

UNEMPLOYMENT IN ROMANIA IN THE PERIOD 2010-2022

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ABSTRACT

Unemployment is a contemporary social phenomenon, being a result of the meeting and confrontation between the demand and the offer of work. The notion of unemployment can be directly translated as 'inactivity'. This study analyzed the evolution of unemployment in Romania between 2010 and 2022 and we tried to make a structural characterization of it according to different criteria (sex, age and residence), highlighting the most affected categories, as well as sustainable solutions for a management leaning on the socio-economic dimension.

KEYWORDS: *development; labour market; Romania; unemployment.*

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1. INTRODUCTION

This article aims to analyze from a statistical point of view the characteristics of unemployment at the country level, as well as the identification of sustainable solutions to reduce it. In Romania, during the communist period, unemployment was an unrecognized phenomenon, which is why, with the transition to the market economy, it recorded high values in a relatively short time, becoming known immediately after the 1990s (Dănăcică, 2022). Knowing the extent of this phenomenon, the number of unemployed, of the causes and the measures that must be taken to combat it, constitute reasons for a deep analysis of unemployment (Jaimovich & Siu, 2020).

Unemployment is a negative economic phenomenon characterized by the economic inability of a country to provide jobs for all its citizens willing and able to work (Baumann, 2016). But the phenomenon of unemployment is most often analyzed as an imbalance of the labor market, as a meeting place and confrontation between the demand and the global supply of labor (Clark & Lapinteur, 2019). Considering these, it can be observed that the demand and supply of labor represent the main components of the labor market (Guvenen et al., 2017).

Thus, the demand for labor represents the need for salaried labor, existing at a given moment, determined by the available jobs, at the level of each economic unit or company, of each branch of activity or at the level of the national economy (Baert & Verhaest, 2019).

On the other hand, "the labor supply represents the labor resources available to society at a given moment and which are delimited based on the following criteria: salary (remuneration), possession of the physical and intellectual skills necessary for a job, as well as the availability of a person to immediately occupy a job" (Carrillo-Tudela et al., 2022).

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Considering these, we can say that the labor market must ensure the balance between the two main components – demand and supply of labor – necessary for the proper functioning of the social and economic system and to avoid the appearance of negative phenomena, such as unemployment, underdevelopment, lower living standards (Kroft et al., 2013). However, even in balanced conditions, in certain segments there may be inconsistencies between the demand and supply of work by gender, professions, enterprises as well as in the territorial profile (Deelen et al., 2018).

2. ANALYSIS OF THE EVOLUTION OF UNEMPLOYMENT IN ROMANIA

Unemployment is a concept whose content can be understood and interpreted in different ways. Thus it can be defined as "a negative state of the economy, characterized by an imbalance in the labor market whereby the supply of labor is greater than the demand for labor from economic agents" (Adascalitei & Pignatti Morano, 2016). On the other hand, many politicians and economists are of the opinion that unemployment is "one of the most complex and topical macroeconomic problems" (De Fraja et al., 2021) that affects all countries and is strongly linked to economic and industrial development and post-industrial. In addition, the economic development of a country is strictly correlated with the quality of human resources (Ahn & Hamilton, 2020).

The problem of its measurement is a problem of approximation, of evaluating its duration, intensity and structure, for this purpose specialized institutions for analysis and registration (Farber et al., 2019) were established (Alvarez & Shimer, 2011). Thus the statistical indicators through which unemployment is assessed is determined by certain statistical methods using specific data sources (Anderson et al., 2021). In Romania, there are several methods with which the number of unemployed is determined: survey, census, data provided by government institutions, the Ministry of Labor and Social Protection. Among these, the survey is the main method of measuring unemployment because with its help, essential data on the population and the labor force are obtained, data that can be classified according to demo-socio-economic characteristics: sex, level of training, professional status, occupation, branch of activity (Ayllón et al., 2022).

Regarding the evolution of unemployment in Romania, it is presented in the table 1. Thus, it can be observed that in the period 2010-2020, the unemployment rate recorded a constant decrease in the monthly unemployment rate from 6.8% in 2010 to 3% in 2019. This reduction in unemployment is mainly due to domestic and foreign investments that have took place, as well as easier access to the Western European labor markets.

Table 1. The evolution of the unemployment rate in Romania in the period 2010-2022

Year	Unemployment rate (%)
2010	6.8
2011	5.1
2012	5.6
2013	5.7
2014	5.3
2015	4.9
2016	4.7
2017	4
2018	3.3
2019	3
2020	3.4
2021	5.4
2022	5.6

Source: INSSE data

In 2008 there was a slight increase of 0.5% compared to 2007, reaching 4.4%. But with the deepening of the economic crisis, the unemployment rate rose to 7.8% in 2009, which means an increase of almost 100% compared to the previous year, due to the massive layoffs that took place and the reduction of the companies' activities.

Due to the social protection measures established by the Anti-Crisis Program in 2010, the unemployment rate decreased by 0.8 percentage points compared to the previous year. This downward trend of the unemployment rate is maintained in the following years, reaching 5.6% in 2012, followed by a slight decrease in the following two years when it reaches a value of 4%. In 2022, the unemployment rate entered an upward trend, reaching the value of 5.6%.

2.1 The evolution of the unemployment rate in Romania by gender in the period 2010-2022

Regarding the evolution of the unemployment rate by gender, in the figure 1, it can be seen that in the period 2010-2022, the number of male unemployed is higher than that of female unemployed. If until 2008 the discrepancy between the two categories was not significant, but in the period 2010-2011 it deepened, registering differences of 1.3 percentage points.

The increase in the number of unemployed men during the economic crisis is mainly due to the fact that the most affected areas were construction and production.

These sectors have a share of male employees of 72% and 88%, respectively. On the other hand, the lower rate of unemployment growth among females is due to the increase in the number of jobs in education and health, both of which employ more women than men (figure 1).

In the following years, there was a downward trend in the unemployment rate for both categories, the exception being the years 2012 and 2014, when the male unemployment rate increased by approximately 0.4 percentage points compared to the previous years.

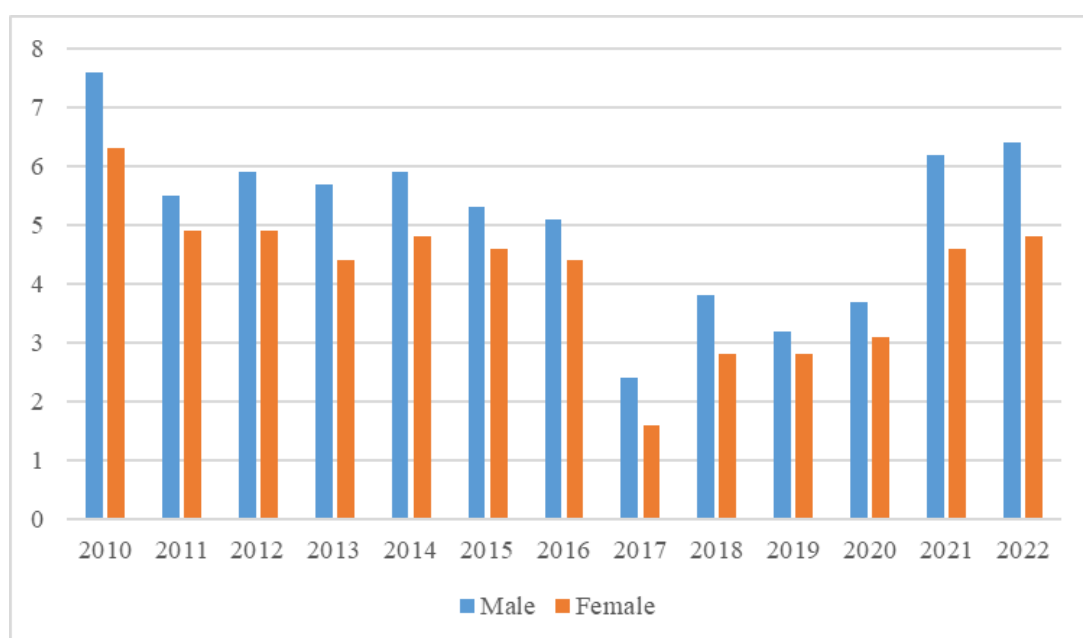


Figure 1. The evolution of unemployment in Romania by gender in the period 2010-2022

Source: INSSE data

2.2 The evolution of the unemployment rate in Romania by residence in the period 2010-2022

Regarding the unemployment rate by residence, in the figure below it can be observed that in the urban environment it is much higher than in the rural environment throughout the analyzed period, with the exception of 2016 when the unemployment rate in the rural environment is 0.7 percentage points higher than the urban unemployment rate.

In the urban environment, the highest value of the unemployment rate was reached in 2013, while the lowest value was recorded in 2016 at 5.6%. On the other hand, in rural areas, the unemployment rate had an oscillating evolution, the minimum value being reached in 2010, and the maximum value in 2015 of 6.6% (figure 2).

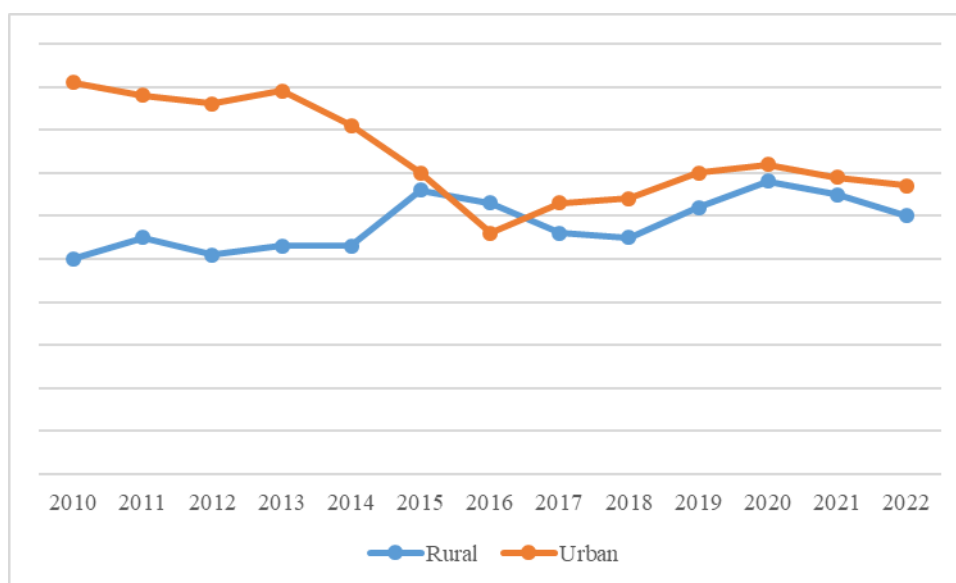


Figure 2. The evolution of the unemployment rate in Romania by residence in the period 2010-2022

Source: INSSE data

2.3 The evolution of the unemployment rate in Romania by age group in the period 2010-2022

Regarding the unemployment rate by age group, it can be observed that the share of unemployed between the ages of 15 and 24 is much higher than that of people from other age groups. In the period 2010-2020, the youth unemployment rate had an oscillating evolution, increasing from 18.5% in 2000 to 24% in 2014. Thus, in order to reduce the share of the unemployed in the age group of 15-24 years, programs were carried out regarding the inclusion of young people on the labor market, which, however, proved to be ineffective, because their number continued to increase.

Regarding the share of the unemployed between the ages of 25 and 34, it had an approximately constant evolution, with small fluctuations (figure 3). On the other hand, the share of the unemployed between the ages of 55-64 registered much lower values throughout the analyzed period. Thus, it can be observed that it had an upward trend, the lowest value being recorded the highest value in 2015, respectively of 3.7%.

Synthesizing all the data analyzed, represented in the graphs related to each subsection, we can conclude the fact that there is a real problem regarding the insertion of young people into the labor market, especially in the field of training. On the other hand, with the pandemic, unemployment experienced fairly high growth rates, with most employers reconsidering the places offered by department.

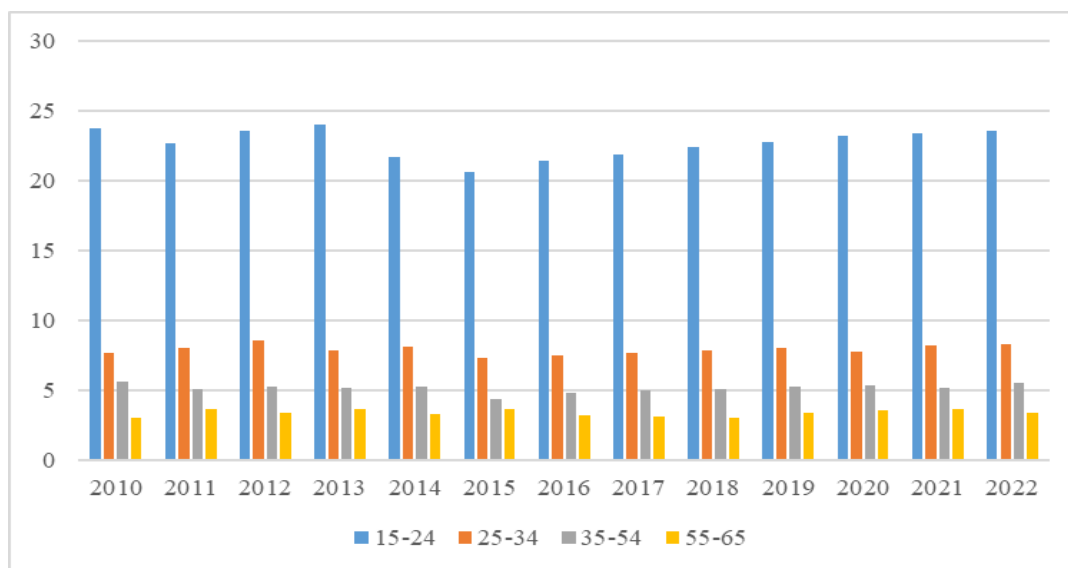


Figure 3. Evolution of the unemployment rate in Romania by age group in the period 2010-2022

Source: INSSE data

3. CONCLUSIONS

Considering the above analysis, we can say that two periods are distinguished in terms of the evolution of the unemployment rate, 2000-2010 and 2010-2022. In the second period, it can be observed that the unemployment rate increased by approximately 50% as a result of the economic crisis, after which it followed a downward trend until 2011. Starting from this year, the unemployment rate had an approximately constant evolution until 2016.

It could also be observed that unemployment is higher among men than among women. During the economic crisis, the discrepancy between the two categories increased, due to the fact that the most affected sectors were construction and production. As for the residential areas, it could be observed that the unemployment rate in the urban environment remained higher throughout the analyzed period, with the exception of 2016. The existence of subsistence agriculture in rural areas is one of the reasons why the unemployment rate is lower than in urban areas.

At the same time, taking into account the analysis of unemployment according to age groups, it was found that unemployment among young people, 15-25 years old, is much higher, registering values of over 20%, while people in the age groups 35- 54 years, respectively 55-64, are the least affected by this phenomenon.

Following this analysis, we can say that the political dimension could have a very important and decisive impact to determine the motivation of young people. Thus, insertion into the labor market would be easier, as long as there were equal opportunities and the opportunity for employment based on performance criteria and good training.

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