

---

# THE EVOLUTION OF UNEMPLOYMENT IS DIFFICULT TO CONTROL IN CRISIS CONDITIONS

**Lecturer Ștefan Virgil IACOB PhD** ([stefaniacob79@yahoo.com](mailto:stefaniacob79@yahoo.com))

*Artifex University of Bucharest*

**Ștefan Gabriel DUMBRAVĂ PhD Student** ([stefan.dumbrava@gmail.com](mailto:stefan.dumbrava@gmail.com))

*Bucharest University of Economic Studies*

**Cristian Marius RADUȚ PhD Student** ([radutmc@gmail.com](mailto:radutmc@gmail.com))

*Bucharest University of Economic Studies*

**Alexandra PETRE PhD Student** ([alexandra.olteanu.s1@anaf.ro](mailto:alexandra.olteanu.s1@anaf.ro))

*Bucharest University of Economic Studies*

## Abstract

*Unemployment is a phenomenon that cannot be stopped, but which must be controlled through economic measures that are undertaken. This phenomenon had a contradictory evolution, and in some periods of time we can talk about the increase of unemployment. In the analysis of the increase in unemployment, in the chapter on the degree of employment of the population, we must never omit the fact that a number of approximately 4 million people no longer work in Romania, they find work abroad.*

*In the conditions of the current crisis, unemployment is affected by the conditions through which crises evolve. Of course, it would be necessary to create new jobs, those that ensure the attraction of the population from among the unemployed to the salaried, who can secure their income in this way.*

*From the data provided by the National Institute of Statistics and Eurostat, in Romania we are dealing with fetishization of the situation of the number of registered unemployed. This is around the figure of 430-450 thousand people, but we must not forget that there is a large number of unemployed people, but who do not affect Romania's social aid budget, because they left for (legally or illegally), contractually or non-contractual abroad.*

*In carrying out this study, we used the data and indicators provided by the National Institute of Statistics and Eurostat, establishing the level at which this indicator, the total and gender unemployment rate, has evolved in recent years. Of course, we also did an analysis by age group, finding that among the youth we have too high a percentage of the number of unemployed.*

*In carrying out the study we used the comparative study, dynamic analysis, based on the indicators provided by the National Institute of Statistics and Eurostat or calculated by the authors.*

---

**Keywords:** employed population, unemployed population, unemployment rate, crises, prospects.

**JEL classification:** E20, E30

### **Introduction**

Unemployment is an important category in the national economy. Unemployment means unemployed population without a job, which also needs support (income - unemployment benefit) from the state.

In the study carried out I started by presenting the trend and evolution of unemployment to show how this indicator has evolved from one period of time to another. I have also presented the data in a table to make it easier to interpret.

Then we referred to some aspects regarding the structure of unemployment and emphasized the fact that the unemployment rate in the period 2021-2022 is in principle apparently constant, but this is not in accordance with the reality of employment of the population, because an important number works abroad.

At the same time, Romania also faces the negative phenomenon, which consists in the fact that a part of the population able to work is not registered in the unemployment category and works in so-called illegal conditions. It is true that some measures have been taken, but the phenomenon continues, because otherwise it is hard to believe how some of these categories of people, who are neither employed nor registered as unemployed, can earn their income.

Greater attention must be paid to unemployment through the development and implementation of professional retraining programs, so that a transfer of the labor force will be made that will be made redundant in the restructuring process of some commercial companies instead of the immediate transition unemployed.

From the conducted study, it appears that there is very little concern for reconversion of those who are in the category of unemployed, unemployed people, and this can mean a lot. This is why the paradox regarding the labor force is more and more complete in the last period of time. Thus, with almost 4 million people working contractually or non-contractually abroad, the need for labor is felt and annually from a number of Asian countries labor is hired in fields such as construction, other fields that do not require any training at all particular of the labor force.

Next, we also referred to some aspects related to trends regarding the evolution of unemployment in the next period. They show that the process of restructuring and privatization in the field of industry and some services, as well as the continued implementation of the law amending the land fund, may

---

lead to an increase in the number of unemployed. Also, the effects of the crisis have already caused an increase in the number of unemployed by reducing tourism units, HoReCa and others.

During the pandemic, Covid 19, unemployment increased as a result of the closure of some units, but in terms of the registered unemployed we meet only a small part because the vast majority migrated economically and financially abroad.

We conducted a longer analysis and found that there was a period when unemployment fell, but in recent years, thanks to the crises that are manifesting in concert, unemployment has started to rise again.

### **Literature review**

The study of the unemployment rate and the way of employment of the population has been on the agenda of several researches. Thus, Anghelache, C. and others (2018) analyzed the correlation between the employment rate, unemployment and vacancies in the economy. Anghelache, C. and others (2020) did a study where they highlighted the negative effect that the increase in unemployment has under the conditions of the Covid 19 crisis. Couch, Reznik, Tamborini Iams (2013) analyzed the long-term consequences of unemployment. Kroft and Notowidigdo (2016) as well as Krueger and Mueller (2010) presented significant elements regarding unemployment insurance. Moscarini and Postei Vinay (2012) studied how employers, depending on their size, contribute to job creation during periods of unemployment. Nekoei and Weber (2017) tried to identify how job quality is improved by extending unemployment benefits. Oster, E. and others (2013) analyzed the relationship between limited life expectancy, human capital and health investments.

### **Data, Results and Discussion**

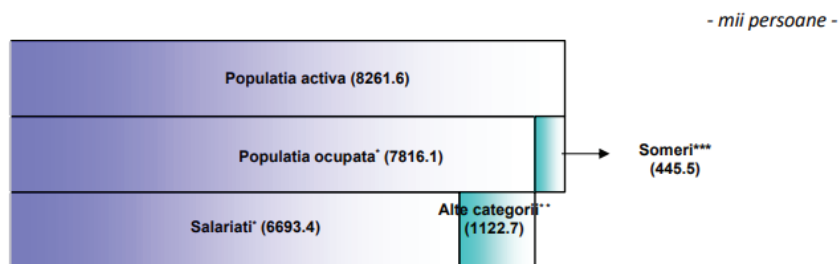
Taking into account the structure of the employed population, as we move forward through this accumulation of crises, which have generated delicate situations and which have led to the closure of many commercial companies, we can see that in the coming period it is possible to witness an increase in the ranks of the unemployed.

Regarding the situation in the third quarter of 2022, we note that the employment rate of the population aged 20-64 was 68.9%. At the same time, the active population of Romania was 8,261,600 people, of which 7,816,100 people were employed and 445,500 people were unemployed.

Figure number 1 shows the situation by population category in the third quarter of 2022.

## Population categories in the third quarter of 2022

Figure 1



\* Including the armed and assimilated forces and people working in the informal and black sector.

\*\* Other categories: employers, self-employed and unpaid family workers.

\*\*\* In accordance with the standards of the International Labor Office (ILO).

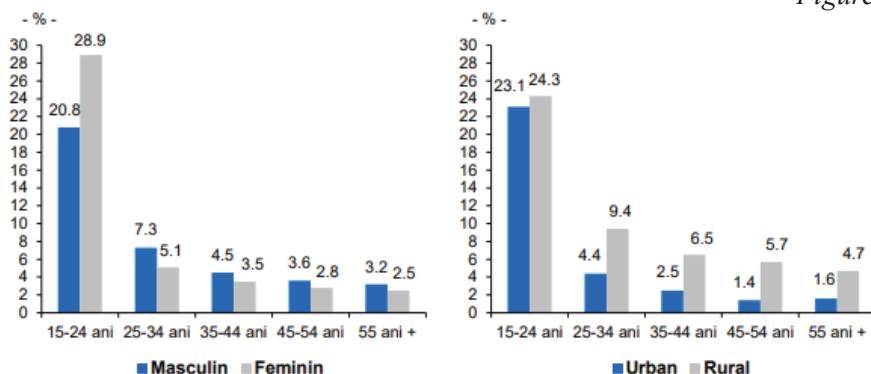
Source: INS. Data processed by the authors.

As for the employment rate of the working-age population (15-64 years old), it was 63.4%, down from the second quarter of 2022 by 0.1%. The employment rate was higher for men (71.6% compared to 55.0% for women) and for people from urban areas (69.3% compared to 56.4% in rural areas). The employment rate of young people (15-24 years) was 19.7%.

The unemployment rate in the third quarter of 2022 was 5.4%, up by 0.1% compared to the one recorded in the second quarter of the same year.

## Unemployment rate by age group, by gender and by medium, in the third quarter of 2022

Figure 2



Source: INS. Data processed by the authors.

---

We find that, by gender, the unemployment rate recorded the highest values in the 15-24 years category (20.8% men and 28.9% women). Also, the difference between the two unemployment rates was 0.9% (5.8% for men compared to 4.9% for women), and for residential environments, 5.0% (8.3% in the rural environment, compared to 3.3% in the urban environment).

By age group, the unemployment rate reached the highest level (23.9%) among young people (15-24 years old).

Compared to the 7,816,100 employed people, another 756,200 people worked in their own agricultural household, to produce agricultural goods intended exclusively or mostly for self-consumption, these being in one of the following situations: either the majority of the production obtained in the household was consumed in own household and only a small part of the obtained agricultural production was intended for sale, or the obtained agricultural production is intended exclusively for own consumption and represents a substantial part of the total consumption of the household.

People from the above categories, included in the employed population according to the survey methodology used until 2020 (inclusive), are, starting from the first quarter of 2021, considered inactive or unemployed (depending on whether or not the 3 criteria used in the BIM definition of unemployment).

Together with employed people, they make up the productive population whose number was 8,572,300 people in the third quarter of 2022.

The rate of the productive population calculated for the 15-64 age group was in the third quarter of 2022 of 67.3%, and for the 20-64 age group, 72.9%.

The conditions in which the activity was carried out lead to the conclusion that a number of unemployed people may continue to be registered if measures are not taken to control this phenomenon. Analyzing the data on the employed population, the number of unemployed, pensioners and the unemployed population, we find that at present there are more than two people per employee who do not carry out an organized activity based on an employment contract.

Many of the doctors, engineers, researchers, linguists, etc. they are now working in Western countries, creating great difficulties for the Romanian economy, which, in a short time, will feel the lack of specialists from those mentioned above. The opening to Europe following accession will have a contradictory effect on the labor force and consequently on the unemployment rate. There will be unemployed people, but the national economy will face, in a number of trades and professions, a need for labor. It will result that the category of unemployed will include, in a higher percentage, people with modest professional training or coming from fields that are not sought after on the domestic or European market.

---

That is why unemployment must be given greater attention through the development and implementation of professional retraining programs, so as to carry out a transfer of the labor force that will be made redundant in the restructuring process in some commercial units, instead of the immediate transition to unemployment.

### Conclusions

A series of conclusions emerge from the presented study. First of all, it is about the labor force situation in Romania. The paradox is fully manifested that a significant number of people do not find a job in Romania and go abroad, but despite this, at the national and structural regional level, the lack of labor force is felt, having employment of several hundred thousand citizens annually from Asian countries.

The second conclusion is that the professional reconversion is not consistent with the needs of the national economy, to absorb people in the category of unemployed or unemployed, to find a job. In this context, we find that there are still unfilled positions at the job fairs, because the job offer does not find among those interested people who meet the respective conditions.

Another conclusion is that at present the government does not have the possibility to massively increase investments, which would create new jobs, create a new perspective of attracting the categories of unemployed or unemployed persons in the labor field, following this way to decrease the financial effort to pay unemployment benefits. At the same time, it is difficult to anticipate that the young generations, who graduate from high school, even higher education, will find jobs, because the workforce in preparation and creation is not fully coordinated with the structure of education graduates of all grades. The difficult thing is that dual education has not been considered at the level it should be, and in this sense, attention must be paid to the preparation of specialized education.

### References

1. Anghelache, C., Anghel, M.G., Dumbravă, Ș.G., Ene, L. (2018). *Analyzing the employment rate of the population, unemployment and vacancies in the economy*. Theoretical and Applied Economics, XXV, No. 2(615), Summer, 105-118
2. Anghelache, C., Cioacă, S.I., Grigorescu, D.L. (2020). *The analysis of the evolution of unemployment in Romania in the conditions of the health and economic-financial crisis. Effects on economic growth*. Romanian Statistical Review, Supplement, 9, 18-33
3. Couch, K.A., Reznik, G., Tamborini, C.R., Iams, H. (2013). *Economic and Health Implications of Long-Term Unemployment: Earnings, Disability Benefits, and Mortality*. Research in Labor Economics, 38, 259-305
4. Kroft, K., Notowidigdo, M.J. (2016). *Should Unemployment Insurance Vary with the Unemployment Rate? Theory and Evidence*. Review of Economic Studies, 83(3), 1092-1124

- 
5. Krueger, A.B., Mueller, A. (2010). *Job Search and Unemployment Insurance: New Evidence from Time Use Data*. Journal of Public Economics, Journal of Public Economics, 94 (3-4), 298– 307
  6. Moscarini, G., Postei-Vinay, F. (2012). *The Contribution of Large and Small Employers to Job Creation at Times of High and Low Unemployment*. American Economic Review, 102 (6), 2509-2539
  7. Nekoei, A., Weber, A. (2017). *Does Extending Unemployment Benefits Improve Job Quality?*. American Economic Review, 107, 527–561
  8. Oster, E., Shoulson, I. and Dorsey, E., (2013). *Limited Life Expectancy, Human Capital and Health Investments*. American Economic Review, 103 (5), pp.1977–2002.
- \*\*\* <https://insse.ro/cms/ro>