 1999, there was a decrease in the number of unemployed in Romania. But, the trend was interrupted by the economic and financial crisis, which started initially in the USA, and later spread to various states. However, this crisis although has a global nature, had different effects among states, some of which coped with the shock much better than others, contributing substantially to the dynamics of the world economy [4].

In our country, unfortunately, the effects were felt significantly, and macroeconomic indicators demonstrated this fact. The number of unemployed increased, both the background of the crisis and the decisions previously taken, which have created multiple vulnerabilities.

In 2012-2014, the unemployment rate was above the level of 6.4%, reaching the value of 7.6% in 2013 (chart 1). Starting 2015, this indicator experienced a downward trend (getting the level of 3.8%), until the first quarter of 2020, when due to the coronavirus health crisis, it began to increase, thus increasing unemployment in Romania.

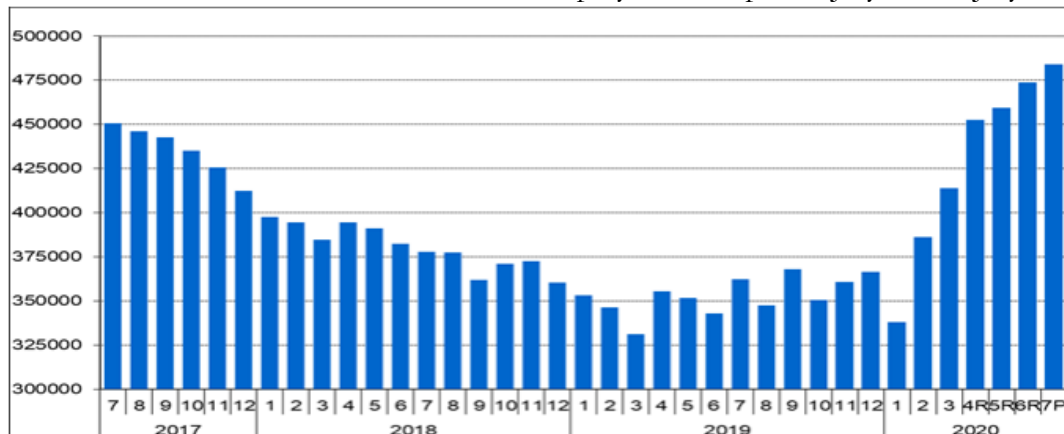
Chart 1. The evolution of unemployment in the period 2012-2020



Source: National Institute of Statistics, Press release no. 224/01 September 2020

Regarding the number of unemployed, as can be seen in chart 2, in Romania in 2017 there were 450,000 unemployed. The situation improved in the following period, that in the first quarter of 2019, the value of approximately 350,000 unemployed were registered. Unfortunately, during 2020, the number of unemployed increased considerably, reaching the level of 475,000 unemployed.

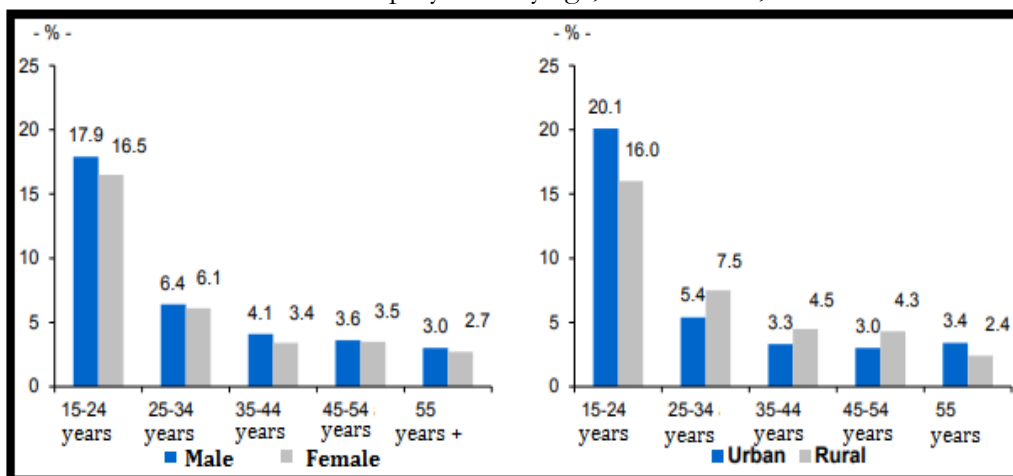
Chart 2. The evolution of the number of unemployed in the period July 2017 - July 2020



Source: National Institute of Statistics, Press release no. 224/01 September 2020

In the early 1990s, the first people that was affected by layoffs were women. Over time, there have been changes in the share of people affected by unemployment, the number of unemployed males being higher than the number of unemployed females. As shown in chart 3, the highest share among the unemployed is held by males, in the age category 15-24 this share reaches the level of 17.9%, and among women recorded the value of 16.5%. The lowest level of the unemployment rate was registered in the age category over 55 years, namely 3% among men and 2.7% among women. Regarding the environment from which the unemployed come, the highest unemployment rate is registered among young people from urban areas, namely 20.1%, and in rural areas 16%.

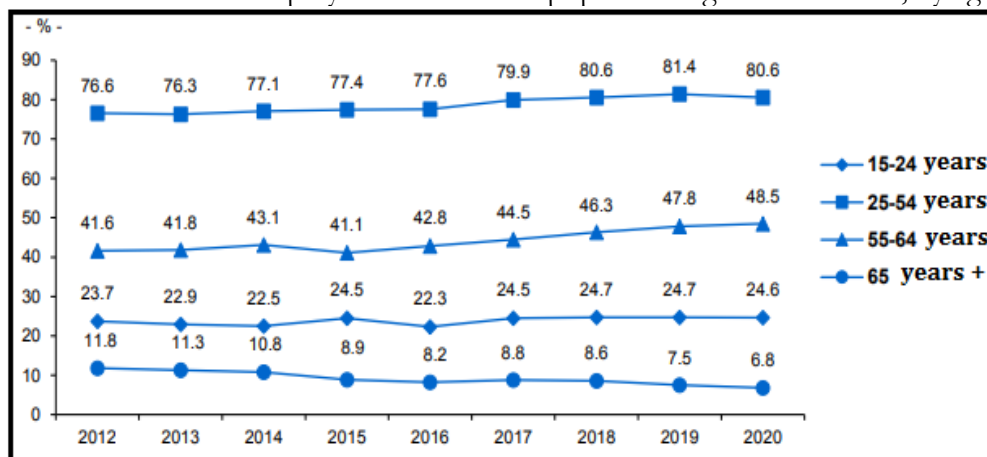
Chart 3. Unemployment by age, sex and area, 2020



Source: National Institute of Statistics, Press release no. 102/20 April 2020

Chart 4 shows the evolution of the employment rate of the population aged 15 and over, by age groups. As can be seen, in the period 2012-2020, the highest employment rate was registered among people aged between 25 and 54, standing above the level of 76.6%. On the other hand, the lowest employment rate was registered among people over 65, reaching 6.8% in 2020. Young people, aged 15-24, recorded an employment rate of less than 25% throughout the analyzed period.

Chart 4. Evolution of the employment rate of the population aged 15 and over, by age groups



Source: National Institute of Statistics, Press release no. 102/20 April 2020

Unemployment, because it is a complex phenomenon, requires implementing the best policies and identifying the most effective solutions to reduce it. Another essential aspect is that emigration and exodus of intellects have significantly been amplified in recent years, requiring measures to reduce this phenomenon.

4. Conclusions

Through its duration, effects, and magnitude, at present, unemployment is a phenomenon that affects, in different proportions, all countries, becoming a general problem with significant importance and which significantly concerns contemporary society.

Anti-unemployment measures have both a direct and indirect influence on the economy. The short-term goal is to reduce the effects of this phenomenon. At the same time, in the medium and long term, efforts are made to reabsorb or reduce available and unoccupied labor resources.

In the case of Romania, except the situation where the number of unemployed could decrease in the position of emigration of the persons concerned, in other geographical areas of Europe or around the world, another way to reduce the unemployment rate is given by making investments, which create new jobs, in line with the supply of the labor market and thus a significant number of people, could move from the category of unemployed to the variety of employed labor, which would be a significant advantage for the economy in general.

An essential aspect is the one according to which ratio between employment and the number of unemployed is sustained and generated by the capacity of economy of any state to respond to the labor market supply and to integrate those persons in the field of labor.



Must be taken into account that workforce training is required to be as close to the economic environment to whom it is addressed and which will absorb persons graduating from studies or professional retraining.

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