The Labour Market and the Dynamics of the External Migration Phenomenon in Romania

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Introduction

One of the important disequilibria that the Romanian labour market has faced, along time, consists in the massive departures of Romanians abroad. Certainly, this is not only a Romanian phenomenon, since international migration started a long time ago, at all levels, be they quantitative or qualitative, as a result of the influence of a series of subjective and objective factors that nowadays directly interfere with the components of the globalisation process. The external migration of Romanians is a process deeply rooted in the history of our society and has continuously developed for the past 20 years; moreover, once Romania joined the European Union, the process unceasingly resized as far as permanent migration and temporary migration for work-related purposes are concerned. During this period, Romania was marked by a series of economic and social disequilibria such as: the contraction of economic activity, the population’s impoverishment, the increase of unemployment and corruption and last but not least, the external migration of the workforce. This phenomenon of migration for work led to a series of positive effects for emigrants and their families, on the one hand and negative effects shown in the labour market and national economy, on the other hand. Has national economy benefited from these departures? Are there any risks or benefits in case Romanians, who left abroad to work, come back? Seeking answers to these questions and causes, not to mention the dimension of the issue and its consequences, make us claim that external migration for work is an important topic to study which could reveal a series of concrete aspects and general information on this social phenomenon.

Our thesis, “The Labour Market and the Dynamics of the External Migration Phenomenon in Romania”, is a systematic study divided into 5 chapters, based on a coherent, theoretical-methodological vision whose aim is to identify the effects of migration on the labour market in Romania.

The first chapter, “Theoretical Foundations of the Labour Market and International Migration” has the role of introducing us on the path of this scientific approach with the overview of main theories and models referring to the labour market or international migration. In this first chapter, we find and bring into play ideas of the main lines in economic thought and of these schools’ representatives who significantly contributed to what is related to the labour
market or the migration phenomenon. Moreover, we will find out about the present theoretical concerns on international migration and discuss the “New Economics of the Labour Migration”, the new theories on the labour market and the future theoretical challenges and behaviours that the international migration phenomenon may acquire.

The second chapter entitled “Features of the Romanian Labour Market” presents the main features that define the present model of the workforce in Romania. Here, we discuss the institutional and legislative mechanisms of the labour market and Romanian migration; we also see the changes that occurred from this viewpoint along with Romania’s joining the EU. Further on, this chapter is conceived as an analysis of the particular case of Romania and tackles main demographic and social aspects such as the ones pertaining to the total population, birth and mortality rate evolution, and its rate of natural increase or the occupancy rate. We also analysed the labour demand and supply in Romania after 1990. Finally, we made an analysis of unemployment in Romania and attempted to identify the causes that led to the extremely high rates of this disequilibrium that strongly influenced the labour market in Romania after 1990.

Chapter 3, “External Migration of the Workforce in Romania” has the role of introducing us to the analysis we envisaged in this scientific approach. We initiate this analysis by identifying, first of all, the factors that determine their decision to emigrate. Also, we aim at drawing a profile of the Romanian emigrant so as to facilitate the understanding of facts and events subsequently presented during this approach. Here, we will find out about the legal status of the activities carried out by Romanians abroad, the jobs they have and their education level. Then we focus on the analysis of the “brain drain” phenomenon and the difficulties that might occur on the internal labour market in case solutions are not found to diminish it. In this chapter, we will discuss, for the first time, the remittances of Romanian emigrants, an aspect that will be more thoroughly dealt with in the following chapter. Finally, we will try to assess the impact of Romania’s joining the EU on Romanian emigrants and the internal labour market.

In chapter 4 entitled “International Migration Effects of the Labour Market on the Romanian Workforce” the analysis area narrows and focuses on the effects of external migration on the Romanian labour market and economy. Thus, we will try to find out what are the effects of migration on the labour market against the background of a workforce surplus and see what happens with the labour demand and supply in certain situations; we will also identify the impact that remittances have on the labour market in our country. All these aspects brought into play up
to this moment will be supported by theoretical approaches, representative models for certain situations, and an econometric analysis on the impact of migration on the labour market exerted by means of remittances. To be more precise, we will test whether remittances contributed to the decrease of unemployment in Romania. To deepen our understanding of the effects of migration on the labour market, we try to see, in this chapter, what happens to Romania’s GDP, what is the role of inflation in this context, the degree of occupancy in certain sectors or the evolution of the unemployment rate. Here, we will find out about the main factors that cause problems in workforce recruitment, and see the solutions that companies find to deal with these problems. Beyond the economic consequences that directly reflect on the labour market, migration can also have other effects that are indirectly sensed on the labour market. Thus, at the end of this chapter, we will see what other socio-demographic effects may be identified on the labour market in Romania.

The last part of this work, “Perspectives on the Evolution of Migration and the Labour Market in Romania”, identifies a series of paths that the labour market in our country could follow. We will assess Romania’s position as compared to other developing countries and debate on the Southern European model and the perspectives of migration transition in Central Eastern Europe. Moreover, to measure the countries’ attractiveness level and compare them from the perspective of transition from emigration to immigration or conversely, from immigration to emigration, we developed a composite index that measures the attractiveness of European Union states. This attractiveness index has 5 key aspects in view, which are extremely important in generating emigrant flows and the attraction of immigrant flows, respectively, which refers to the situation on the labour market, the attractiveness of the business environment, quality of institutions, accessibility to social services and infrastructure level. Further on, we will try to find out what needs improving on the labour market in Romania, which are the main aims of the Europe 2020 Strategy and our country’s perspectives based on these aims.
Conclusions

At the end we present our conclusions which mainly target the labour market and the phenomenon of external migration for work. By researching the bibliography of the field, we have come to the conclusion that the labour market in Romania, i.e. the main market of production factors, is a peculiar market whose course coincides with the transition processes that Romania has undergone after 1990.

In recent years, in Romania there is talk of a demographic crisis, of natality driven policies, of external migration for work, the return of the emigrants, unemployment and, since 2008, of the company’s difficulty of finding employees on the internal labour market. Our main question from which this scientific approach started is whether Romania truly has problems on the labour market. We tried to answer this question by setting research aims and following a series of indicators meant to help us find an answer as close to reality as possible.

Further to the analysis and study of theories and literature of the field, we reached several conclusions we will state below:

1. Romania went through a period of demographic transition. Romania’s demographic evolution in the last 20 years shows us that we are witnessing a decrease in population.
2. In Romania, we can identify two labour markets: a market which is specific to urban area activities, and another one, to the rural ones.
3. The labour market, in Romania, changed in volume and structure as far as the main indicators of the workforce are concerned.
4. The changing process of Romanian economy started in 1990 and led to a significant diminution of the workforce demand and an exceeding work supply.
5. The level of workforce occupancy in Romania follows a decreasing trend.
6. The poor financial situation and the lack of jobs are the main reasons for emigration.
7. Romanians’ migration was a selective process.
8. The migration of highly qualified people is a major reason of concern for Romanian society.
9. Remittances are the positive consequence of external migration.
10. Most remittances are used to cover daily expenses.
11. Remittances contributed to the decrease of unemployment in Romania.
12. In European context, the labour market in Romania is among the less flexible ones.
13. The labour market in Romania is the less attractive market in the EU.
14. Romania is ranked last in EU as far as research and development expenses are concerned.

The impact that external migration for work-related purposes has on the country of origin is a very important topic on the public agenda, both at a national and European level. In the context of Romania’s joining the Schengen area, the phenomenon of Romanian emigration will be even harder to control. Romania needs to have in view a better policy for monitoring and analysing external migration so as to benefit more and lose less as a result of this phenomenon.
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