

**THE INFLUENCE OF THE AVERAGE INCOME AND UNEMPLOYMENT ON  
THE MIGRATION OF THE ROMANIAN LABOR FORCE INTO THE  
EUROPEAN UNION STATES**

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***Abstract:** Considered a strategic resource, the human resource is viewed in certain economies as a key resource in which constant investment is invested, while in other economies the human resource is devoid of proper attention, being constantly demotivated and demoralized. Lack of proper motivation of the workforce can have extremely damaging consequences for a country's economy. We will analyze labor migration in Romania through two economic indicators (average income and unemployment rate), as well as the economic and social effects generated by it.*

**Key words:** migration, labor, causes, effects of migration

**INTRODUCTION**

The labor force or human resources in a country represent the vital resource for the functioning of an economic system. That is why states get involved through the education system in training people so that later on they can put their knowledge in the service of the state, of the economic organizations where they will engage. Thus, it is intended to obtain surplus value. In Romanian society, there is a paradox between the busy information acquired by students and students, that is, a good theoretical training and the demotivation that is set up when they will engage. In the current period, people themselves are investing a lot in them in order to have access to well-paid jobs that bring them personal and professional satisfaction. In our country, the number of graduates of a higher education is significant, without them being able to find a job according to their training.

Labor migration has emerged as a result of the internationalization of firms and the globalization of economic processes. Starting from Abraham Maslow's theory of needs hierarchy, we see that the basis of human actions is motivation, and at the basis of it is the satisfaction of physiological needs. Under these circumstances, people want to be able to meet their basic needs, whatever the efforts involved. Ideally, all these needs can be met in the country where you have benefited from education; however, there is a massive labor exodus (both qualified and unqualified). The causes of migration can be different from economic, social and political. Migration can be explained by balancing the shortcomings in labor markets, between supply and demand, we can descend at microeconomic level to explain the phenomenon by estimating the benefits of migration to each individual in relation to the expected costs. In fact, the economic factor, although important and remains one of the current factors of migration, is not the only one involved in making the migration decision. There is also a migration with a political substrate as people leave an area where they are persecuted or living in an uncertain environment. At the same time, the political factor puts restrictions on migration, reducing this phenomenon, but it can also favor migration through employment programs. At a macroeconomic level, migration leads to destabilization of the labor market by creating either a surplus in certain areas or labor shortages in certain sectors over certain periods. Over-saturation of the workforce in a sector can be seen as an aggressive phenomenon by the native population. Individual phenomena occur both positively, by increasing the standard of living, the satisfaction, the sense of job security, and the negative ones, considering the relationship with the group of belongings, producing a sense of uprooting.

Another problem of the wage system in Romania is that of salary decompression (increasing the ratio between maximum and minimum wages).

## **MATERIALS AND METHODS**

To analyze this topic of actualization in Romania, we will especially use the analysis of the various researches on this topic in the specialized literature and in the professional press. based on these studies, we can draw a realistic conclusion on the correlation between average wage and unemployment rates, as well as draw conclusions, recommendations and forecasts.

## **RESEARCH RESULTS**

### **1. THE EFFECTS OF MIGRATION FOR ROMANIA**

The International Migration Organization highlights the underlying factors of the migration phenomenon, namely push / pull factors (low living standards, poverty, lack of employment, ethnic problems, crises resulting from natural disasters, technological accidents or terrorism; even financial crises, political and social conflicts, etc.) and pull / attraction factors (high living standards, higher salary levels, the possibility of finding a better job, the experience of social networks, individual freedom, etc.). also non-economic factors (language, cultural and geographical contingency, historical, historical, former colonies) can also be highlighted, which also affect the decision to migrate and select the country of destination. Migration triggered by economic motivation within the European labor market can be an effective instrument for stabilizing the labor market and balancing the unemployment rate in the euro area, but also for the other affected states.

Romania has adhered both to the country of origin and to the destination of international migration, but the status is a country of net emigration. At the same time, the number of persons migrating in transit through the national territory increased, with Romania having higher responsibilities related to the positioning at the eastern border of the EU (illegal migration, trafficking in human beings, voluntary migration). The migration policy in Romania aimed at the adoption of normative acts, the establishment of some institutions with attributions in the field of migration and cooperation with other states. Moves at the level of international labor flows create distortions on the Romanian labor market (structure, specialization, segmentation), imbalances in the demographic structure with economic implications (evolution of macroeconomic indicators, tax effects, remittances) and on the security system

The main countries in which Romanians work are Italy, Spain, Israel, Germany and the United Kingdom. Two-thirds of the money sent to the country (remittances) come from the Romanians who went to work in Italy and Spain. For example, in 2007, they sent 6.5 billion euros in the country, up from 2006, when remittances amounted to 5.5 billion euros. The amount accounted for about 5.7% of GDP, and Romania ranked 10th in the world in a world remittance ranking by the World Bank and 2nd in the EU. The evolution of remittances in Romania, according to the World Bank, is as follows: 2007: 8,461 USD; 2008: \$ 9,285; 2009: 4,881 USD; 2010: \$ 3,879; 2011: 3,889 USD; 2012: 3,674 USD; 2013: \$ 3,519; 2014: \$ 3,381; 2015: 2,933. According to World Bank statistics, Romania is almost 10 years old, among the first remittances receiving markets in Europe, with a volume of over 6 billion euros per year. The data for 2015 show that about 5 million Romanians work abroad. Of these, 68% send money to their families (about 3.4 million Romanians). Italy, with more than 1 million Romanian migrants, is the main country from which Romanians send money, followed by Spain with over 650 thousand Romanian migrants and Germany with 590 Romanian migrants. More than 60% of the money sent to Romania Romanians working abroad are spent for consumption, for daily needs (food, shelter, clothes), and 20% - 40% are used for savings or investments.

Graduates are about 10% to 12% the total number of legally emigrated persons and 26% of the official emigrants are graduates of high school and post-secondary education.

The Romanian migration is characterized by the following aspects: the migration of the young population, able to work, leads to a crisis on the labor market, and on the insurance and social services market, in the sense that there is a much more important pressure on the population and the changes in age and gender structure of the population, coupled with decreasing fertility rates, lead to a continuing demographic aging.

The positive effects of remittances on investment and private consumption, the elasticity of consumption being much higher than in the case of foreign direct investment. Compared to foreign direct investment, development aid and capital market inflows, remittances are one of the least volatile sources of external income.

If we were to report to 2014, average earning was in December of 1866 lei net, with a rise compared to November by 123 lei (7.1%), reaching the highest values in the oil and gas extraction, and the lowest in hotels and restaurants. Increases in net average earning were due to the granting of occasional bonuses (quarterly, annual, certain holidays), amounts from other funds (meal vouchers and gift vouchers), as well as higher yields or revenues. At the same time, according to the National Institute of Statistics (NSI), average wage increases have been influenced by some economic activities and by the dismissals of low earners. The most significant increases were 39.3% (extraction of oil and natural gas), respectively 30% (manufacture of coke and petroleum products), 20.5% - 28.5% (forestry and logging, including fishing and aquaculture, manufacture of other transport equipment, extraction services, production and supply of electricity and heat, gas, hot water and air conditioning), 14.5% - 18.5% (telecommunications, metallurgy, wastewater collection and treatment, manufacture of other non-metallic mineral products). Also, increases based mainly on low wages. Many specialists consider the issue of minimum wage as a barrier to entry into the labor market that affects especially the least qualified workers, who lose contact with legally paid jobs and depend either on "work at black", either social assistance or government. In this sense, there are two views on the minimum wage: it can even be considered a violation of the right to work because it prohibits poor workers from working, and on the other hand, the minimum wage is related to certain social rights, such as the right to a "decent salary". In the European Union, 22 out of 28 countries have minimum wages, and six countries (Denmark, Italy, Cyprus, Austria, Finland, Sweden) have not set such a threshold for entry into the labor market. Eurostat data show that on 1 July 2016, the lowest wages in the Member States were lowest, the lowest minimum wages in the European Union were in Bulgaria (EUR 215), Romania (EUR 276), Hungary (EUR 350), Czech Republic (EUR 365), Latvia (EUR 380), these are the only states that have the minimum wage below the 400 euro threshold. At the opposite end, the highest minimum wages were in mid-year in Luxembourg (EUR 1 923), Ireland (EUR 1 546), the Netherlands (EUR 1 537) and Belgium (EUR 1 532). In the last seven years (2009- 2016), the minimum wage in Romania doubled, from 600 lei in 2009 to 1250 lei. In conjunction with the net average wage at national level, the minimum wage represents about 43% of the average earnings. The minimum wage forecast in Romania is: 1625 lei (361 euro) in 2019, 1759 lei (389 euro) in 2020. Increasing average earning has a direct influence on the unemployment rate. Thus, in March 2017 it reached 5.3%, this being the lowest level in the last 10 years. The number of unemployed (aged 15-74) reached 486,000 in March, down by 75,000 compared to the same period in 2015. One of the factors leading to the decrease in unemployment was the increase in the number of unemployed new jobs and the external migration of Romanians who wanted higher salaries. The number of employees reached 4.78 million in January 2017, rising by over 160 000 as compared to January 2016. At the same time statistics show that the labor market per year loses between 160 000 and 180 000 people from external migration, so only in 2015 Romania lost some 190,000 Romanians in favor of employers from other countries.

With an unemployment rate calculated according to the International Labor Office standards of only 5.3% in March 2017, Romania is in the top 10 countries in the European Union with the lowest level of this indicator. The number of unemployed aged between 15 and 74 years in January 2017 was 488 thousand persons, down 5 thousand compared to December 2016, when 493 thousand people were registered and 94 thousand persons as of the month January 2016, when 582,000 unemployed were registered. Unemployment rate among men exceeded that of women by 0.9%, with 5.8% for men and 4.9% for women. For adults aged 25 to 74, the unemployment rate was estimated at 4.3% for January 2017, with 4.8% for men and 3.7% for women. The number of the unemployed aged between 25 and 74 represents 74.6% of the total number of unemployed estimated for January 2017. In January 2018, the seasonally adjusted unemployment rate was 4.6% at the same level as the registered in December 2017, according to INS. Men's unemployment rate was 0.9 percentage points higher than in women, respectively 5%. Regarding the number of unemployed by counties, Mehedinți, Caraș-Severin, Bihor, Satu-Mare, Maramureș, Bistrița-Năsăud, Sibiu, Brașov and Constanța counties rank first.

### CONCLUSIONS

Following the phenomenon analyzed in Romania during the last years, one can notice that there is a direct influence between the average wage and the level of the unemployment rate. although in the last years there is an obvious increase in the average wage and, implicitly, the decrease of the unemployment rate, the quality of life in Romania is not necessarily better. As a result of the increase in average wage, people tend to employ various bank credits, not taking into account job instability and fluctuating conditions in the Romanian economy. however, labor migration could not be significantly diminished, with labor shortages in major sectors in our country, such as the construction sector. to ensure stability of average wage while concomitantly with a rise in the prices of various goods and services, the Government of Romania should design a program of certain fiscal measures adapted to the dynamics of the European labor market.

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