

THE EFFECTS OF THE CURRENT CRISIS ON THE UNEMPLOYMENT AND ON THE GENERAL JOB-EXCHANGES IN ROMANIA. TERRITORIAL AND TEMPORAL PARTICULARITIES

Irena Mocanu^{a*}

^a *Institute of Geography, Romanian Academy, Romania*

Abstract: The most recent dynamics of the unemployment (December 2008 – April 2010) and of the general job-exchanges (2008 – 2010) during the current economic-financial crisis represents the aim of this article. The first part of the paper represents a general analysis of the unemployment and of the job-exchanges before the current economic-financial crisis set in and the second part is focused on the effects of the current crisis on the unemployment and the general job-exchanges. The article underlines the territorial particularities of the unemployment, based on the statistic information at county level. The statistic data-base is revealed by several indicators, such as the general unemployment rate, number of the unemployed, the male/female ratio per total unemployed population, the ratio of unpaid unemployed versus the total unemployed population; the ratio of the private sector unemployed versus the unemployed total. The values of the statistical variables registered at the end of 2009 and the first quarter of 2010 and their territorial distribution are similar to those recorded over 2002 – 2003 interval. The growth rate of unemployment and the number of unemployed tends to come close to the situation existing at the end of the 1990s. The analysis of the general job-exchanges is based on the statistic information about jobs supply and demand registered by the counties agencies for employment (2008 – 2010). The territorial distribution of the locations underlines the fact that the general job-exchanges are organised in few rural working-points. Beginning with the general job-exchanges from April 2009, the effects of the current crisis were registered more acute and they were materialised by the shortage of jobs supply, compared with the jobs demand.

Key words: Unemployment, Economic-financial crisis, Geographic particularities, General job-exchanges, Romania.

General characteristics of the unemployment and of the job-exchanges before the current economic-financial crisis set in

The particularities of the unemployment

All in all, unemployment began rising between 1990 and 2003 and the cause being the cumulated effects of several factors, outstanding among them being the political framework within which the programmes of

national economic restructuring were being implemented; some of these programmes proving inconsistent in terms of prioritising action directions; the dominant passive policies of social protection for the unemployed; the pressure put on the labour offer by the generations born in the late 1960s and the early 1970s. In the first part of the current decade, unemployment trends to decrease. But, according to specialists, the decrease was too swift to be sustained by investments and implicitly the creation of jobs. From the very first year when unemployment in Romania was officially

*Corresponding author:

Email: mocanitai@yahoo.com

acknowledged, it was clear that significant differences between the east and the west of the country did exist. Even though the situation was quite general, yet disparities in the number and structure of labour, between Romania's western and eastern areas showed up, regional economic imbalances having a direct impact on the intra-regional economic performance. As time went on and various stages of transition were underway, the north-east traditional by high-unemployment area was being joined by central and south-western counties that found themselves in the same plight. The year 2003 marked the end of surging unemployment, a period of decrease setting in (from a rate of 6.2% and 607,192 unemployed in 2004 to 4.2% and 386,667, respectively in 2007). As from 2006, because ever more people began migrating abroad in search for work, the country was faced somehow with labour shortage (Figure 1).

But for all the lower values registered in the mid-2000 decade, there still were 28 counties in which the unemployment rate stood above country average, maximum values being twice higher than the average. In 2007, the number of counties in this situation dropped to 24, in 2008 to 23 (the country rate being 4.4%) and only in 5 counties (Vaslui, Mehedinți, Teleorman, Dolj, Gorj) that rate was twice higher. Until the current economic-financial crisis hit Romania, high unemployment areas had been the north-east, south-east and south-west.

And, in the context of this contradictory labour-market situation in which over 50% of Romania's counties had an unemployment record above country average and simultaneously there was labour shortage, the current economic-financial crisis struck at the end of 2008.

The particularities of the job-exchanges

In 2008, the job-exchanges was organised in 134 counties, locals agencies for employment and working-points. The job supply was higher than demand (a surplus 13,046 jobs) and the excess supply over demand jobs represented the main features of the general job-exchanges before the current economic-financial crisis set in.

The effects of the current crisis on the unemployment

In the interval September 2008– April 2010, the proportion of jobless people was rising with 52.2%, a value surpassed only in December 1991 –December 1992 (63.6%). In September 2008, the average number of unemployed/county was of 8,402, in December 2008 was 9,605, only to reach 16,900 one year later (in April 2010 was 17,575). In terms of absolute figures (April 2010), the growth values of the unemployed population were in excess of the country average in nearly 50% of the counties (among which Timiș, Arad, Bihor and Bucharest Municipality), with peak values in Prahova (17,960 people), Constanța and Cluj (13,000 each of them), Cluj (12,400 people), Argeș (12,100 people). At the bottom of the hierarchy stood Ilfov (2,486 people), Giurgiu (3,700 people), Covasna, Tulcea and Sălaj.

The inputs of unemployment has a relative stagnant dynamic before and during the current crisis, but the weight of the two types of inputs (collective layoffs and current staff layoffs) had changed: in the interval 2007 – 2008, the unemployed persons coming from the collective layoffs increased doubled twice and in 2008 – 2009, this type of unemployed has tripled. The unemployed persons come from current staff layoffs increased by 2.5 times in 2009, compared with 2008. The ascendant dynamic is the effect of the current crisis on the labour market.

The outputs of unemployment decreased with 33.9% in the interval 2007 – 2009 and the contrasting evolution between the inputs and outputs of unemployment explains the growth of the ratio of the inputs/outputs: 0.91 in 2007, 1.04 in 2008 and 1.40 in 2009 (Figure 2, 3).

As the number of jobless people kept rising, the unemployed population size-classes and their territorial distribution would also change. Beside the 5 classes' extent in September 2008, another class including over 30,001 people, was added in December 2009, March 2010 and April 2010. The classes with 20,001 – 30,000 and over 30,001, as well as 10,001 – 20,000 unemployed included ever

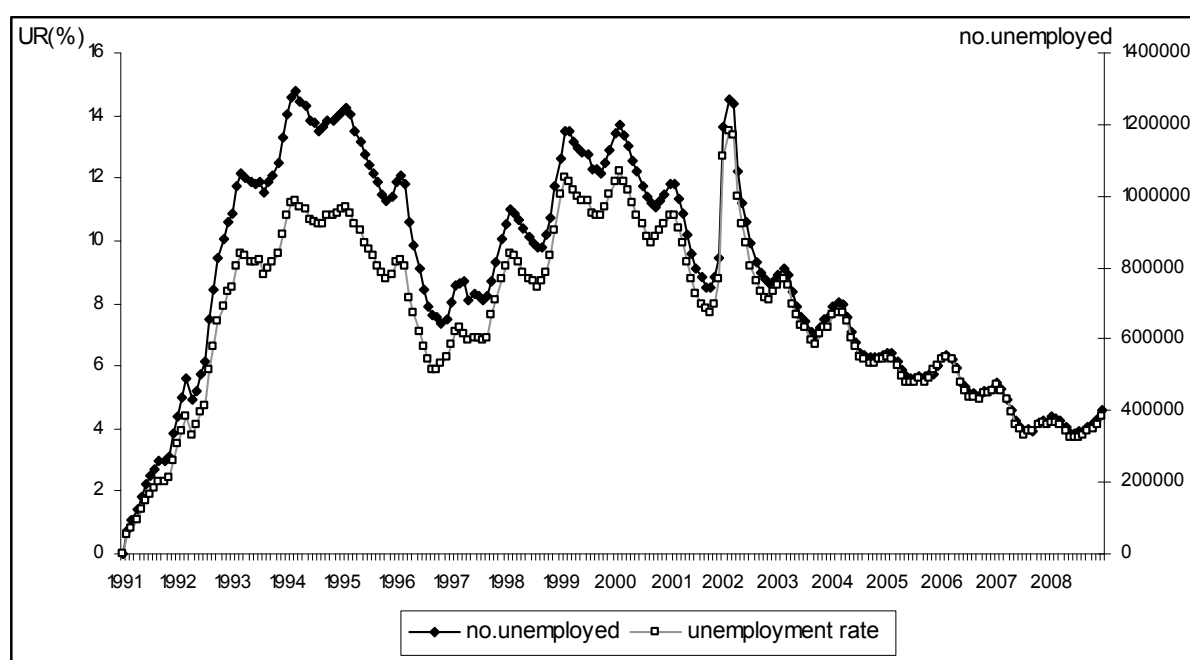


Figure 1. The monthly evolution of the general unemployment rate and of the unemployed population before the current economic-financial crisis set in (January 1991 – December 2008)

Source: statistic information processed from www.anofm.ro

more numerous counties. The situation in April 2010 was the following: 4 counties with under 10,000 unemployed in class, 23 counties with 10001 - 20000 unemployed in class, 13 counties with 20,001 - 30,000 unemployed in class and 2 counties (Prahova and Dolj) with over 30,001 unemployed in class.

Structural changes in the unemployed population:

The total male-to-female unemployed ratio was 58.6% to 41.4% in April 2010. The difference of the male-female unemployed percentages increased from 4.6 pp to 17.2 pp, between September 2008 and April 2010, but the balance remains tilted towards the males unemployed (Table 1).

At county level, the male segment represented 55-60% of the overall unemployed, with values rising to 60-75% in some counties (Botoșani, Suceava, Bacău, Neamț, Iași, Vaslui, Vrancea, Brăila, Olt, Teleorman, Giurgiu). In December 2008, the number of the counties with less than 50% males unemployed versus total unemployed population was 9 (in the south and south-east parts of the country, in west and the central parts of Romania) and in April 2010, exist only 4 counties with less than 50% males unemployed versus total unemployed

population (Timiș, Constanța, București and Ilfov). This fact shows that the equilibrium between females-males unemployed has become increasingly unbalanced in favour of male unemployed. This situation reflected the fact that men were active in other sectors than agriculture, sectors hit by the crisis, while most women were engaged mainly in farming (a sector in which the labour force was less affected by recession) (Fig. 2, 3 and 4).

Until 2001, the balance between paid and unpaid unemployed population and those not benefiting from it tipped in favour of the first category, subsequently the course changing, the latter category steadily gaining ground: 54.8% in 2002 and 64.4% at the end of 2008. But the crisis reversed the situation to the effect of having fewer unpaid unemployed (from 61.4% to 38.6% in December 2009 and from 59.9% to 40.1% in April 2010) (Table 1).

At county level, percentages dropped to 50 and 30, particularly in Alba, Bistrița-Năsăud and Prahova, where more unemployed people, who had not received any lay-off compensations, would list with labour employment agencies. In some 50% of Romania's counties, the number of people who had no unemployment benefits was on the increase. The number of counties with the

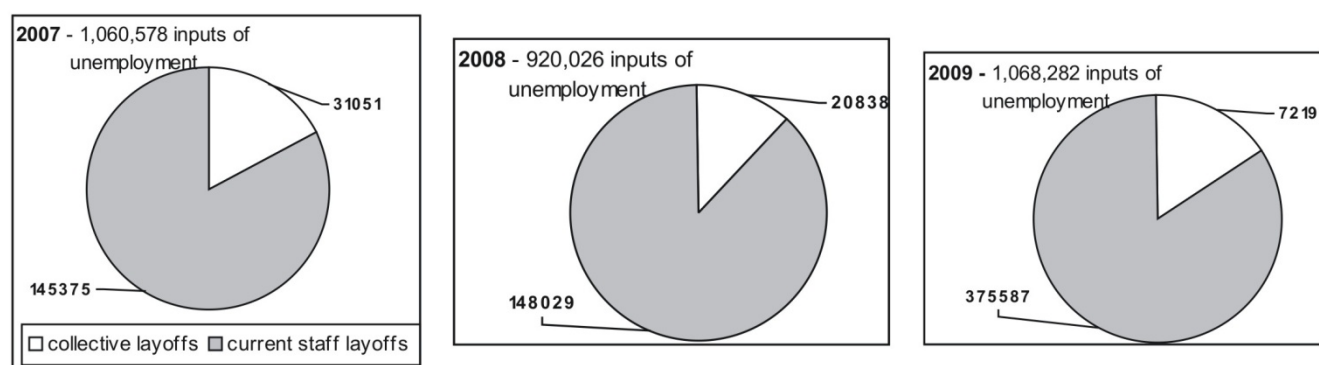


Figure 2. The structure of inputs of unemployment. Dynamics (2007 – 2009)

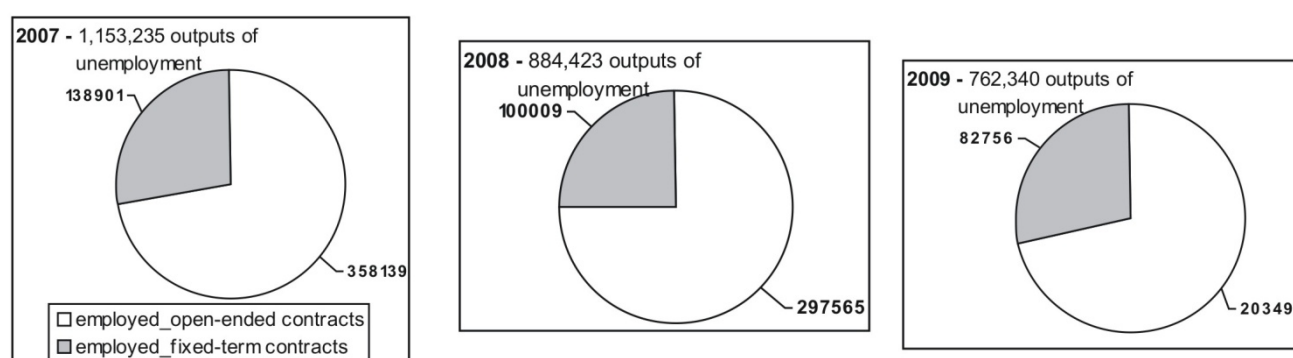


Figure 3. The structure of outputs of unemployment. Dynamics (2007 – 2009)

Source: statistic information processed from www.anofm.ro

Table 1. Dynamics of the structural types of the unemployed population over September 2008 – April 2010

	No. unempl.	% Females unempl.	% Males unempl.	% Paid unempl.	% Unpaid unempl.	% Private sect.	% Public sect.	UR	UR females
Sept_08	352,912	47.7	52.3	27.4	72.6	68.3	31.7	3.9	4
Dec-08	403,441	46.4	53.6	35.6	64.4	70.7	29.3	4.4	4.4
Mar-09	513,621	43.1	56.9	44.7	55.3	75.1	24.9	5.6	5.2
Jun-09	548,930	43.8	56.2	52.9	47.1	79.4	20.6	6	5.7
Sep-09	625,140	44.2	55.8	54.7	45.3	80.1	19.9	6.9	6.5
Dec-09	709,383	42.6	57.4	61.4	38.6	81.5	18.5	7.8	7.1
Apr_10	738,187	41.4	58.6	59.9	40.1	81.5	18.5	8.07	7.2

Source: monthly data processed from www.anofm.ro

weight of the unpaid unemployed versus total number of unemployed population between 13% – 31%, increased from 10 counties in December 2009 to 20 counties in April 2010 (towards the central, north-west, south and south-east parts of the country). The unemployment term of those unpaid

unemployed people kept lengthening, unemployment affecting also the workforce which, until recession began had been spared (Figure 4, 5 and 6).

It was the people working in the private sector rather than the public sector employees who were harder hit by the crisis, layoffs

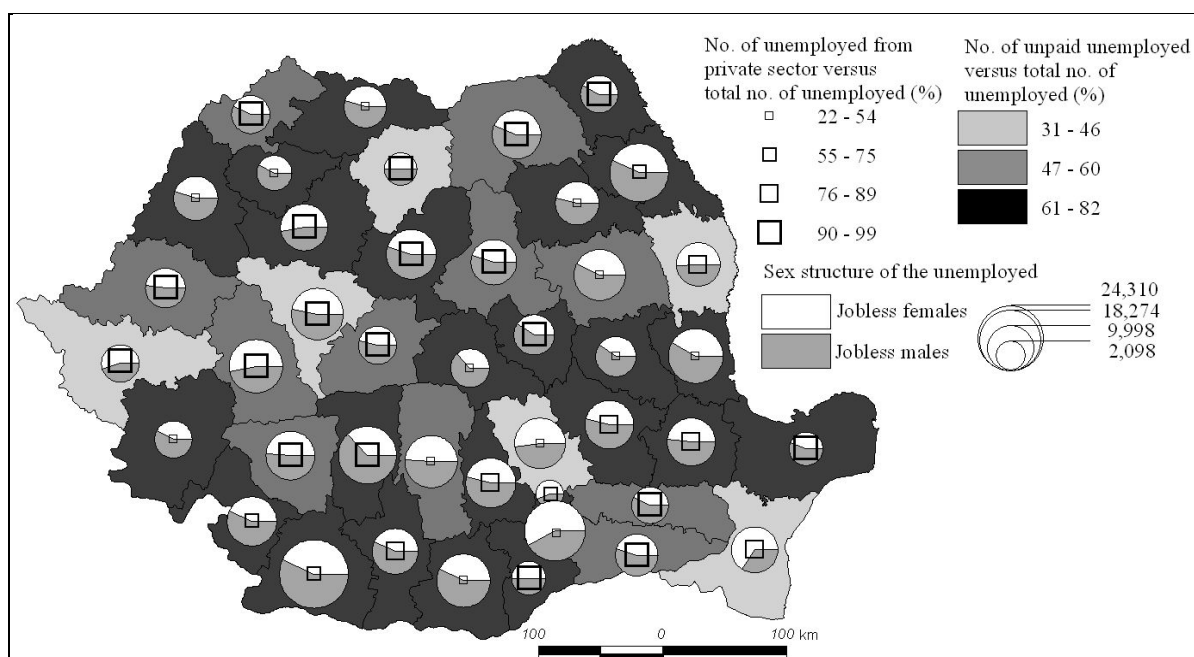


Figure 4. Territorial disparities of the structural particularities of unemployed population (December 2008)

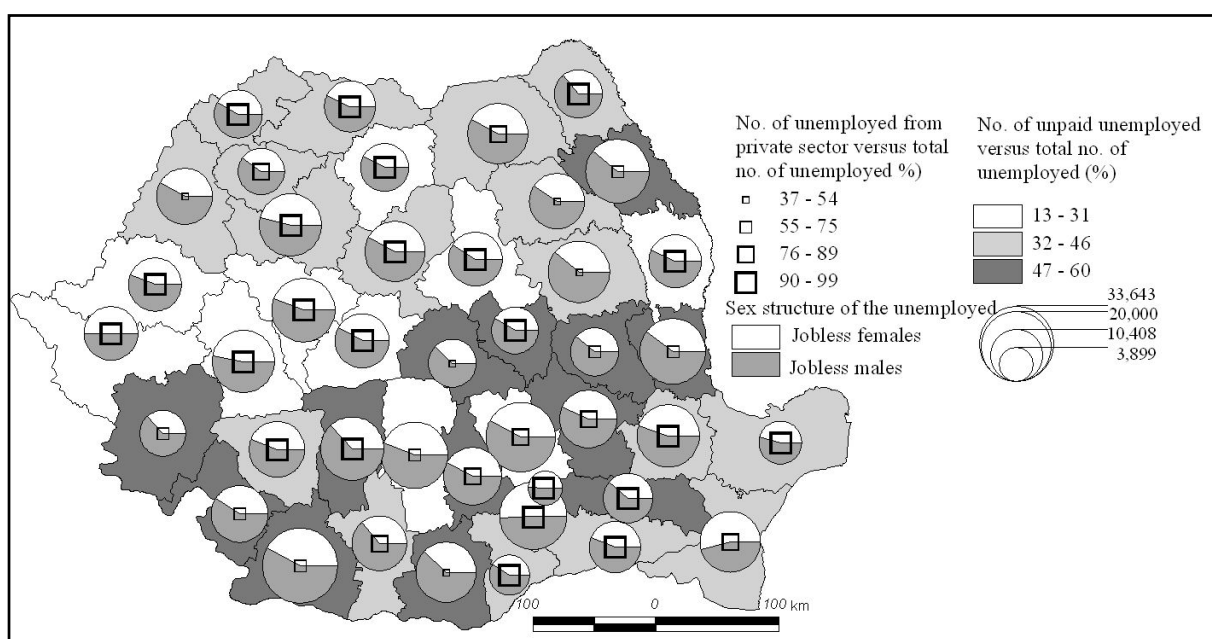
Source: mapped information from www.anofm.ro

Figure 5. Territorial disparities of the structural particularities of unemployed population (December 2009)

Source: mapped information from www.anofm.ro

approaching 68.3% versus 31.7% in September 2008 and 81.5% versus 18.5% in April 2010. The difference of the private-public unemployed percentages increased from 36.6 pp to 63 pp, between September 2008 and April 2010, but the balance remains tilted towards the unemployed from the private sector (Table 1).

In the counties from the west and central parts of Romania (Satu Mare, Arad and

Hunedoara), south-west and south (Olt, Vâlcea and Giurgiu), east and south-east (Iași, Suceava, Constanța and Buzău), the dynamics of the weight of the unemployed from the private sector versus total number of unemployed population was negative ((-10%) – (-1%)); at the other end of the spectrum stood Bucharest Municipality and Maramureș County. Elsewhere values ranged between 11%

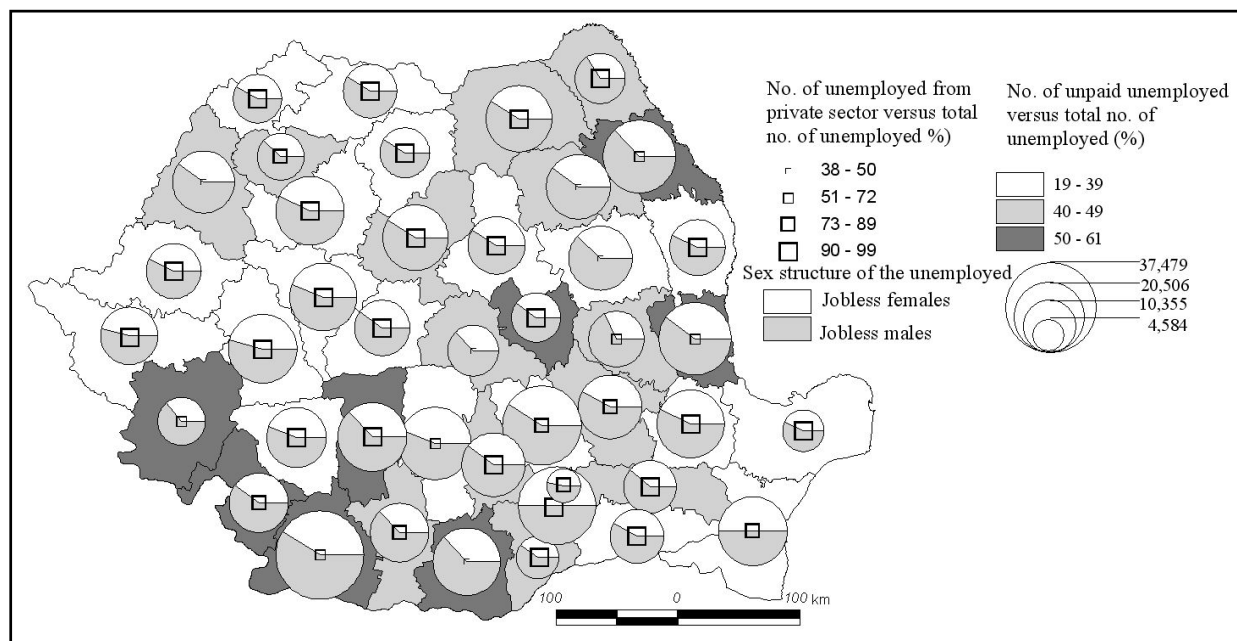


Figure 6. Territorial disparities of the structural particularities of unemployed population (April 2010)

Source: mapped information from www.anofm.ro

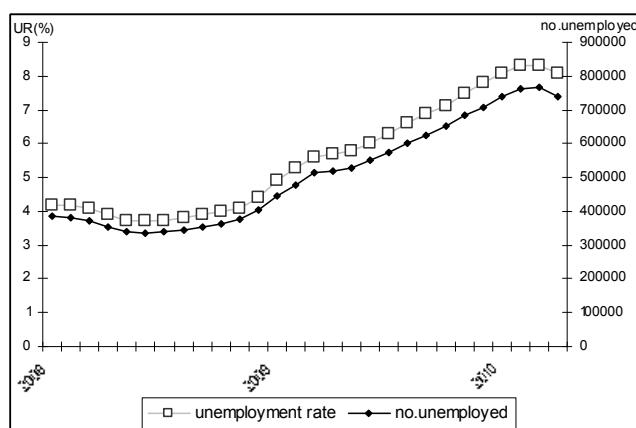


Figure 7. The monthly evolution of the general unemployment rate and of the unemployed population before and during the current economic-financial crisis (January 2008 – April 2010)

Source: information processed from www.anofm.ro

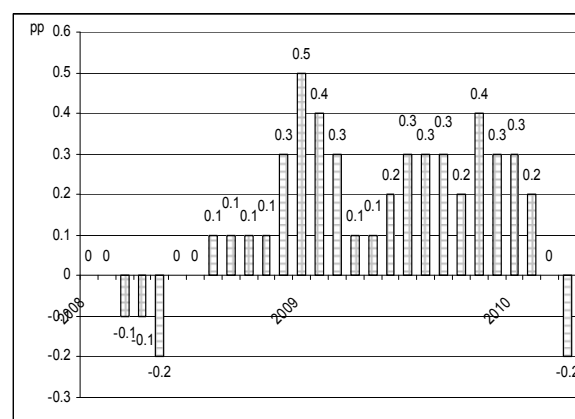


Figure 8. The monthly dynamics of the general unemployment rate from the previous month between January 2008 and April 2010 (percentage points)

Source: information processed from www.anofm.ro

and 51%. The number of counties with 90% - 99% private sector unemployed versus total unemployed increased from 19 counties in December 2008 to 24 counties in April 2010 (Fig. 2, 3 and 4).

The general unemployment rate rose from 4.4% in December 2008 to 8.07% in April 2010 (6% in June 2009, 7.8% in December 2009) (Table 1, Figure 5). The evolution of the monthly of the general unemployment rate

from the previous month was very sinuous, registering increases, decreases and stagnation. The significant difference was between the interval before the current crisis set in (January 2008 and July 2008 the dynamics were negative or stagnant) and the interval August 2008 – March 2010, in which the trend was positive. In April 2010, the general unemployment rate had decreased with 0.2 pp (Figure 6).

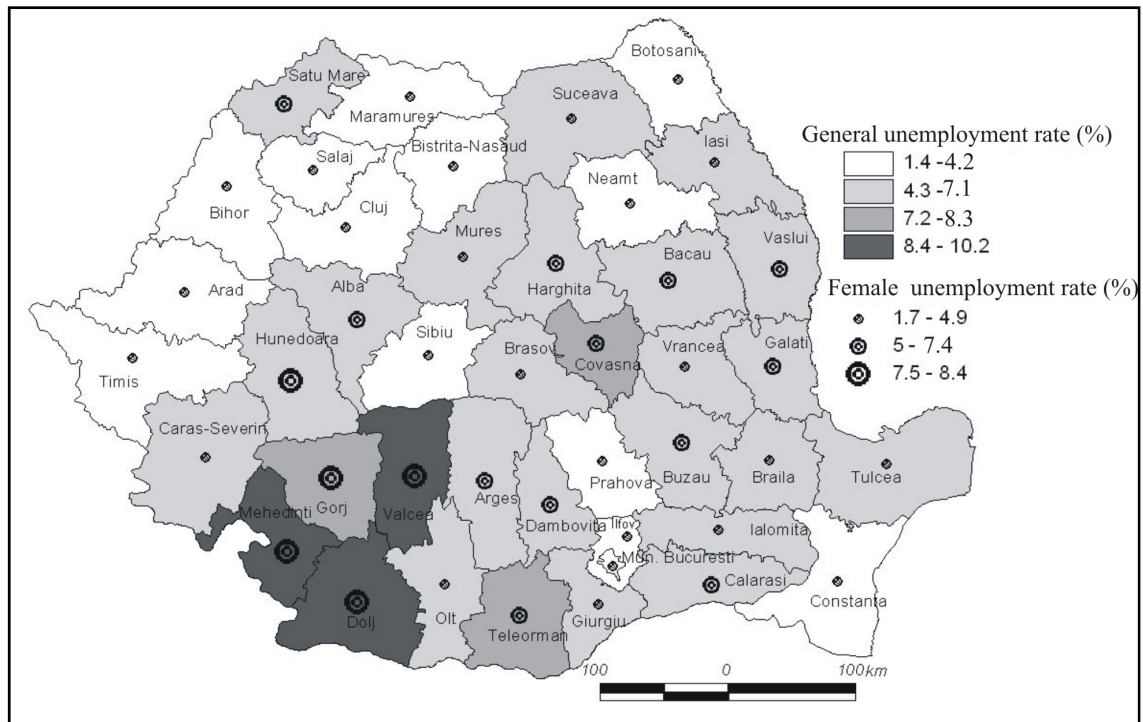


Figure 9. General unemployment rate and female unemployment rate in December 2008

Source: mapped information from www.anofm.ro

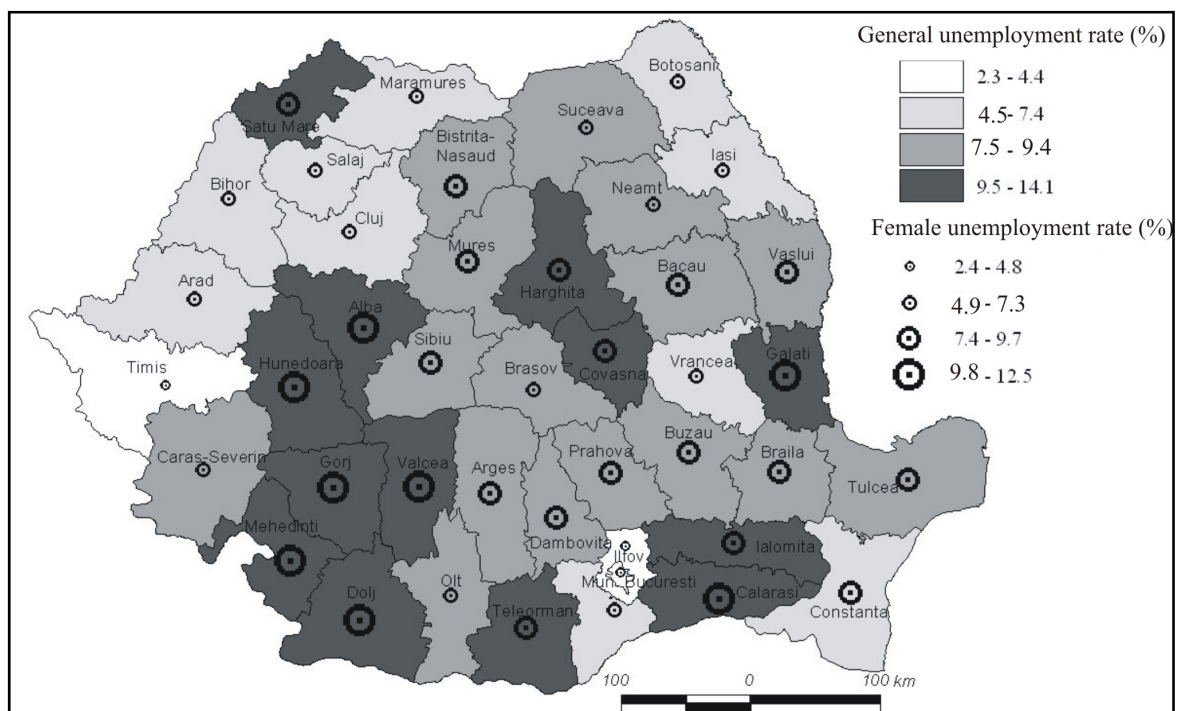


Figure 10. General unemployment rate and female unemployment rate in December 2009

Source: mapped information from www.anofm.ro

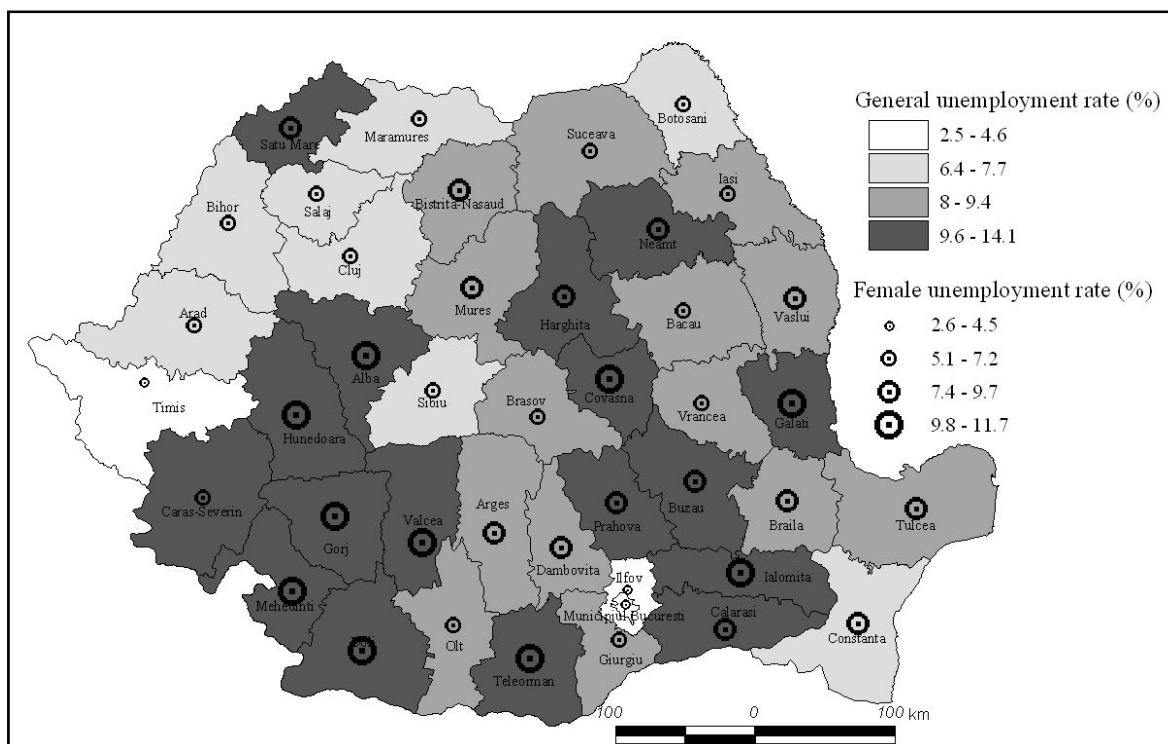


Figure 11. General unemployment rate and female unemployment rate in April 2010
Source: mapped information from www.anofm.ro

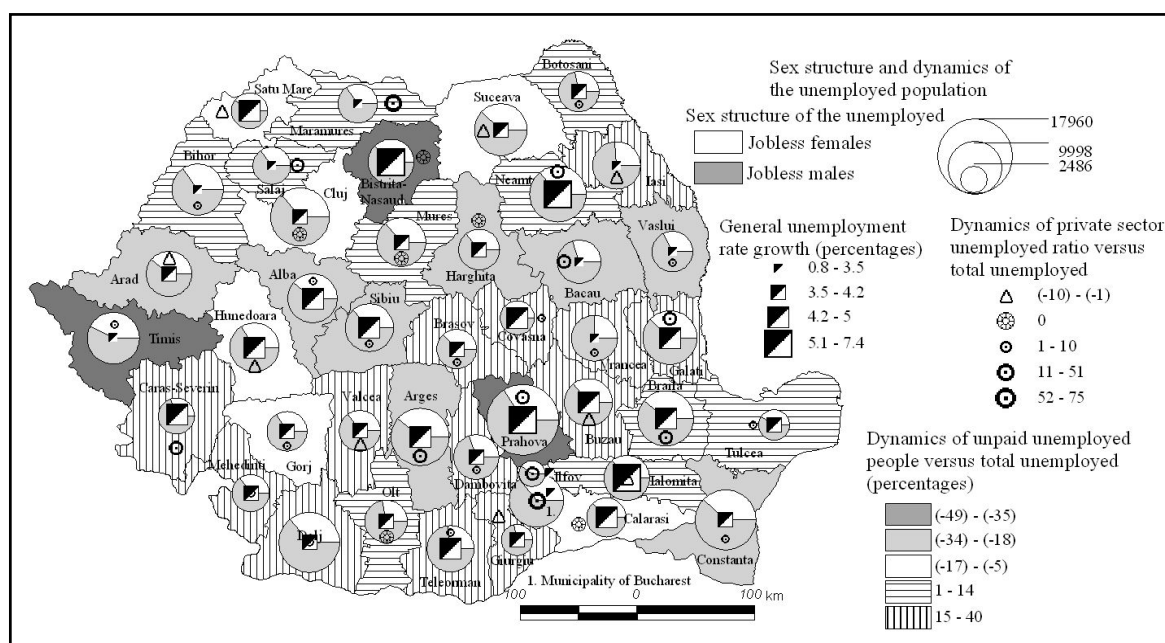


Figure 12. Unemployment dynamics over December 2008 – April 2010

The number of counties with the general unemployment rate higher than the national average increased from 24 counties in December 2008 to 29 counties in April 2010. The most significant growth (between December 2008 and December 2009) were recorded in Ialomița (6.8 percentage points), Bistrița-Năsăud (5.7 pp), Alba (5.6 pp), Prahova (5.2 pp) and Sibiu and the lowest score had Iași (2 pp), Ilfov (1 pp) and Bucharest (0.6 pp). In the interval December 2008 – April 2010, the most important growth were registered in Prahova, Ialomița, Bistrița-Năsăud, Neamț (5.1 – 7.4 pp), in the counties from the south and south-east (Călărași, Teleroman, Argeș, Buzău, Brăila, Galați, Brăila), south-west, central (Caraș-Severin, Hunedoara, Alba, Sibiu and Covasna) and in some counties from the north-west part of Romania (Figure 7, 8, 9 and 10).

The territorial particularities of the unemployment in the recent period (March 2010, April 2010) consists in the shaping of high unemployment areas in the south-west (Dolj, Caraș-Severin, Mehedinți, Gorj, Vâlcea), south-east and north-east of the country, with the trend to extending to the central counties of Romania (Alba, Harghita, Covasna).

The effects of the current crisis on the general job-exchanges

The territorial distribution of the general job-exchanges

In 2009, the general job-exchanges were organised in 106 locations and one year later in 103 locations. The general job-exchanges were organised on national level, in all counties agencies for employment (including the agency of Bucharest) and in the majority of the local agencies for employment, which are subordinate to counties agencies. The territorial distribution of the locations underlines the fact that the general job-exchanges are organised in few rural working-points: in 4 rural working-points (Bozovici – Caraș-Severin County, Rodna – Bistrița-Năsăud County, Ilia – Hunedoara County, Valea Sării – Vrancea County), comparing

with the number of 46 urban working-points. The counties with the most numerous urban working-points are the followings: Hunedoara (9 locations of the general job-exchanges), Sibiu and Mureș (each with 4 locations), Harghita, Timiș, Ialomița and Cluj (each with 3 locations), Caraș-Severin, Suceava, Dâmbovița, Brăila and Vrancea (each with 2 locations). In the Satu Mare, Bistrița-Năsăud, Alba, Vâlcea, Olt, Argeș, Giurgiu and Galați counties, the general job-exchanges were organised only in one single urban working-points and in the local and counties agencies for employment. The general job-exchanges were organised in none urban or rural working-points but only in the counties agencies for employment and in few local agencies. This situation is specific for the counties situated in the south-west (Mehedinți, Dolj, Gorj), the south (Teleroman, Călărași) and the south-east (Constanța, Tulcea, Buzău) parts of the country.

The number of the urban working-points organising for the general job-exchanges drops drastically between 2008 (44 urban working-points) and 2010 (21 urban working-points). The most numerous working-points were in Timiș, Caras-Severin, Cluj, Mureș and Sibiu counties.

The significance of the working-points for the general job-exchanges is less important because of the low jobs supply in the small towns and in the rural settlements in which exist the working-points. In those localities, the economic actors are less and have low economic power, such as needs of labour force is obtained easier and quicker on this territorial level, compared with the situation specific for the medium and large towns.

The report jobs supply – demand

Beginning with the general job-exchanges from April 2009, the effects of the current crisis were registered more acute and they were materialised by the shortage of jobs supply, compared with the jobs demand: 26,259 jobs supply and a number of 46,982 persons who demand a job. The jobs demand continues to grow because of the continuing crisis, the high unemployment (in April 2010, the jobs demand was 58,206, +19.3%). In 2010,

the jobs supply registered was higher than previous year (+14%), but it remains insufficient compared with the jobs demand; the difference between the jobs supply and demand increased: in 2009, the shortage of jobs was 20,723 and in 2010 the shortage of jobs increased to 27,683) (Figure 12).

The results of the general job-exchanges

The number of persons selected for being employed increased from 18,579 persons in 2008, to 24,941 persons in 2010. The results less favourable of the general job-exchanges (2010 compared with 2008) are underlined by reporting this variable to the total number of participants: the dynamics of percentage of the selected persons for being employed versus the total number of participants, of the percentage of persons employed on the spot versus the number of total selected participants and of the percentage of persons employed on the spot versus the number total of participants follows a descendent trend between 2008 and 2009 and in 2010 the trend is close to the value specific for 2008. The increasing is characteristic for the interval 2008 – 2010.

The main activity branches responsible for the employment of the most numerous participants were agriculture and connected

services (growing), food industry (stagnant), clothing industry (growing in 2008 – 2009), retail (doubling in 2008 – 2010), tourism (4 fold increase) and public services (Figure 13).

Conclusions

One of the effects of the current economic-financial crisis is the rise of unemployment throughout the country. This situation is found both in the western counties (where until recession general unemployment rate and the number of the unemployed population were the lowest, the area claiming even a labour shortage) and also in the eastern, north-eastern and south-eastern ones (traditional high-unemployment areas).

At the end of 2009, unemployment levels matched the general situation of 2002 – 2003, a period that had preceded the national economic surge. This evolution is highlighted also by the location of high and low unemployment areas in the territory. One finds similarities between the situation in 2002 – 2003 (more jobless people in the counties of the North-East Region, together with Hunedoara, Cluj, Braşov, Alba, Vâlcea and Prahova, and fewer ones in the western counties and Bucharest Municipality) and in late 2009 (more unemployed than the country

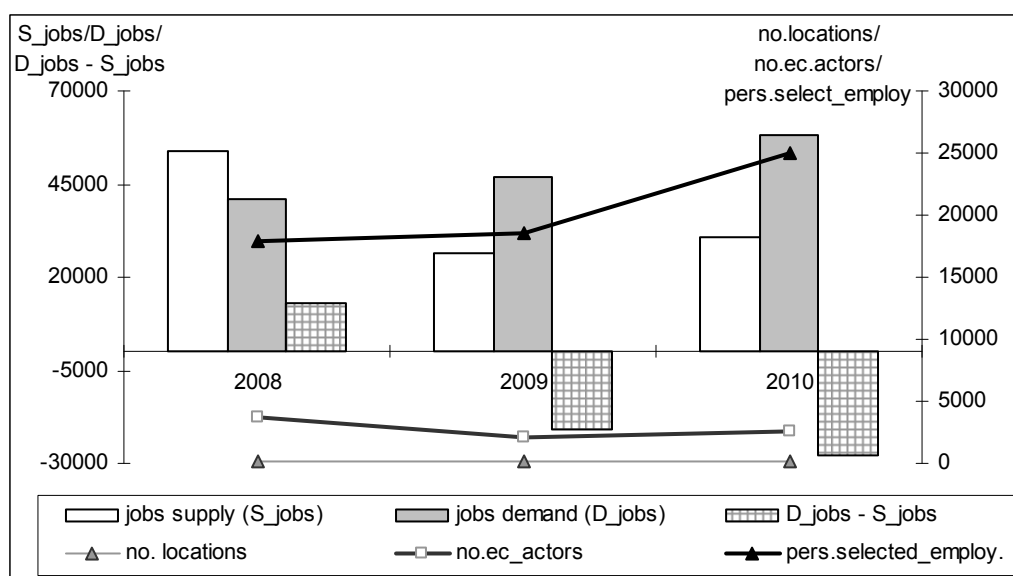


Figure 13. The general job-exchanges - the dynamics of the results in the years 2008, 2009 and 2010

Source: information processed from www.anofm.ro

average in Hunedoara, Cluj, Alba, Vâlcea and Prahova). In the interval December 2008 – April 2010, the most important growth were registered in Prahova, Ialomița, Bistrița-Năsăud, Neamț (5,1 – 7,4 pp), in the counties from the south and south-east (Călărași, Teleroman, Argeș, Buzău, Brăila, Galați, Brăila), south-west, central (Caraș-Severin, Hunedoara, Alba, Sibiu and Covasna) and in some counties from the north-west part of Romania.

The general job-exchanges were organised on national level, in all counties agencies for employment (including the agency of Bucharest) and in the majority of the local agencies for employment, which are subordinate to counties agencies. The territorial distribution of the locations underlines the fact that the general job-exchanges are organised in few rural working-points. The significance of the working-points for the general job-exchanges is less important because of the low jobs supply in the small towns and in the rural settlements in which exist the working-points. Beginning with the general job-exchanges from April 2009, the effects of the current crisis were registered more acute and they were materialised by the

shortage of jobs supply, compared with the jobs demand.

Bibliography

- Consortiul Regional Vest, 2008, *Analiza pieței muncii. Regiunea de Vest*, Arad County Agency for
- Dăianu, D & Lungu, L 2008, 'Why is this financial crisis occurring ? How to respond to it?', *Romanian Journal of Economic Forecasting*, No. 4, Bucharest.
- Mocanu, I 2008, *Șomajul din România. Dinamică și diferențieri geografice*, Editura Universitară, Bucharest.
- Mocanu, I 2009, 'Șomajul în România. Disparități teritoriale', *Revista Română de Statistică*, No. 4, National Institute of Statistics, Bucharest.
- Radocea, Al. 2009, 'România și criza economică. Puncte de vedere și propuneri pentru determinarea "Indicatorului echilibrului macroeconomic"', *Revista Română de Statistică*, No. 11, National Institute of Statistics, Bucharest.
- UNICEF, World Bank, 2009, *România – o evaluare rapidă a impactului crizei economice asupra sărăciei*, www.unicef.org/romania/ro/Impactul_crizei_2009.pdf.