

THE EVOLUTION OF UNEMPLOYMENT FOR THE PERIOD 2005-2010 IN ALBA COUNTY, ROMANIA

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Abstract: In this paper we have tried to present the most important characteristics of unemployment, its forms of manifestation and involvement, its analysis based on its specific marks, as well as the means of fighting it. We related these findings to the level of unemployment in Alba County for a better exemplification and understanding. The data provided by Employment Agency of Alba Iulia (U.A. of Alba Iulia) reflects the economic reality.

Key words: unemployment rate, labor force, unemployment allowances, Romania.

Introduction

This paper is meant to be a presentation of the main features of unemployment, of its forms of expression and involvement, its analyze based on the specific indicators as well as the means of fighting it. All these data have been reported to Alba level, reflecting the economical reality of the county. We must say that the data we used in this article were given by official representatives of the Employment Agency of Alba County (EAA).

The reason for choosing this subject is represented by the fact that unemployment represents a negative economic phenomenon with important implications on the socio-economical life in Romania.

Unemployment evolution in Alba County (2005-2010)

“From the beginning, the annual labor of every nation represents the factor that supplies it with all necessary goods facilitating the living”, as Adam Smith said.

The quantity and quality of labor is given by the human potential, which decisively contributes to the economic growth. Labor force is characterized as being a complex statistic concept that expresses the total of the persons that are able to work, respectively of those persons that have physical and intellectual attitudes that allows them to do a useful activity.

From the point of view of the labor market, the population of one country is divided in multiple pieces:

Thus, we can see that the total population of a country comprises the active and the inactive population. By active population we understand the total of the population that has the legal age to work and that is not institutionalized (students, soldiers, ill people, convicts, etc.). It also includes the employed and the unemployed

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population. The underutilization of one part of the active labor force is called unemployment.

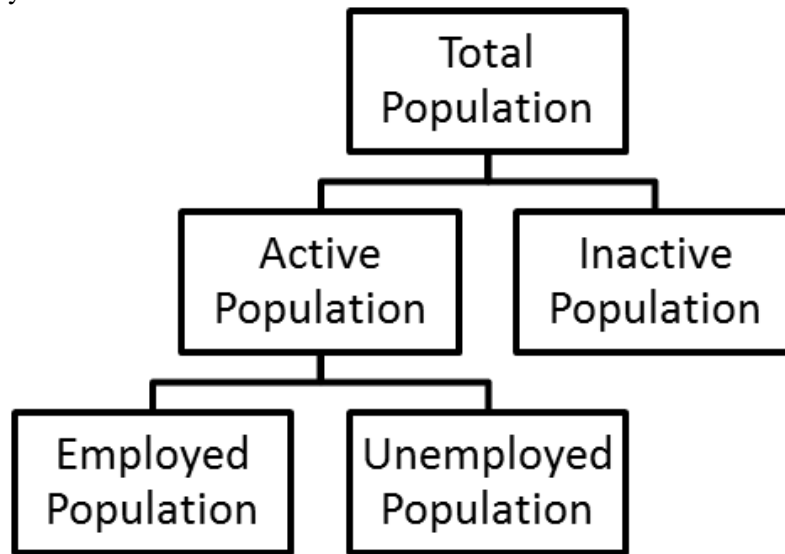


Figure 1. The population structure

The Romanian word “șomaj” - unemployment comes from the French word “chomage”, a word that is taken from the Latin word “caumare”. The last one comes from the Greek word “cauma” which means high heat and because of that high heat every activity stopped. This means that, at its origins, unemployment has the meaning of inactivity.

According to the Romanian Dictionary (DEX), unemployment is presented as being an economic phenomenon caused by the economic crises or recessions, consisting in the fact that employed people lose their jobs as a consequence of the differences between the demand and offer of labor force; the situation of the one that cannot get employed because of the impossibility of finding a job.

The economist Gheorghe Bistriceanu defines the unemployment as being “the negative side, state of the national economy, reflected by an important unbalance of the labor market where the job offer is higher than the job demand of economic agents and institutions. The unemployment affects one part of the available active population by not finding a place to work” [1].

From an economic point of view, unemployment is regarded as an expression of several imbalances on the labor market that appears when the labor force offer exceeds the demand, and on the market of goods and services the unemployment appears when production exceeds demand. Therefore, the unemployment forms on the basis of two processes: losing the job by one part of the active population and the increase of the job offer by reaching the legal age for work of new generations.

From a sociological point of view, unemployment is defined as a “negative economic phenomenon that affects a part of the active population that becomes redundant by failure in providing jobs”. Unemployment is characterized by the loss of income, the loss of self confidence, the erosion of community relations and the occurrence of alienation feelings and normal life exclusion, all these causing tensions and threatening social stability.

The compensation for the lack of income for a limited period of time is effected by unemployment insurance. In the center of these is the unemployed person.

According to the Romanian Dictionary, the unemployed person is the one that is able to work, but he has no work contract and is looking for a job. The following conditions must be fulfilled in order for somebody to be considered an unemployed person:

- he is looking for a job and he is between 16 and the retirement age;
- he is physically and mentally healthy and able to work;
- he has no job, no income or the revenues are smaller than the gross minimum salary guaranteed in payment, in force;
- he expresses his readiness to begin working immediately after the assumption that he would find a job.

The next categories are treated as unemployed:

- graduates of educational institutions, aged at least 16 years, who in 60 days from graduation failed to getting employed according to their training;
- graduates of special schools for disabled persons, aged at least 16 years, who failed to be employed according to their special training;
- people who before the military stage did not work and who in 30 days after getting back home could not get a job.

The International Labor Bureau (ILB) considers as unemployed the person who fulfills the following conditions:

- is over 16 years;
- is able to work;
- does not have a job (the working contract stopped or it was temporarily interrupted and the person is looking for a paid job);
- has no occupation, is able to work, has never worked or the last job was paid;
- is available for an immediate employing.

The protection system of unemployed persons was established by Law no. 1 from 07.01.1991 regarding the social protection of the unemployed and their professional reintegration; this law was substituted by Law no. 76 from 16.01.2002 regarding the unemployment insurance system and encouraging the employment of the workforce.

For a proper functioning of the unemployed insurance mechanisms, financial resources are required; the administration of these being conducted by the Ministry of Labor, Family and Social Protection through the National Employment Agency (NEA).

The Employment Agency of Alba County assures the implementation of the measures for preventing the unemployment, of the measures for stimulating the employment, social protection of the persons looking for a job. The Agency is subordinated to the National Employment Agency like and it works like an organism that has juridical personality and represents the decentralized public service constituted at Alba County level.

Setting up the necessary funds to ensure the functioning of the unemployment insurance subsystem is achieved based on the following resources:

- the contributions of the employers and corporate servants where the members of public services and members of cooperatives work;
- the individual contribution of the persons who are compulsory insured.

According to the data given by the U.A. Alba, during 2005-2010, from the unemployed insurance fund were granted unemployment allowances as it follows:

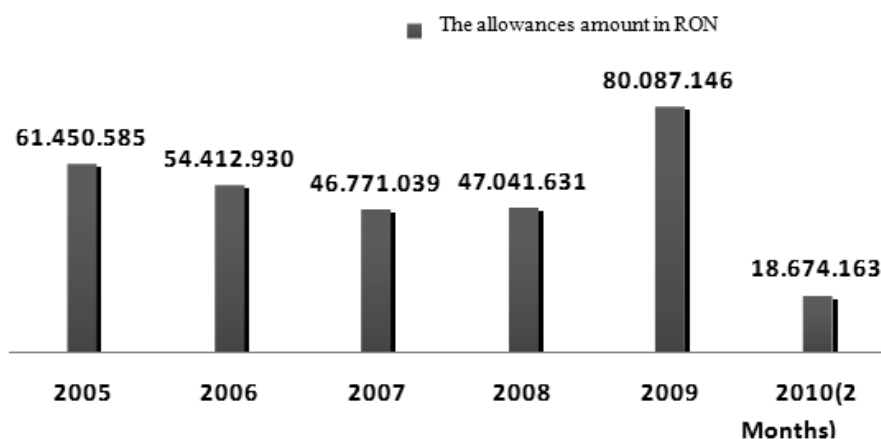


Figure 2. Unemployment allowances 2005-2010

The high level of the unemployment allowances from 2005 and 2006 is the consequence of massive layoffs from Cugir's Mechanic Factory and from the local armament factory, and starting from 2009 the main cause of unemployment is represented by the world economic crises.

The unemployment allowance is granted starting from the day the person lost his job, if the request is registered at the County Employment Agency in 30 days starting from this date. If this term of filing the request expired, but is no more than 12 months, the unemployment allowance is granted from the day of registering the request. A longer period makes the unemployed to lose his right of getting an unemployment allowance.

The allowance period is equivalent to the contribution period/stage, respectively:

- 6 months for persons that have contributed for at least 1 year;
- 9 months for persons that have contributed for at least 5 years;
- 12 months for persons that have contributed for more than 10 years.

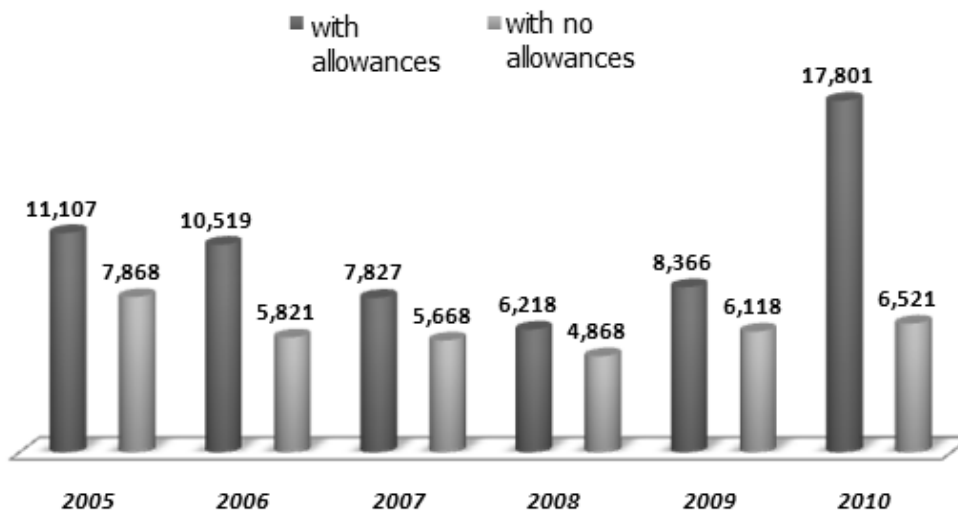


Figure 3. The statistics of registered unemployment

The quantum of the unemployment allowance represents 75% of the guaranteed in payment gross minim wage in force at the time of establishing the contribution period, and the quantum of the unemployment allowance granted to unemployed assimilates represents 50% of the guaranteed in payment gross minim wage in force at the time of establishing it.

In January 2005-2010, at Alba County level, we can see that unlike the urban environment, in the rural one there is a slight oscillation of the number of registered unemployed, but in 2010 the values between the two environments, urban and rural, tend to equalize because of the economic world recession that has affected, to a certain extent, the economic activity of the county where several entities were activating (according to the data provided by EAA).

The following indicators are used for analyzing and characterizing the unemployment level:

- the unemployment level that can be expressed in an absolute manner as the number of unemployed persons, and in a relative manner as the ratio between the number of unemployed and employed persons (unemployment rate);
- the duration of unemployment, meaning the period of time between losing the job and restarting the activity;
- the unemployment structure which is calculated according to different criteria (age, profession, qualification level etc.);
- the unemployment intensity which represents the degree of losing the possibility to work.

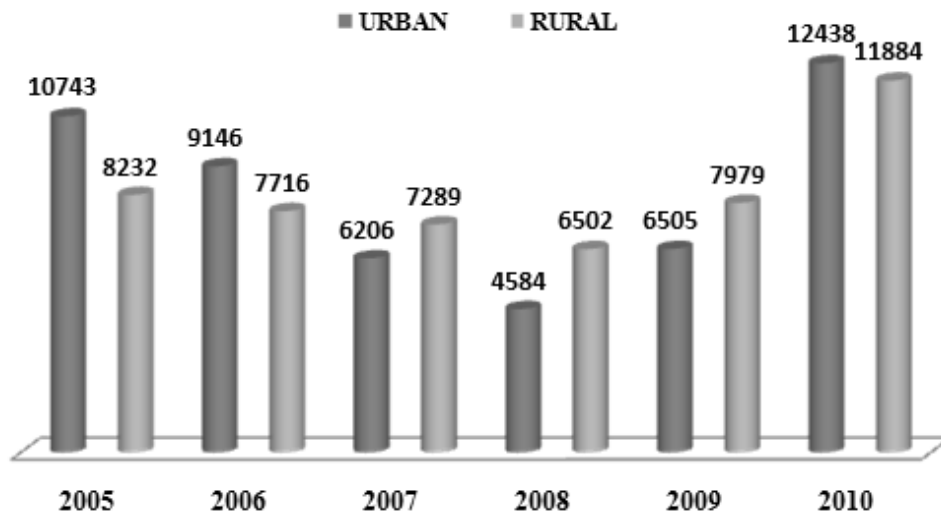


Figure 4. The number of registered unemployed persons in January 2005-2010

The “classical” approach of unemployment is based on the fact that the inactivity of some persons can have subjective causes, being the result of individual will or can be the consequence of some objective circumstances, when a person able and willing to work does not find a job because of reasons beyond his will. From this point of view, unemployment is voluntary or involuntary.

Table 1. The towns with the highest unemployment number

YEAR	JANUARY		DECEMBER	
	URBAN	RURAL	URBAN	RURAL
2005	Cugir-3011	Lupşa-188	Cugir-2475	Şona-448
2006	Cugir-2435	Şona-488	Alba Iulia-1251	Jidvei-358
2007	Alba Iulia-1344	Şona-377	Cugir-1300	Jidvei-431
2008	Cugir-1379	Albac-459	Cugir-1143	Jidvei-658
2009	Alba Iulia-1318	Jidvei-687	Alba Iulia-2893	Jidvei-701
2010	Alba Iulia-3100	Jidvei-824	-	-

Keynes believes that voluntary unemployment “is due to the refuse or impossibility of the person able to work to accept a payment according to the value of the product that can be attributed to him, a refuse or impossibility based on certain legal provisions, social customs, agreements for negotiating collective contracts, on the slow adapting to change or on the simple stubbornness of the human nature” [4].

The existence of the allowances can also contribute to the voluntary unemployment. When the level of the allowances is high enough to permit a decent life, some workers would rather give up their paid jobs for the unemployment allowances in order to substitute the working time with resting time. Contrary, a low level of the unemployment allowances increases the searching for a job. This is the reason why it is necessary to establish an optimum level of the allowances in order to maintain the interest of the worker in finding a job, and in the same time, offering an acceptable level of living.

Structural and technologic unemployment is part of the category of the volunteer unemployment. In this case, those who are in this situation should understand that their profession and qualification does not correspond anymore to the demand, and for that, they have to accept lower wages or re-qualification.

In some situations we can also have *hidden unemployment*, when the unemployed person that is getting an allowance is performing a paid activity.

Involuntary unemployment consists of the existence of some unoccupied persons, who are willing to work for a wage determined in the free market conditions, but its level is rigid and the worker does not have the possibility to work from different reasons. A version of this type of unemployment is the “cyclic” unemployment, which is characteristic to economic recession, when the demand for labor force is dramatically decreasing, the offer and the salary remaining constant.

Table 2. The minimum number of registered unemployed persons

YEAR	JANUARY		DECEMBER	
	URBAN	RURAL	URBAN	RURAL
2005	Abrud-205	Hopârta-56	Zlatna-226	Ohaba-7
2006	Abrud-225	Ohaba-6	Baia de Arieş-93	Ponor-3
2007	Baia de Arieş-103	Ponor-6	Baia de Arieş-98	Ponor-4
2008	Zlatna-82	Ceru Băcăinţi-1	Baia de Arieş-119	Ceru Băcăinţi-2
2009	Baia de Arieş-135	Ceru Băcăinţi-3	Baia de Arieş-220	Ceru Băcăinţi-3
2010	Baia de Arieş-238	Ceru Băcăinţi-3	-	-

The relative indicator by which we can appreciate the unemployment intensity is one of the most important macroeconomic indicators, also named unemployment rate. This is determined as a percentage between the total number of unemployed persons and the total number of active population. The level of the unemployment rate and its evolution represent one of the barometers depending on which certain social protection measures and economic policy decisions are taken.

As an example, we present the unemployment rate for January, July and December 2005-2010.

As a calculating general relation, the unemployment rate (Ur) is determined by the report between an indicator that expresses the unemployment (U) and another indicator that measures the referential population, usually the active population (Ap).

$$Ur = \frac{U}{Ap} * 100 \quad (1)$$

Given the persistence of economic and financial crisis effects on the labor market in Romania, and the risk that the high levels of unemployment would remain the same and would be converted into long-term unemployment and inactivity, and also taking into account the recommendations of the European Union and International Labour Organization, during the meeting that took place on 23 February 2010, the Government approved an emergency ordinance regulating certain measures to stimulate jobs' creation and to reduce unemployment in the year 2010. This ordinance has been proposed by the Ministry of Labour, Family and Social Protection (MLFSP) and provides the exemption from insurance contributions for a period of six months to all the companies that hire unemployed persons and keep that person employed for one year.

Emergency Ordinance no. 13/2010 regarding certain measures to stimulate the creation of new jobs and the reduction of unemployment in 2010 was published in the Official Monitor no. 136 of 1 March 2010.

According to the statements given at the end of the government meeting, the Labour Minister Mihai Şeitan drew attention to the twofold purpose of the new legislation: on the one hand, encouraging employers to create new jobs, and on the other hand, reducing unemployment by hiring unemployed persons on those jobs. After the analysis undertaken by the Ministry of Labour along with the employers' organizations, it has been found that it is possible that up to 50,000 unemployed persons could be hired within 10 months of this year.

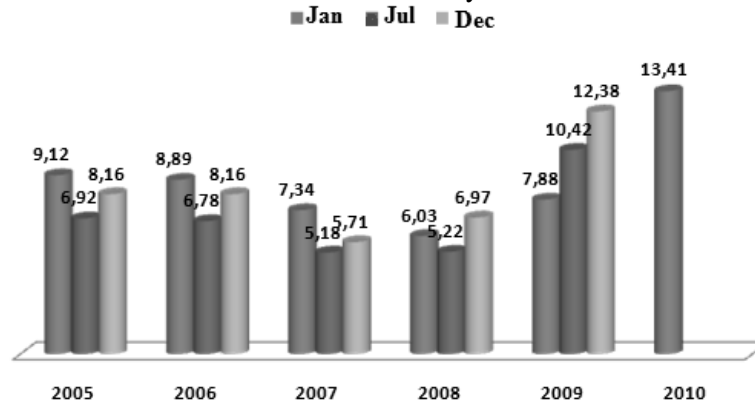


Figure 7. Unemployment rate

Measures to prevent and combat unemployment, to support the workforce development in compliance with the policies for economic development, and to accelerate the integration of the workforce are supported by the Alba County Council through a series of actions such as:

- initiating and promoting a partnership between EA of Alba County, employers and civil society in order to adapt the training programs to the market demands and their orientation towards future domains and high tech industries;
- promoting programs that support the creation of new jobs/new forms of employment, including self-employed from rural areas;
- promoting the employability of women from rural areas and organizing trainings and retraining programs to ensure that women obtain qualifications;
- supporting employment programs for an indefinite period of time for those who have difficulties in finding a job, especially people over 45, unemployed workers who are the single support of the family, Roma etc.;
- developing programs for integrating on the labor market of young people over 18 that leave the state child protection system;
- developing the services for the professional integration of the persons with disabilities by supporting the creation of protected jobs in enterprises.

Summary

In conclusion, unemployment has negative economic, social and human consequences. In this respect, the French economist Michel Didier argues, “unemployment hits not only individuals.

Over a certain limit, it undermines the society’s structure. Labor is not only the way of earning your life, but it is also a way to identify yourself, an unemployed person can occupy his time whenever he wants, but he no longer has a permanent place in society. The victim of an economic layoff often considers himself the victim of society.

Unemployment fear upsets our social behavior and our attitude towards working. Associating the labour with a negative representation of the future creates concern reflections, introversion, protecting the already conquered situations, and leads to additional increase of the economy’s rigidity that contributes even more to intensification of unemployment [3]”.

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EWOLUCJA BEZROBOCIA W LATACH 2005-2010 W OKRĘGU ALBA W RUMUNII

Streszczenie: W pracy staraliśmy się przedstawić najważniejsze cechy charakterystyczne bezrobocia, jego form przejawiania się oraz analizy bazującej na specyficznych ocenach, jak również sposobie jego zwalczania. Dla lepszego zilustrowania i zrozumienia porównaliśmy te wyniki do poziomu bezrobocia w badanym regionie. Rzeczywistość gospodarcza odzwierciedlona została poprzez dane dostarczone przez Urząd Pracy Alba Julia (UA Alba Julia).

罗马尼亚,Alba地区2005-2010失业情况评估

摘要: 在本文中, 我们试图提出最为显著的失业特点,参与和表现形式,根据具体标志的分析, 以及解决失业的意义。我们将这些发现与Alba的失业水平联系起来, 为的是更好的进行例证和理解。由Alba职业介绍所提供的数据反映了经济现状。