

COMPARATIVE ANALYSIS OF UNEMPLOYMENT RATE IN ROMANIA AND EUROPEAN UNION

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Abstract: *In the context of economic transition, the labor market in Romania suffered significant transformations under the aspect of labor force indicator's volume and structure. This process has been characterized through active population and occupied population reduction, by maintaining to relative constant values the unemployment rate. The financial crisis, however, impacted mainly after the second half of 2008 the labor force structure, bringing in the same time with the decrease of occupied population a higher unemployment, both in Romania and the EU 27 overall.*

Key Words: *unemployment, EU 27, sustainability, comparative analysis, flexicurity*

INTRODUCTION

Labor factor, in order to be utilized in all activities of modern society, needs to be procured from a special market named labor force market. The natural resource market, labor market, capital market, goods and services market function simultaneously and I interdependency; they form a market system through which economic process and phenomena's are adjusted.

Demographical evolutions, structural and volume changes of Romanian labor resources in the past 10 years have generated a general context less favorable for implementing with success the prior strategic cadre that had as main objective to achieve full, qualitative, durable and inclusive occupancy.

Some of the demographical tendencies will have more important effect for the next period of time, and the projection, and moreover the efficient implementation of occupancy strategy, needs to evaluate and establish with high rigor the chains between demographical resources and the expected results.

The labor market in European Union describes the demographic profile of labor force, but also the regulation system, based mainly on free circulation of employees, but also on other forms of regulation. Since the formation of European Economic Community in 1957, the scope of offering free movement for employees helped to define director lines for the labor market.

The demographical profile of European Union labor market has significantly changed in the last years. The proportion of employed women's increased in the last decade, therefore the difference between men's and women's on the labor market decreased to 11.9% in 2011, comparing with a level of 17.1% in the year 2000. Migration is a factor that influences this market and the ascension of new member states, which used the free movement of employees for encouraging changes on the ethnical and national profile on the labor market. Structural changes associated with the aging labor force have driven to the necessity of introducing new incentives for encouraging older employees to continue to work for a longer period.

The recent economic crisis was heavily affecting the labor force market in the EU countries, the impact varying from a country to another: some of them managed to maintain a high level of occupancy and a low unemployment by preserving occupancy and creating new work places by using active expansion politics on the labor market force.

Unemployment rate increased in all the member states of EU in the period 2008-2010. The lowest values of unemployment have been registered in the UE in 2007 (7.2%) and in 2008 (7.1%). The adhesion of new members after 2007, which is the case of Romania and Bulgaria, but also the triggering of the economic and financial crisis were representing 2 determinant factors for new problems inside EU, reflected by a higher unemployment rate, with values between 9 % (2009) and 10.4 % in 2012.

MATERIALS AND METHODS

In order to perform a pertinent analysis on the unemployment rate in Romania and EU 27, we used the following Databases:

- Tempo-Online, database belonging to Romanian National Institute of Statistics;
- Eurostat interactive database.

Collected data representing the base of comparative figures construction between Romania and EU 27 refers to the following indicators:

- Aggregated unemployment rate;
- Unemployment rate by age groups;
- Unemployment rate by gender.

The analyzed period is 2007-2012.

RESULTS AND DISCUSSIONS

Comparative analysis Romania-EU 27

Starting with 2008 until 2011, the unemployment rate in Romania followed an ascendant trend, but reaching a level of under 7% in 2012. The same trend was registered in EU until 2011, but in 2012 the unemployment rate increased to a level of 10.4%. The triggering of economic-financial crisis determined the deterioration of labor market situation, and having increases in the unemployment rate of up to 1.5% in 2010 comparing with 2008. At EU level we could observe that the unemployment rate has been staying to high levels (not under 7.1%), EU 27 having under the umbrella countries with different levels of development of industry and technology. Countries as Greece, Spain and Cyprus have been confronted in the last period with high economic problems, translated in high unemployment rates that were directly affecting the EU 27 average performance and resulting in a higher unemployment comparing with the Romanian level.

Both in Romania, and EU 27, the unemployment rate values have been positioned on an ascendant slope in the period 2007-2012. The situation can be explained through the existence of influential factors, such as: socio-economic context (resistance environment, development level of residence area, low labor market flexibility), individual factors (gender, education level, experience on the labor market competency level). Also, in this context, we need to take into consideration certain limitations and risks: limited budgetary resources for implementing active measure for occupancy; low number of employees inside the Public Occupancy Service; legislation and budgetary limitations in according facilities to employers which are hiring targeted groups (young/ unemployed); low attractiveness of manufacturing stages; persistent economic contraction; population aging; reduced capacity to absorb structural funds in the human resources area; increased unemployment for persons without base competencies, such as the digital one's.

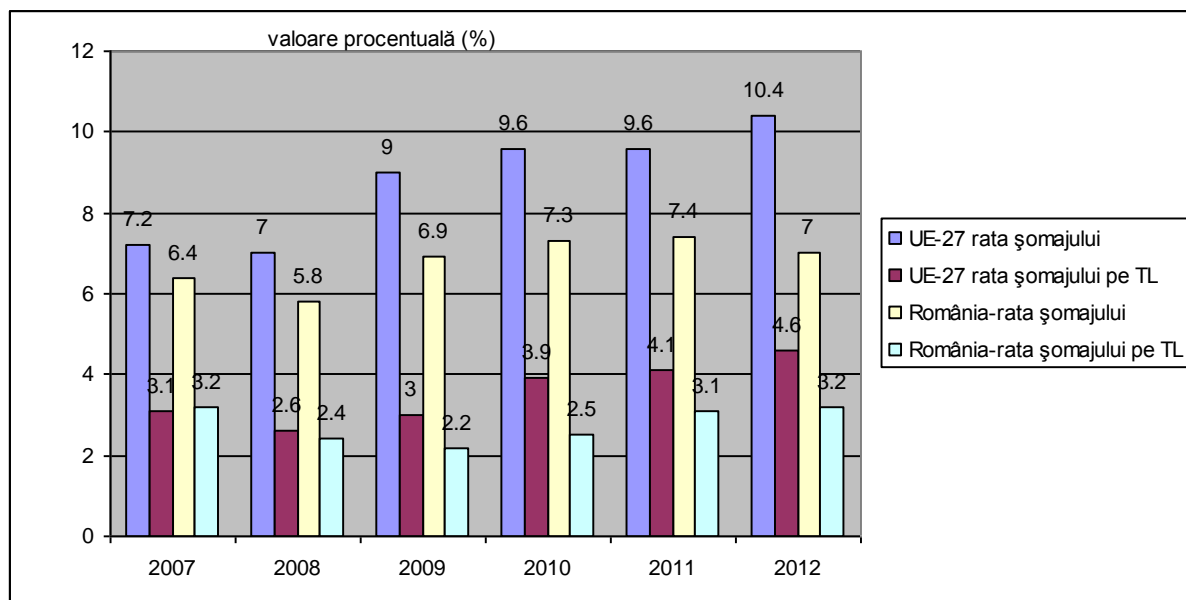


Figure 1. Comparative analysis of unemployment rate evolution- Romania-UE 27
In the period 2007-2012

Source: Eurostat

The estimations made at European level reveals the fact that an approximate number of 2.1 million Romanians are working in other state members of EU (main destinations are Italy- 890.000 and Germany- 110.000).

This massive labor force migration that happened in a very small interval made a high imbalance on the labor force market, this phenomena being hard to manage, being very hard for decision makers to elaborate adequate policies for balancing the offer and demand. Therefore, at the beginning of the analyzed period, the internal market functioned with high offer excess, after Romania joined EU, and once with structural changes in the economy, the market functioned with high deficits in some sectors.

In essence, the low unemployment was not a real efficiency indicator, as several economic sectors could not employed sufficient and well trained personnel. Is obvious that the inconsistency size between demand and offer increases the risk of losing productivity and continuously professional formation system of adults, the main leverage for fighting against the phenomena (functioning with several deficiencies).

Another extremely important effect of the massive migration has been reflected in the sustainability plan of social protection in both Romania and EU 27, conditioned by active integration and the effective participation through contributions for Romanian workers performing in other member states.

We can notice that the long term unemployment in EU decreased from 3.1% (2007) to 2.6% (2008), but after having an ascendant trend until 2012, reaching a value of 4.6%. In Romania we had the same phenomena, respective the decline of number of persons that don't have a work place, from 2.2% in 2009 to 3.2% in 2012.

Countries as Greece, Slovakia, and south Italy had a big contribution for the high rates in long term unemployment at EU 27 level. As example, Bucuresti - Ilfov region from Romania is situated in the intermediary group, with relatively low values of long term unemployment.

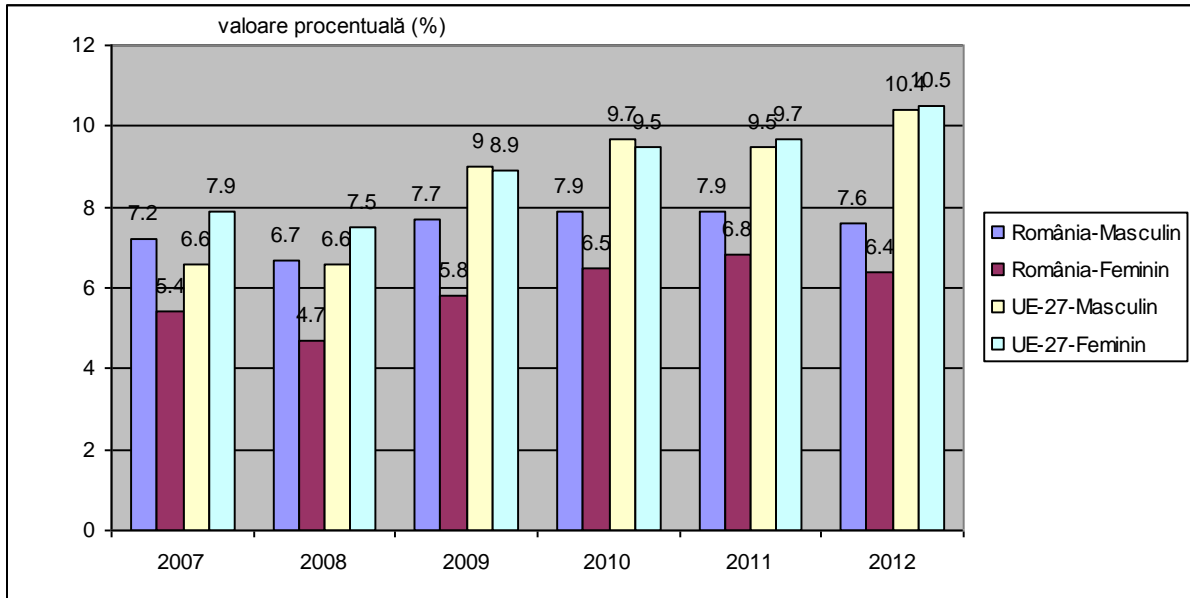


Figure 2. Comparative analysis of unemployment rate by genre

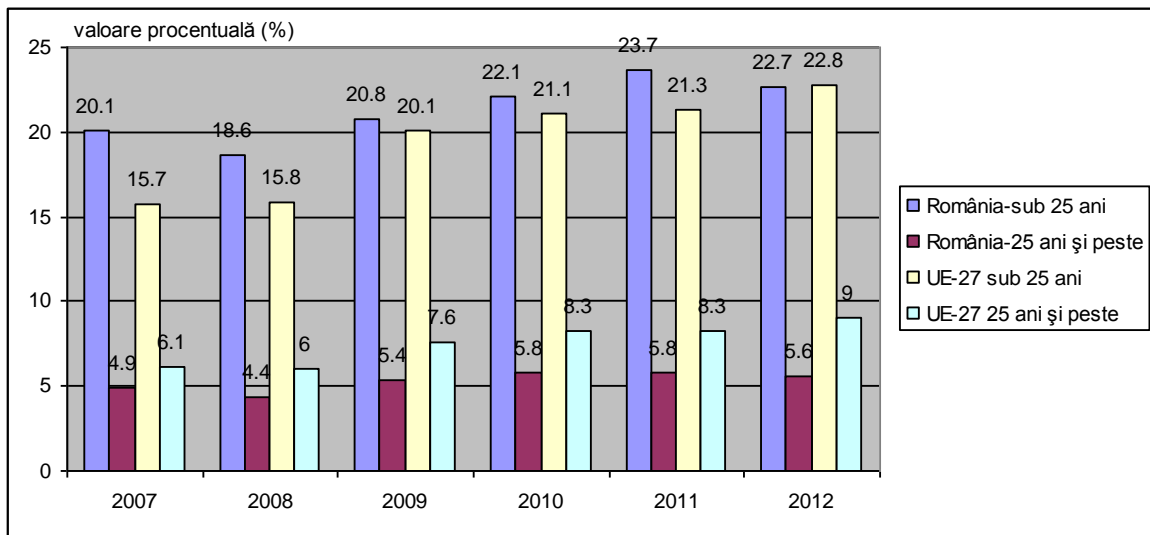


Figure 3. Comparative analysis of unemployment rate by age groups

Source: Eurostat

Considering the unemployment rate by gender, we can notice that both Romania and EU 27 are following the same trend (decreased value in 2008, after increasing to 7.6% in Romania and 10.5% in EU 27). We can notice that the unemployment rate for men's is higher than the one for women's, while in EU 27 is vice-versa. Also, there are high discrepancies between values, from 4.8% in 2008 for men gender to 2.7% in 2010 for women gender. A high unemployment concentration among women's is creating incidents on family relations, but also in the society, such as: lowering the income and purchasing power, new born reduction and deterioration of education- with direct impact on the labor force prospects.

We can easily notice that the increased rates of unemployment among the population aged <25, with levels of 22.7% in 2012 in Romania, and 22.8% in EU 27. The difference between the 2 is very small- meaning that in general young people encounter difficulties in finding a job or can be viewed also from a different angle: they are continuing their studies. Young population under 25 years is representing the most critical problem of labor market functionality, with very high economic and social impact. For the group of people aged 25+, we can notice an oscillating trajectory- at the end of 2012 with a level of 9% in EU 27 and 5.6% in Romania.

Mitigating and control measures against unemployment

Mitigating and control measures against unemployment can be taken on short, medium, or long run. The short term one's have the role of protecting unemployed persons by guaranteeing a minimal income (unemployment allowance) that varies from a country to another and period to another- differentiated on years in the work field, but also based on salary level. The medium and long term one's are oriented to unemployed persons, but also to employed persons and are referring to courses for re-qualification, but also to explore new domains capable to offer new work places (waste management, environmental preservation, research and development).

A measure for fighting against structural unemployment is to establish flexible wage tariffs, through a better collaboration between unions and companies management (for example indexing the wages with the inflation). The method of increasing the duration of school and early retirement age has been proven on a long run a very costly and non-efficient measure. Another measure for reducing the unemployment was the creation of services with duration of less than 8 hours, so 2 people can occupy the same job.

A new used concept is flexicurity. This is an abbreviation between flexibility and security and refers to a social model that promotes a proactive policy in the working domain and the access to a work place. More exactly, by applying flexicurity measures means that the labor market will be more and more flexible and also the employees will benefit of a higher job security. In other words, the employees will accept to change their working hours, with the agreement that they will not stay for too long unemployed. Flexicurity should promote more opened labor markets, receptive and inclusive, which will help to solve the segmentation problem. It has applicability for both employed and unemployed population. Inactive population, unemployed people, persons working on the black market, instable or at the edge of labor market- to all we need to offer better opportunities, economic incentives and measures that will facilitate the access to legal working or stages that will help them to find a stable work place.

We should have a higher help offered to those having a job to remain capable to work in the future, to advance and follow the horizontal and vertical transitions, at the working place, respective, between work places.

CONCLUSIONS

The alarming increase of unemployment level, associated with reduced labor force occupancy, is representing a high interest problem for the good function of a country economy. Unemployment reduction is one of the most serious problems for governments and social forces from each country.

Unemployment has sharply risen in EU starting with 2008, as a consequence of crisis triggering. The increase of unemployment rate was felt after in each member state of EU, by both men and women, young and old people. Even so, the initial moment of the

increase and also the intensity is varying among the countries. The highest annual rates have been encountered in the Baltic countries, Spain and Ireland. The lowest increase has been in Germany, and the relative stable countries have been Belgium, Netherlands and Luxembourg.

At EU level we could notice that the unemployment rate maintained at relatively high values, not going below to 7%, EU 27 being a mix of countries with different levels of development and technology. Countries such as Greece, Spain and Cyprus have been confronted in the last period with high economic problems, translated in high unemployment rates that were directly affecting the EU 27 average performance and resulting in a higher unemployment comparing with the Romanian level.

In order to ensure a high level of flexicurity on the labor market, is mandatory to follow several aspects, such as: ensuring flexible occupancy structures- from the time of working hours point of view and skills flexibility; ease and cost of employment/unemployment; short term labor contracts; high flexibility of scheme payment and locative flexibility.

The European model reveals the fact that by utilizing schemes for reducing the working time and temporary disposal is an efficient alternative to increased unemployment. In the same time, it ensures working place security and stable incomes for workers. Through flexicurity there have been ensured several part-time jobs, and most of them have been registered in Germany, fact that was directly reflected in the occupancy degree of labor force, this being the best one from EU zone.

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