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LABOR MARKET AND THE COVID-19 PANDEMIC

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Abstract: *The spread of COVID-19 and the drastic blockages that followed led to the emergence of economies and labor markets around the world in a state of emergency. Governments have had to take a whole series of measures to protect jobs and businesses. In the short term, this means an extreme disruption of citizens and labor markets, as countries impose travel restrictions and blockages nationwide to slow the spread of the virus and prevent overwhelming health services. The coronavirus pandemic has raised the unemployment rate in all European Union countries to alarming levels, with Spain being one of the countries with the highest number of unemployed registered in the last year, according to the latest Eurostat statistics. On the other hand, people in two parts of the Czech Republic are among the lucky ones who have managed to keep their jobs. Labor market volatility is also very noticeable in Romania, where many small and medium-sized businesses have found themselves in a position to lay off staff or to adapt to new trends, by changing the object of activity by 360%. But the full effects of the crisis are still unknown and could last for many years.*

Keywords: *labor market, COVID-19 pandemic, employment, vulnerable groups*

JEL Classification: *E24, F66, J10, J21, J46*

1. Introduction

The loss of jobs due to the pandemic has destroyed “five years of progress”, a new UN report points out. Unfortunately, experts do not expect the situation to be remedied too soon. According to a report by the International Labor Organization (ILO), a specialized agency of the United Nations with general competence in labor and social security, by 2023, the global labor market will not return to pre-pandemic levels.

The report on employment and the social outlook estimates that around 220 million people worldwide have been unemployed since the beginning of the pandemic, with only a slight improvement expected by 2022.

The labor market has been severely affected by the pandemic and the recovery process will be slow. Specialists estimate that in 2022, in the records of the employment offices, there will be 205 million unemployed - a figure much higher than the one existing in 2019, of 187 million unemployed. Until at least 2023, the increase in employment will be insufficient to compensate for the losses suffered, the report states.

The massive loss of jobs has exacerbated global inequality, with women, young people and informal sector workers being the hardest hit. According to the IOM report, since 2019, another 108 million people have been living in poverty or even experiencing extreme poverty. The pandemic has canceled five years of progress in combating global poverty, the report said.

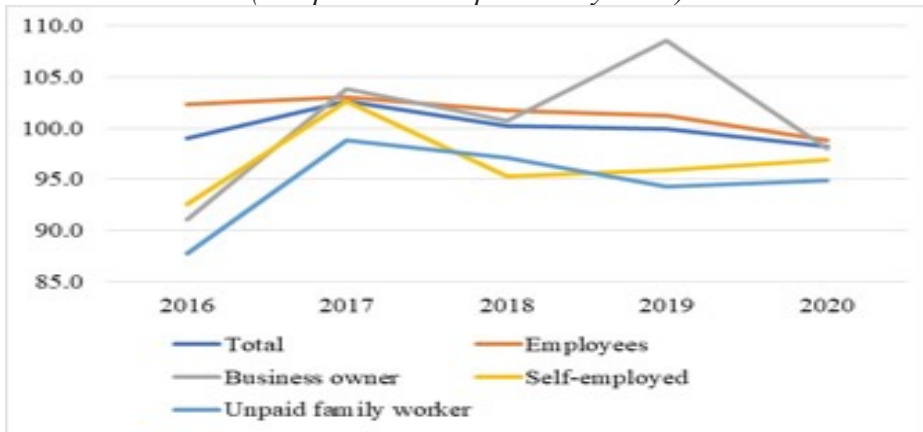
The UN Labor and Social Security Agency estimates that globally 30 million new jobs could have been created without the pandemic. Instead, many small and medium-sized companies have gone bankrupt or are facing difficulties that threaten their existence in the market.

2. Romanian labor market in pandemic

The COVID-19 pandemic has brought massive changes in the structure of the Romanian labor market. Although some sectors have suffered heavy losses in the last year and a half and given up some of their employees, other areas, such as deliveries or courier, have grown and attracted the redundant workforce.

Analyzing the evolution of the employed population by main categories (Figure 1), we find that the most affected category, in 2021, was that of Employers, followed by that of Employees, which led to a decrease in the total number of employed populations, compared to previous year.

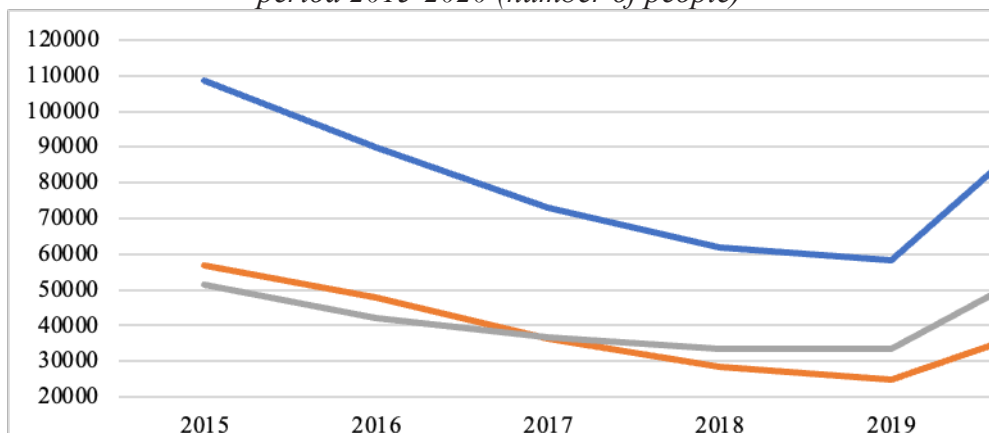
Figure 1 Evolution of the population employed in total and by categories (compared to the previous year%)



Source: Calculate authors based on TEMPO-online data <http://statistici.insse.ro:8077/tempo-online>

The most eloquent example that the labor market has been affected by the pandemic is the number of unemployed (Figure 2). It recorded massive increases in 2020 (from 58336 people registered in 2019 to 100740 people registered in 2020, ie almost a doubling of the number, given that by 2019 there were decreases every year, compared to previous). The category most affected by this increase were women (with an increase of 77.4%, compared to the category of men, where the increase was 65.9% - compared to 2019).

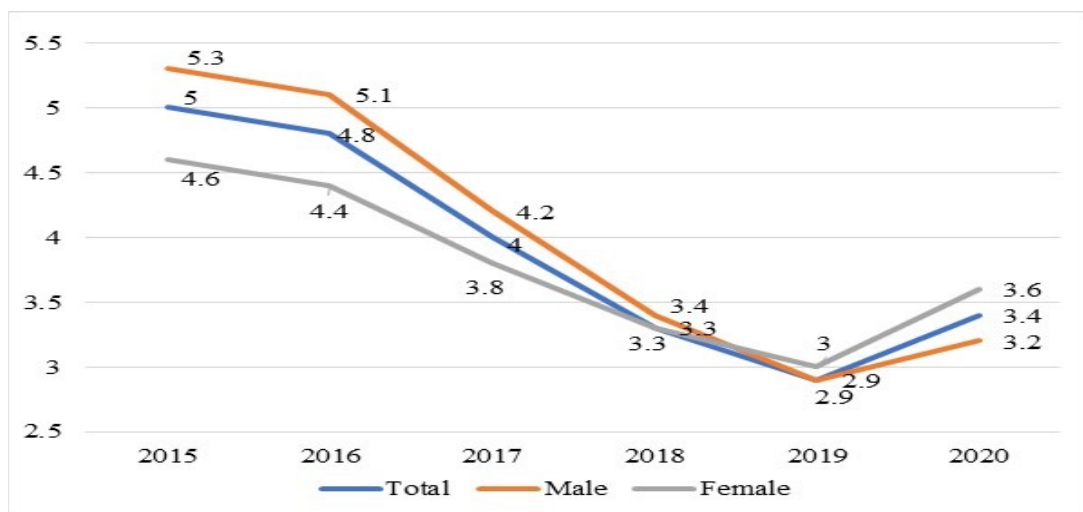
Figure 2 Evolution of the number of unemployed, by total and by sex in the period 2015-2020 (number of people)



Source: Data TEMPO-online, <http://statistici.insse.ro:8077/tempo-online>

The increase in the number of unemployed also resulted in an increase in the unemployment rate (Figure 3). It is also noted here that the unemployment rate among women is higher than among men, although before the pandemic the ratio was reversed.

Figure 3 Evolution of the unemployment rate (2015-2020 -%)



Source: Data TEMPO-online, <http://statistici.insse.ro:8077/tempo-online>

All these transformations registered on the labor market were due to the fact that there were companies that made redundancies because they restricted their activity, or there were companies that simply closed down.

3. Conclusions

A recent report by the World Economic Forum shows that the year 2020 has produced a major change from the perspective of the way activities are carried out, moved in most cases to the online environment.

The document notes that labor market predictions are difficult to make in the current context, in which companies of various sizes have reduced their staffing structures, adapting their business.

The main trend in the labor market in the next period will remain the technological adaptation, followed by automation. This second trend will lead to a major change in activities, jobs and skills that will be needed in the labor market by 2025.

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