

REASONS AND EFFECTS OF THE ROMANIAN LABOUR FORCE MIGRATION STATISTICAL AND SOCIOLOGICAL REVIEW

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Abstract: *In this paper we presented a conceptual review of migration theories in the context of the European Union, such as recent statistical data taken from the official website of the National Institute of Statistics, National Bank Romanian Ministry of Labour and Eurostat. The paper empirically tests the neoclassical theory, used in the pre-enlargement research, on the actual data of after accession labor mobility from Romania to the European Union countries. The paper concludes with outlining suggestions for new analytical approach to studying migration processes, which needs to incorporate country specific institutional and structural variables, give greater emphasis to sending countries and analyze migration as part of broader global processes and socio- economic changes. In this paper we presented and summarized the negative effects and manifestations of contemporary economic and financial crisis on the labor market. The purpose of this paper is to study and analyze labor market developments Romanian between 2000 and the first quarter 2016 from the statistical point of view based on the results of a comparison of the period before the crisis and after. This paper aims to estimate some effects of migration flows on both the origin countries and the host countries in an enlarged Europe. Having in mind the enlargement, the Romanian out-migration represents a sensitive subject, adding to those of commercial and the capital flows, the main mechanism of European integration. The migration from and to Romania will have an effect on the Romanian economy on short and long term. Then we focus on presenting the main destination for external migration and we make an empirical analysis in order to find out why the "destination" countries are so attractive despite our country.*

Keywords: *Romanian labor market; crisis; unemployment rate; evolution; statistical analysis, migration effect.*

JEL classification: *E24; E23; E29; R22.*

1. Introduction

Movement of people to a new area or country in order to find work or better living conditions. (*Oxford dictionaries*). In time, migration has been an important factor influencing the historical and contemporary development of nations representing the world's diverse geographic regions, cultures, and socio- political systems. Romanian labor market has changed a lot during last fifteen years. Appeared new problems like external migration and unemployment. Following the Romanian accession to the EU, the Romanians fully enjoyed the right of free movement within the European Union and, gradually, the free movement of workers. The migration phenomenon was accelerated in the last 3- 4 years before Romania officially joined the European Union. The restrictions on the labour market, had been imposed by some older Member States of the European Union, were completely withdrawn on the 1st of

January 2014. The unemployment rate in our country is registering lower value during last years. This fact should be the equivalent of a high level of occupation, but unfortunately we have to consider also the emigrants who had left Romania searching a better job with a better salary.

2. Theoretical background

The unemployment influence entire society: the state lost income tax from the possible wage earners and has to pay for extra services such as: medical services, social services; the company lost the benefits they would have obtained if they had used entire personnel; a small national production due the smaller number of workers. On the other hand the unemployment growth increases the labor force supply, which may end with a general dropping of incomes. (Badulescu A., 2006)

In many cases, immigrants have been welcomed by state authorities and allowed, if they filled in an educational or economic break, to make full use of their abilities in order to enhance the economic development of the countries in question. On the one hand, governments and business interests generally welcome foreigners for the economic benefits they can generate. On the other hand, a large influx of foreigners can be highly disruptive, weakening a nation's sense of cohesiveness. (Chapman, 2000).

In the economic literature, the subject of migration is approached through the problems that this brings into economic, social and political context: relation between salary changes and immigration, impact of immigrant influx that increases the number of workers in a skill group, the restrictions on international labour mobility, occupational placement of immigrants, brain drains, job search behaviors, spatial mobility and competition for jobs. In 2007 and 2008, employment rate improved to some extent, emigration and informal work going down but the political and economic crisis that hit Romania during 2008- 2009 stopped healing Romanian labor market. By moving to work abroad, return in the home country and immigration into Romania, we can see how the major social and economic processes are being defined. Migration represents 'a total social phenomenon' which offers the way 'to read' the problems and opportunities, history, present and future that characterize the Romanian society. (Sandu, 2010)

According to Stănculescu (2011) the main reasons for which Romanians migrate are: *finding a better-paid job (59%), lack of employment (16%) or just the pursuit of a better life (9%)*. However, migration is not exclusively determined by economic factors. Another push factor is linked to Romanians' distrust in the institutional system and in the political parties. (Stănculescu and Stoiciu, 2012)

There are two distinct stages to be found regarding the evolutions on the labour market in Romania after 1989. The first stage, which includes the period 1990 –2003, is defined as a period of deep reorganization of the Romanian economy. It is characterized as a period of relatively high unemployment and the undertaken actions were directed mainly at limiting the unemployment and its harmful effects on the society. We consider that after 2005 the employment evolution heads towards a new crisis on the labour market, but its cause is not a high unemployment, but rather an offer dropping on the labour market (Cindrea, 2007, pp. 25- 28). According to the study studied by *Dustman and Glitz (2006)*, fears that immigrants would take jobs away from native workers are „widespread”, at least in Europe. The consequences for native's employment and unemployment have also been dealt with in numerous

studies and researches. According to Lee, such forces are found in metropolitan areas of a country. Pull factors are present in such areas. Lee also refers to cost of movements, ethnic barriers and personal factors as intervening barriers. Having in mind the enlargement, the Romanian out- migration represents a sensitive subject, adding to those of commercial and the capital flows, the main mechanism of European integration. *Everett Lee* in his work *A Theory of Migration* divides the factors that determine the decision to migrate and the process of migration into four categories (Table1):

Table 1 Factors that determine the decision to migrate and the process of migration

Factors associated with the Area of Origin	Factors associated with the Area of Destination	Personal Factors	Intervening Obstacles
-Factors which motivate people to leave their place of origin to outside area. They are push factors.	-Very attractive forces at the area of destination to which the proportion of "selectivity" migrants is high.	-Factors like age, sex, race and education which along with the pull-push factors and intervening obstacles that determine migration. There are sequential migrants such as children and wives of migrants who have little role in the decision to migrate.	-Intervening obstacles like distance and transportation which increase migrant selectivity of the area of destination. These obstacles have been lessened in modern times with technological advances.

Source: <http://www.sociologydiscussion.com/demography/migrationdemography/to-p-3-theories-of-migration/3148>

In Romanian literature Anghelache (2016) presents the most important factors that characterize the economic environment of Romania. Anghelache, Manole, Anghel and Popovici (2016) - analyzing the human resources and their position, dynamics in the Romanian economy. Anghelache and Anghelache (2012) analyse the correlation between labour force, labour market and the population of Romania.

The global economic crisis has affected the labor market in all EU States the economies have suffered good heavens also had influence on labor migration by sectors activity migrate to predominantly occupied like construction or servicing.

The migration phenomenon has had a series of positive effects, such as reduction of unemployment, poverty and social problems, especially in the rural environment and at the level of the domains which were strongly affected by the economic changes in the last years of transition. (Table 2)

The former have vices of economic crisis hit, causing loss of job version increased and unemployment among migrant workers. The crisis on the labor market shall limit Romania's economic growth by reducing the annual rhythm of economic growth and shall seriously affect the achievement of the objective of Romania's medium and long term lasting development.

Table 2 Positive and negative effects of migration

Positive effects of migration	Negative effects of migration
For the origin country	
reducing the unemployment rate and a decrease in pressure on workforce market and social spending from the budget;	losing the investments made in education and training for migration and emigration;
money transfers of migrants. It is an important external source for financing the budget – the money transfers are used in the origin country for households spending, for construction of new houses and for consumption. These transfers have an impact both on a micro and macroeconomic level, affecting the macroeconomic management, workforce involvement, education and health, income distribution;	losing the state contribution represented by taxes that these categories must pay;
keeping the link between diaspora and the origin country. Communities outside the origin country can represent an important source and a facilitating factor for research and innovation, for technology transfer and growth. To involve the diasporas in the economic growth of origin countries can be done by some agreements in order to allow technology transfer and new knowledge and knowhow between firms owned or managed by the diaspora in the host countries and firms from the origin countries, by direct investments, the creation of scientific or professional receipt to transmit the new results of researches from the host countries to the origin countries, mainly through a definitive return of workers in the origin countries.	a decrease in the highly trained personnel, as a result, the increase in the medium and low trained personal, which is not leading to a strong base for a country's growth.

Source: Nicolae M, Radu Brindusa M (2007), [online] Social economic effects of the labour force migration in an enlarged Europe, http://mail.ipe.ro/rjef/rjef2_07_4/rjef2_07_4.pdf;

According to Duncan, whatever effects are created by changes in structural factors of the country, the same effects are caused by migration. For achieving many structural aims, migration is the functional alternative to social change. Generally, the following factors are responsible for migration:

Table 3. Causes and characteristics of migration

Causes	Characteristics
Economic and Technical Causes	They relate to the changes occurring in the technique of production, in methods and structure of agricultural operations, in market structure, in price situation, in specialisation, in production, and in relative changes in the wage level, etc.

Causes	Characteristics
Social Causes	The social causes are development of institutional structure, policies regarding public land and production, development of transport and communication systems, population growth, increase in knowledge and its expansion, class-conflicts and competition, disarrangement coming in social degradation and structure of administration, changing needs of maintenance of family, etc.
Personal Causes	In personal causes are included unsatisfied needs, increase in the intelligence of persons and expanding horizon of knowledge, health, emotions of alienation, views regarding neighbours, imagination power, nature, emotions, etc.
Natural Causes	pertain to environment and atmosphere, frequent existence of diseases, floods, earthquake, droughts, malaria, hookworm, seasonal changes, land erosion, etc.
Other Causes	There are some miscellaneous causes which affect migration. They are labour problems, strikes, riots, increase in real wealth, search of new means or ending up of the supply of old resources, etc. Out of the above mentioned causes two or more causes probably influence migration

Source: Divisha S, Top 3 Theories of migration, [online]: <http://www.sociologydiscussion.com/demography/migration-demography/top-3-theories-of-migration/3148>;

3. Migration trend in Romania between 2000 – 2015

In Romania, international migration has produced in last years significant impact on the economic, social, cultural and political life. Romania's migration pattern is mainly characterised by emigration, especially following accession to the European Union on 1 January 2007. The number of Romanians working abroad in 2010 is estimated to be around 3 million persons. Romanian labor market has changed dramatically during the economic transition, decreased the number of employed population. The enterprises restructuring has led to job losses uncompensated by new job creation. Furthermore, Romania has registered a significant emigration rate (including temporary emigration), which led to a shortage of workers.

The migration from and to Romania had an effect on the Romanian economy on short and long term. In the European Union countries and neighbouring regions, the expansion will produce a redistribution of the labour force between industries and countries. After the Romania's adhesion to the EU, the need for an increased productivity, the lack of capital, the competition on the EU market and the low salaries have concurred to the intensification of the migration process of the labour force, principally to the West European countries. For example, from over two

millions of Romanians working abroad (10 % from total population), 40% have chosen to work in Italy, 18% in Spain, 5% in Germany. (Figure 1)

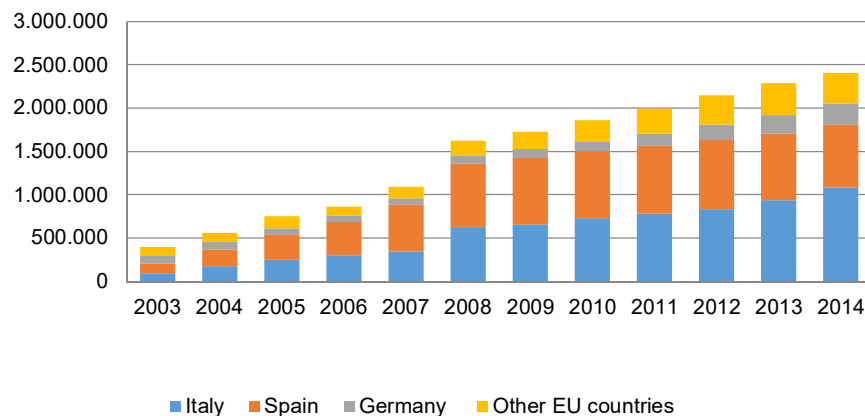


Figure 1. Stock of Romanians residing in another EU Member State
Source: Eurostat

Emigration wave has hidden two phenomena: the departure of quite young and highly skilled workers (brain drain has increased significantly during the crisis, for professions such as doctors or IT specialists) and at the same time, low skilled workers who have preferred to earn more abroad.

Migration was and still is one of the major vulnerabilities of the Romanian labor market due to lack of skilled labor force. A result of economic transition in Romania was the translation from formal to informal labour market of the workforce without jobs. Despite the sustained economic growth of recent years, informal work in Romania has continued to exist and even to grow up in some periods. Informal work exists mainly in agriculture (subsistence agriculture) but also in sectors: *construction, retail, home services, transportation, health and education.*

4. Statistical review of the Romanian labor market between 2000 – 2015

The labour market is one of the important factors, especially for longer distance moves. Economic theory provides a characteristic for the migration decision that emphasizes the way that labour market considerations can influence migration decisions. In the simplest version of such a model, each person chooses to locate in the area where they will be most well-off. Zaman (2004) analyses the dynamics of restructuring on the labour market by *The Index of Employment Restructuring, The Rate of Unemployment Absorption* and *The Net Rate of Private Sector Expansion*. He considers that the capacity of Romanian economy to absorb the unemployment is very low because the private activities are insufficiently developed due to a major delay in market reforms aimed to effectively stimulate the private initiative. Romania's EU accession in 2007 had a positive impact on the attractiveness and competitiveness of local enterprises. (Table 4 and Table 5).

In 2014, Romania represents the main source country for migrants within the European Union with an estimated number of more than three million Romanians

left to work or to study abroad. Over the last fifteen years, the population in Romania registered a continuous decrease from 23 million in 1990, to 21.4 million in 2008, respectively around 20 million inhabitants in 2011 and it is forecast that by 2050 it will reach only 16 million persons. The population decrease is also greatly caused by the Romanian emigration, characterized by emigration of youth and active people, leading to labour market shortages and putting pressure on social services and insurance market. In this sense, immigration to Romania should be understood in direct correlation with the Romanian labour emigration in terms of migrants' profiles, skills and employment opportunities available on the national labour market (Alexe, 2010).

Table 4. Evolution of the balance labor between 2000 – 2008

Year	2000	2001	2002	2003	2004	2005	2006	2007	2008
Total Population (millions)	22455	22430	21833	21627	21521	21382	21257	21130	20635
Active Population (millions)	11283	11151	10079	9915	9957	9851	10041	9994	9944
Unemployed population (thousand)	775	711	845	701	799	704	728	641	575
Unemployment rate (%)	11,17	10,98	10,18	7,59	6,78	5,83	5,43	4,34	4

Table 5. Evolution of the balance labor between 2008 – 2016

Year	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total Population (millions)	20635	20440	20294	20199	20095	20095	20020	19947	19861
Active Population (millions)	9944	9924	9965	9868	9964	9977	9243	8910	8776
Unemployed population (thousand)	575	681	725	730	845	692	799	436	-
Unemployment rate (%)	4	6,29	7,61	5,4	5,59	5,65	5,84	5	4,8

The share of immigrants in total population of Romania accounts for 0.5%. (Total population of Romania in June 2014 was of 19,473,488 persons according to the National Statistics Institute). It is generally expected that the proportion of immigrants will continue to rise in the coming decades in Romania because of the labour needs related to population ageing.

Net migration rate- This entry includes the figure for the difference between the number of persons entering and leaving a country during the year per 1,000 persons (based on midyear population). An excess of persons entering the country is referred to as net immigration (for example: 3.56 migrants/1,000 population); an excess of persons leaving the country as net emigration (for example:-9.26 migrants/1,000 population). The net migration rate indicates the contribution of migration to the overall level of population change. High levels of migration can cause problems such as increasing unemployment and potential ethnic strife (if people are coming in) or a

reduction in the labor force, perhaps in certain key sectors (if people are leaving). (Table 7 and Table 8 *Index Mundi*)

Table 6. Net migration rate in Romania between 2000- 2008

Year	2000	2001	2002	2003	2004	2005	2006	2007	2008
Romania	0.6	-0.6	-0.6	-0.6	-0.13	-0.13	-0.13	-0.13	-0.13

Table 7. Net migration rate in Romania between 2008- 2015

Year	2008	2009	2010	2011	2012	2013	2014	2015	2016
Romania	-0.13	-0.27	-0.26	-0.26	-0.25	-0.24	-0.24	-2,1	-0,2

While a big part of the labour force is already migrated, mostly to the SE Europe (2,5 million workers moved abroad, with both legal and illegal/irregular status, even before the EU enlargement), the Romanian companies could not find local workers to use them in order to benefit from the money inflow targeting Romania in the light of its new membership to the European Union (foreign investments and European post accession funds). Instead of increasing the salaries, the local employers rather prefer to 'import' workers from poorer countries like Moldavians, Chinese, Ukrainians and others who still accept a lower salaries as compared to the medium wage in Romania. The Eurostat predicts that, from 2008 to 2060, Romania would register a net migration ratio of 1.8 %. Data provided by the Romanian General Inspectorate for Immigration highlights that during 2011- 2014 the migration inflows in Romania have had a stable evolution reaching every year an average of 100.000 persons, with an annual rate of +/- 2 %. In 2014, as in the previous years the migrants who arrived through family reunion together with those who are family members of a Romanian citizen stand for the majority of Romania's migrant population. More than half of the migrants are young, in the age group less than 35 years old and around 60 % are men. The occupied population, according to the SEC methodology, is the sole indicator that indicates the human potential of the occupied labor force that can be used to determine the social productivity of labor as a ratio between the GDP and the occupied population.

Romania has conducted its employment policies rather inconsistently and therefore the capacity of the economy to absorb the unemployment is very modest; furthermore, the economy has destroyed more jobs than it created. This is the consequence of insufficient reforms aimed to stimulate growth: in 2003, the real GDP is still below its level recorded in 1990. (Table 8 and Table 9).

If before joining the EU the GDP per capita in Romania represented 38% of the EU-28 average, seven years later, the GDP per capita has reached only 54% of the EU-28 average. As a result, the private sector loses continuously its efficiency because the privatization of public enterprises induced the phenomenon of sharing the inefficiency: the speed of restructuring the privatized firms is lower than the speed of privatization. Each year the public firms gain productivity by reducing the employment, but they lose efficiency over time, since the output produced by the remaining labour force is below its potential. In parallel, the private sector loses efficiency because of privatization, which brings excessive employment with the newly privatized firms. Over time, the output produced by an employee in the private sector is higher than the one produced by a state employee, which leads to an improvement of efficiency in case of private companies (Zaman, 2004, p.8).

Table 8. Evolution of GDP growth and the unemployment rates between 2000- 2008

Year	2000	2001	2002	2003	2004	2005	2006	2007	2008
GDP growth variation	102,4	105,7	105,1	105,5	108,3	104,2	107,9	106,3	107,3
Unemployment dynamics (%)	11,17	10,98	10,18	7,59	6,78	5,83	5,43	4,34	4

Table 9. Evolution of GDP growth and the unemployment rates between 2000- 2016

Year	2008	2009	2010	2011	2012	2013	2014	2015	2016
GDP growth variation	107,3	106,6	101,1	102,3	100,6	102,6	103	103,5	104,8
Unemployment rate (%)	4	6,29	7,61	5,4	5,59	5,65	5,84	5	4,8

5. Conclusion

The flow of the international migration influenced all the member states of the European Union, especially the new members. The standard of living of the Romanian population, the policies adopted on migration by our country and the European Union, the evolution of the economy and of the unemployment rate in current's crisis context will influence the decision made by the Romanian citizens to migrate or not. Immigration can successfully supply the decrease of population in European Union's member states and can balance the supply and the demand of jobs. To that effect the European Union needs to keep an eye on the development and the expansion of the Community policies on emigration and immigration at a European level to better manage the emigrational flows, considering not only the demographic context of the countries, but also the economic and social context of those. Negative impact that migration has on the size and quality of the workforce in Romania is manifested in several ways: departure abroad for a significant proportion of highly qualified labour force, aging workforce in some sectors of the population in certain areas and in certain geographical areas.

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