

ANALYSIS OF THE EVOLUTION OF UNEMPLOYMENT IN ROMANIA

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Abstract: *The main objective of this paper is to evaluate the existing situation of the labour market, from the unemployment standpoint. The present article begins by reviewing the literature and goes on to analyse the evolution of unemployment in Romania. The present study indicates that unemployment is higher among men than among women. This phenomenon has become apparent after the economic crisis, when the fields most affected were production and constructions in which most employees are male. It is predicted that the large number of unemployed individuals will not be diminished, even after the end of the crisis. Even if the economy returns to normal and consumers begin using consumer goods again, this increase will only be able to absorb a small fraction of the unemployed.*

Key words: *unemployment, labour market, NEETs.*

1. Introduction

The high rate of unemployment has become one of the most distressing problems since the economic crisis and up until today, as this phenomenon is manifested not only in developing countries, but also in advanced economies [4].

During the past few years, millions of people all over Europe have lost their jobs. Obviously, this situation is also reflected at a national level.

This includes our country, which has also been affected by a high level of unemployment among the population. This phenomenon has gained weight due to the recent demographic evolutions. As it would be expected, the economic crisis

was one of the decisive factors of this increase. The analysis carried out in this article shows that, since 2008 the number of unemployed individuals has risen at an alarming rate.

2. Literature Review

The labour market is a system defined by the entirety of economic relations with regard to the employment and use of the workforce [3].

Also, the workforce or labour market may be defined as “the economic space in which the workforce demand (capital owners as buyers) and supply (workforce owners) intersect, are confronted and are freely negotiated” [2].

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2.1. The main components of the labour market

Taking into account the above-mentioned definition, there can be noticed that the main components of the labour market are **workforce demand and offer**.

Workforce demand represents the need for salaried work emerging at a given moment in a market economy, expressed by the number of jobs available.

The workforce supply is made up of the work that the members of a society can provide in established payment conditions and expressed in terms of the number of individuals capable of working.

Expert G.A. Cole has remarked, ever since the beginning of the 90s (as opposed to the 70s), that the labour market currently belongs to the buyer (employer) instead of the seller (employees), as was the case in 1970 [5].

The labour market must ensure the balance between the two main components – workforce demand and supply – needed for the proper functioning of the social and economic system and for avoiding serious consequences such as unemployment. The increase in the degree of occupation of the workforce and the decrease of the unemployment phenomenon represent the essential objectives of economic policy in all countries. These objectives may be attained through the balance between demand and supply on the labour market [1].

2.2. The economic crisis and its effects on the labour market

The economic crisis of 2008, deemed by most economists as the most severe crisis since the 1933 recession, causes the majority of the population not to be able to benefit from a decent standard of living and proper work conditions [1].

The most serious implication that the economic crisis has had for the workforce structure is the intensification of the unemployment phenomenon [11].

2.3. Unemployment

Unemployment is a phenomenon affecting all countries today. It emerges as an imbalance of the work market at a national level. The unemployment phenomenon is strongly tied to economic, industrial and post-industrial development. The main cause of unemployment is a crisis of aggregated supply. Additionally, the economic development of a country is strictly correlated with the quality of human resources [6].

According to the most recent EUROSTAT estimations, in July 2014, in the European Union, more than 25 million people were unemployed [12].

In Romania, as in other European countries, unemployment is measured using two indicators: measured unemployment and unemployment as defined by the ILO (International Labour Organization).

According to the definition adopted by the International Labour Organization (ILO), the unemployed are people over 15 years simultaneously meeting the following three conditions:

- They have no job and do not conduct any activity in view of obtaining new income;
- They are in search of a job, having used in the past four weeks (including the reference week) several active methods of finding a job;
- Are willing to begin work within two weeks, upon immediately finding a job.

2.4. Unemployment among the youth

The high rate of unemployment has become one of the most distressing problems nowadays, as this phenomenon is not only manifested in developing countries, but also in advanced economies [4].

A great increase in unemployment has been reported among the youth. According

to the *European Institute for Statistics*, in 2011, 7.5 million young people aged 15 to 24 were unemployed.

A great part of the unemployed reported among young people are newly graduated. For these individuals, facing difficulty in transitioning from the educational system to the labour market, Euro policymakers use the concept of NEETs (an abbreviation of not in employment, education or training). NEETs represent one of the categories requiring special attention within the coming period [8].

3. Analysis of the evolution of unemployment in Romania

The present analysis of the evolution of unemployment in Romania has begun with the evolution of the unemployed reported by ILO in Romania, during the period 1996 to 2013. For this purpose, the following table is provided, containing the number of unemployed individuals during the 18 years analysed.

Table 1
The evolution of ILO unemployed individuals reported for Romania, during the period 1996-2013

An	ILO-reported unemployment
1996	748057
1997	664686
1998	688400
1999	745526
2000	775465
2001	711299
2002	845273
2003	691755
2004	799526
2005	704462
2006	728371
2007	640942
2008	575547
2009	680683
2010	725150
2011	730217
2012	701210
2013	729669

Source: *National Institute of Statistics*

As it can be seen, during the 18 years surveyed, the values vary from year to year. The smallest number of unemployed individuals recorded according to the International Labour Organization during the period surveyed was attained in 2008, with a value of 575547 unemployed individuals. At the other end, the largest

value recorded is of 845273 unemployed individuals, attained in 2002. Thus the whole interval (1996-2013) can be divided into 3 distinct periods with regard to the evolution of unemployment in Romania. What follows is an overview of the three periods [14].

The period 1996-2002 features a high

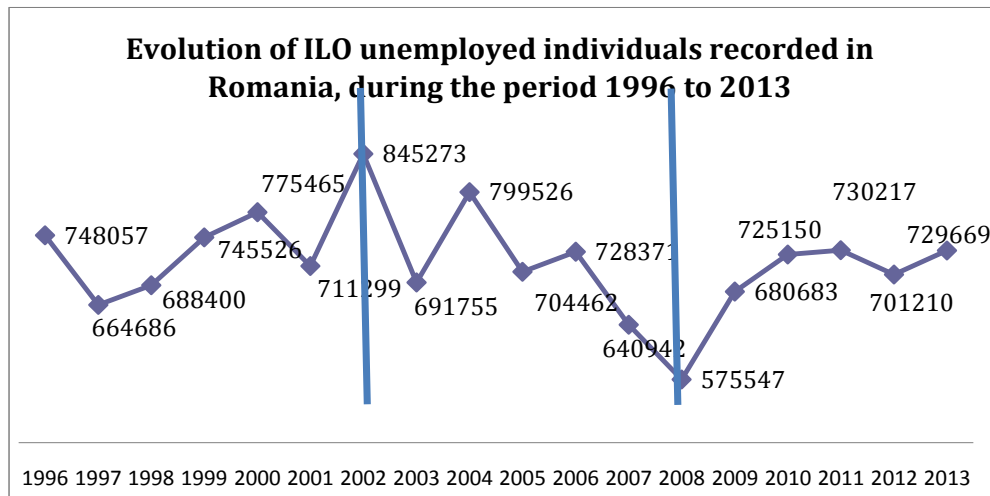
level of unemployment, as a result of economic restructuring and of economic downturns recorded between 1997 and 1999. It should be noted that 1996 was an electoral year, undergoing an economic rise.

The period 2003-2008 features a significant reduction in unemployment. This was the period in which the Romanian economy underwent a remarkable economic increase, sustained by a large volume of domestic and foreign investments. At the same time, the easier access of the workforce on the Western European economic markets has

determined a massive influx of Romanian workers towards Western Europe, which has also contributed to a decrease in unemployment in Romania.

During **the period 2008-2013**, the ascending tendency of unemployment became increasingly apparent. The increase in unemployment was due to the financial and economic world crisis, which also affected our country.

The following graph is provided for improved visualization of results, presenting the evolution of ILO unemployed individuals recorded in Romania, during the period 1996 to 2013.



Source: *National Institute of Statistics*

Fig. 1. *Evolution of ILO unemployed individuals recorded in Romania, during the period 1996 to 2013*

As it can be inferred from the graph, and as detailed above, three periods were recorded, as follows: a period of increase between 1996 and 2002, a period of reduction of unemployment between 2003 and 2008, followed by another period of

increase. In the graphical representation, the three periods have been emphasized for better delimitation.

The next part of the article will focus on the evolution of unemployment by gender, for the period 2009-2012.

Table 2
Evolution of unemployment by gender, in Romania, during the period 2009-2012

Gender / Year	2009	2010	2011	2012
Female	257	288	299	281
Male	424	437	431	420
Total	681	725	730	701

Data expressed in thousands of people

Source: National Institute of Statistics. Survey of workforce in households (AMIGO)

The survey of workforce in households (AMIGO), conducted by the National Institute of Statistics, shows that unemployment is higher among men than among women.

Possibly, this is the case as the fields most affected after the economic crisis were production and constructions, which mostly hire men. In terms of unemployment, the situation will not be completely resolved after the end of the

crisis. Even if the economy returns to normal and consumers start using consumer goods again, the increase will only be able to absorb a small fraction of the unemployed. Thus it is unlikely that the market will return to its 2007-2008 peaks.

What follows is an analysis of unemployment recorded in Romania, by educational level, during the period 2009-2012.

Table 3
Unemployed individuals in Romania, by educational level, 2009-2012

	2009	2010	2011	2012	2013
No schooling	7089	5974	5261	4573	5571
Primary (grades I-IV), lower secondary	178320	145086	161877	152230	148512
Secondary school, stage I	24153	21278	23658	19440	18628
Professional, complementary or apprentice	187883	203979	185667	162436	162573
Secondary, post-secondary and specialized	218455	265008	266876	264152	290058
University	64783	83825	86878	98379	104327
Total	680683	725150	730217	701210	729669

Adapted after: National Institute of Statistics, Survey of workforce in households (AMIGO)

Overall, the number of unemployed individuals has increased during the five years surveyed, from 680683 to 729669. It is of particular interest to notice the evolution of unemployment in all the categories surveyed.

Even though overall the number of unemployed individuals has increased, as displayed above, it should be mentioned that in the first four categories (no schooling, primary, lower secondary, professional) unemployment underwent a decrease during the 5 years surveyed. The

last two categories (secondary, post-secondary and university) underwent significant increases in unemployment during every year surveyed. Thus, it can be inferred that, as the level of education increases, the level of occupation decreases.

For emphasis and clarity, the following graph is provided, displaying the evolution of unemployment in Romania, by educational level, during the period 2009-2012.

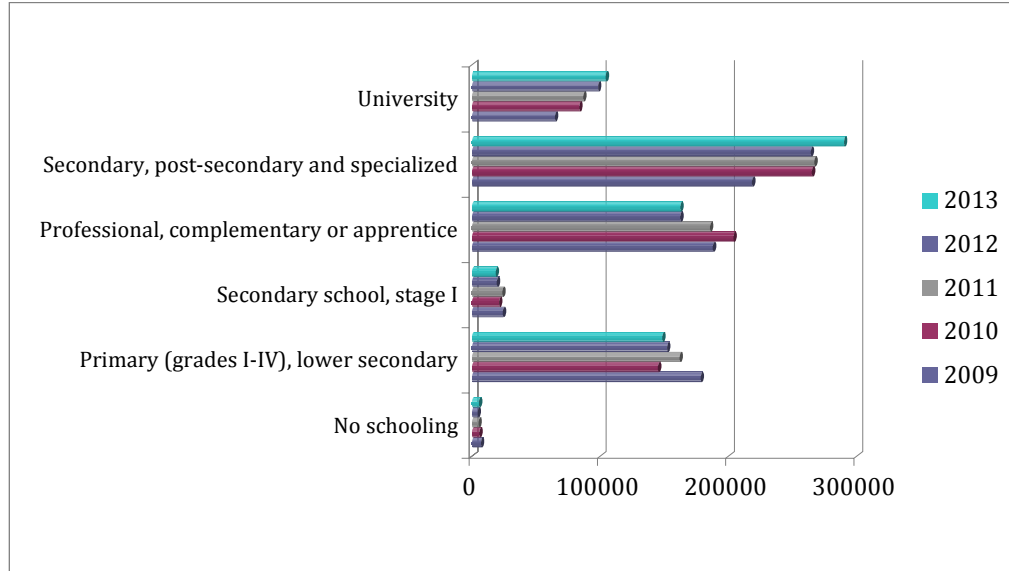


Fig. 2. *Unemployment recorded in Romania, by level of education, 2009-2012*

As it can be seen in the previous graph, the greatest increase in unemployment was recorded for individuals graduating from university, secondary and post-secondary school. During the five years surveyed, for high school graduates, the number of unemployed individuals has grown from 218455 in 2009 to 290058 for 2013,

undergoing an increase of 71603.

Another spectacular increase may be observed in university graduates. The number of unemployed individuals in this category has grown from 64783 in 2009 to 104327 in 2013. The following graph is provided for better representation.

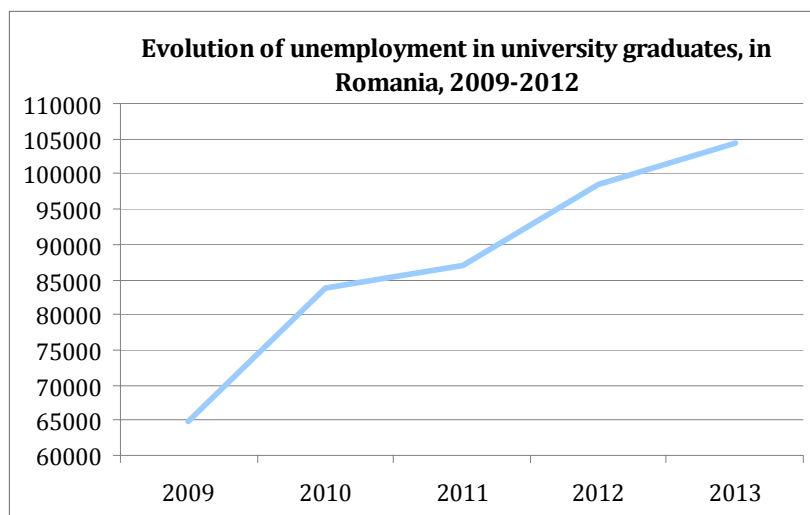


Fig. 3. *Evolution of unemployment in university graduates, in Romania, 2009-2012*

4. Conclusions

The labour market has undergone major changes during the past period, as it has constantly evolved, while some of these modifications were caused by the dynamics of the economic environment [7].

The above analysis has shown that unemployment is higher among men than among women. This phenomenon has appeared after the economic crisis, when the fields most affected were production and constructions, hiring mostly men. The situation of high unemployment will not be completely resolved after the end of the crisis. Even if the economy returns to normal and consumers start using consumer goods again, the increase will only be able to absorb a small fraction of the unemployed. Thus it is unlikely that the market will return to its 2007-2008 peaks.

As the unemployment situation has become distressing, the Europa 2020 Strategy imposes that European Union member states should increase the degree of occupation of poorly qualified individuals and the elderly and should implement systems for supporting young graduates in finding their first job [9].

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