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THE IMPACT OF COVID-19 ON THE LABOR MARKET IN ROMANIA – QUARTERLY ANALYSIS 2019-2021

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Abstract: *The spread of infections with the new coronavirus COVID-19 at such an alert rate that left its mark on all of humanity in the first part of 2020 has practically placed the economies and labor markets around the world in a state of expedite. The interruption of global supply chains, the dramatic decrease in commercial activities, the discouragement of demand, the reduction of working time, the blocking of some sectors of activity in the economy of each country led to the establishment of a strong recession. Starting from the effects of the measures to limit and prevent the spread of COVID-19 on the labor market - of the nature of the work organization system at the micro level, the measures to adjust the policies subordinated to the management of the workforce, etc. - the short-term effects were identified and estimated, medium and long from the perspective of work continuity and efficiency but also of economic and social inequalities and inequities. This paper analyzes the main indicators of the labor market, starting from the analysis of the phenomenon from the pre-pandemic period (year 2019), then extending the analysis of this phenomenon for the period 2020-2021.*

Keywords: Labor market, quarterly analysis, COVID-19 pandemic

JEL Classification: E24, F66, J10, J21

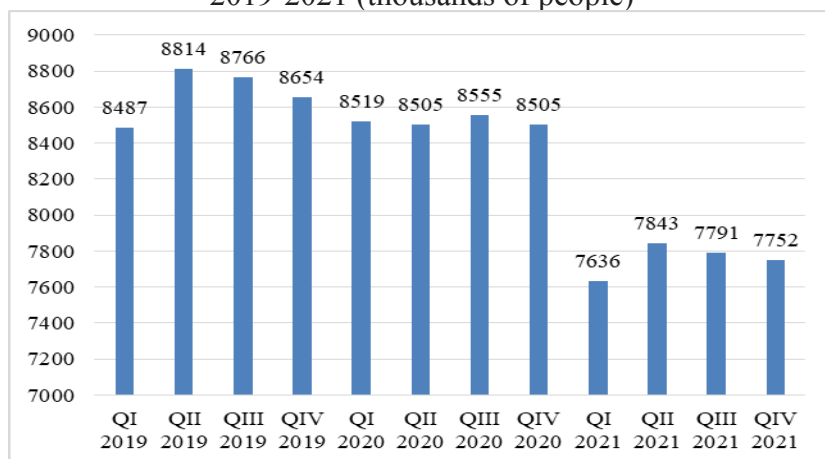
The effects of the Covid-19 pandemic on the labor market appeared at the end of the first quarter of 2020, with the establishment of the state of emergency in the country (starting on March 17, 2020). The Covid-19 pandemic continued to affect the labor market in the following quarters as well. The biggest effects

were recorded in the second quarter of 2020, when every fourth employed person declared that the pandemic affected their relationship with the labor market. At the same time, in the following quarters of the year, the effects of the crisis caused by COVID-19 decreased in intensity and were much less felt.

In 2020, the number of the employed population decreased by 4.4% compared to 2019. Decreases in employment occurred in all quarters of last year compared to 2019. At the same time, the largest decreases were recorded in the quarters where the effects of the pandemic were most felt on the labor market, respectively, in the second quarter (-8.8% or 80 thousand fewer people) and in the third quarter (-5.1% or 46 thousand fewer). In quarters I and IV, the reduction in the number of those employed was relatively lower - by 2.7% in quarter I and by 0.5% in quarter IV, respectively, compared to the corresponding period of the previous year (Figure 1).

However, the biggest effects were felt in 2021, with the first quarter of 2021 registering the biggest decrease (by -10.4% compared to the same period of the previous year). In the following quarters, i.e. quarters II, III and IV of 2021, the decrease was between 7.8% and 8.9%, compared to the same period of the previous year. If reporting is done at Half Year 2019, the declines are much larger exceeding 11 percentage points for each of the 4 quarters.

Figure 1. Evolution of the number of the employed population by quarters 2019-2021 (thousands of people)



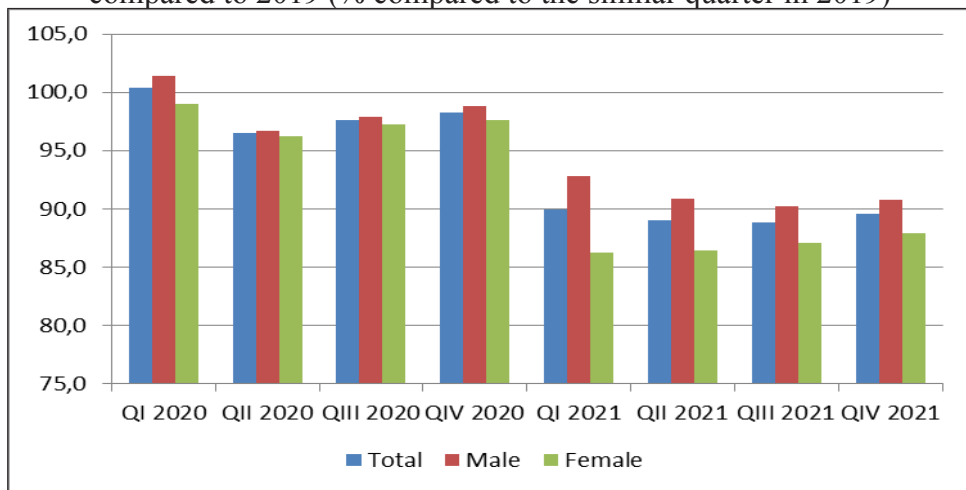
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The gender distribution reveals more pronounced declines in female employment in 2020 compared to 2019 compared to male employment, and not necessarily in the same quarters. Thus, in the second quarter of 2020, the number of employed women decreased by 10% and in the third quarter

by 8.2% compared to the respective quarters of 2019, while the number of employed men increased by 1.4% in the first quarter of 2020 after which recorded decreases of 3.3% in the second quarter, 2.2% in the third quarter and 1.3% in the fourth quarter (Figure 2).

The same trend, but much more pronounced, was maintained in 2021 as well. The biggest decrease was recorded in the first quarter of 2021 when the number of the employed female population decreased by 13% compared to the same period of the previous year and by 13.8% compared to from the similar period of 2019, while the number of the employed population among men decreased by 8.5% compared to the similar period of 2020 and by 7.2% compared to the similar period of 2019.

Figure 2. Evolution of the employed population by gender and quarter compared to 2019 (% compared to the similar quarter in 2019)

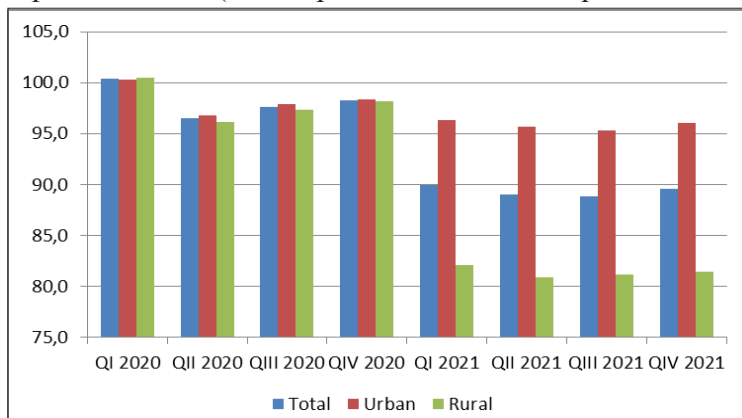


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The analysis of employment by quarter according to the areas of residence shows that, in the urban environment, there were much more pronounced decreases compared to the rural environment, especially in the II trimesters (by 13.6% less in the urban area and by 4.7% in the rural area) and III (by 8.0% less in urban areas and by 2.7% in rural areas) of 2020 compared to the respective quarters of 2019 (Figure 3).

As with the other analyzed indicators, the decrease was much more pronounced in 2021 than in 2020. The biggest decrease was registered in the first quarter of 2021 (by 4.0% less in urban and by 18.4% in rural, being the largest decrease recorded).

Figure 3. Evolution of the employed population by average and by quarter compared to 2019 (% compared to the similar quarter of 2019)

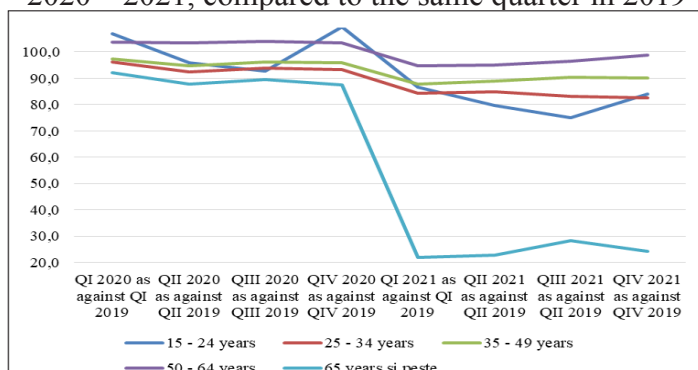


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The breakdown by quarter by age group reveals that significant reductions in the number of those employed were notified among young people aged 15-24: by 6% in quarter II and by 4.3% less in quarter III 2020 compared to the respective quarters of 2019. At the same time, the decrease in the number of the employed population per quarter in 2020, compared to 2019, also occurred among the adult population (Figure 4 and Table 1).

The sharpest decrease occurred among young people aged 15-24 throughout 2021: by 10% less in the first quarter, by 16.5% in the second quarter, by 21.3% less in the third quarter and by 16.3% in the fourth quarter of 2021 compared to the respective quarters of 2019. Decreases, but less pronounced, were also recorded among young people aged 25-34: by 11.8% less in the first quarter, by 11.5 % in Q2, 13% less in Q3 and 13.5% in Q4 2021 compared to the respective quarters of 2019.

Figure 4. Evolution of the employed population by age group in quarters 2020 – 2021, compared to the same quarter in 2019



Source: <http://statistici.insse.ro:8077/tempo-online/#/pages/tables/insse-table>

Table 1. Evolution of the employed population by age group in quarters 2020 – 2021, compared to the same quarter in 2019

	QI 2020 as against QI 2019	QII 2020 as against QII 2019	QIII 2020 as against QIII 2019	QIV 2020 as against QIV 2019	QI 2021 as against QI 2019	QII 2021 as against QII 2019	QIII 2021 as against QIII 2019	QIV 2021 as against QIV 2019
15 - 24 years	102.2	94.0	95.7	102.7	90.0	83.5	78.7	83.7
25 - 34 years	98.7	94.6	95.1	95.3	88.2	88.5	87.0	86.5
35 - 49 years	98.5	95.2	97.0	96.9	90.7	90.7	91.8	91.7
50 - 64 years	105.4	102.0	101.8	102.6	97.5	95.4	94.5	96.4
65 years and over	94.6	87.6	91.0	92.6	29.4	30.1	35.9	33.5
Total	100.4	96.5	97.6	98.3	90.0	89.0	88.9	89.6

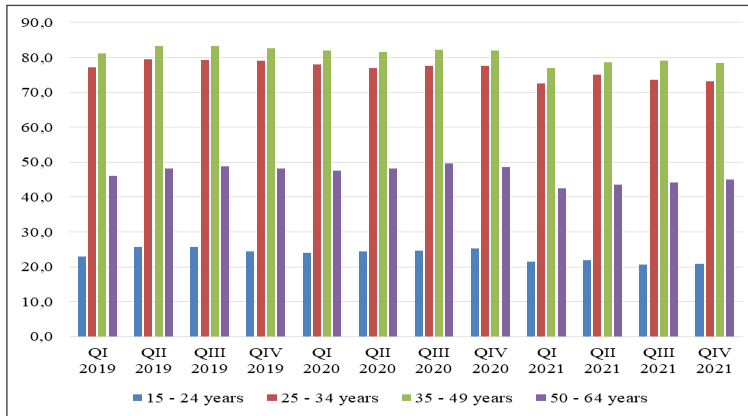
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The analysis of employment by age groups according to sex highlights the fact that the largest decrease in employment occurred among women aged 15-24 in the second quarter of 2020 (-39.4% compared to the second quarter of 2019), in while for men aged 15-24, significant decreases (of -27.6% and -26.1%) were recorded in the first and second quarters of 2020. It should be noted that the number of employed women decreased in all four quarters of 2020 and in the 25-54 and 55-64 age groups. Whereas for men, the reduction in the number of those employed was recorded among adults aged 25-54, and among those aged 55-64 the number of employed was practically at the level of 2019.

Compared to 2019, in 2020 the employment rate recorded decreases both in total and in the distribution by gender and residential areas, especially in quarters II and III, less in quarter I, and in quarter IV the value of this indicator it was approximately at the level of the previous year. At the same time, women and the urban environment were more affected by the decrease in the employment rate compared to men and the rural environment. Thus, the employment rate for women decreased by 3.3 pp in the second quarter (for men, respectively, by 3.2 pp) and by 2.3 pp in the third quarter (for men, respectively, by 1.1 pp). In the urban environment, the reduction was the most significant, by 5.6 pp in the II quarter (in the rural environment, respectively, by 1.6 pp) and by 3.8 pp in the III quarter (in the rural environment, respectively, by 0, 4 pp).

The distribution of the employment rate by age groups reveals a more significant decrease in it for people aged 15-24: by 3.4 pp in the first quarter and by 5.7 pp in the second quarter of 2020 compared to the respective periods in 2019. A reduction of 3.4 pp was recorded for people aged 25-54 in the second trimester (Figure 5).

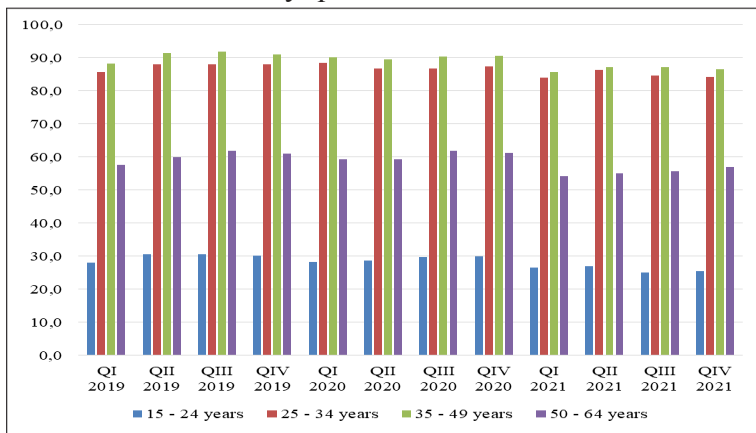
Figure 5. Evolution of the employment rate by age group and by quarters 2019-2021



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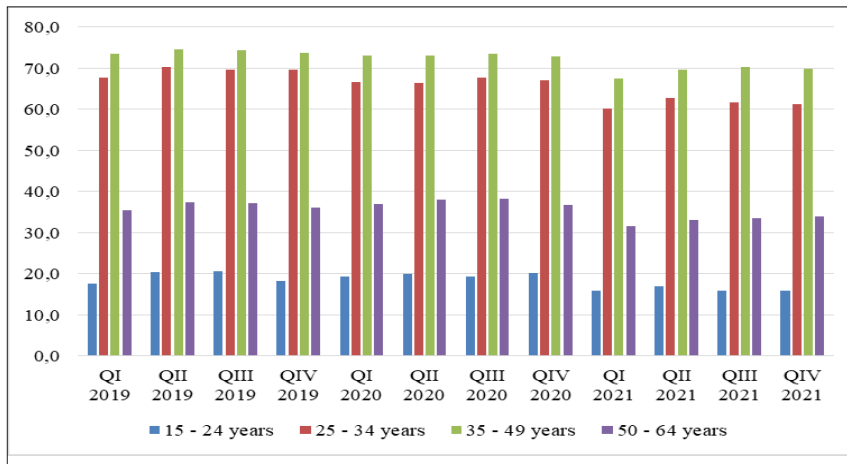
The analysis of the evolution of the employment rate by age groups and sexes highlights a greater reduction for both women and men aged 15-24 in the second quarter (by 6.4 pp for women and by 5.0 pp in men). Similarly, the level of this indicator decreased more in the second trimester for both sexes aged 25-54 (by 3.1 pp for women and by 3.7 pp for men, respectively) (Figure 6, Figure 7).

Figure 6. Evolution of the employment rate by age group (male) and by quarters 2019-2021



Source: <http://statistici.insse.ro:8077/tempo-online/#/pages/tables/insse-table>

Figure 7. Evolution of the employment rate by age group (female) and by quarters 2019-2021



Source: <http://statistici.insse.ro:8077/tempo-online/#/pages/tables/insse-table>

Unlike the countries of the European Union (EU-27), the employment rate for the population aged 15-64 in Romania recorded significantly lower values, both in total and in the distribution by gender. Thus, in 2020, the estimated value of the indicator for women in the EU-27 countries was higher than the value of the indicator at the national level by 17-22 pp and, respectively, for men - by 22-26 pp. Likewise, in the EU countries -27 the employment rate is much less seasonally influenced, compared to Romania, where the share of the agricultural sector was on average 21% in 2020 compared to 4.3% in EU countries.

Conclusions

The restrictive measures, also imposed in Romania, were unevenly felt on economic branches, due to the nature of the activity they have a greater or lesser degree of contagion, respectively, being more or less available to them options to adjust the activity to the preventive measures. The hotel and catering sector, tourism, cultural-artistic activities, some branches of the manufacturing industry, construction or real estate were immediately affected. There was also a group of activities that, involved in the sanitary and economic management of the crisis, did not significantly restrict the activity, as there were also activities that found opportunities for development in the current context.

After a month and a half from the establishment of the state of emergency, but more strongly after two months, economic activities gradually

resumed, the last ones to resume activity being the very first and most severely restricted. The breakdown of Romanian employment indicators tends to outline a greater risk of reduced activity in areas with lower wage levels, with a lower presence of wage employment, as well as an uneven regional impact. The smallest impact on incomes and employment tends to be felt in the Bucharest-Ilfov region, which has the most favorable employment profile and the lowest risk of poverty.

International practices indicate the concern of European states to protect the incomes of the most vulnerable, by expanding eligibility or by increasing the minimum related to the benefits granted. At the same time, the expectation is emerging that those less affected by the crisis will contribute to the effort to overcome the difficult situation, by exempting them from some facilities, respectively formulating new payment obligations. As a trend, social-fiscal and payment obligations have been maintained, but postponed or re-scheduled, with pre-existing compliant tax behavior being a condition of eligibility for current facilities or allowances. In this way, the concern for keeping under control the inequalities in the incomes of the population and at the same time for the control of the ratio (if not the balance) between expenses and budget revenues is profiled.

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