

## CHARACTERISTICS OF UNEMPLOYMENT IN SOUTH WEST OLTENIA REGION IN 2004 -2011

**ZAHARIA MARIAN,**

*Ph.D., Professor, Petroleum-Gas University of Ploiesti, Romania, marianzaharia53@gmail.com*

**BĂLĂCESCU ANIELA,**

*Lecturer Ph.D., „Constantin Brancusi” University of Targu Jiu, Faculty of Economics and  
Business Administration, Romania, anielabalacescu@yahoo.com*

**ABSTRACT:** *To emphasize the qualitative aspects which measures the sensitivity of level economic development in the early years of the current economic crisis and the effects of government policies on economic development and employment we was used as an indicator of the unemployment rate. The level of economic development in the macroregion 4, which includes and South West Oltenia Region, is quite sensitive to economic developments from the global and macro level. Through a comparative analysis of the evolution of unemployment rate at the level of macroregion 4 and the level of regions that compose it can be seen that the level of its in the South West Oltenia Region (Dolj, Gorj, Mehedinți, Olt and Vâlcea) is almost double that level recorded in the West Region (Arad, Caras-Severin, Hunedoara, Timis).*

**Keywords:** *Civil Employment, Registered Unemployed, unemployment rate*

**Cod JEL:** *C10, C20, C22.*

**Cod REL:** *10A 10C,12L*

### **Some metodological and organizatorical aspects**

In this chapter we will analyze comparatively the evolution of two important indicators of labor market (Civil Employment and Registered Unemployed) both between the development regions from Romania, as well as between them and the evolutions these indicators at the level of the economy.

Civil Employment (CE) includes “all persons who, during the reference year, carried out a socio-economic lucrative activity, excepting military staff and similar (Ministry of National Defense, Ministry of Administration and Interior, Romanian Intelligence Service staff), political and community organizations employees and the convicts”. (Statistical Yearbook of Romania 2011, p84).

Registered Unemployed (RU) means people “registered at the Agency for employment and who meet all the following conditions: (I) they are looking for a job at the age of 16 years and until the conditions for retirement; (II) health status and physical and mental capacities make them able for performing a work; (III) have no job, no income or realized from authorised activities according to the law income lower than the gross national minimum wage, guaranteed payment, in effect, until 2008 (inclusive) and than social indicator of reference since 2009; (IV) they are available to start work in the next period if they find a job.”(Labor Force Balance, 1 January 2011, p.8)

As regards the Romania's organization by macroregions and development regions, the situation is as follows:

- (1) Macro region 1 that contains regions: North-West (Bihar, Bistrița-Năsăud, Cluj, Maramureș Sălaj) and Center (Alba, Brașov, Covasna, Harghita, Mureș, Sibiu);
- (2) Macro region 2 that contains regions: North -East (Bacău, Botoșani, Iași, Neamț, Suceava, Vaslui) and South -East (Brăila, Buzău, Constanța, Galați, Tulcea, Vrancea);
- (3) Macro region 3 that contains regions: South-Muntenia Argeș, Cșlărași Dâmbovița, Giurgiu, Ialomița, Prahova, Teleorman) and Bucharest-Ilfov (Ilfov, Minicipiul București);
- (4) Macro region 4 that contains regions: South - West Oltenia (Dolj, Gorj, Mehedinți, Olt, Vâlcea) and West (Arad, Caras-Severin, Hunedoara, Timiș)

### **The evolution of Civil Employment and Registered Unemployed by Romanian's Macroregions**

Analysing, in a first phase, the evolution of CE in all four development macroregions (figure 1), we note that, throughout the period January 1, 2004 - January 1, 2011, no significant changes have occurred. Thus, in the macroregion 1, CE has evolved from a minimum of 2,132,600 people from 1 January 2005 and a maximum of

2,236,400 people from January 1, 2008, in macroregion 2 CE has evolved from a maximum of 2,318,800 people from 1 January 2008 and a minimum of 2,150,300 people from 1 January 2011, very close to the values recorded at the beginning of the period considered.

In the case of macroregion 3, CE was located between a minimum of 2151.4 thousand persons and a maximum of 2482.7 at 1 January 2009. Finally, in macroregion 4 CE has evolved between the minimum of 1666.8 thousand persons on 1 January 2005 and a maximum of 1744.2 thousand persons on 1 January 2008.

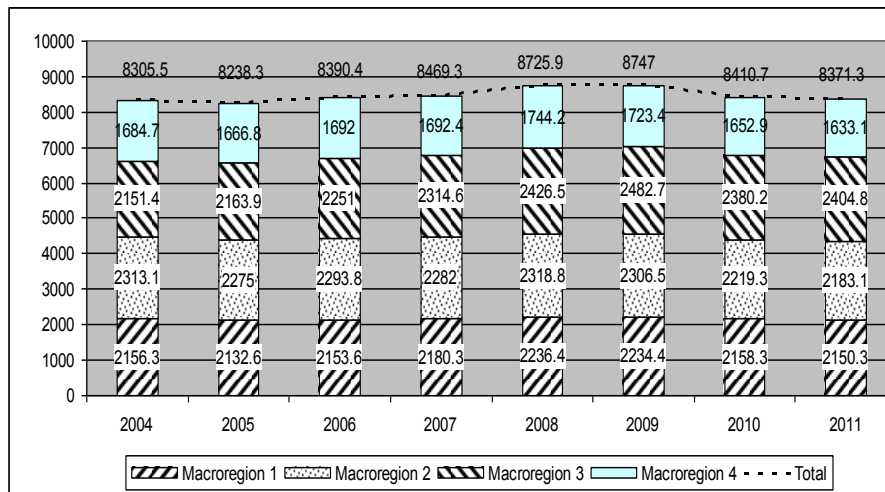


Figure 1. The Evolution of civil employment by macroregions (1 January)

From the analysis of the four data series, it also notes that if CE evolutions in macro-regions 1, 2 and 4 are similar in macroregion 3 the CE evolution is quite different. Thus, while from 1 January 2009 CE in the three macroregiuni recorded the values smaller than January 1, 2008, in the macroregion 3 at January 1, 2009 (2482.7 thousand persons) is higher than January 1, 2008 (2426.5 thousand persons).

Also, in the case of macroregion 3, CE at January 1, 2011 (2404.8 thousand persons) is greater than on January 1, 2010 (2380.2 thousand persons), while macroregions 1, 2 and 4, CE decreases the further. The particular evolution of CE in macroregion 3 is due to the significant influence of Bucharest-Ilfov region and, in particular, to the economic development and low levels of unemployment in Bucharest.

In comparison with the evolution of CE in the period under review, the evolution of RU shown in Figure 2 is the reverse. If in the case of CE the maximum was registered, for macro-regions 1, 2 and 4 as well as the national economy, to January 1, 2008, RU records, as expected, in all four macro minimum values.

Figure 2 highlights the evolutions of CE in all the four macroregions of Romania. This was chosen solely to highlight the RU evolutions in each macroregion in part and to highlight certain quantitative relations (absolute values) and can not be used for qualitative evaluations due to the large gap between the labor resources of the said areas.

We resumed only a few quantitative evaluations, as can be seen from Figure 2, at all times that have made recordings, in the period under review, macroregion 2 which includes the North-East and South-East regions (the eastern part of Romania) the values of RU exceed the values recorded in the all other macroregions. This fact is due to the low level of economic development in most of the counties in these regions as well as other factors that differentiates some counties of macroregion 2 other counties of Romania.

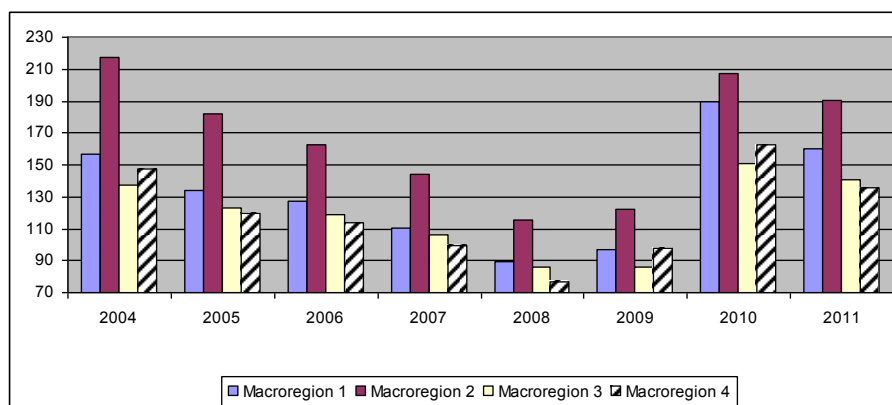


Figure 2. The Evolution of registered unemployed by macroregions (1 January)

To highlight the qualitative aspects that emphasizes the sensitivity of economic development level in the first years of the current economic crisis, as well as the effects of government policies on economic development and employment in all four development regions of Romania, in the period under review, we used as an indicator, the unemployment rate.

The evolution of Unemployment Rate (UER), in the period from 1 January 2004, 1 January 2011 is shown in Figure 3. As can be seen, in the period 2004 – 2008, due to the relative economic growth UER in all four macroregions has a downward evolution. As regards the levels of UER in macroregions, in the period before the economic crisis, on the first place, with most of UER values is macroregion 2, in which UER decreases from 8.6% at January 1, 2004, to 4.8% from 1 January, 2008. This is followed by macroregion 4 (South West Oltenia Region and West Region), in this period UER decreases from 8.1% to 4.2%. In macro 1, UER decreases from 6.8% at January 1, 2004, to 3.8% from 1 January 2008.

As regards the macroregion 3, as we already pointed out above, UER has a separate evolution. Thus, the UER decreases to 6.0% from 1 January 2004 to 3.3% in 2009, indicating that in the macroregion 3 the effects of economic crisis started on CE occurred about a year later.

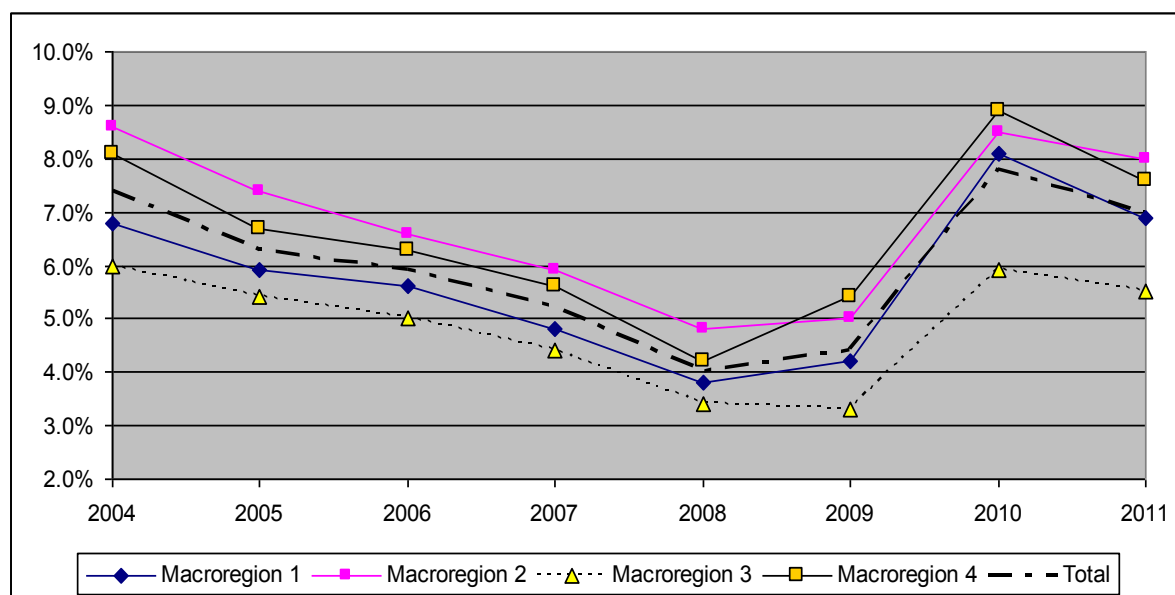


Figure 3. The evolution of unemployment rate by macroregions in analyzed period

Triggering the economic crisis caused not only a process of growth of UER in all four macroregions, but also change of relations between them.

As can be seen in Figure 3, if until 2008 the highest unemployment rate was recorded in macroregion 2, from 2008 to 2010, the highest unemployment rate recorded in macroregion 4. For example, on January 1, 2010 the UER in macroregion 4 was 8.9% while in macroregion 2 UER was 8.1%, both values are above the national level of UER (7.8% at that time).

These evolutions show that the sensitivity level of economic development at the onset of the economic crisis is the greatest of all macro-regions. The lowest values of UER throughout the period under review were recorded in the macroregion 3 due to the peculiarities presented above.

### Employment and unemployment in South-West Oltenia Region

As revealed from those presented in the previous chapter, the level of economic development of the macroregion 4 is quite sensitive to economic developments in macromediul and global level.

Analyzing the evolution of UER to the level of macroregion 4 and to the level of the development regions which compose it (Figure 4) it can be seen that the level of UER in Sud-West Oltenia (Dolj, Gorj, Mehedinți, Olt and Vâlcea) is almost double that the level of UER recorded in the West Region (Arad, Caraș-Severin, Hunedoara, Timiș).

In the period under review, UER in the South West Oltenia Region evolved similar the UER in other development regions from Romania, but with values much higher than the national level. Thus, UER value decreases from 9.1% to 1 January 2004 (the value of UER at national level is 7.6%) to 5.1% from 1 January 2008 (4.0% at national level), and then increases to 10.5% on 1 January 2010 (7.8% at national level).

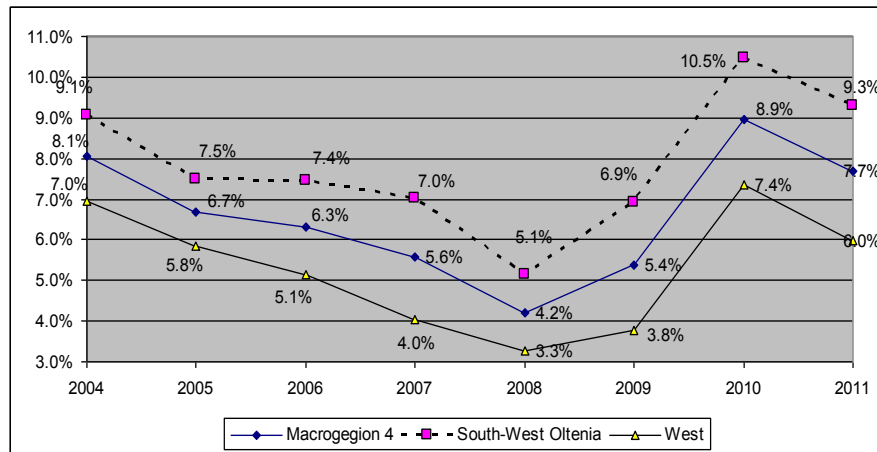


Figure 4. The evolution of unemployment rate in Macroregion 4 (1 January)

The year 2010 brings a certain revival of the Romanian economy. At the national level CE increases from 8,110,700 people in early 2010 to, 8,371,300 people at the end of that year.

As a result, UER decreases from 7.8% to 7.0% at the national level. The effects are felt and South West Oltenia Region where the UER recorded at the end of 2010 the value of 9.3% compared to 10.5% in the beginning of the year. Although in the absolute values unemployment reduction in South-West Oltenia throughout the 2010 is 1.2 percentage points compared with 0.8 percentage points nationally, in relative values decrease was 11.42% compared to 12.82% nationally .

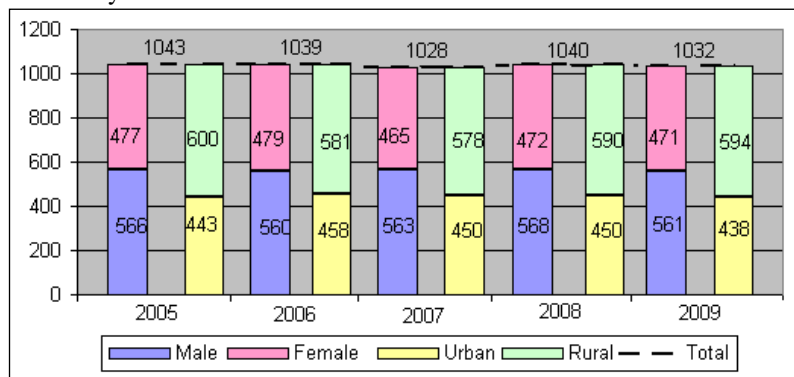


Figure 5 Evolution of employment structure by sex and area in South-West Oltenia

In the South West Oltenia region, in 2005 - 2009 period, as can be seen from Figure 5, there were no significant structural changes in employment by sex and regarding the dynamics of population structure on sex. Neither in the structure of employment by main activity of national economy were not significant changes. Thus, the share of active population employed in agriculture ranged from a maximum of 48.9% in 2005 to a peak of 43.9% in 2007, the construction industry and have weights ranged from 25.8 in 2007 and 23.2 in 2009, and in services between 27.2 in 2005 and 30.4 in 2008.

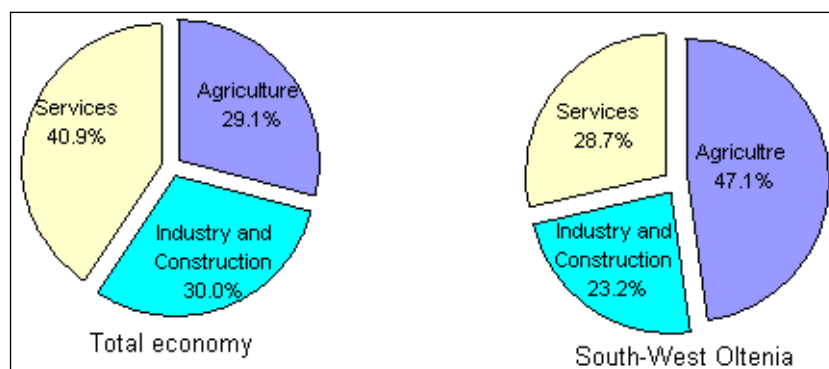


Figura 6 Employment by main activities of national economy in 2009

By comparing with the structure of active population in major national economic activities in the South-West Oltenia with the structure recorded nationally in 2009, the differences are significant. As can be seen from Figure 6, while the largest share nationally have services (40.9%), followed by industry and construction (30.0%), agriculture being the last place (29.1%) in the South West Oltenia, in agriculture work almost half of the occupied active population (47.1%), followed at a distance by services (28.7%) and industry and construction (23.2%). Of course, this is certainly a cause of high sensitivity to the economic development of South-West Oltenia at the current economic crisis, a fact evidenced by us in the previous chapter.

## Conclusions

The economic crisis has led to not only a process of increasing unemployment in all four macro-regions of Romania, but also the change of relations between them. If in 2008 the highest level of unemployment rate was recorded in macroregion 2, from 2008 to 2010, the highest unemployment rate recorded in macroregion 4 (At January 1, 2010, the unemployment rate in the macroregion 4 was 8.9%, while the unemployment rate have macroregiunea 2 value of 8.1%).

In the period under review, the unemployment rate in the region of South-West Oltenia has evolved like the unemployment rate in other regions of Romania, but with much higher values than at national level. Thus, the value of the UER decreases from 9.1% to 1 January 2004 (the national UER being 7.6%) to 5.1% from 1 January 2008 (4.0% nationally), and then increased to 10.5% from 1 January 2010 (7.8 % nationally).

In the South West Oltenia region, in the period 2005-2009, there were no significant changes in the population structure, but comparing the structure of the active population occupied in the main activities of national economy registered at the national level, there are a few differences. While at national level have the largest share services (40.9%), in the South West Oltenia, agriculture has the highest weight (47.1%) followed by long-distance services (28.7%).

## BIBLIOGRAPHY

1. Babucea Ana-Gabriela, Danacica Emanuela-Daniela, 2009. *Using Cluster Analysis for Studying the Proximity of Registered Unemployment at the Level of Counties in Romania at the Beginning of the Economic Crisis*, Annals - Economy Series, Constantin Brancusi University, Faculty of Economics, vol. 1, p 347-356
2. Ecobici Nicolae, Popa Paliu Lucia, Busan Gabriela *The incentives for employment and its evolution in the Gorj County*, Annals of the „Constantin Brâncuși” University of Târgu Jiu, Economy Series, Issue 1/2011, p. 251
3. Pociovalișteanu Diana Mihaela, *Workforce Movement: Romania and the European Union*, Proceedings of FIKUSZ '12 Symposium for Young Researchers, 2012, 69-80 pp © The Author(s). Conference Proceedings compilation © Obuda University Keleti Faculty of Business and Management 2012. Published by Óbuda University <http://kgk.uni-obuda.hu/fikusz>
4. \*\*\* Statistical Yearbook of Romania 2011
5. \*\*\* [www.insse.ro](http://www.insse.ro)