Analysis of the Labor Market in the
Current Socio-Economic Context of Romania

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Abstract

In this research, the proposed goal is to highlight the current state of the labor market generated by the current socio-economic context. The main objectives of this research are to highlight the main gaps recorded on the labor market in Romania, through the analysis of statistical data for the eight geographical regions. The research analyzes statistical data reported at the level of the first quarter of 2024, grouped by the total employed population in each analyzed region, the unemployment rate, as well as the distribution of the employed population on the main sectors of activity analyzed, but also an analysis showing the fluctuations recorded in the period 2020 - 2023 for people aged between 20 and 64, as well as highlighting the main branches of activity and of the main employers analyzed for each geographic region.

Key words: labor market, unemployment, active population, inflation, sustenability
J.E.L. classification: A11, O40, C50, F63

1. Introduction

Given the context of the COVID-19 pandemic, but also due to the events between Russia and Ukraine, to which are also added the effects of the energy and raw material crises, as well as the inflation index which registered very high rates, all these have reflected on the labor market, thus many companies registering a decrease in revenues, being forced to restrict activity and resort to the measure of technical unemployment. One measure was the Kurzarbeit program, which consists of launching a financing scheme for employees who have had reduced working hours. According to the statistical data resulting from the 2021 Population and Housing Census, it appears that 19.05 million people are registered on the territory of the country. The statistical data also show that 7.6 million people represent the civilian employed population, of which 5.5 million people are employees, approximately 59.21%. The distribution of the 59.21% of people engaged in the labor market, the distribution by the main fields of activity is as follows: the service sector, 63.63%, the share of employees in industry and construction is 33.63% in agriculture, forestry and fish farming approximately 1 .81%.

After 2022, the Romanian economy registered a slowdown followed by an acceleration that was supported by investments, thus the real GDP growth in 2023 and 2024 is 2% as a consequence of the high inflation index, but also due to a context legislation at European level. Economic growth is supported in the medium term by the construction sector, investments, but also on the basis of income from European funds.

The unemployment rate in Romania according to the International Labor Office was 5.2% in the first quarter of 2024, while according to ANOFM, in the first quarter of 2024 the registered unemployment rate was 3.0%.
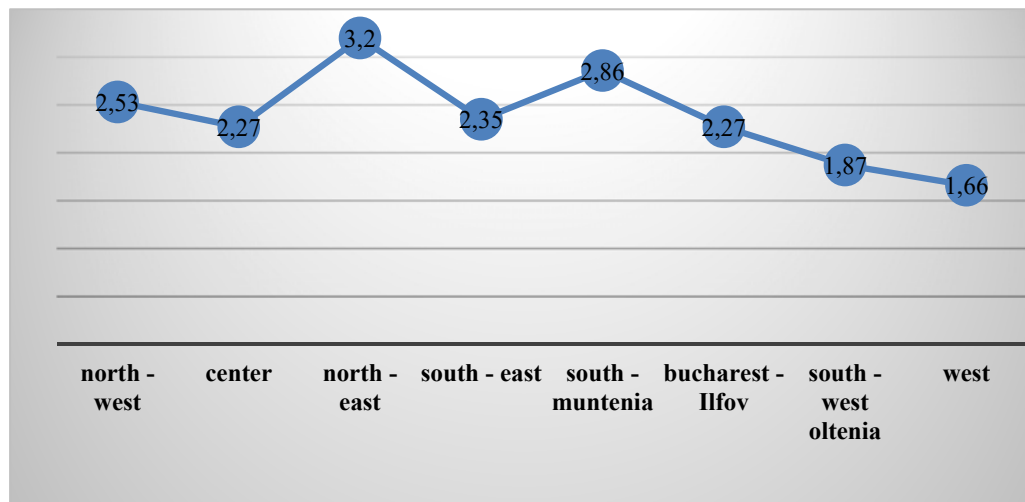
2. Theoretical background

Labor market and workforce analysis by geographic region

From an administrative point of view, the labor market in Romania is structured into eight regions, as follows:

1. The North-West region comprising the following cities: Bihor, Bistrița Năsăud, Cluj, Maramureș, Satu Mare, Sălaj;

2. The Central Region comprising the following cities: Alba, Brașov, Covasna, Harghita, Mureș, Sibiu;

3. The North-East region comprising the following cities: Bacău, Botoșani, Iași, Neamț, Suceava and Vaslui;

4. The South-East region comprising the following cities: Brăila, Buzău, Constanța, Galați, Tulcea Vrancea;

5. South Region - Muntenia, comprising the following cities: Argeș, Călărași, Dâmbovița, Giurgiu, Ialomița, Prahova, Teleorman;

6. Bucharest - Ilfov region;

7. The South-West Oltenia Region, comprising the following cities: Dolj, Gorj, Mehedinți, Olt, Vâlcea;

8. The West Region comprising the following cities: Arad, Caraș Severin, Hunedoara, Timiș.

Figure 1 shows the number of the active population distributed over the eight geographical areas

Figure no. 1 Active population, first quarter – 2024 (millions)

Source: INS, author's processing

3. Research methodology

The main research methods that were the basis of this research are:

1. The analysis method based on the identification of some statistical data regarding the resident population of the eight geographical regions under discussion, as well as the employed population through the analysis of the main employers currently existing with reference to the main sectors of activity prevailing in each geographical region analyzed, last but not least, the unemployment rate is also analyzed, including the age gap of the employed population between 20 and 64 years old.

2. Another method addressed in this research aims at processing statistical data in the first quarter of 2024, highlighting the share of the employed population aged between 20 and 64 in the main sectors of activity such as: agriculture, forestry and fishing, services such as and industry and construction. The highlighting using the processing of some statistical data of the share of employment in the period 2020 - 2023, which highlighted that in our country there was an increase in the degree of employment from one year to another.

North-West comprising the following cities: (Bihor, Bistrița Năsăud, Cluj, Maramureș, Satu Mare, Sălaj), with a resident population in the first quarter of 2024 of 2.53 million people, the civilian employed population being 1.04 thousand people, which represents approximately 65.4% of the total human resource of the region. The unemployment rate recorded in the first quarter of 2024 was 2.1%, approximately 24.1 thousand unemployed.

The distribution of the employed population in the West region by main economic activities is as follows: agriculture, forestry and fishing 10.4%, services registering 51.2%, while industry and construction register 38.4%.

The North-West region stands out for the presence of almost all industrial branches, the peculiarity of the region being the concentration of most IT companies.

Among the main employers of the North-West region are: Banca Transilvania SA, Distribuție Energie Electrica, SC Aramis Invest SRL, Babes Bolyai Cluj University, County Hospital, DeLonghi Romania, SC Zollner Electronics SRL.

Center, (Alba, Brașov, Covasna, Harghita, Mureș, Sibiu), with a resident population in the first quarter of 2024 of 2.27 million people, the civilian employed population being 963.8 thousand people, which represents approximately 66, 4% of the total human resources of the region. The unemployment rate recorded in the first quarter of 2024 is 3.1%, approximately 30.6 thousand unemployed.

The distribution of the employed population in the Center region by main economic activities is as follows: agriculture, forestry and fishing 2.6%, services registering 57.6%, while industry and construction register 39.8%.

The central region stands out for its highly developed industry, especially in Brașov and Sibiu, thus the following industries are found: automotive, metal processing, food industry, wood processing, light industry, the IT sector, tourism having an extremely important role.

The main employers of the Center region are: SC Autoliv Roania SRL, SNGN Romgaz SA, Delgaz Grid SA, Selgros Cash&carry SRL, Spitalul Județean, Transgaz SA, Continental Automotive Systrems, SC Preh Romania SRL.

North-East, (Bacău, Botoșani, Iași, Neamț, Suceava and Vaslui), being considered the largest development region in terms of population, this being 3.2 million inhabitants in the first quarter of 2024, thus 974.1 thousand, approximately 49.7% of the resource being employed population, while approximately 44.12 thousand, 4.28% being registered as unemployed, but also of the owned surface. The distribution of the employed population in the North-East region by main economic activities is as follows: agriculture, forestry and fishing 16.9%, services registering 51.7% while industry and constructions register 31.4%.

According to the number of employees, the main employers in the North-East area are: Dedeman, the Emergency County Hospital in Iasi, Amazon Development Center, Alexandru Ioan Cuza University in Iasi, TRW Airbag Systems SRL, Agricola Internazionale, Aerostar SA Bacău, SC Industries Yield SRL Bacău.

South-East, (Brăila, Buzău, Constanța, Galați, Tulcea Vrancea), agriculture playing an essential role, ranking first in the country in terms of vineyard areas, while fishing and trade in fish products are traditional activities. In the first quarter of 2024, the resident population is 2.35 million people, while the civilian employed population is 835.9 thousand people, which represents approximately 56.8% of the total labor resources of the region. The unemployment rate being approximately 35 thousand unemployed, 4.1%.

The distribution of the employed population in the South-East region by main economic activities is as follows: agriculture, forestry and fishing 14.0%, services registering 52.4% while industry and constructions register 33.6%.

The South-East region benefits from a diversified industry, such as: metallurgy, petrochemicals, machine construction, construction materials, food industry, textiles, the naval sector. The main employers of the South-East region are: SC Liberty Galați SA, Constanta Emergency Hospital, SC Vard Tulcea SA, Arabesque SRL, Universitatea Dunărea de Jos Galați, Clinica Sante SRL Buzău, Polaris Holding SRL Constanta.

South - Muntenia, (Argeș, Călărași, Dâmbovița, Giurgiu, Ialomița, Prahova, Teleorman), with a resident population in the first quarter of 2024 of 2.86 million people, the civilian employed population being 946 thousand people, which represents approximately 53.7% of the total human

resource of the region. The unemployment rate recorded in the first quarter of 2024 is 3.8%, approximately 37.6 thousand unemployed. The region is notable for the developed communications network with the eight riparian countries due to the Danube river, natural resources and various raw materials, chemical, petrochemical, automotive, construction materials, metallurgy, furniture, textiles, agriculture occupying an important role.

The distribution of the employed population in the South - Muntenia region by main economic activities is as follows: agriculture, forestry and fishing 15.6%, services registering 47.8% while industry and constructions register 36.5%.

The main employers in the South - Muntenia region being: SC Automobile Dacia SA, SG Adient Automotive Romania, SC Lear Corporation Romania, Yazaki Romania SRL, Lidl, SC Arctic SA, Ploiești Emergency County Hospital.

Bucharest – Ilfov, (Ilfov and the Municipality of Bucharest), with a resident population in the first quarter of 2024 of 2.27 million people, the civilian employed population being 1.4 million people, which represents approximately 88.5% of the total resource people of the region. The unemployment rate recorded in the first quarter of 2024 was 0.9%, approximately 13.3 thousand unemployed. The region stood out for having the highest GDP per capita in the country.

The distribution of the employed population in the Bucharest - Ilfov region by main economic activities is as follows: agriculture, forestry and fishing 1.1%, services registering 73.2% while industry and constructions register 25.7%.

Most of the industrial branches can be found in the region, thus the Bucharest - Ilfov region representing the largest industrial agglomeration in the country.

The main employers of the region are: National Railway Company CFR SA, National Company Posta Română SA, Kaufland Romania, Regia Autonomă a Padurilor, SC Mega Image SRL, SNTFC CFR Călători, Societatea de Transport Bucharest, Carefour Romania SA, RCS SA, Auchan Romania SA.

South-West Oltenia, (Dolj, Gorj, Mehedinți, Olt, Vâlcea), with a resident population in the first quarter of 2024 of 1.87 million people, the civilian employed population being 567.5 thousand people, which represents approximately 55 .6% of the total human resources of the region. The unemployment rate recorded in the first quarter of 2024 is 5.5%, approximately 38.9 thousand unemployed.

The distribution of the employed population in the South-West Oltenia region by main economic activities is as follows: agriculture, forestry and fishing 17.0%, services registering 48.4% while industry and constructions register 35.0%.

The South-West Oltenia region is distinguished by a large expanse of agricultural land, over 1 million hectares.

The significant industries of the South-West Oltenia region are: metallurgy with the largest producer of aluminum in Central and Eastern Europe, electrotechnics, energy, automobile, chemistry, food industry, light industry, shipbuilding industry.

The main employers being: Complexul Energetic Oltenia Sud, SC Pireli Tires Romania SRL, Craiova County Hospital, SC Alro SRL, SC Vel Pitar SA, University of Craiova.

West, (Arad, Caraș Severin, Hunedoara, Timiș), with a resident population in the first quarter of 2024 of 1.66 million people, the civilian employed population being 749.4 thousand people, which represents approximately 65.6% of the total human resource of the region. The unemployment rate recorded in the first quarter of 2024 is 1.5%, approximately 12.5 thousand unemployed.

The distribution of the employed population in the West region by main economic activities is as follows: agriculture, forestry and fishing 10.0%, services registering 52.6%, while industry and construction register 37.4%.
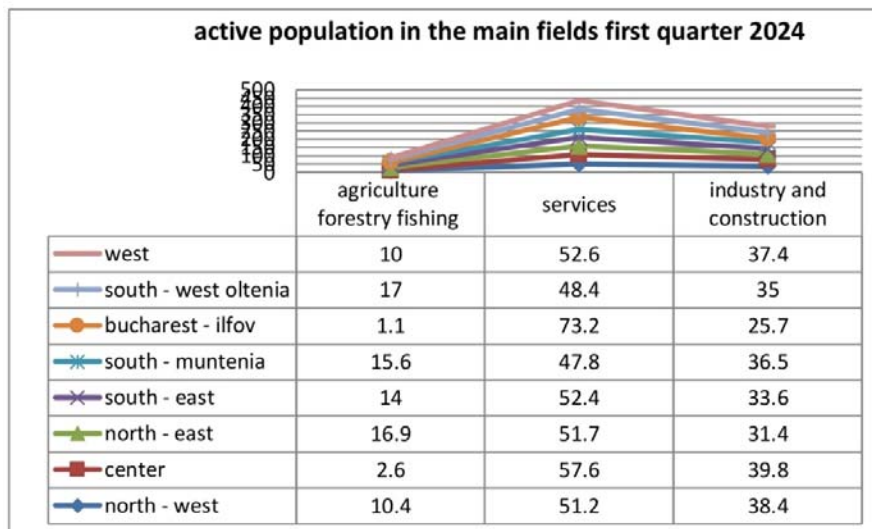
The West region is highlighted by an increased interest in investments from the European Union, especially for the agricultural sector.

The industry that can be found in the West region is: food, machinery and electrical equipment, means for rail transport of goods and passengers, furniture, clothing, footwear, iron and steel, metallurgy.

The main employers in the West region are: SG Profi Rom Food SRL, SC Continental Automotive Romania, SC Bordneze SRL, Timiș County Hospital, SC Leoni Wiring Systems Arad, Complexul Energetic Hunedoara.

From the analysis of the active population for the main categories of activity, reported in the first quarter of 2024, it follows that the highest share of employment in the field of agriculture, 16.9%, is recorded in the North-East region, and the lowest employment rate a we can observe in the region in the Bucharest - Ilfov region with 1.1%. In the area of services, it can be noted that the highest share, 73.2%, is recorded in the Bucharest region, the lowest share being recorded in the South - Muntenia region, in the industry and construction area, we find that the most significant share is found in the Center region, and the lowest share in the Bucharest - Ilfov region.
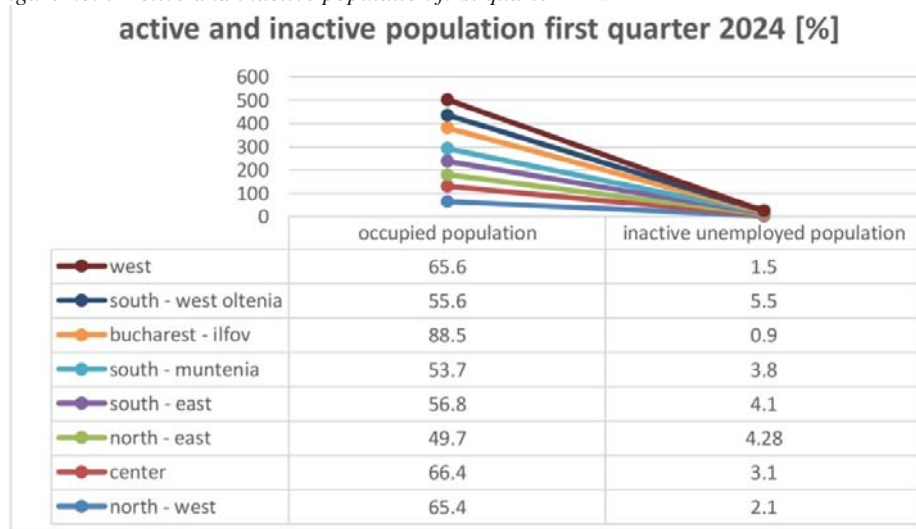
Figure no. 2 Active population in the main fields first quarter – 2024

active population in the main fields first quarter 2024

	agriculture forestry fishing	services	industry and construction
west	10	52.6	37.4
south - west oltenia	17	48.4	35
bucharest - ilfov	1.1	73.2	25.7
south - muntenia	15.6	47.8	36.5
south - east	14	52.4	33.6
north - east	16.9	51.7	31.4
center	2.6	57.6	39.8
north - west	10.4	51.2	38.4

Source: INS, author's processing

The analysis of the employment of the labor market in the eight geographical regions of Romania highlights the fact that the highest percentage is found in Bucharest - Ilfon, while the lowest percentage is found in the north-east region, and with regard to the unemployment rate, they meet 1.5 percentage points in the West region, this being the lowest unemployment rate in Romania reported in the first quarter of 2024, instead the highest unemployment rate note that was recorded in the south-west Oltenia region, reaching 5.5%.

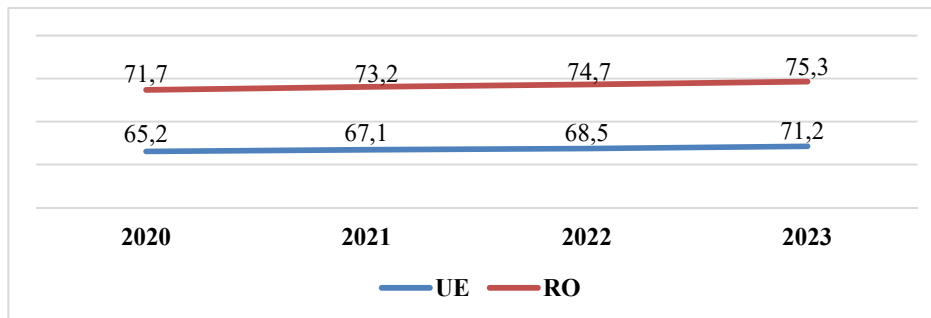*Figure no. 3 Active and inactive population first quarter – 2024*

active and inactive population first quarter 2024 [%]

	occupied population	inactive unemployed population
west	65.6	1.5
south - west oltenia	55.6	5.5
bucharest - ilfov	88.5	0.9
south - muntenia	53.7	3.8
south - east	56.8	4.1
north - east	49.7	4.28
center	66.4	3.1
north - west	65.4	2.1

Source: INS, author's processing
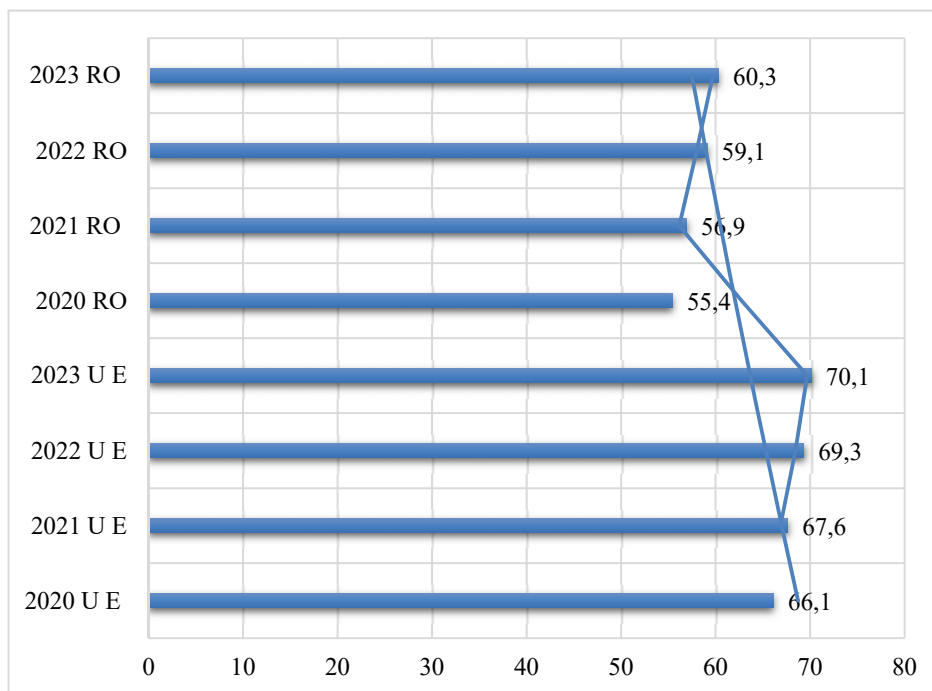
4. Findings

An analysis of the employment rate of the labor market for the age group between 20 and 64 years in the period 2020 - 2023, from which it follows that both in Romania and at the level of the European Union there has been an increasing trend, so we can see that in year 2023 in Romania there was an increase of 0.6% from 74.7% in 2022 to 75.3% in 2023.

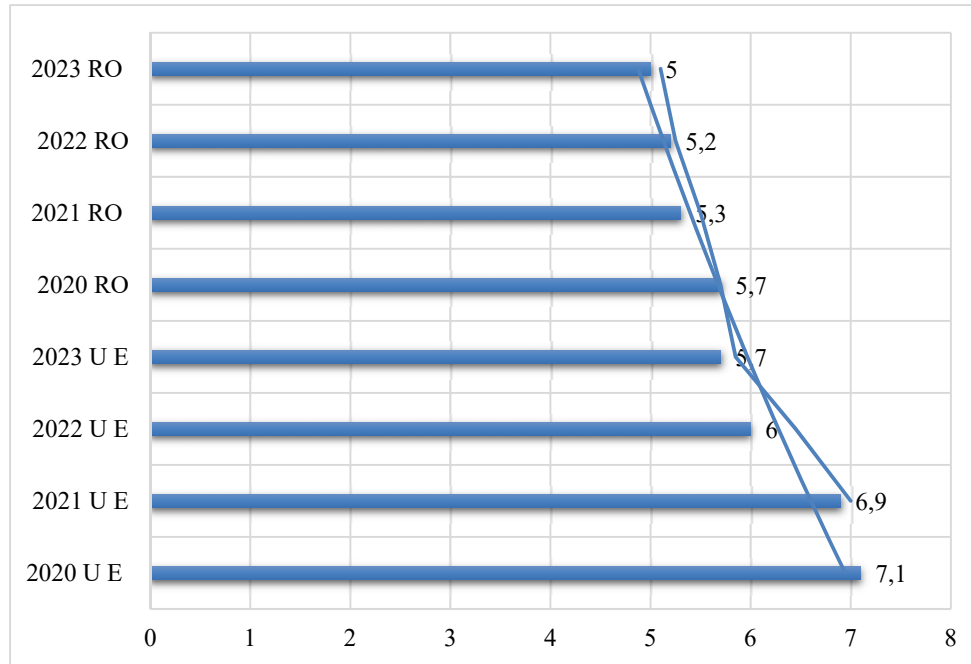*Figure no. 4 Labor market employment rate between 2020 - 2023*

	2020	2021	2022	2023
RO	71,7	73,2	74,7	75,3
UE	65,2	67,1	68,5	71,2

Source: INS, author's processing

Figure no. 5 Ocupation level of the female labor market, category 20 – 64 years

	Value
2023 RO	60,3
2022 RO	59,1
2021 RO	56,9
2020 RO	55,4
2023 U E	70,1
2022 U E	69,3
2021 U E	67,6
2020 U E	66,1

Source: INS, author's processing

Regarding the degree of employment of the labor market for women in the period 2020-2023 for the age gap 20-64 years, it follows that both at the level of the European Union and in Romania there have been percentage increases, thus in the year 2023 from 2022, the increase was 1.2% in the case of Romania, and at the level of the European Union the increase was 0.8% in the same period.

Figure no. 6 Unemployment rate category 20 – 64 years

Source: INS, author's processing

It can be seen that the unemployment rate had a decreasing trend in Romania as well as in the European Union, on the employed population aged between 20 and 64 years, thus we can see that in 2023 compared to 2022 the decrease in the unemployment rate recorded in Romania is of 0.2% while in the European Union the decrease was 0.3%.

5. Conclusions

From the analysis carried out, it is found that in 2022 there was a level of employment of 68.5% in the age group between 20 and 64 years, this situation was registered in a period in which there was a given the unemployment rate of 5.2%, below the European average.

In the current context, the labor market takes on a new concept, demand and supply, these being the main structures, are no longer summarized at the level of individuals but at the level of groups, economic and collective units with special personnel.

Currently we can talk about groups created specifically to defend the rights of the population employed on the labor market, these groups being the unions and employers, (the state).

The institutions that are directly related to the compliance with the legislative framework as well as the records of the employed population in the labor market must collaborate with each other with the aim of reducing the unemployment rate and the constant increase in the employment rate, exchange information and collaborate in the interest the community

There is an urgent need to develop a common vision of the development of the new generation of the workforce and the policy and application of the improvement of human resources. Governments and institutions at all levels must consider the major challenges of preparing workers for higher-paying, high-skilled jobs while helping those left behind by rapid economic change.

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