

## LABOR FORCE INTERNATIONALIZATION. UNEMPLOYMENT AND EMIGRATION IN BACAU AND VASLUI COUNTIES OF ROMANIA

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**Abstract:** *The article analyses the relations between unemployment and emigration in Bacau and Vaslui counties, in a comparative outlook. The article starts with an analysis on Romania situation concerning the two phenomena. The second part brings forward the two counties, Bacau and Vaslui, trying to provide a clear view over the reality these two are confronting with. A mapping method was further used to cartography the statistical data provided by the National Institute of Statistics in order to provide a visual outlook over the reality concerning unemployment and emigration.*

**Keywords:** Bacau county; emigration; unemployment; Vaslui county; labour  
**JEL Classification:** E24; J21; J6; O15

### Introduction

If in the 80`s internationalization was based on political or socio-cultural reasons, currently the focus shifted on the Romanian labor force increased need to accede to a material, social and professional welfare, identified abroad. The article captures unemployment and emigration in a relation of convergence whose scale determined internationalization of the labor. Thus said, once with the opening of borders, the prospecting area has also increased, becoming a “savior” response for the industry decline for Romanian population.

It is difficult to demonstrate if emigration indeed became the short and medium-term saving solution for unemployment or not. According to the International Labor Organization in 2013, Romania had an unemployment rate of only 7% in a population of about 19 million people wherefrom 6 million were working legal or illegal, while in Spain, an attractive country for immigrants, unemployment is 26%, given that almost a third of the population in Spain (14 of 46 million people) has the status of an employee (IOM, 2013). These two social phenomena have an important impact over the transformations of labor force. Because the labor force is sensitive to unfavorable economic prospects we can see on the Romanian market a surplus of labor in comparison with the offer.

Industry restructuring and the economic crisis has led many people to give up seeking for a job, being oriented toward rural or abroad, and therefore they are not registered as employed, preventing unemployment to rich high values. This behavior is also visible through the high number of people working in subsistence agriculture.

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According to the International Labor Organization and the Romanian law nr.76/2008 unemployed is considered that person, from years 15 till the fulfilling of the retirement conditions, that is looking for a job and do not have any income. Looking simplistic we actually refer to the two generations, generation "x" in the range 1965-1980 and generation "y" from 1980 till today, affected to the same extent of these two phenomena. These two generations brought to the front describe both visually and by simple statistics the proceedings of this social phenomenon. However is important to mention that the generation "y" is more affected by migration because today is easier to cross the border in search of a job.

What draws attention in this article is the answer of each generation to these two situations. According to International Organization of Migration, migration to European countries has risen sharply with the advent of crisis and freedom of movement, and, among the many Eastern European immigrants, Romanians and Polish are counted. Opportunity of emigration has managed to keep under control the scourge of unemployment (IOM, 2010).

### **1. Unemployment and emigration in Romania**

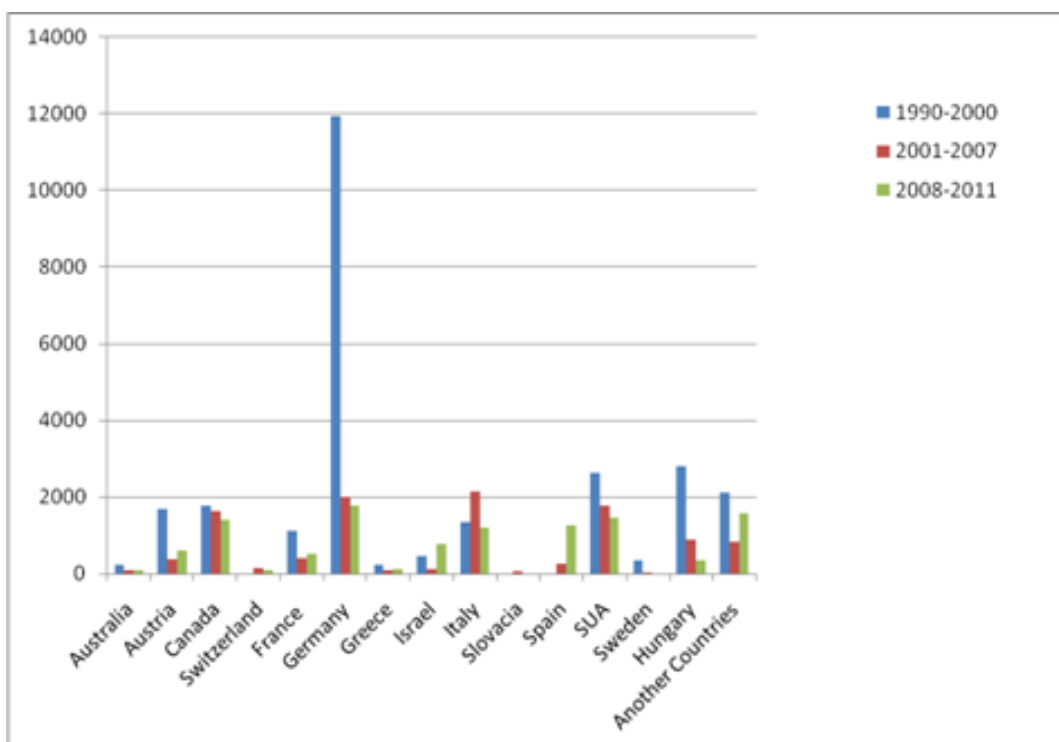
Unemployment, having its premises in the malfunctions of the social economy, in the field of employment, was a constant companion of the transition to market economy (Badulescu, 2006). Although Romania is facing a negative emigration rate still cannot find opportunities for the reintegration of those who left the Romanian economy. What is worse is that our country has provided in the past decade and still provide skilled labor in areas where our country needs (IOM, 2013).

If we bring to the fore Romanians destination countries, it can be seen in Figure 1 that the countries of Central and Southern Europe dominated the last decade. Ignoring the fact that Romania's external migration is dichotomous: one corresponding to legal act, statistically recorded as emigration and immigration, and migration for work that is not registered in real time. According to the Romanian Office for Labor Migration, there are about two million Romanian employees abroad, outside of seasonal work, representing more than 10% of the country's inhabitants (IOM 2013).

In terms of destination countries for Romanian emigrants, Germany occupied the first position during 1990-2000 (see Figure 1), but of course statistics include the ethnic German population which chose to leave Romania and return to Germany after the communism fall. Currently, Germany seems to attracting Romanian population in order to work, hoping for a better life. Italy, USA, Canada and other countries are also attractive to Romanian emigrants. In this regard we mention Spain that, according to statistical data, has become a main destination for emigrants especially since 2008,

registering a continuous increase over the previous period. Australia and Sweden were also considered as attractive destinations in the period immediately following the fall of communism, but currently Romanian people that choose these countries as destinations is much lower as compared to the period after 1990. By analyzing the links between migration and unemployment can be seen in the recent years a number of consequences that were directed to important sectors of the Romanian economy.

**Figure 1 - Destination countries for Romanian emigrants, 1990 - 2011**



Data source: National Institute of Statistic

Currently, in Romania there are two levels of unemployment, one calculated by National Institute of Statistic and one calculated by the National Agency for Employment (ANOFM). National Institute of Statistic calculate unemployment based on data collected from surveys made by households and includes people aged between 15 and 74 years who simultaneously meet three conditions: they have no job, they would be available to start work within the next two weeks and they were been actively seeking a job in the last four weeks at the time of the investigation. "Unemployment is a statistical trap in the extent that the definition is not well understood and there is a significant discrepancy between the scale of the phenomenon of lack of jobs and the relatively small number of registered unemployed," says Bogdan Hossu, chairman of the National Trade Union Confederation Cartel Alfa (Mihai, 2014). Romania is among the countries that have managed to keep

unemployment - referring to the entire population - within acceptable limits, but they face major problems with youth. According to statistics, youth unemployment is a persistent problem throughout the world which, despite the improved economic conditions, remains at very high levels. Despite all considerations of so called decline in the unemployment rate, this is only hidden in the countryside, abroad and in official statistics (Voinea, 2009).

The majority of Romanian people often feel as they are strangers in their own country and because of that they make decisions accordingly. Increasingly, in the current crisis, qualified or unqualified labor force migrate to other countries choosing to face there difficulties of integration including bad working conditions because they are simply paid better. According to ANOFM, in terms of total number of unemployed registered by the county agencies for employment at the end of December 2014 it was higher with 9,489 persons compared to the previous month, reaching 478,338 people.

Data confirm that the labor market in Romania is facing some inaccuracies regarding the real situation of unemployment and the directions of labor demand. According to the data recorded by ANOFM, in the late 2014 an increase in male unemployment from 5.57% to 5.78% can be noticed in comparison with the female unemployment which decreased. Regarding the structure of unemployment by age group at the end of December 2014 it is dominated by the 25-39 years and 40-49 years age groups: 78 185 unemployed were under 25 years, 39 024 were aged between 25 and 29 years, 102 188 were unemployed aged between 30 and 39 years, 129 554 unemployed were between 40 and 49 years, 60 679 unemployed were between 50 and 55 years and 68 708 unemployed were aged over 55 years. Concerning the structure of unemployment by level of education, unemployed with no education and those with primary education, secondary and vocational education have the largest share in the total unemployed registered by the county agencies for employment (74.71%). Unemployed persons with upper secondary education level is 19.24% of the total number of unemployed, and those with university education 6.05% (ANOFM, 2015).

The highest levels of unemployment have been reached in Vaslui (11.15%), Teleorman (10.92%), Mehedinti (9.75%), Buzau (9.56%), Galati (9.39 %), Dolj (9.20%), Olt (8.11%), Ialomita (8.02%) counties, followed by Calarasi (7.99%) and Dambovita (7.70%) counties (ANOFM, 2015).

At regional level, employment is close to the national average of 33.8%. However a very large percentage is working in agriculture (42.7%), especially in Botosani (52.9%) and Vaslui (51.2%). Share of employment in industry and services is below the national average (23.5%) respectively 19.4, counties like Botosani (15.1%) and Suceava (16.8%) having the lowest employment rate in industry and Vaslui (30.0%) in services. Besides that, these two countries are confronting with an

obvious underdevelopment of the industrial and agricultural technology, as well as low-skilled labour force. (ANOFM, 2015).

## 2. Unemployment and emigration from Bacau and Vaslui counties

Analyzing the map (see Figure 2) presenting the distribution of unemployment in the North-East Region of Romania, we can explain why is emigration often seen as a solution and here we refer in particular to Bacau county whose population did not hesitate to choose emigration at the expense of fighting for survival within their own country. Of course correlation between unemployment and emigration does not always receive the same results: while Vaslui county has a higher number of unemployment, Bacau county has higher net emigration due to networks with other migrants. It is often easier for a person to decide to emigrate if he is supported by someone who have already did as compared to persons who are not connected with persons with migration experience. In the case of Bacau it is already known that catholic communities had a great contribution (Muntele and Atudorei, 2011).

Although the link between migration and economic development receives special attention, the particular dynamics of migration and its effects on the labor markets of sending countries are still poorly understood due to the lack of reliable data. OECD studies on this subject concluded that migration has little or no impact on employment: a 1% increase in the number of immigrants reduces employment for low skilled workers by 0.04% and reduces employment on average by a ‘negligible’ 0.02% (Vasilescu *et al.*, 2012).

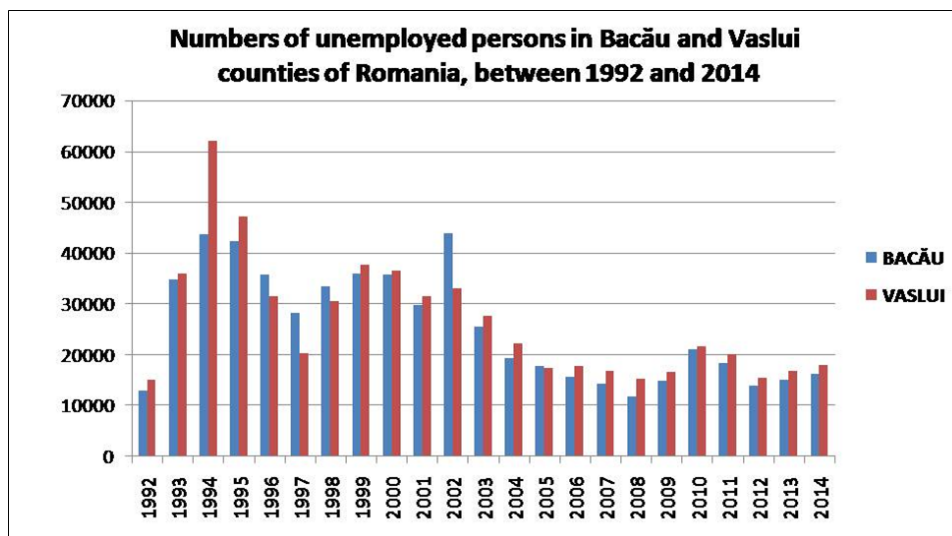
**Figure 2 - Numbers of unemployed persons in the counties from the North-East Region 2014**



Source: Own representation

Figure 3 shows the registered unemployment rate in the two counties, Bacau and Vaslui, over a period of about two decades. The two counties are very different from many perspectives but both have undergone through major transformations regarding employment situation. The first decade is characterized by the so-called "race" to occupy first place in the unemployment rate, which, in 1994, placed Vaslui on the first place, and Bacau County in 2002. It should be noted, however, that this was the darkest decade on increasing unemployment in both counties.

**Figure 3 - Unemployment in Bacau and Vaslui counties between 1992 and 2014**



Data source: National Institute of Statistic

The "boom" of unemployment finds its explanation in the recession at local, regional and national levels, where the effects of the exchange rate liberalization and restructuring programs initiated in enterprises with losses during 1997 have been felt and especially we find that economic decline was 50% higher at regional than national level. After 2002 a quite considerably decrease in the unemployment rate for the two counties was experienced. This decrease can be argued by the fact that those who were unemployed in the first decade have reached the stage of retirement, but also because many have turned their gaze toward other horizons.

### Conclusions

Relations between unemployment and emigration are complex and it is hard to say to what extent unemployment influence emigration or which are the exactly long-term effects of emigration over the labor market. The fact is that emigration exists and population of Bacau and Vaslui counties experience it to an important level, which rise many questions about what make them decide to

emigrate and in which case unemployment has something to do with the decision of leaving Bacau or Vaslui in order to work abroad. Vaslui and Bacau counties have the highest numbers of unemployment in the North-East Region of Romania, Vaslui county being on the top of the list. It seems that the decisions of x generation had a very big impact on the y generation until now and the statistics sustain us. We wonder what happened with the people who were unemployed in the last decade of the 90` as they do not appear anymore after 2000. Did they disappeared or what? And the immediate answer finds us: the majority of them emigrated.

Comparing the two counties helped us to see two different cases: Bacau county reaches a higher level of emigration than Vaslui county, while the situation of unemployment is exactly the opposite, higher in Vaslui than in Bacau. Being so we may conclude that decision to emigrate is not influenced by unemployment only, people do not emigrate only when they cannot find a job, but when they find an opportunity and the courage to emigrate in order to earn better and provide a better living for them and their families. On the other side, emigration can help reducing of unemployment but the long-term impact on the labor market make costs not worth this price. In the future the need of labour in domains rejected by Romanian people will surely find a solution in employing foreigners who are satisfied with lower wages, increasing immigration.

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