

CHALLENGE OF CONTEMPORARY LABOUR MARKETS: UNEMPLOYMENT, LABOUR GAPS, AND CROSS-BORDER MIGRATION

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Abstract

Contemporary labour markets are increasingly affected by structural imbalances driven by demographic decline, labour mobility, and persistent mismatches between available skills and labour demand. Romania's labour market illustrates these challenges clearly, as large-scale emigration of the active population, limited employment opportunities in small towns and rural areas, and uneven regional development have generated significant labour shortages alongside relatively low aggregate unemployment rates. This apparent paradox reflects deeper inefficiencies in labour allocation. This paper analyses unemployment trends, labour gaps, and cross-border migration in Romania within a comparative European framework, with particular attention to the labour market position of Generation Z. Although young people represent a key resource for long-term workforce sustainability, their integration remains limited due to higher youth unemployment, difficulties in the transition from education to employment, and persistent skill mismatches. At the same time, workforce deficits in major economic centres have intensified Romania's reliance on economic immigration, particularly from Asian countries, as a short-term response to labour shortages. The findings show that while labour immigration alleviates immediate workforce gaps, it cannot represent a sustainable long-term strategy in the absence of coherent domestic labour market policies. Structural weaknesses persist in vocational training systems, youth employment measures, and regional development strategies. The paper concludes that Romania's labour market challenges require an integrated policy approach combining investments in reskilling, improved working conditions, targeted support for the labour market integration of Generation Z, and the responsible management of cross-border migration to ensure long-term labour market sustainability within the European context.

Keywords: labour market, gen Z, employment rates, migration, population ageing, labour gaps.

Classification JEL: E24, J11, H55

1. Introduction and context of the study

The labour market in the European Union has been characterised in recent years by an unemployment level close to historic lows, reflecting a strong capacity to absorb the workforce across most member states. However, despite these positive trends, the EU continues to face significant regional disparities and persistent long-term unemployment, indicating the presence of structural imbalances between the available skills and the current demands of the European economy.

Romania's labour market has undergone a profound structural transformation over the last decade, driven by demographic decline, large-scale emigration, and the need to adapt to the dynamics of the European economic environment.

Although the unemployment rate remains relatively low, comparable to the European Union average, the persistence of a significant number of job vacancies highlights a mismatch between labour supply and demand. In this context, labour immigration from Asia has become an increasingly used solution to address workforce shortages, generating economic, social, and institutional implications that require a complex and multidimensional analysis.

2 Literature review

Recent studies highlight that the European labour market has reached historically low unemployment rates, yet continues to experience pronounced structural disparities between member states, particularly regarding long-term unemployment and regional labour absorption capacity (Eurostat, 2024; OECD, 2023).

The specialized literature reveals broad consensus regarding the structural deterioration of Romania's labour market, shaped by migration, demographic change, and persistent regional

imbalances. Anghel and Strijek (2025) demonstrate that population ageing and the rising old-age dependency ratio intensify pressures on employment, while Beldiman (2025) highlights the strong connection between unemployment and deep-rooted structural inequalities. Cojocaru (2021) underscores the severe vulnerability of young people, whereas Slusariuc (2022) explores potential strategies for reducing unemployment among Generation Z. From a migration perspective, the studies of Coşciug (2024), Pripoaie (2022), and Tălpău and Andrei (2024) show that large-scale emigration of the active population, combined with increasing economic immigration, is repositioning Romania within a new mobility paradigm in which importing foreign labour becomes a structural necessity. Macroeconomic analyses conducted by Dumitrescu (2023), Herman (2010), and Moridian (2024) reveal complex relationships between unemployment, inflation, economic growth, and public policy, while contributions by Vasile and Țițan (2020, 2021) emphasize the impact of European mobility on the long-term sustainability of the workforce.

Moreover, recent studies on Generation Z's labour market behaviour (Lupșa & Zaiț, 2022) and spatial disparities in youth unemployment (Mare & Vaida, 2023) highlight significant transformations in workers' motivations, preferences, and territorial distribution. At the same time, research by Stoian and Dobre (2023) and Goschin (2021) indicates that labour force participation is influenced by institutional factors, digitalization, and occupational polarization, whereas Eurostat data (2024) confirm the persistence of substantial gaps between Romania and the EU average in terms of unemployment and employment rates. Overall, the literature shows that Romania's labour market is undergoing continuous restructuring, driven by demographic dynamics, migration flows, skill distribution, digital transformation, and broader European economic developments.

3. Analiza pietei muncii

Over the last decade, the unemployment rate in the EU has steadily decreased from above 9% in 2015 to around 6% in 2024. This downward trajectory reflects the post-crisis economic recovery, labour market reforms, and workforce reintegration policies implemented across various member states. Despite these improvements, structural differences between regions persist, with some countries maintaining significantly higher unemployment levels than the EU average.

Romania's unemployment rate has generally remained below the EU average, decreasing from approximately 6.8% in 2015 to about 6.1% in 2024. This trend reflects a combination of out-migration, limited workforce availability, and economic growth concentrated in specific sectors. However, low unemployment does not necessarily indicate a fully functional labour market; Romania faces skill shortages, regional disparities, and a declining active population.

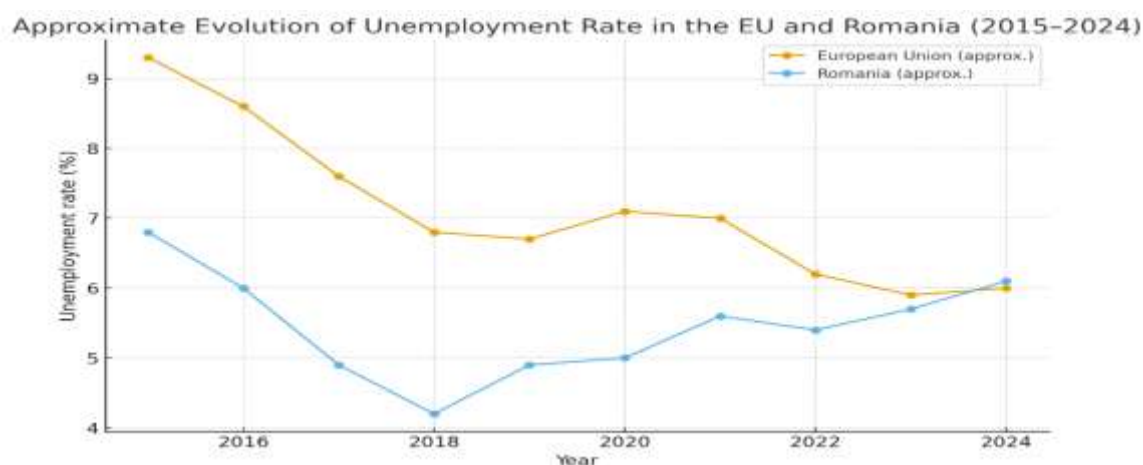


Fig. 1 Evolution of Unemployment rate in UE and Romania (2015-2024)

Comparing the two curves reveals that Romania maintains a consistently lower unemployment rate than the EU average. While the EU experienced a steadier and smoother decline,

Romania's labour market was influenced strongly by demographic and migration-related factors. Both entities exhibit an increase around 2020 due to the COVID-19 pandemic, followed by gradual recovery.

Table no 1 Romania's labour market

Year	Active Population(mil)	Inactive Population (mil)	Unemployed (thousand)	Employment Rate (%)
2019	8.60	10.70	350	95.9%
2020	8.40	10.80	410	95.1%
2021	8.21	10.85	420	94.9%
2022	8.18	10.86	455	94.4%
2023	8.15	10.90	460	94.4%
2024	8.10	10.95	480	94.1%
2025	8.05	11.00	500	93.8%

The study highlights the evolution of the active and inactive population in Romania between 2019 and 2025, together with the estimated number of unemployed persons. A gradual decline in the active population can be observed, from approximately 8.60 million in 2019 to an estimated 8.05 million in 2025, a trend correlated with population ageing and persistent emigration. In parallel, the inactive population increases steadily, surpassing 11 million in 2025, which indicates growing pressure on the labour market and on the sustainability of social systems.

The number of unemployed individuals shows moderate fluctuations but remains relatively high in relation to the shrinking active population, contributing to a continued risk of labour shortages in specific economic sector.

The massive external migration of Romanians over the past two decades has generated profound transformations in the labour market, affecting both the demographic structure and the country's economic capacity. With more than five million citizens working abroad, Romania is facing a significant decline in its active population, which has led to major imbalances in the availability of domestic labour. In large cities, this phenomenon is reflected in an acute shortage of employees, with employers encountering increasing difficulties in filling positions, particularly in sectors such as construction, services, food industry, and transportation. In contrast, in small towns and rural areas, the issue takes on a different form: here, the limited availability of jobs further stimulates the migration of young people and intensifies the depopulation of local communities.

Against this background of imbalance, companies in major economic centres have increasingly turned to employing workers from Asian countries, who come to fill the gaps left by the increasingly scarce local workforce. This trend indicates a growing dependence of the Romanian economy on imported labour, as well as the difficulty in maintaining a balance between labour supply and demand in the context of persistent external migration. At the same time, small and rural areas continue to suffer from a lack of investment and economic opportunities, perpetuating a vicious circle of depopulation and declining local development potential.

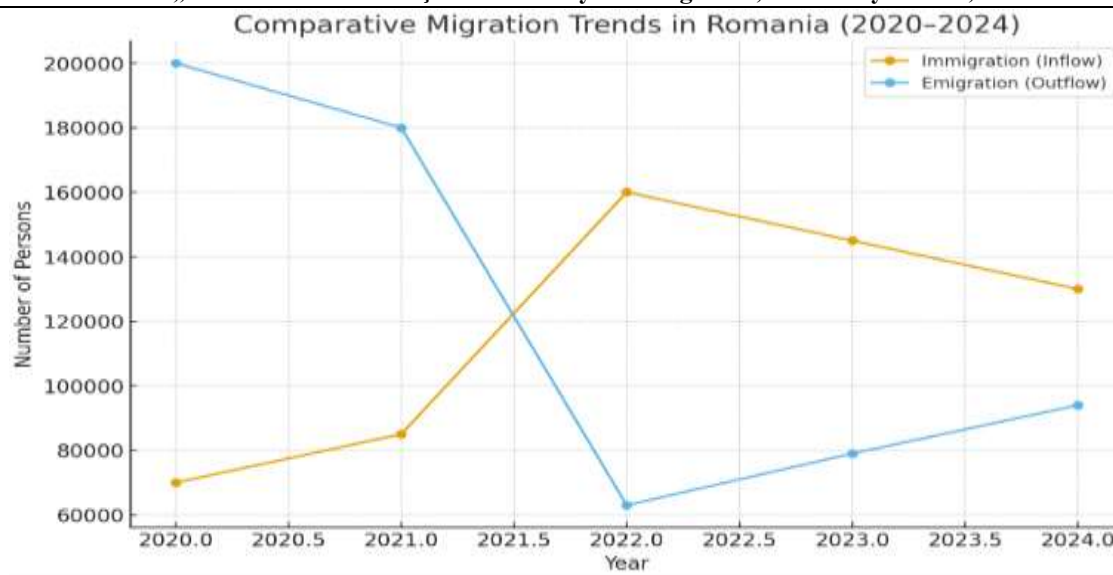


Fig 2 Immigration and Emigration Dynamics in Romania (2020–2024)

Sources: Eurostat, OECD, INS, MAI

In recent years, the number of Asian workers present on the Romanian labour market has exceeded 140,000, making this category essential for covering the increasingly pronounced shortage of local labour.

The graph highlights a significant shift in Romania's migration dynamics between 2020 and 2024. In 2020 and 2021, emigration clearly exceeded immigration, reflecting a long-standing pattern of the Romanian labour market, characterized by substantial outflows of the active population toward Western European countries. However, starting in 2022, a notable reversal occurs: immigration and return migration increase sharply, while emigration declines substantially. This inflection point marks Romania's transition to a **positive net migration balance**, unprecedented in the last two decades.

In 2023 and 2024, the trend continues, although the gap between immigration and emigration gradually narrows. The decrease in immigration may be associated with domestic economic adjustments, while the moderate rise in emigration suggests the persistence of push factors such as wage differentials or limited employment opportunities in certain regions.

Overall, the graph shows that Romania is undergoing a demographic and economic transformation in which immigration becomes an increasingly important component for stabilizing the labour force. These developments have direct implications for the labour market, socio-demographic structure, and the country's economic capacity, indicating both opportunities and vulnerabilities during the period analysed.

The unemployment rate among young people under the age of 25 in Romania reached 26.3%, placing the country first in the European Union in terms of youth unemployment. At the same time, the EU average for this age group stood at approximately 15.2% in 2025, signalling a significant gap between Romania and the European average.

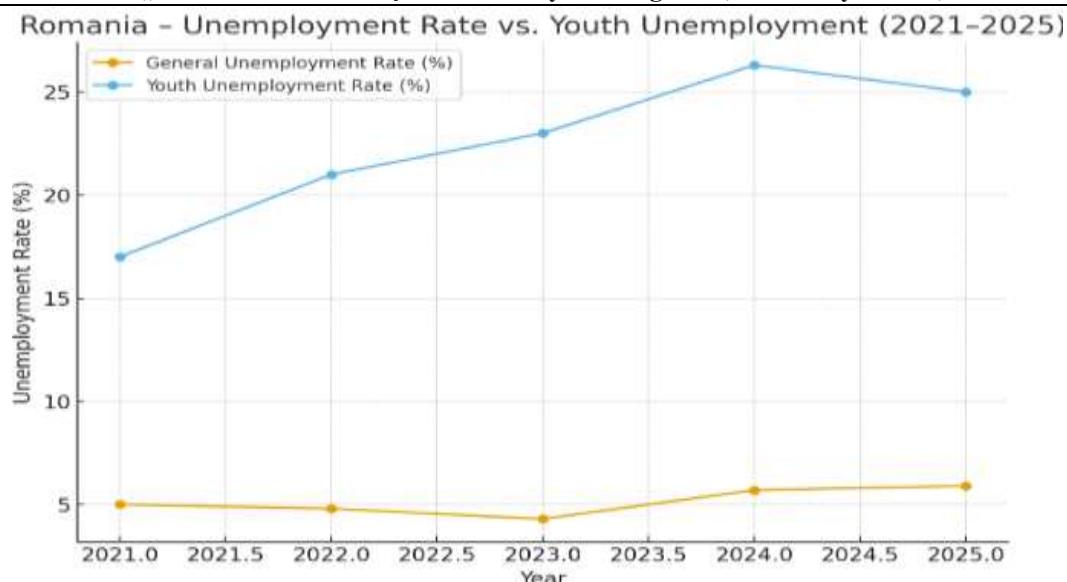


Fig. 3 Comparative Evolution of the General Unemployment Rate and Youth Unemployment in Romania (2021–2025)

The graph illustrates a significant structural gap between the overall unemployment rate and youth unemployment in Romania during the period 2021–2025. While general unemployment remains relatively stable—fluctuating between approximately 4% and 6%—youth unemployment displays considerably higher values, ranging from 17% to over 26%. This pronounced contrast highlights the persistent challenges young people face when transitioning from education to the labour market, as well as deeper structural issues such as skill mismatches, limited work experience, and reduced employment opportunities in certain regions. The marked increase in youth unemployment in 2023–2024, despite a relatively stable general unemployment rate, indicates that young people remain the most vulnerable category within the labour market and are more exposed to economic fluctuations and structural rigidities. Furthermore, the consistently high levels of youth unemployment suggest a potential intensification of external migration among young Romanians seeking better-paid and more accessible employment opportunities in other EU member states.

This contrast highlights a structural imbalance: while Romania's overall unemployment rate remains relatively low (around 5–6% of the total active population), youth unemployment is more than four times higher, reflecting the difficulties young people face in transitioning from education to the labour market.

Generation Z distinguishes itself on the labour market through a strong preference for flexible working models, where the balance between professional and personal life represents a central criterion of occupational satisfaction. Their choice of employer is influenced by the degree of alignment with ethical values, sustainability and corporate social responsibility, all perceived as defining elements of a legitimate professional environment. Furthermore, this generation is characterised by advanced digital skills and a strong orientation towards continuous learning, which facilitates rapid adaptation to contemporary technological and organisational transformations.

However, Generation Z approaches the labour market with high expectations regarding organisational transparency and institutional culture, placing particular emphasis on psychological climate and leadership style. They also value opportunities for rapid advancement and fair performance evaluation, preferring environments that reward meritocracy and initiative. In terms of career stability, Generation Z demonstrates increased mobility, being less inclined to remain long-term in organisations that do not offer adequate development or recognition. Additionally, many of them refuse jobs with insufficient pay, considering salary level a fundamental criterion relative to the skills and effort required.

According to the study conducted by Randstad (“Gen Z Workplace Blueprint”, 2025), professional mobility among Generation Z has increased significantly in recent years, a phenomenon also confirmed by the 2025 Euronews analysis of youth employment data. These sources indicate that the average job tenure decreased from approximately two years in 2020 to about 1.1 years in 2025, while the job-hopping rate rose from 30% to 52%, reflecting a pronounced tendency toward rapid job changes. Studies by Deloitte and CECCAR confirm that this fluctuation is driven by high expectations regarding flexibility, meaningful work, and organisational environment. Under these conditions, employers must adopt retention strategies tailored to a generation that prioritises professional purpose and accelerated development.

4. Conclusions

The current situation of Romania’s labour market highlights a deep structural imbalance generated by the massive migration of the active population and the lack of professional opportunities in small towns and rural areas. The growing shortage of workers in major economic centres has led to an increasingly strong dependence on labour from Asia, gradually reshaping the demographic profile of employees in high-demand sectors. This dynamic suggests that, in the absence of coherent policies for retention, vocational training, and the revitalisation of disadvantaged regions, Romania will continue to face labour market pressures and a sustained need for foreign workers. Overall, the observed trends indicate the necessity of strategic interventions aimed at reducing depopulation, stimulating youth participation in economic activities, and ensuring the long-term sustainability of the national workforce.

The decade-long evolution of unemployment in both Romania and the EU demonstrates resilient labour market performance. Despite positive unemployment trends, both economies face challenges related to structural mismatches, skill shortages, and demographic decline.

Romania is in a relatively favorable position in terms of its unemployment rate compared to the EU average; however, the labour market shows signs of strain, including a significant number of job vacancies and an increasing reliance on foreign workers.

Labour immigration from Asia represents an important response to these pressures, but it cannot serve as the sole solution, as complementary policies are still required.

In conclusion, the increasingly pronounced imbalances in Romania’s labour market require strategic interventions aimed both at retaining and revitalising the domestic workforce. Strengthening vocational training and reskilling programmes, together with incentives dedicated to employing young people and inactive individuals, represents an essential direction for reducing demographic and economic pressures. At the same time, the development of small towns and rural areas through investment, infrastructure, and supportive policies for the business environment can contribute to creating new employment opportunities and reducing both internal and external migration.

Enhancing salary attractiveness and improving working conditions are indispensable for stopping the exodus of the active population, while the repatriation of workers from the diaspora may constitute an important resource for addressing the national labour shortage. In parallel, the responsible management of economic immigration—including the influx of Asian workers—can ensure short-term stability in shortage sectors, but must be aligned with coherent policies for the integration and sustainable development of the domestic workforce.

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