A SYSTHEMATIC METHOD FOR DETERMINING THE FACTORS INFLUENCING
THE AMOUNT OF PENSIONS

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Abstract

The paper proposes a comprehensive and systematic treatment of human welfare, while highlighting the main
factors and connections that deal with the quality of social life.

Based on this analysis of unemployment and the consequences of immigration or labor migration to and from
Romania, which has direct implications for quality of life we have found and demonstrated that it is influenced by
various factors: social, economic, ambient, educational, cultural, scientific, recreational, technology, quality of
employment is input into the system, the quality of social system outputs; occupation policy of labor, economic, social,
educational, environmental, technical and scientific development constitutes reverse connection of occupation labor
policy, economic and social policies of the country.

Keywords: individual well-being, natural unemployment, social security, labor

Classification JEL: E19, E69, K34

1. Introduction and context of the study

A comprehensive treatment of human welfare, the main factors are highlighted, and reverse connections can be
achieved through a social quality systemic treatment.

Based on this analysis of unemployment naturally under immigration or labor migration to and from Romania,
which has direct implications for quality of life we have found and demonstrated that it is influenced by various factors:
social, economic, ambient, educational, cultural, scientific, recreational, technology, quality of employment is input
into the system, the quality of social system outputs; occupation policy of labor, economic, social, educational,
environmental, technical and scientific development constitutes reverse connection of occupation labor policy,
economic and social policies of the country.

2. Treatment of systemic unemployment

Social security and unemployment is a special form of protection latest coming in support of those who for one
reason or another, have lost their jobs as a result of restructuring or abolition [4]; [5] and for which compensation is
granted, referred unemployment benefits for a limited time.

It is known that the function of gross domestic product (GDP), \( Y \), satisfying the conditions:

\[
\frac{\partial Y}{\partial L} > 0; \quad \frac{\partial^2 Y}{\partial L^2} < 0 ,
\]

where: \( L \) - labor.

So between the marginal increase in GDP and employment, involved in economic dependence is reversed. In
other words, each additional unit of labor involved in economic activity is better than the next unit.

The company increased its number of employees until the condition is satisfied: Marginal Cost Marginal
Revenue equals. In mathematical language: gross \( pf \equiv \text{Revenue} \cdot Y \cdot P - L \cdot W \).
Marginal Revenue will be maximized when \( \frac{\partial Y}{\partial L} = \frac{W}{P} \).

Conditions \( \frac{\partial^2 Y}{\partial L^2} < 0 \) and \( \frac{\partial Y}{\partial P} = \frac{W}{P} \) can be interpreted graphically (Figure 1):

![Figure 1. Determine the natural unemployment \( L^* \) which can not be reduced](image)

If the available country workforce coincides with \( L^* \), then the total occupation of economically justified (zero unemployment); otherwise unemployed in the country occur if \( L^* < L < L_2 \) or shortage of labor, if \( L_1 < L^* \) or schematic (Figure 2):

![Figure 2. Change in unemployment naturally](image)
So community for some EU Member States contribute to reducing unemployment (by free labor migration) to solve the problem of providing more jobs with labor. Countries with "natural unemployment", the states have to gain by labor emigration to other EU countries and therefore does not incur any costs to support the unemployed; the deficit of labor force have gained entry by creating additional opportunities for the workforce contributing to GDP growth. The gain can be explained. We recognize in country A (community) availability of labor \( L = L_A < L'_A \) (Figure 3). \( \frac{\partial Y}{\partial L} \) is decreasing marginal increase (graph in Fig. 3.a) the availability of manpower \( L'_A \), A country with marginal GDP growth (or Revenue) is the \( \frac{\partial Y}{\partial L} > \frac{W_A}{P_A} \). So the country A may involve additional labor from the community until \( \frac{\partial Y}{\partial L} \) will coincide with \( \frac{W_A}{P_A} \) (point \( M_1 \) "slide" to the point \( M^* \)).

**Figure 3.** The emigration of labor in the country contributed to GDP growth in this country

By training additional labor GDP constitution \( Y_1^A \) (down a perpendicular from \( L_1^A \) to \( 0L \) from the chart figure 3.b, at the intersection with the graph \( Y(L_A) \) orderly determine \( Y_1^A \) point \( E_1 \)).

After labor emigration community in the country A, the workforce increased from \( L_1^A \) to the size natural for country A, to \( L'_A \), namely increased by \( (L'_A - L_1^A) \). Down from a perpendicular \( L'_A \) (Figure 3.a) on the axis \( 0L_A \) in Figure 3.b witch intersecting the graph \( Y(L_A) \) in point \( E^* \). Point ordered \( E^* \) is constitutes GDP equal to \( Y_A^* \). Labor
migration has contributed to GDP growth in country A with \( \Delta Y_A = Y_A - Y_A' \); cut back unemployment in countries of origin for immigrant labor. Each country has created its own social protection system on the unemployed [1].

3. Unemployment influence on the growth of social insurance

Rising unemployment (block 3) contributes to increasing social security (block 4) and further additional costs on the national state (block 8). In our view, efforts, economic mechanisms should aim at regaining the reclassification of persons unemployed for use in further labor savings related to increased social security resources. Financial, economic efforts must be channeled block 5 (Figure 4). At retraining redundant by certain levies, it is necessary participation of all EU countries (block 7 in Figure 4).

![Figure 4. Block diagram of maintaining the quality of personal economic asset](image)

In some EU countries unemployment may be naturally [2] and so it can not be reduced, the country will pay for the national social insurance for the unemployed; in other countries, the availability of labor is below demand, marginal GDP growth \( \frac{\partial Y}{\partial L} \) is less than one unit of labor input, additionally driven \( \frac{\partial Y}{\partial L} < P \). In this case the country needs additional manpower that can enhance the final product unit \( \left( P - \frac{\partial Y}{\partial L} \right) \) units, the company that collects Revenue additional part can be transferred as subscriptions in the EU economy, part will be the firm's profit (see blocks 8, 9, 10, 11, 12 in Figure 4). Analysis start with a block 1, examine two alternatives: (3 - 4 - 8) and (5-6). Burden Social security in this case, a national state support. Because labor is demanded by other EU Member States, the redundant staff can be retrained. Expenses for retraining have to bear those countries that can increase GDP after already retrained workforce involvement (blocks 8-9 - 10-11 - 12-7 - 5 in Figure 4)[3].

4. Conclusions

Social security are some economic support to the national economy serve as an "injection" that can contribute or not to develop the national economy as a whole. The problem of social insurance is made up of several issues: the issue of reducing imports, increasing labor productivity, coverage of money coming from abroad from Romanian compatriots; the problem of increasing labor's share in final products, restricting the amount of the over done by some companies; systematic treatment of social insurance problem, exclusion gap by quantifying them with a single standard, making basic education experience to the position, importance and contribution of the relevant subjects for society; Social Security matching problem in Romania with the EU member states.

5. Bibliography

[4] *** Legea nr. 76 din 16 ianuarie 2002 privind sistemul asigurărilor pentru şomaj şi stimularea ocupării forţei de muncă, publicată în M.O. al României, Partea I, nr. 103 din 6 februarie 2002..