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Change in Unemployment between 2019 and 2020 in Romania and Republic of Moldova as a Result of Pandemic Crisis

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Abstract: The pandemic crisis has affected the unemployment of the entire world between 2019 and 2020 and, in particular, in Romania and Republic of Moldova. The aim of the paper is to analyze the impact that the Covid-19 crisis has influenced the employment and the rate of unemployment in 2020 compared to 2019 in the two neighboring countries that have certain similarities, but also differences in terms of the labor market. The economic activity was strongly influenced by the lockdowns imposed by the governments of the two countries, so that in many fields of activity lots of companies went bankrupt, which led to an increase of the unemployment rate in 2020, compared to the previous year.

Keywords: employment; unemployment rate; lock-down

JEL Classification: E71

1. Introduction

In the current pandemic context caused by SARS-Cov-2 infection since the beginning of 2020, unemployment and the unemployment rate have increased sharply in most countries, with Romania and Republic of Moldova being no exception. Thus, due to the lock-ups established in these countries as well, the activity of the companies decreased significantly both in the short and medium term, which generated restrictions or even closures of activities, with direct implications on unemployment, and implicitly unemployment rate.

2. The Unemployment Phenomenon in a Pandemic Context

Since the beginning of March 2020, when the WHO officially declared that humanity is facing a pandemic, many people and families have been affected, both in terms of health and psychologically, economically and socially due to the fact that many companies have been affected, being forced to close down temporarily or permanently. Thus, the staff of these companies faced technical or permanent unemployment. In addition to the health and medical problems caused by the pandemic, people have also faced medium- and long-term job insecurity, as well as the phenomenon of unemployment, which leads to problems related to the impossibility of providing the necessary income for daily living.

Both in Romania and in Republic of Moldova, a state of emergency was declared on March 11, 2020, which had numerous economic and social repercussions for the population of these studied countries.

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In this pandemic context, the two countries are facing unprecedented health crisis and a particularly serious economic and social crisis. Thus, the lock-down periods led to the beginning of the pandemic, respectively in the period March-May 2020 to closing most economic activities, and their transition to the online environment, where the specificity of the activity allowed it. Thus, closing economic activities led to employee dismissals or employee temporary leaves (furlough)

Thus, some of the most affected areas of the pandemic in Romania were: tourism, HORECA, culture and entertainment industry, but also air transport, because unemployment has reached unprecedented levels so far, and people are unable to have the necessary income to daily living. Unlike Romania, in Republic of Moldova there is not a well-developed tourism industry, and the agricultural activity being predominant at national level, the impact was more on the HORECA field. Thus, Romania and Republic of Moldova are two neighboring countries that have certain similarities, but also many differences on the labor market. In Romania, the industrial fields predominate and then those in the agricultural field, while in Republic of Moldova the agricultural sector is the most important.

The impact of the Covid-19 pandemic on unemployment in Romania in 2020 compared to previous years is reflected in the following chart, according to the International Labor Organization (ILO - <https://www.ilo.org>).

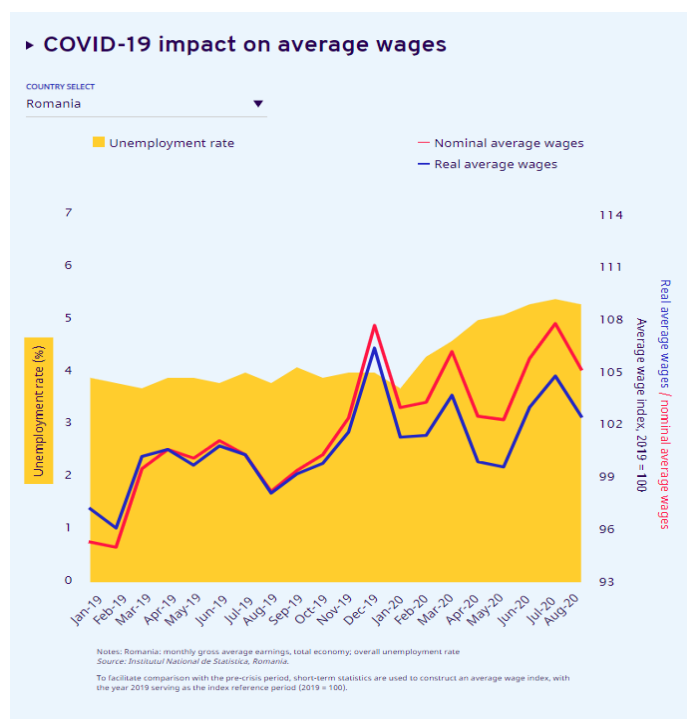


Figure 1. The impact of Covid-19 on unemployment in Romania

Source: https://www.ilo.org/global/about-the-ilo/multimedia/maps-and-charts/enhanced/WCMS_762931/lang--en/index.htm

Unlike Republic of Moldova, Romania being a member of the European Union was able to benefit from a series of financial support measures to mitigate the negative effects caused by the pandemic on the economy and, implicitly, on employment, unemployment and the level of living of the population. Thus, the European Commission has adopted a series of measures on the economic activity of the Member States, enabling them to take swift and effective action to support companies, especially SMEs, by granting State aid. The European Commission also took in early April 2020 a series of measures to reduce unemployment through The temporary Support to mitigate Unemployment Risks in an

Emergency (SURE) instrument, which provides Member States with financial assistance of around EUR 100 billion in the form of loans, so that states can cover the costs of technical unemployment¹.

3. Comparative Analysis of Unemployment in Romania and Republic of Moldova

The phenomenon of unemployment can be assessed and quantified using two methods, either absolutely or relatively, as follows:

- absolutely, with the help of the number of registered unemployed (NS) and refers to those active individuals without a job who are looking for a job and are registered with the employment agencies;
- relatively, through the unemployment rate, as a percentage ratio between the number of registered unemployed and the active population, expressing the share of those looking for a job out of the total active population.

The structure of unemployment reflects information about the social categories that are affected by this phenomenon, namely: environment (urban or rural), education, level of qualification, field in which they worked, socio-professional category to which they belong, branches of activity, gender, age categories, etc. For the comparative analysis of the unemployment phenomenon in Romania and Republic of Moldova, the statistical data related to this phenomenon are centralized and processed, provided by the databases of the National Institute of Statistics of Romania and of the National Bureau of Statistics of Republic of Moldova.

3.1. Unemployment in Romania in a Pandemic Context

The analysis of the evolution of unemployment in Romania in the context of the Covid-19 pandemic was performed based on statistical data provided by the Tempo online database of the National Institute of Statistics of Romania. (www.insse.ro, <http://statistici.insse.ro:8077/tempo-online/#/pages/tables/insse-table>)

Unemployment statistics were analyzed for the following indicators:

- Number of registered unemployed (by quarters);
- Unemployment rate (by quarters).

Thus, the evolution of the number of unemployed in Romania according to www.insse.ro in the period 2019-2021, by quarters is as follows:

Table 1. Number of unemployed registered per quarter in Romania

Year	2019				2020				2021	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Total	400492	409440	393567	397348	401612	497298	426657	528232	518145	516157
Males	170851	189486	174303	167734	151880	220271	172675	252916	234130	221361
Females	229641	219954	219264	229614	249732	277027	253981	275317	284014	294795

Source: Author's processing based on statistical data from www.insse.ro

¹ https://ec.europa.eu/info/live-work-travel-eu/health/coronavirus-response/jobs-and-economy-during-coronavirus-pandemic_ro

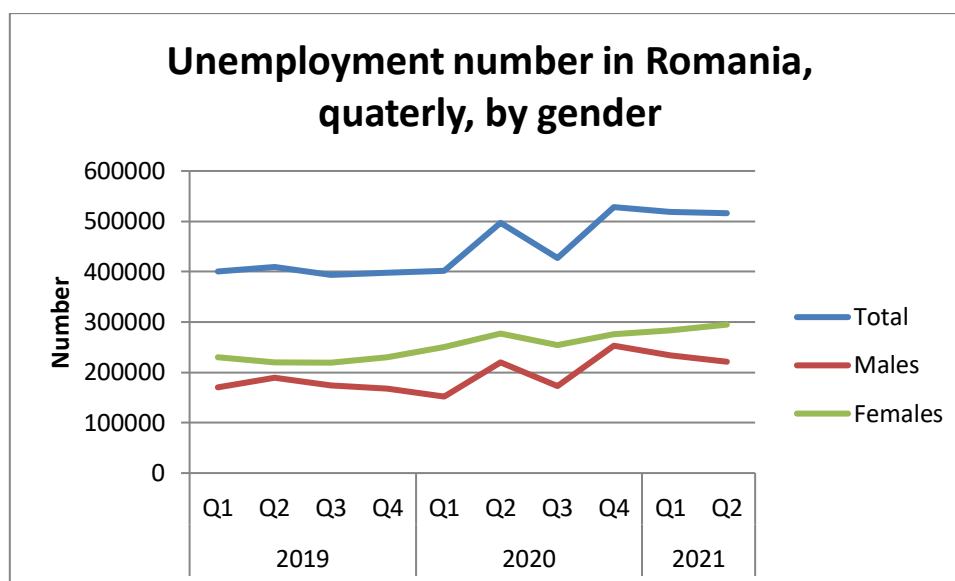


Figure 2. Evolution of the number of unemployed in Romania by quarters

Source: Author's processing based on the data from the previous table

Based on the data from table 1 and Figure no. 2 it can be observed that the highest number of unemployed in Romania was registered during the 4th quarter of 2020, namely 528,232 people. Also, in the same quarter of 2020, the highest number of male unemployed was registered, respectively 252,916 people. Both the total number of registered unemployed and the number of male unemployed have a similar trend, in the sense that both series registered a maximum in the 4th quarter of 2020, after which they started to decrease slightly. Compared to these, the number of unemployed women has continued to grow continuously since the outbreak of the pandemic, except for Q3 in 2020, reaching a maximum in Q2 in 2021, respectively 294,795 people. It can also be seen that the number of female unemployed is much higher compared to the number of male unemployed.

Also, the same worrying trend is highlighted by the indicator Unemployment rate by quarters according to the statistical data published by INS from Romania which are presented in Table no. 2

Table 2. Unemployment rate by quarters and gender in Romania

Year	2019 (%)				2020 (%)				2021 (%)	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Total	4,1	3,8	3,8	3,9	4,3	5,4	5,2	5,2	6,1	5,1
Males	4,6	4,1	4,1	4,5	4,9	5,6	5,4	5,3	6,5	5,2
Females	3,5	3,3	3,5	3,2	3,5	5,1	5	5,1	5,6	4,8

Source: Author's processing based on statistical data from www.insse.ro

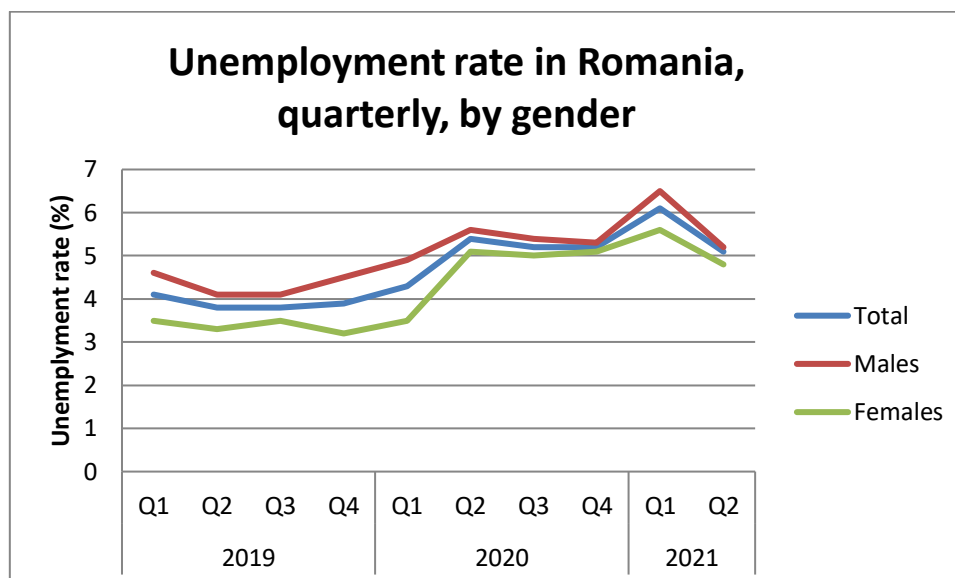


Figure 3. The evolution of the unemployment rate in Romania by quarters

Source: Author's processing based on the data from the previous table

Analyzing the evolution of the unemployment rate in Romania, both in total and by gender, it is found that its highest values were recorded during Q1 in 2021, respectively 6.1% in total, and 6.5% for males and 5.6% for females. Thus, it is found that although the evolution of the number of registered unemployed women had an upward trend, and their absolute value was much higher than that of male unemployed, according to the unemployment rate it is observed that the value of unemployment rate for males was during the entire analyzed period (Q1 2019 - Q2 2021) higher than that recorded for females, by almost one percentage point.

3.2. The Unemployment Process in Republic of Moldova

The evolution of unemployment in Republic of Moldova in the context of the Covid-19 pandemic is analyzed on the basis of statistical data provided by the database of the National Bureau of Statistics of the Republic of Moldova (<https://statistica.gov.md/>). Statistical data on the following indicators were analyzed and processed:

- Number of registered unemployed (by quarters);
- Unemployment rate (by quarters).

The evolution of the number of unemployed in Republic of Moldova according to <https://statistica.gov.md/> in the 2019-2021 period, by quarters is as follows:

Table 3. Number of unemployed registered by quarters in the Republic of Moldova

Year	2019				2020				2021	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Total	69 600	42 000	37 800	38 100	34 200	36 200	30 200	31 800	35 800	31 400
Males	42 000	28 100	19 600	20 400	20 100	21 900	17 400	19 400	23 700	16 600
Females	27 600	13 900	18 200	17 600	14 100	14 300	12 800	12 400	12 100	14 900

Source: Author's processing based on statistical data from <https://statistica.gov.md/>

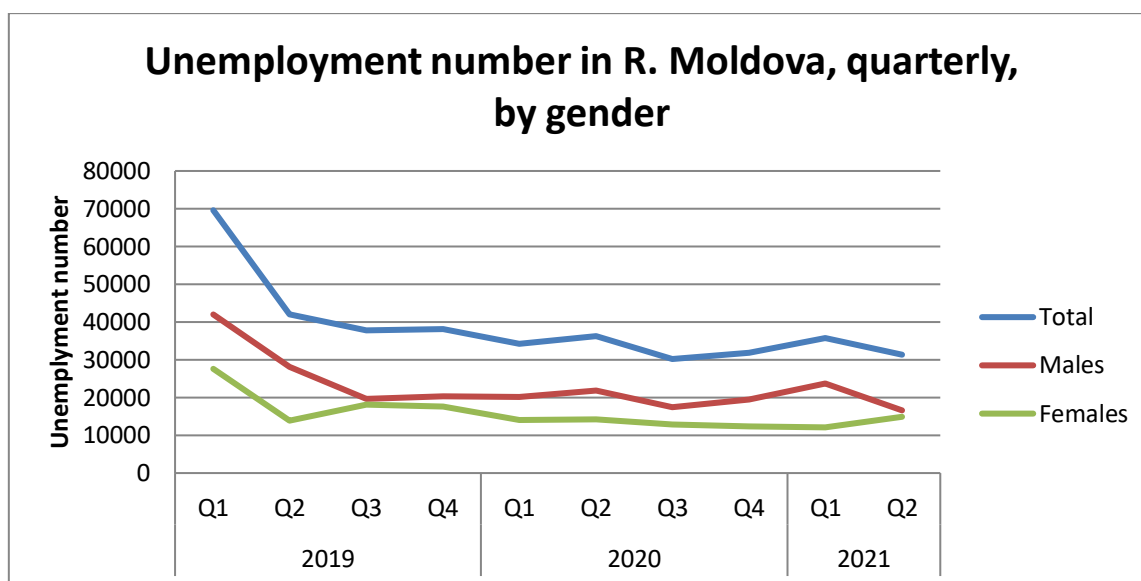


Figure 4. Evolution of the number of unemployed in the Republic of Moldova by quarters

Source: Author's processing based on the data from the previous table

Based on the data from table 3 and Figure no. 4 it can be observed that the total number of unemployed in Republic of Moldova had a relatively constant evolution starting with Q2 2019, fluctuating with +/- 4000 people. At the same time, the number of registered male unemployed was higher than the number of female unemployed. Surprisingly, however, the total number of registered unemployed, as well as the number of male and female unemployed had a decreasing trend compared to the values recorded during 2019. This fact could be explained perhaps only by the fact that the population of Republic of Moldova works to a large extent in the agricultural sector, in their own households.

The evolution of the indicator Unemployment rate per quarter within Republic of Moldova according to the statistical data published by the NBS of the Republic of Moldova is shown in Table no. 4.

Table 4. Unemployment rate by quarters and gender

Year	2019 (%)				2020 (%)				2021 (%)	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Total	7,7	4,5	4	4,3	4,1	4,2	3,4	3,6	4,3	3,6
Males	8,9	5,7	4,1	4,5	4,6	4,9	3,7	4,2	5,4	3,5
Females	6,5	3,1	3,9	4	3,5	3,5	3	2,9	3,1	3,7

Source: Author's processing based on statistical data from www.insse.ro

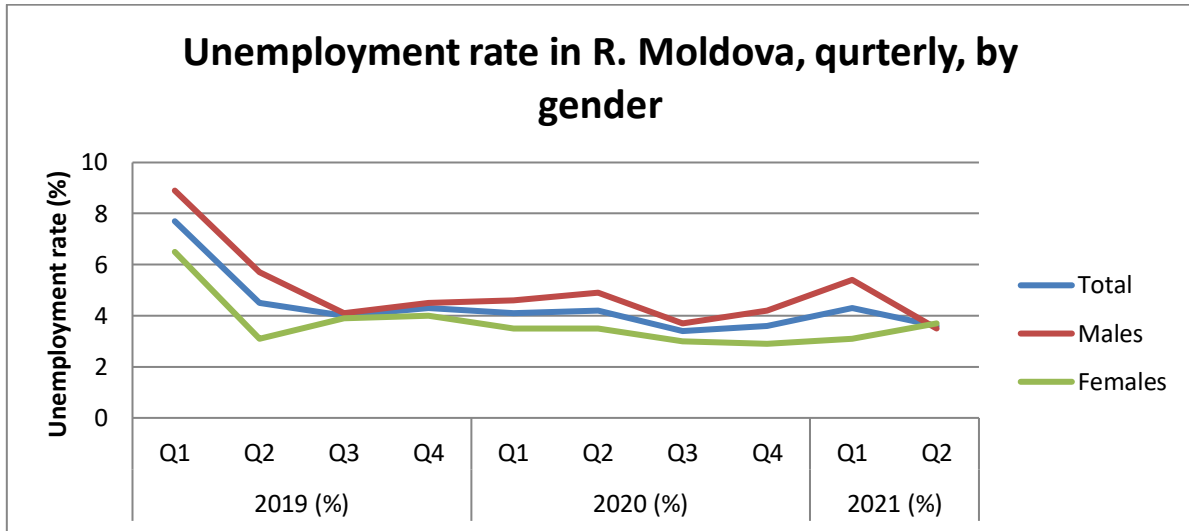


Figure 5. Evolution of the unemployment rate in the Republic of Moldova by quarters

Source: Author’s processing based on the data from the previous table

And in the case of the evolution of the unemployment rate, there is an unexpected and relatively inexplicable evolution in Republic of Moldova, because throughout 2020, the total unemployment rate was lower than that recorded during 2019. Unemployment rate for females has the same decreasing trend during 2020 compared to 2019. The unemployment rate for males registered a small increase in Q2 after the outbreak of the pandemic, by approx. 0.3% compared to the previous quarter, but after that it also decreases and registers a new increase only in Q1 of 2021, reaching 5.4%.

3.3. Comparative Analysis of the Unemployment in Romania and in Republic of Moldova in a Pandemic Context

Starting from the statistical data on the unemployment phenomenon in the two countries in the period 2019-2021, respectively of the indicators: number of unemployed registered quarterly, in total, and by gender, and by processing them we can make a graphical comparative analysis.

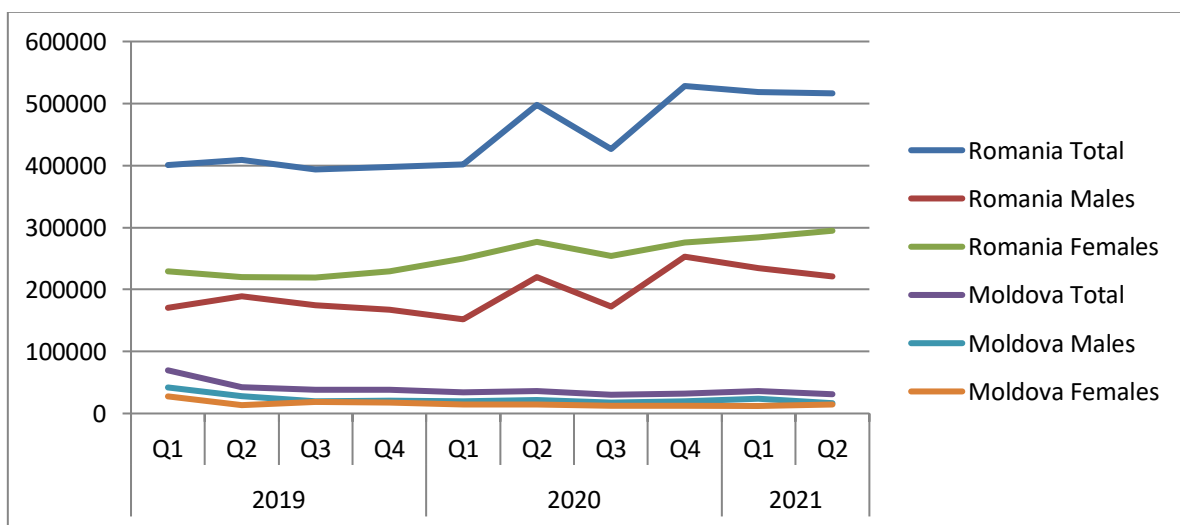


Figure 6. Comparative analysis of the number of unemployed in Romania and Republic of Moldova

Also, for the pandemic period, the comparative analysis of the unemployment rate can be performed graphically as in Figure 7.

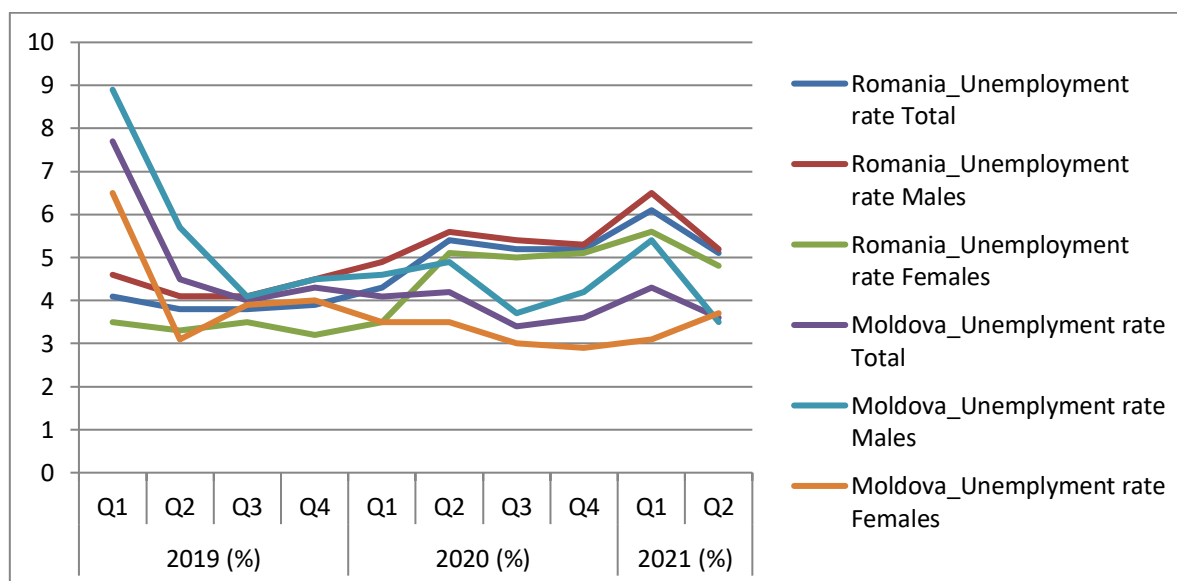


Figure 7. Comparative analysis of the unemployment rate in Romania and Republic of Moldova

Thus, based on Figure 7, it is found that the unemployment rate indicator has higher values in Romania than in Republic of Moldova, but in both countries it registers a maximum during Q1 of 2021, except for the unemployment rate for females in Republic of Moldova.

4. Conclusions

The Covid-19 pandemic is a real shock to the entire world economy, because humanity has never faced such a health, humanitarian, psychological, social and last but not least economic impact. The established national lock-downs generated the closure of economic activities and implicitly determined the increase in the number of unemployed and the unemployment rate in most countries, which highlighted the analysis of the evolution of unemployment in Romania in the post-pandemic period. However, the results recorded by Republic of Moldova regarding the phenomenon of unemployment are not in line with this general trend because it has decreased or remained relatively constant compared to the year before the pandemic. This evolution in Republic of Moldova seems contradictory to the evolution of global unemployment, and could be justified only partially by the fact that this country is facing a significant migration of labor, but also by the fact that the country has a pronounced agrarian feature, and a large share of the active population is not employed and is not listed as unemployed registered at the labor offices because they deal with subsistence agriculture.

The reduction of unemployment in each state will depend both on the evolution of the pandemic, on the period of time when there will be health restrictions, but also on the capacity of its own economy to adapt as soon as possible to the new macro and world-economic conditions.

Summarizing the analysis performed on the phenomenon of unemployment in Romania and Republic of Moldova in the period 2019-2021, we can say that unemployment in the two neighboring countries has certain specificities, depending on the structure of their economy. The comparative analysis is current because it addresses the phenomenon of unemployment in two countries in the same region and

have many similarities in other areas, speaking the same language, but the phenomenon of unemployment is different in the context of the Covid-19 pandemic.

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