

## **ANALYSIS OF UNEMPLOYMENT AND EMPLOYMENT AT REGIONAL LEVEL**

**Cristina BURGHELEA**

[cristachy@yahoo.com](mailto:cristachy@yahoo.com)

**Carmen UZLĂU**

[carmen\\_uzlau@yahoo.com](mailto:carmen_uzlau@yahoo.com)

**Corina Maria ENE**

[corina.maria.ene@gmail.com](mailto:corina.maria.ene@gmail.com)

**Dan TOPOR**

[dan.topor@yahoo.com](mailto:dan.topor@yahoo.com)

Hyperion University, 169 Calea Calarasi, Bucharest

### **Abstract**

*Unemployment is perhaps the most feared phenomenon of our time, affecting all walks of life. Unemployment is an economic process caused by recessions or economic crises, manifested in the fact that some of the employees are left without work because of the gap between supply and demand for labor, so they cannot get hired because of the difficulty in finding a job.*

*For me, this phenomenon arouses great interest due to its frequency and scale. After the outbreak of the economic crisis since 2009 in Romania, unemployment has returned "in power", becoming one of the first issues to be considered by the Romanian economy, which has managed to keep the issue of unemployment under control by 2009.*

*Research is composed of a comparative regional analysis thereof, the eight development regions of Romania.*

**Keywords:** unemployment, macroregion, national economy.

**JEL Classification:** B22; E24; J21.

## 1. Introduction

Developing regions is of particular importance in the European integration process. As regards financial support, the EU provides developing countries and regions equal treatment [4]. Under the Treaty of Maastricht, the development regions were transformed into a pillar of integration, Europe is currently made up of a set of regions, due to the diversity of economic, social and cultural life [8].

In 1950, Romania has adopted the model of administrative-territorial organization composed of regions and districts, a model specific to bureaucratic centralism. In early January 1968 the previous bureaucratic form of organization model was replaced with the current, with 39 counties and Bucharest at the beginning, and now there are 41 counties plus Bucharest. National Institute of Statistics uses the notion of development by adding macro-economic indicators and social development merging the two regions in a macro region. This notion describes socio-economic processes over larger areas than the regions. Romania is divided into 8 development regions and 4 macro regions [5].

**Table 1.**

Territorial unit in Romania

<b>Development macro region</b>	<b>Development regions</b>	<b>Counties of each region</b>
Macro region One	North-Western development region	Bihor, Bistrita-Nasaud, Cluj, Maramures, Satu Mare, Salaj;
	Central development region	Alba, Brasov, Covasna, Harghita, Mures, Sibiu;
Macro region Two	North-Eastern development region	Bacau, Botosani, Iasi, Neamt, Suceava, Vaslui;
	South-East development region	Braila, Buzau, Constanta, Galați, Tulcea, Vrancea;
Macro region Three	Southern-Muntenia development region	Arges, Calarasi, Dambovita, Giurgiu, Ialomita, Prahova, Teleorman;

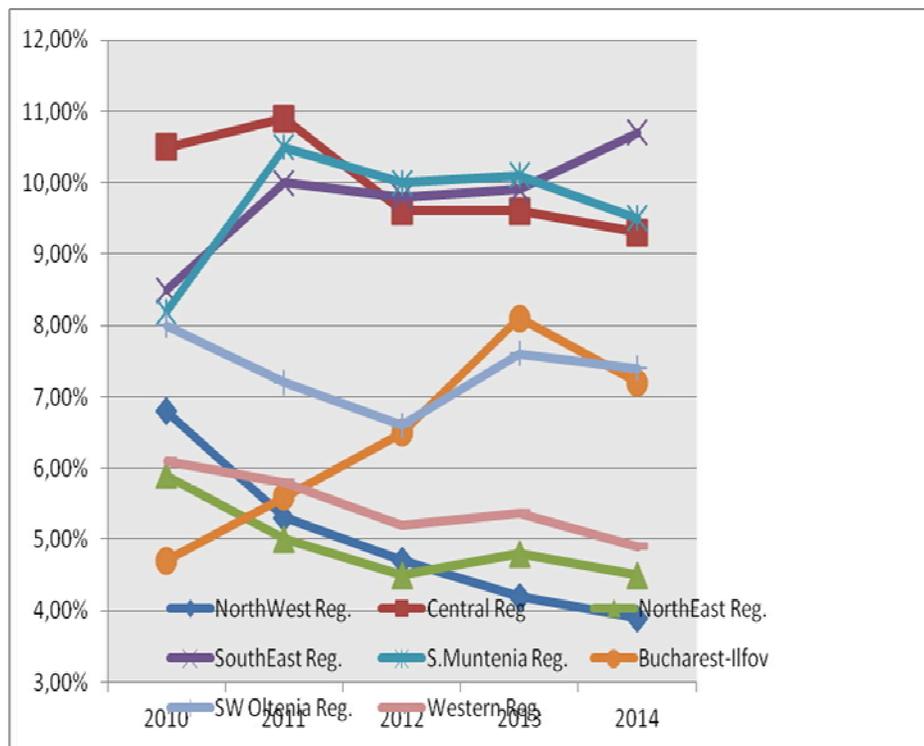
	Bucharest-Ilfov development region	City of Bucharest and Ilfov county;
Macro region Four	South-Western Oltenia development region	Dolj, Gorj, Mehedinti, Olt, Valcea;
	Western development region	Arad, Caras-Severin, Hunedoara, Timis.

Source: Regulation (EU) no. 31/2011 of 17 January 2011 amending the Annexes to Regulation (EC) no. 1059/2003 of the European Parliament and of the Council establishing a common classification of Territorial Units for Statistics (NUTS), Law no. 315/2004, [http://enciclopediaromaniei.ro/wiki/Regiuni\\_de\\_dezvoltare](http://enciclopediaromaniei.ro/wiki/Regiuni_de_dezvoltare) [16]

## 2. The evolution of regional unemployment for the period 2010-2014

In 2014, higher unemployment rates were recorded in Vaslui (11.4%), Teleorman (11.2%), Mehedinti (10.00%), Buzau (9.70%), Galati (9.50%) and Dolj (9.40%) There are other counties with high unemployment rates, but the above should be given priority in the rapid creation of new jobs [1] and, where there are large industrial centers [11], restructuring must be done with great attention. Counties such as Ilfov, Timis, Arad and Cluj recorded a low unemployment level ranging between 1.5% and 2.8%. In Bucharest, the unemployment rate was 2%, but this figure is not 100% relevant, because in this city there is a category of people who have neither job nor are registered at employment offices.

The largest share of unpaid unemployed in the total number of unemployed was registered in the following counties: Teleorman (81.94%), Vaslui (80.59%), Mures (80.31%), Dolj (80.29%), Mehedinti (80.23%) and Teleorman (81.94%).



Source: Author's processing based on data from [www.insse.ro](http://www.insse.ro) [15]

**Figure 1.** ILO unemployment rate of population aged 15-64 years at regional level

In Macro region One, which consists of North-Western and Central region, the unemployment rate in 2014 was 6.3%. In Macro region Two, comprised of the North-Eastern and South-Eastern region, the unemployment rate was 7% while in the previous year it was 6.9%. Macro region Three, reuniting South region and Bucharest-Ilfov region, recorded an unemployment rate of 8.5. Regarding Macro region Four formed by the South-West Oltenia and Western region, the unemployment rate fell from 6.5% in 2013 to 6% in 2014.

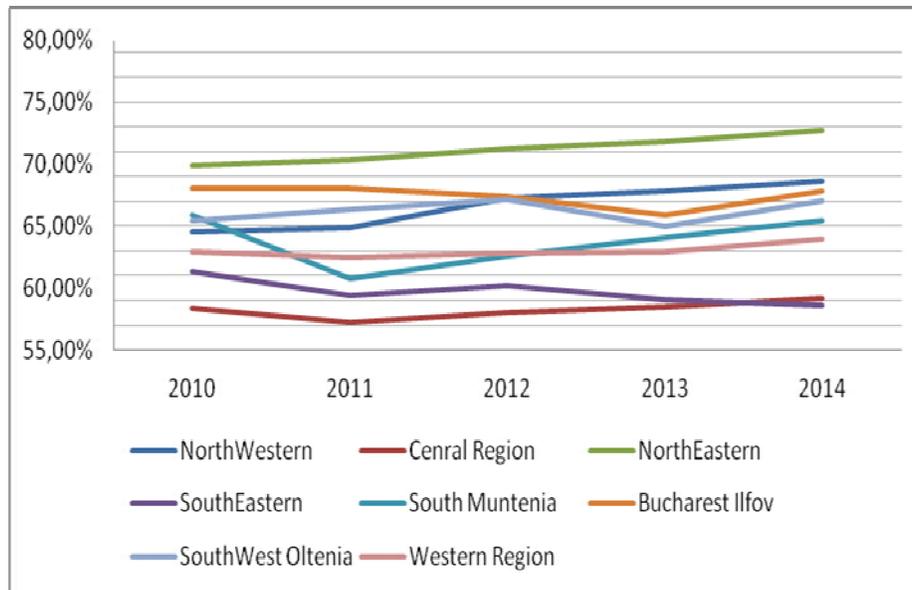
Most people affected by unemployment were the male in all regions. In 2014, the number of unemployed women has diminished in almost all regions, a massive decline taking place in the North West and North East regions.

Considering the age groups, the highest rate of inactivity at regional level [12] was recorded among those aged 15-24. In 2014, the regional unemployment rate in Romania for persons aged 15-24 was 24%. According to data published by INS, the unemployment rate in 2013 was 23.7% among young people. In 2014 the unemployment rate was recorded among young people in the Central region, 34% in South region, 33.8% in the Southeast

region, with 29.5%. In Bucharest-Ilfov, 26.4% of young people are unemployed, 13.8% in North-West, 23.4% in the South-West Oltenia, 12.4% in the Northeast region while in the Western region youth unemployment was 27.3%.

### 3. The evolution of regional employment in the period 2010-2014

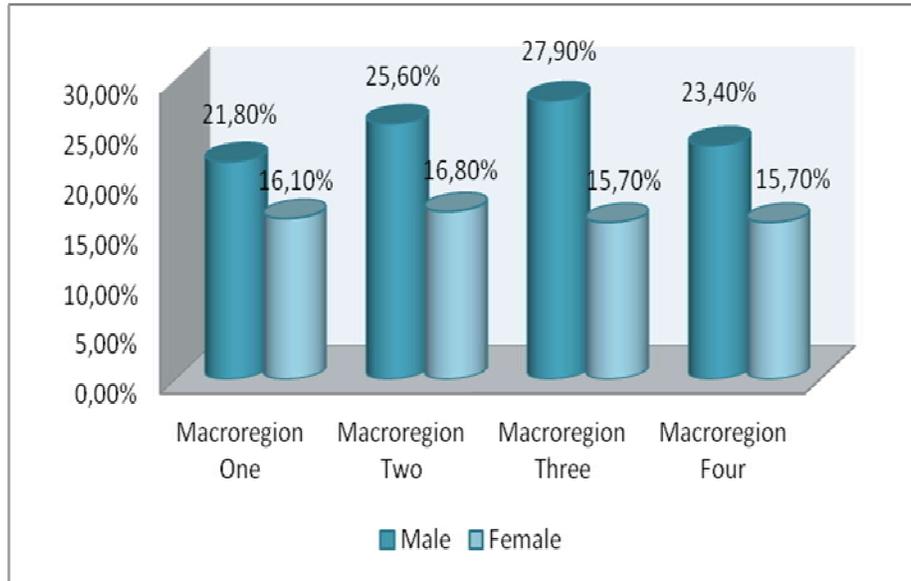
Reducing the number of inhabitants in Romania [6] as a result of the negative natural growth and negative emigration for labor was directed toward decreasing active population and the total population employed in the eight development regions of the country [7].



Source: Author's processing based on data from [www.eurostat.com](http://www.eurostat.com) [14]

**Figure 2.** The employment rate of labor at regional level for the population aged between 20-64 years

Major regional disparities can be observed in relation to the employment rates of labor regions in the figure above. A difference of 14% was levied in 2014 between North-Eastern region, with the rate for labor higher (72.7%) and the South Eastern region, with the lowest employment rate (58, 6%).

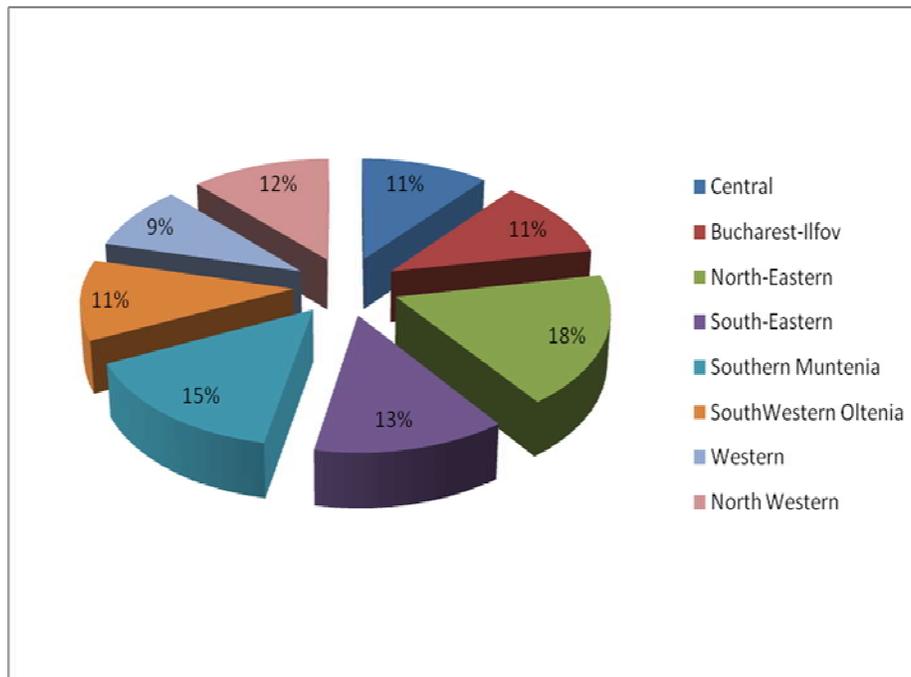


Source: Author's processing based on data from [www.insse.ro](http://www.insse.ro) [15]

**Figure 3.** The employment rate of young people aged 15-24 by macro region and gender 2014

Regarding the employment rate by gender, we can see that males are prevalent to females in the four macro-regions of the country.

In 2014, the highest employment rate was achieved in macro region Three (South-Muntenia Development Region, namely Bucharest-Ilfov development region), with a rate of 27.90% among men compared to women, which recorded an occupancy rate of 15.70%. The lowest employment rates were in Macro region One among both men and women, 21.80% and 16.10%. All these data are valid for young people aged 15-24.



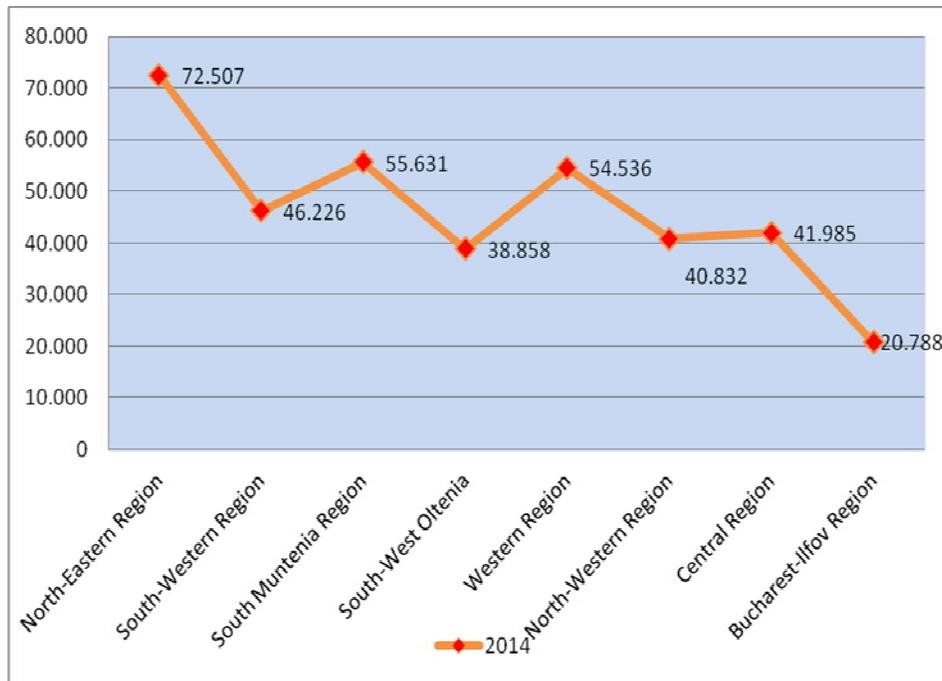
Source: Author's processing based on data from [www.insse.ro](http://www.insse.ro) [15]

**Figure 4.** The employment rate by region in June 2014

The lowest employment rate was mentioned in the Central region (53.2%) and the highest rate in the North East (65.3%). Only three regions have recorded higher occupancy rates than the national average of 60.1%, ie in the North East (65.3%) and South-Muntenia (63.2%), due to significant agricultural sector and Bucharest-Ilfov region (62.8%) due to labor absorbed by the service sector [9].

Bucharest-Ilfov region recorded the highest value: 93.6% of employed persons living in urban areas. This region also recorded the biggest percentage of employed persons aged 25-54 years, and the lowest percentage among young people and people 55 years and older. In the South-Western Oltenia, of the employed, 20.9% were 55 and over, and in the Central region only 9.9% employed persons were 55 years and over, while the youth was accounting for 9.5%.

The number of persons employed in the National Employment Programme of the NAE in 2014 was 371 363 people [2].



Source: Author's processing based on data from [www.insse.ro](http://www.insse.ro) [15]

**Figure 5.** The number of people employed by achieving the National Employment Programme by region in 2014

The regions which recorded the lowest number of employed persons were: Bucharest-Ilfov (5196) and Southeast (7899). Last year during the same period, the number of employed people was the lowest in the same regions: Bucharest-Ilfov (6536) and Southeast (8668).

People aged 35-45 years achieved the largest share of 28.59 in achieving the National Employment Programme. The next age group who has a high percentage [3] in the first quarter of 2014 was the age group of 25-34 years, with a percentage of 26.28. In the first quarter of 2013, the highest share in achieving the National Employment Programme was represented by the category aged 35-45 years (29.2%), followed by the category of over 45 years (27.84%).

Of the 75.841 persons employed through the National Employment Programme during the first quarter of 2014, 40.04% were women, while the remaining 59.96% were men. In the same period the previous year, women accounted for 40.68% and 59.32% of all men employed by this program [10].

Labor mediation holds by far the highest percentage of all persons employed by the National Employment Programme in the first quarter of 2014, the largest share being represented by North East (21.27%), South-

Muntenia (14.45%) and Western (13.18%), while the lowest was in Bucharest-Ilfov region, of only 6.78%. Of these people employed through labor mediation, 36.39% were employed on fixed-term employment and 63.61% for an indefinite period.

## **Conclusion**

In my opinion, unemployment remains unavoidable, highlighted by the economic problems of the entire world, and, most likely, it will never go out. The unemployment rate is a negative phenomenon, whose costs are far greater than its benefits.

Emigration existing in Romania will show off the short and medium term negative effects that this has on the availability of labor, having an influence on wages and population employment. Another effect of emigration is that it influences workforce by changing sector and regional allocation. The emigration of low-skilled unemployed workers with short-term can eliminate the tension on the labor market. This may be unsuitable if it comes at the break of lack of manpower. From my point of view to combat unemployment, Romania should adopt a strategy based on major investments in education, since it is a source of obtaining a competitive advantage, to consider that there are as many ways of learning throughout life (it is useless if we have highly qualified jobs if the workforce is poorly qualified), modernizing labor market infrastructure (education must be linked to labor market requirements) and eliminating excessive regulation of the labor market, which does nothing else than to stiffen even more (abolition of the minimum wage taxation). Investment in education should cover as many programs bridging education with the labor market, the existence of further analysis of developments professions and linking the education system with them, improving cooperation between universities and business (e.g. conferences with business people, inviting them to courses / seminars for a better assimilation of new information, focus more on solving case studies, increasing entrepreneurial capacity in the regions and support for hiring unemployed and potentially unemployed).

Also I believe that Romania could develop an area with great potential, namely agriculture, thus helping to create jobs.

All employment measures that Romania will adopt should be linked to policies related to education, as well as monetary and fiscal, agricultural, industrial, economic growth and sustainable development.

Passive measures aimed at maintaining employment but also to support the unemployed through unemployment benefits, employability aid or support allowance.

In Romania, measures concerning employment to prevent rising unemployment by qualifications, upgrading skills and labor market flexibility are less considered. The risk of poverty for those employees who work part-time is very high in Romania, more than 50%.

The effectiveness of a strategy depends on several factors, namely the economic strength of the country, policies or economic and political context. Labor market policies must be interrelated and integrated specifically to target both the employed and unemployed, both short term and long term. These policies must anticipate changes in the demand and supply of labor.

## References

- [1] Aceleanu, M., Crețu, A., (2010), *Strategii și politici de ocupare în contextul pieței actuale a muncii*, ASE Publishing House, Bucharest
- [2] Angelescu, C., (2004), *Politica de creștere economică*, Colecția Prelegeri, Nr. 8, Economic Publishing House, Bucharest
- [3] Anghelache, C., (2012), *România 2012: starea economică în criză perpetuă*, Economic Publishing House, Bucharest
- [4] Bălan, M., Bălan, Gh., (2013), “*Social Vulnerability: A Multidimensional Analysis of the Development Regions of Romania*”, published in the Volume: Applied Social Sciences: Economics and Politics, Cambridge Scholars Publishing (CSP), editors: Georgeta Rată și Patricia Runcan, 3-11 pp., 165 pg., ISBN(10): 1-4438-4334-2, ISBN(13): 1-4438-4334-8
- [5] Bălan, M., Uzlău, C., (2012), *Repere ale ocupării pe piața forței de muncă în regiunile Vest, Sud-Vest, Sud, Sud-Est și București-Ilfov*, Renaissance Publishing House, Bucharest, ISBN 978-606-637-045-5
- [6] Burghelea, O., C., Burghelea, C., (2011), *Implementation status of environmental policy in Romania in the context of sustainable economic development*, Scientific Papers. Series "Management, Economic Engineering in Agriculture and rural development", Vol. 11(3), pp.29-34
- [7] Crețu, A., Ș., (2010), *Flexibilitatea pieței muncii*, A.S.E Publishing House, Bucharest
- [8] Helfgott, R., (1980), *Labour Economics*, 2<sup>nd</sup> Edition, Random House Publishing House, New York
- [9] Mocanu, I., (2008), *Șomajul din România. Dinamică și diferențieri geografice*, University Publishing House, Bucharest
- [10] Popescu, G., (2009), *Macroeconomie*, University Publishing House, Bucharest
- [11] Tindeche, C., Mărcuță, A., Honțuș, A., C., Mărcuță, L., (2014), “*An analysis of expenditures regarding labour market interventions in Romania*”,

International Business Information Management Association (IBIMA), 23rd IBIMA Conference Valencia, Spain 13-14 May 2014-”Vision 2020: Sustainable Growth, Economic Development, and Global Competitiveness”, pp. 967975, IBIMA conference proceedings, [www.ibima.org](http://www.ibima.org)

[12] Vasile, V., Stănescu, S., Bălan, M., (2013), “Promoting the Quality of Life: Challenges of Innovative Models versus Payment Policies”. *The European Culture for Human Rights the Right to Happiness*, Cambridge Scholars Publishing, UK

[14] [ec.europa.eu/eurostat](http://ec.europa.eu/eurostat)

[15] [www.insse.ro](http://www.insse.ro)

[16] [http://enciclopediaromaniei.ro/wiki/Regiuni\\_de\\_dezvoltare](http://enciclopediaromaniei.ro/wiki/Regiuni_de_dezvoltare)