

**THE ANALYSIS OF UNEMPLOYMENT IN ROMANIA***Diana COZMA IGHIAN*

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**ABSTRACT**

*The paper presents an analysis of unemployment in Romania and ways of reducing the rate of unemployment.*

*Unemployment constitutes in market economies, under the aspect of the psycho-social, a major risk, with multiple and sustainable development effects, the problem of unemployment has become intense when the transition toward a market economy has been chaotic and without social protection measures.*

*The authors have presented important aspect concerning the issue of unemployment, the factors which influence growth rate of unemployment, forms of unemployment, unemployment situation in Romania, the evolution of the number of unemployed, the analysis of the unemployment rate female and male, analysis of unemployment at the European level, measures for the fall in the unemployment rate proposals to reduce to a minimum level of unemployment through the application of a macroeconomic policies and the use of transported in which will allow the absorption in the economy of unemployed persons.*

**KEYWORDS:** *unemployment, rate, evolution, analysis, factors.*

**JEL CLASSIFICATION:** *O1, P16, P47*

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**1. INTRODUCTION**

The problem of unemployment has become intense after the year 1990, when the transition toward a market economy has been chaotic and without social protection measures. Unemployment constitutes in market economies, under the aspect of the psycho-social, a major risk, with multiple and sustainable development effects, thus representing:

- factor of deepening of the segmentation of the labour market;
- factor of enlargement and deepening of poverty for the unemployed and their families, it may affect the undertakings, branches of economic, geographical areas, occupations or professions;
- factor of deterioration of the health status;
- factor of political instability, economic and social conflict destructive;
- deterrent, social marginalisation and exclusion of people with a qualification reduced or with a level of the precarious schooling.

The concept of the economic cost of unemployment of interest for the understanding of the complexity of the phenomenon of unemployment benefits and the assessment of its

consequences. This includes the consequences of the effects of the unemployment rate to individuals, economy and society.

In practice the unemployment is present in many forms, namely:

- voluntary unemployment;
- involuntary unemployment;
- total unemployment;
- partially;
- unemployment in disguise.

In Romania at present, there are two unemployment rates, one calculated by the INS and one calculated by the National Employment Agency (ANOFM). INS the unemployment rate is calculated on the basis of the data gathered from the surveys made in and includes persons aged between 15 and 74 years which satisfy both the 3 conditions: do not have place of employment, are available to start work in the next two weeks and have remained in search of a place of work during the last four weeks at the time of the completion of the investigation.

The other the unemployment rate in Romania, published by ANOFM, is calculated solely on the basis of the statements made by the unemployed to agencies for employment, which may receive or not allowance of unemployment benefits.

Between the two unemployment rates there is a difference of 3 percentage points in each month rate (ANOFM being below), which transposing into a number of the monthly 200,000 - 300,000 unemployed "hidden" (which want to work but which is not registered at the ANOFM), which was only due to the differences in the methodology of calculation.

Factors that influence the duration of the Unemployment:

- the demographic structure of the population and, in particular, of the working population available;
- the number and type of work places available;
- the interests of the unemployed to seek employment there best;
- the organization of the market;
- increase of the unemployment allowance in comparison with the salary being practiced on the labor market;
- behavior of workers etc.

## 2. SOLUTIONS TO REDUCE UNEMPLOYMENT

At the level of the young people in the EU unemployment has reached a record value. With one of the two or three young unemployed, there is a probability very high that the degree of competitiveness of the economies in question to descend steep. The unemployment rate causes the loss of production, determine the economic and social costs hardly quantifiable.

All countries in the world, have seen periods of economic momentum, but and periods of decline, accompanied by a massive unemployment. To reduce to a minimum level of unemployment is the result of a macroeconomic policies and the use of transported in which allow the absorption in the economy of the work force left without work.

In this field have shaped more solutions:

- *Keynes Solution* explained the fluctuations of economic activity using the application aggregates and justify the advent of economic through the development of production in the branches of which the goods are required on the Romanian market and economic vacuum by subtracting the demand for invitations. Whereas the application of the investment firm is insensible to the modification of the interest rate and the monetary expansion is ineffective in stimulating the demand

and the supply of goods, Keynes proposes a roll policy to use fiscal instruments. The outlet of the vacuum and the avoidance of entry into the vacuum can be achieved by means of reduced taxation and by increasing expenditure by the government.

- The Friedman Solutions- is based on the taking into account of monetary policy. According to the theory monetarist, monetary policy plays an important role in the determination and the dynamics of the level of production and prices and economic fluctuations are generated by the monetary policy inadequate. Monetary policy expansionist policies can stimulate demand and offer of goods, which contributes to the output. Thus, it demands rise of monetary and a reduction in the rate of interest.
- Combined Solution - This takes into account both the fiscal policy, as well as on the currency. An economy that is working properly offers a number of advantages and certain produce goods, creates revenue increased and at the same time ensure a better employment.

The unemployment rate and the production capacities unused are the result of a production that has not reached the level of the potential. "Output the potential" is real GDP growth which it can produce the company in accordance with the conditions for full employment of labor force, i.e. conditions natural unemployment.

The objective of this policy is roll Minimize fluctuations in demand global and a good and consistent between the salary of the application and the production potential of the economy. The result of the anti-roll policy is the minimization of deviations from an ascending trend of production and use has not deviating from an average.

### 3. THE ANALYSIS OF THE UNEMPLOYMENT RATE IN ROMANIA

Romania in the year 2015 has been programed with an unemployment rate at the national level has been 4.90%, less than 0.39 % compared with the year 2014.

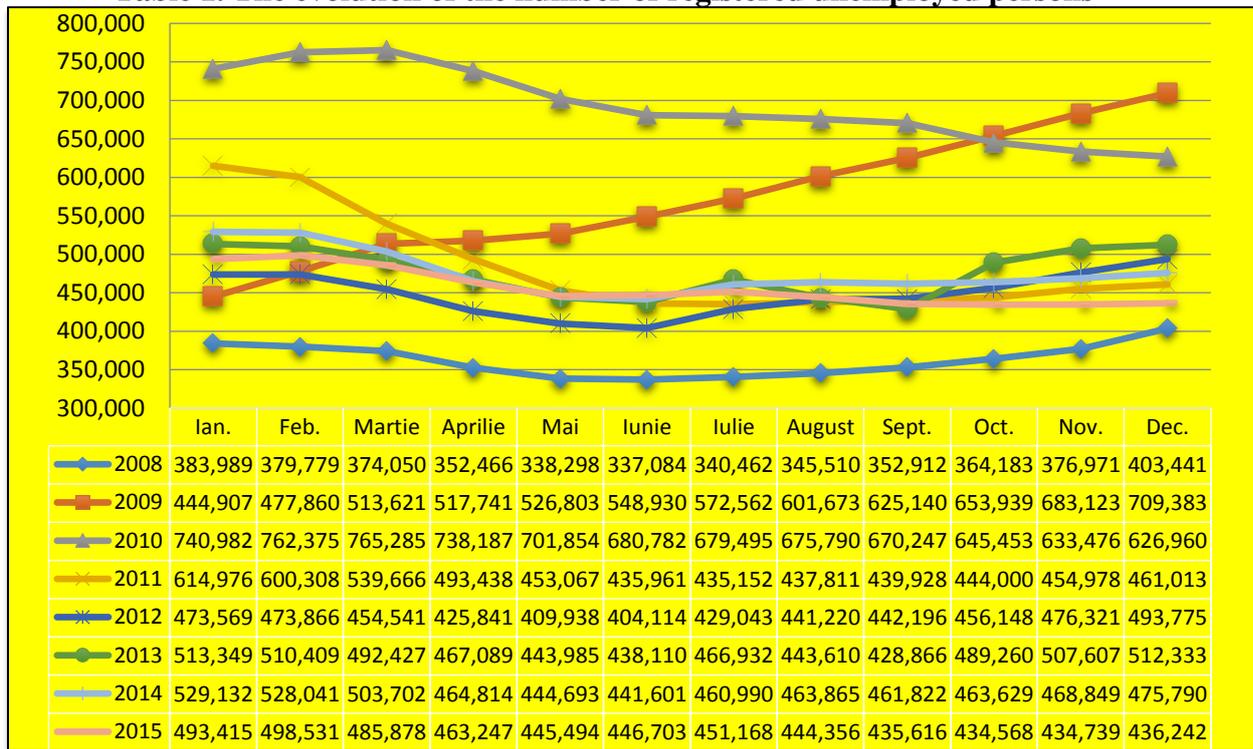
The share of unemployed 411,766 total number of unemployed persons is 75,12%, increased by 4.591% compared with year 2014.

At the national level, the total number unemployed has increased in three counties, the largest increase being registered in Mehedinți county with 755 persons, in Buzau county an increase of 87 persons, and at the level of the Maramureș county there was only an increase of 3 persons. In the rest of the counties were recorded the unemployed, the largest decreases were recorded at the level: Alba with 3.414 persons, Prahova with 3.153 persons, Mureș with 2.655 persons, Argeș 2.319 persons, Cluj 1.957 persons, Dâmbovița with 1.932 persons, Vâlcea with 1.878 persons, Sibiu with 1.689 persons, Iasi with 1.586 persons, Galați with 1,482 persons, Calarși with 1.367 of persons and Bistrița with 1,347 persons.

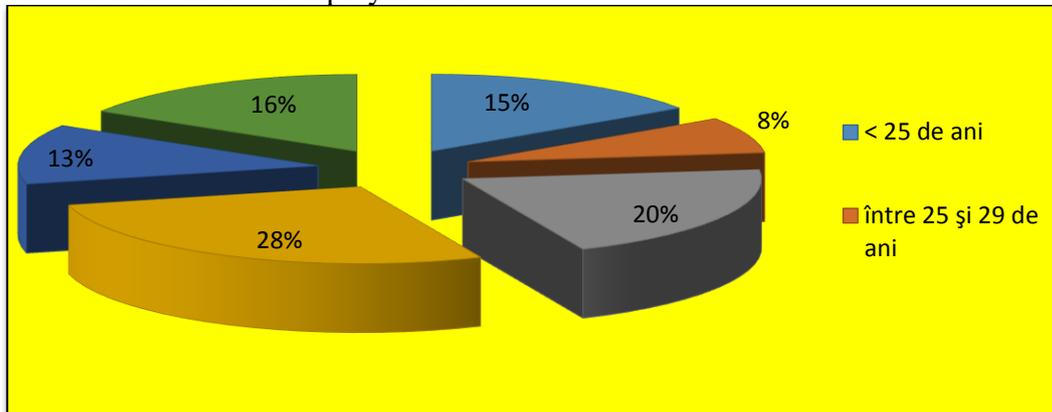
The highest levels of the unemployment rate have been achieved in the counties of Teleorman: - summer white %, Vaslui - 10,74 %, Mehedinți - 10,65 %, Buzau- 9,69 %, Dolj -9,21 %, Galați - 8,77 %, Olt- 7,82 % Ialomița - 7.51%, Gorj - 7,42%, followed by the counties of Brăila - 7,10 % and Dâmbovița - 6,99 %.

The minimum level of unemployment, in the month of December has been recorded in Ilfov county and had a rate 1,25 %.

**Table 1. The evolution of the number of registered unemployed persons**



The male unemployment rate has increased in the month of December of the year 2015 to 5,29 % compared with November of the same year, when the latter was of 5,20 % and has fallen year 2014 when the male unemployment rate was of 5.78%.



**Figure 1. The percentage of unemployment on age groups**

The rate of female unemployment has decreased from 4.51% recorded in the month of November at 4,45 % in the month of December of the year 2015.

Of the 436.242 of registered unemployed persons at the end of the year 2015, most of them are in the range of the age of 30-49 years with an average of 48 %, while young people under the age of 20 years represent a percentage of 15 %.

In 2015 the largest number unemployed has been registered among the persons aged cuprinsă between 40 and 49 years, at the rate of 28 % of the total number of unemployed and the lowest unemployment was found in among persons aged between 25 and 29 years, this being at the rate of 8 %.

Table 2 The unemployment rate - annual average, %

| Country        | 2010       | 2011       | 2012        | 2013        | 2014        | 2015       |
|----------------|------------|------------|-------------|-------------|-------------|------------|
| Belgia         | 8,3        | 7,2        | 7,6         | 8,4         | 8,5         | 8,5        |
| Bulgaria       | 10,3       | 11,3       | 12,3        | 13,0        | 11,4        | 9,2        |
| Cehia          | 7,3        | 6,7        | 7,0         | 7,0         | 6,1         | 5,1        |
| Danemarca      | 7,5        | 7,6        | 7,5         | 7,0         | 6,6         | 6,2        |
| Germania       | 7,0        | 5,8        | 5,4         | 5,2         | 5,0         | 4,6        |
| Estonia        | 16,7       | 12,3       | 10,0        | 8,6         | 7,4         | 6,2        |
| Irlanda        | 13,9       | 14,7       | 14,7        | 13,1        | 11,3        | 9,4        |
| Grecia         | 12,7       | 17,9       | 24,5        | 27,5        | 26,5        | 24,9       |
| Spania         | 19,9       | 21,4       | 24,8        | 26,1        | 24,5        | 22,1       |
| Franța         | 9,3        | 9,2        | 9,8         | 10,3        | 10,3        | 10,4       |
| Croația        | 11,7       | 13,7       | 16,0        | 17,3        | 17,3        | 16,3       |
| Italia         | 8,4        | 8,4        | 10,7        | 12,1        | 12,7        | 11,9       |
| Cipru          | 6,3        | 7,9        | 11,9        | 15,9        | 16,1        | 15,1       |
| Letonia        | 19,5       | 16,2       | 15,0        | 11,9        | 10,8        | 9,9        |
| Lituania       | 17,8       | 15,4       | 13,4        | 11,8        | 10,7        | 9,1        |
| Luxemburg      | 4,6        | 4,8        | 5,1         | 5,9         | 6,0         | 6,4        |
| Ungaria        | 11,2       | 11,0       | 11,0        | 10,2        | 7,7         | 6,8        |
| Malta          | 6,9        | 6,4        | 6,3         | 6,4         | 5,8         | 5,4        |
| Olanda         | 5,0        | 5,0        | 5,8         | 7,3         | 7,4         | 6,9        |
| Austria        | 4,8        | 4,6        | 4,9         | 5,4         | 5,6         | 5,7        |
| Polonia        | 9,7        | 9,7        | 10,1        | 10,3        | 9,0         | 7,5        |
| Portugalia     | 12,0       | 12,9       | 15,8        | 16,4        | 14,1        | 12,6       |
| România        | 7,0        | 7,2        | 6,8         | 7,1         | 6,8         | 6,8        |
| Slovenia       | 7,3        | 8,2        | 8,9         | 10,1        | 9,7         | 9,0        |
| Slovacia       | 14,5       | 13,7       | 14,0        | 14,2        | 13,2        | 11,5       |
| Finlanda       | 8,4        | 7,8        | 7,7         | 8,2         | 8,7         | 9,4        |
| Suedia         | 8,6        | 7,8        | 8,0         | 8,0         | 7,9         | 7,4        |
| Marea Britanie | 7,8        | 8,1        | 7,9         | 7,6         | 6,1         | 5,3        |
| <b>UE 28</b>   | <b>9,6</b> | <b>9,7</b> | <b>10,5</b> | <b>10,9</b> | <b>10,2</b> | <b>9,4</b> |

An analysis of the unemployment rate in the long term in the member of the European Union shows that, again, Romania is on a favorable position. Thus, with a rate of long-term unemployment of only 2,8 %, our country has a better position than other 18 member of the European Union. In the top of the states with most of the long-term unemployed is again Greece (with a rate of 19.5 percent long-term), Spain (12.9%), Croatia (10.1%), Slovakia (9,3 %), Portugal (8,4%) and Italy (7.8%).

Eurostat estimates somewhere at 21.224 million men and women unemployed persons at the level of the European Union.

Both at the level of the 28 Member States of the European Union the unemployment rate continue to decline slightly and in the euro area, even if you still remains a problem difficult to overcome for many countries. The unemployment rate in the euro area was maintained at 10.2 percent in April, decreasing by almost 1 percent as compared to the similar period in 2015, according to the data of the European statistical Eurostat.

In the year 2015, as compared to the year 2014, at European Union level the unemployment rate has dropped in 22 countries. The largest drop is records in Spain where we have a reduction in the rate of unemployment by 2,4 % from 24,5 % to 22,1 % and in Greece waves from 26.5%

in year 2014 drops in 2015 by 1.6%. In France, Luxembourg, Austria and Finland, increases were recorded in the rate of unemployment, otherwise has remained steady, respectively in Belgium and Romania.

#### 4. CONCLUSIONS

In Romania, unemployment has at its origin, partially, and the transformations of the structure of national economy, after the criterion of efficiency, in order to adapt to a competitive environment.

The existence in Romania a chronic unemployment for a long time has generated a crisis of employment, which in turn requires an active policy of employment, covering the objectives on micro level and the macroeconomic framework.

Active policies consist in measures which contribute to the (re)deceiving in the different unemployed activities and the prevention of unemployment among those busy.

The main actions, measures to promote active policies are: the organization of qualification courses for those who come on the labor market without appropriate training and retraining unemployed persons in accordance with the structure of the training of work places, stimulating operators, via the lever arms of the economic-financial in expanding economic activity, encourage investment by the granting of facilities with a view to assisting recovery and economic growth and the creation of new jobs, the granting of the facilities of the undertakings which undertake long-term unemployed.

The authors suggest that measures to reduce the unemployment rate the extension of the program in order to stimulate the setting up and development of micro by young entrepreneurs (startup sites of business incubators), stimulating the participation of young people in the program "Erasmus for Young Entrepreneurs".

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