

SECȚIUNEA 2: ECONOMIE FUNDAMENTAL ȘI APLICATĂ

THE IMPACT OF INFLATION ON UNEMPLOYMENT OF WOMEN AND MEN

IMPACTUL INFLAȚIEI ASUPRA ȘOMAJULUI FEMEILOR ȘI BĂRBAȚILOR

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Abstract: *The relation between inflation and unemployment is an actual issue. The inflation has negative impact on women and men in a different rate. Women are more likely to accept low paid jobs, and as result have lower unemployment rate. Men avoid low paid jobs in favor of high level of salary and have higher unemployment rate. In period of high level of inflation most affected are low income employers, and women do correspond to this group. As result of high inflation, the unemployment of women will increase, as it will be necessary to identify new jobs. During period of low level of inflation unemployment of women will decrease as they accept low paid jobs. As result the wealth of women will decrease due to lower lifestyle. The objective of the research paper is to identify the link between inflation and unemployment rate of women and men. The research method is based on data analyses, statistical trends and econometric analyses. As result it will be identified policy recommendation for leverage the impact of unemployment on women and men.*

Key words: *inflation, unemployment, gender pay gap, women income.*

JEL CLASSIFICATION: G38 - Government Policy and Regulation

The issue...

- The inflation has negative impact on women and men in a different rate. Women are more likely to accept low paid jobs, and as result have lower unemployment rate.
- Men avoid low paid jobs in favor of high level of salary and have higher unemployment rate. In period of high level of inflation most affected are low income employers, and women do correspond to this group.
- As result of high inflation, the unemployment of women will increase, as it will be necessary to identify new jobs.
- During period of low level of inflation unemployment of women will decrease as they accept low paid jobs. As result the wealth of women will decrease due to lower lifestyle.

The objective ...

- Republic of Moldova committed to secure equal opportunities for women and men [1] and equality of rights and possibilities of employees [2]
- The objective of the research paper is to identify the link between inflation and unemployment rate of women and men. The approach is not new [3,4,5], but for the first time it was transposed in annual timeseries.
- The research method is based on data analyses, statistical trends and econometric analyses.

The impact of inflation on unemployment of women and men

The modeling exercise is based on the assumption that the trend of unemployment and inflation rate will continue to be the same as of today. Based on statistical data [6, 7] it was observed that, during an inflation of about 6%, the unemployment rate for women is about 4,0% and for men 5,5 %. If inflation rate decreases the unemployment rate for men decreases faster than for women. An inflation rate of 3,5% is the limit when it is observed a deficit of the workforce on the market for women, and an inflation rate of about 4% is the limit when deficit it is observed for men.

The analyses show that there is a demand for new policy to support women on the labor market, as women do accept lower paid job, and need more support to participate on the labor market.

It is also observed the trend in salary growth rate of about 7,5% during unemployment rate of 4% for women and 5,5% for men, and during the inflation of 6%. The salary growth rate is minimum at about 3,5% for men during the inflation rate of 4,2% and unemployment rate below 1% (or deficit of men labor on the market).

For women the minimum salary growth rate is at 3% during the inflation rate of 3,5% and the negative unemployment rate (or deficit of women labor on the market).

As result, it was concluded that women accept a lower salary growth rate during lower inflation rate, or, women are more likely to accept lower salary during high demand of labor on the market. Figure 1 bellow shows the link between inflation rate, unemployment rate and the salary growth rate.

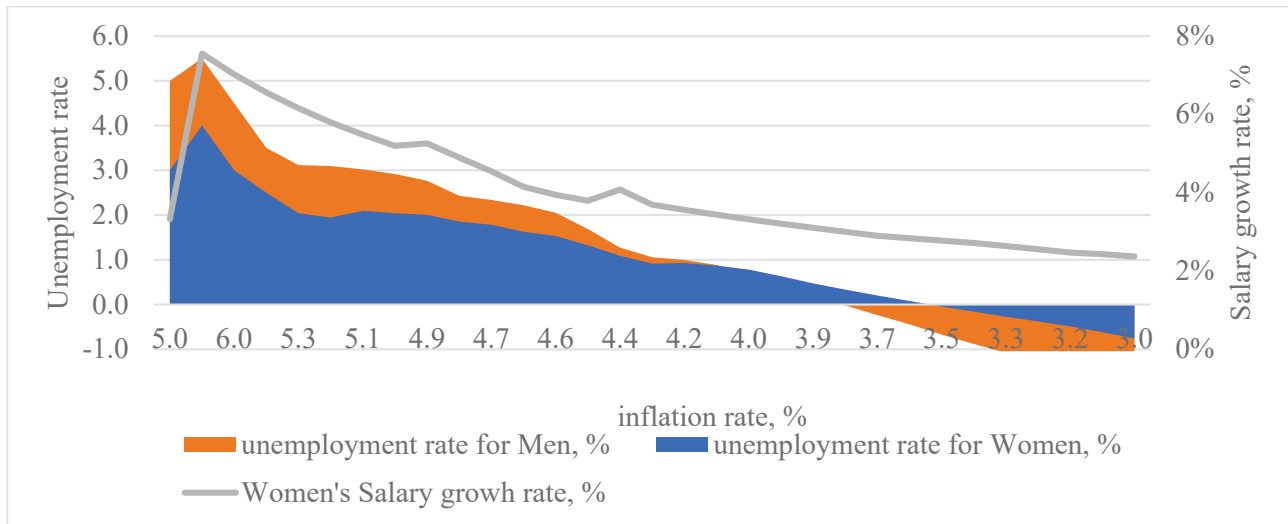


Figure 1. The trend of unemployment for men and women based on inflation rate.

Source: Developed by author

The Figure 1 above can be interpreted as trend of inflation rate per year. The trend will show a moment in time when the deficit of men and women will take place on the labor market. The deficit is observed at inflation rate of 3,8% for men and at 3,5% for women (Figure 1 above). Transposing these data on annual-based figure, it is observed that in year 2042 the labor market of Moldova will face a deficit of women and men, with a salary growth rate of about 1% - at inflation rate of 3,8% for men and at 3,5% for women. Figure 2 bellow shows the annual trend of unemployment rate and the salary growth rate.

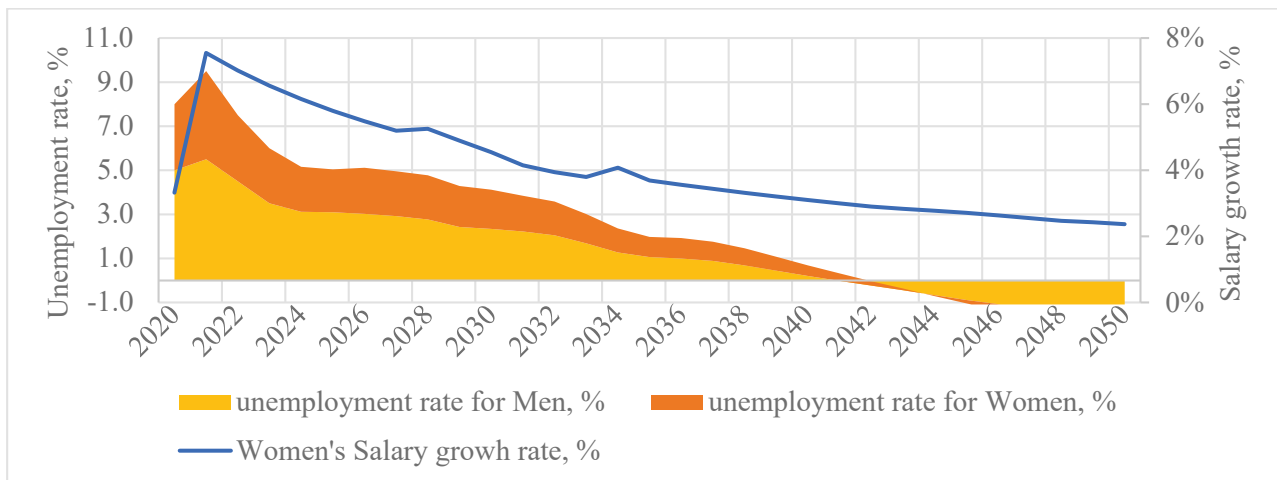


Figure 2. The forecast of impact of unemployment for men and women depending on inflation

Source: Developed by author

It is concluded that, it is necessary to take actions now to support a positive population growth for Moldova, because today children will be the active men and women on the labor market of years 2040. If supportive policy actions are not taken today, the country is at risk of not having capacity for economic development in near future. Additional research is needed on population trend of Moldova (now is a negative growth of population) [8,9,10,11].

Conclusions

- The fight against unemployment would require, to a certain extent, inflation; in return, combating the accentuation of the inflationary phenomenon would imply, to a certain extent, unemployment, which attenuates the possibilities of buying and raising prices.
- It is recorder at the inflation rate of 6% - unemployment rate for women of 4,0% and for men 5,5 %.
- An inflation rate of 3,5% is the limit when it is observed a deficit of the workforce on the market for men and women
- There is a demand for new policy to support women on the labor market.

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