

THE DYNAMICS OF UNEMPLOYMENT DURING THE PANDEMIC. CASE STUDY IN BIHOR COUNTY

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Abstract: *The first part of the article presents a short theoretical approach of unemployment, and the more consistent part is based on the statistical analysis of unemployment at the level of Bihor County. The analyzed period is represented by the years 2019-2021. For the current analysis, we have chosen the problem of unemployment during the pandemic, from a theoretical but also concretely applied perspective, since unemployment represents a complex psychosocial and economic phenomenon, and its dimensions and dynamics highlight the state of a society, but also the concerns for the implementation of active policies, which aim at increasing the employment rate, but also the quality of life. This paper analyzes the dynamics of unemployment in the period 2019-2021, but also the job protection measures implemented by the public employment system. Thus, the objectives of the research consist in the analysis of the unemployment indicators in Bihor County in the pre-pandemic period and in the pandemic period and of the special measures adopted in order to solve the problems generated by the health crisis. The used research method was the analysis of documents; we have analyzed the Activity Reports of Bihor County Agency for Employment (AJOFM Bihor) for the years 2020 and 2021 and the legal regulations adopted in order to protect employees and employers during this period. The analysis of statistical data revealed that the maximum number of unemployed people in the records of Bihor County Agency for Employment (AJOFM Bihor) was recorded in March 2021 (6,280 people), and the unemployment rate on this date was 2.36%. Two measures adopted by the government and implemented by the National Employment Agency through the County Employment Agencies had a major impact in maintaining jobs during the pandemic: technical unemployment and reduced working hours. Thus, in 2021 compared to 2020, the number of employees who benefited from technical unemployment decreased by 5,000 people.*

Keywords: *unemployment, unemployment rate, pandemic, active policies, technical unemployment, reduction of working hours.*

JEL Classification: *A14; E24*

1. Introduction and literature review

Unemployment represents an imbalance between labor demand and labor supply. In modern societies, where the values related to work and those associated with

the workplace are prevalent, it is understood and felt in a negative way (Cochinescu, 2005; Boudon et al., 1996). Among the most important causes of unemployment we can mention the structural decline of industry in a region or a country, which generates changes in the occupational structure and cyclical variations of economic activity, a situation in which companies lay off workers during periods of economic recession (Marshall, 2003). The two causes generate two types of unemployment: *structural unemployment* and *cyclical unemployment*.

Other forms of unemployment include: *insertion unemployment*, which occurs in the case of young people who have never worked before, *recurrence unemployment*, which refers in particular to those young people who within certain relatively short periods become unemployed, then they are employed in unstable and poorly qualified positions, and after a few months they become unemployed again, *frictional unemployment*, characteristic of people who change one job with another, *exclusionary unemployment*, which occurs because of aspects such as lack of qualifications, discrimination, age over 50 years (Preda, 2002; Samuelson and Nordhaus, 2001). Unemployment represents an important source of the decrease in the quality of life, which is why its dimensions and structure cannot be ignored in any country in the world. At the same time, unemployment represents a factor of increasing the segmentation of the labor market, a factor of political and economic instability, but also a factor responsible for the expansion of poverty (Cochinescu, 2005).

In order to reduce the negative consequences of the phenomenon, policies meant to combat unemployment become operational on the labor market, adapted to each stage, integrated within two large groups of policies: *passive policies* represented by granting financial aid and *active policies*, though more expensive "can reduce the unemployment rate and increase socioeconomic productivity" (Buzducea, 2010: 409). Active policies represent specific mechanisms meant to promote employment and take into account aspects such as: the development of work skills through professional qualification, professional requalification and retraining, promoting the spirit of active search, systems to encourage private initiative among the active population, especially among the unemployed, but also policies to support the mobility of labor force, encouraging the accomplishment of public utility deeds, the direct creation of temporary or permanent jobs in the public sector or within non-profit organizations (Giarini and Liedtke, 2001: 113-114).

The government in consultation with social partners have the responsibility of establishing the general coordinates of employment policy in macroeconomic context, and in their efforts to achieve the desired objectives, the authorities can resort to a varied range of mechanisms, institutions and actions (Pârâianu, 2003). The purpose of this analysis is to highlight the evolution and structure of unemployment during the pandemic period, as well as the analysis of some job protection measures, adopted in order to reduce the negative effects of unemployment in Bihor County. Thus, the proposed objectives consist in:

- depicting the absolute and relative evolution of unemployment during the pandemic at the level of Bihor county during the period 2019-2021
- the analysis of the special measures adopted by the Government during the pandemic in order to reduce the effects of the social crisis during the years 2020 and 2021.

The used method was the analysis of the documents provided by Bihor County Agency for Employment (AJOFM Bihor): Activity reports for the years 2020 and

2021 of Bihor County Agency for Employment, Emergency Ordinance 30/2020, with subsequent amendments and additions and Emergency Ordinance no. 111/2021 for the establishment of social protection measures for employees and other professional categories in the context of the interdiction, suspension or limitation of economic activities.

2. Statistical analysis of unemployment during the pandemic, 2019-2021, in Bihor County

Evolution of the number of unemployed during 2019-2021

From the analysis of the monthly stocks for the period 2020-2021, we can notice that since September 2020, the number of registered unemployed had increased considerably. This is due to the first measures, which appeared in August 2020, and which reduced the restrictions and conditioned the granting of technical unemployment only to certain categories of employers, in connection with the fact that, at that time, the reduced working time measure did not exist. Thus, some of the employers affected by the crisis laid off staff who thus entered the agency's records. The peak of the maximum number of unemployed people in the agency's records was recorded in March 2021 (6,280 people), a stock comparable to that at the end of 2017 (6,497 people). In April 2021, along with the appearance of the normative act that changed the percentage of subsidized reduced time from 50% to 80%, some employers opted for the re-employment of laid-off employees or made new hires, and in the months that followed, have applied for the new provision regarding reduced working time.

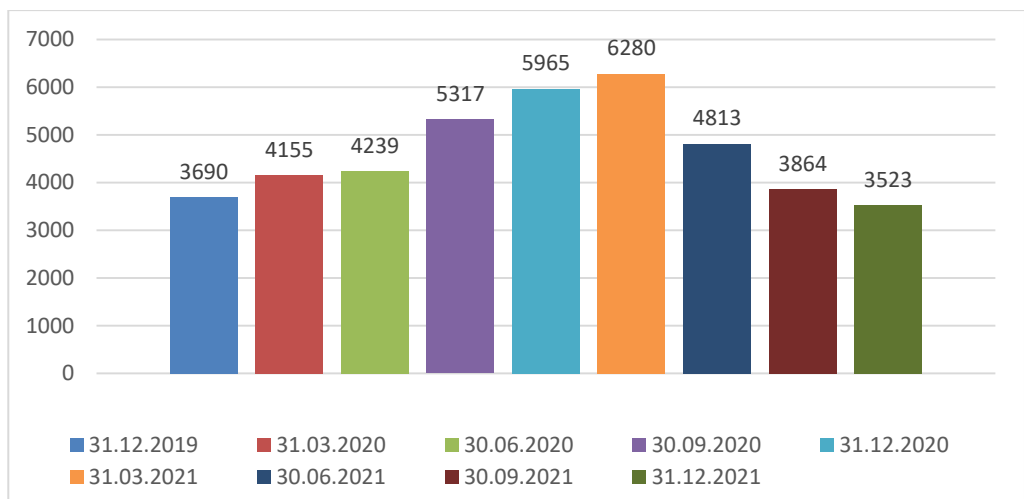


Figure 1 Evolution of the number of unemployed in Bihor County during the period 2019-2021

Source: www.bihor.anofm.ro

Regarding the number of young graduates in the class 2021, the monthly stock can be found in the chart below and we can observe that in 2021, a lower number of graduates entered the agency's records as unemployed beneficiaries of unemployment benefits compared to the previous year. The graduates of 2021

promotion were registered in the records of Bihor County Agency for Employment within 60 days from the date of graduation and the beneficiaries of unemployment allowances were the graduates who did not find work or were not admitted to a higher form of education.

Out of the 146 people in stock on 31.12.2021, 58% were high school or post-high school graduates, 25% professional school graduates and 17% university graduates.

Evolution of the number of unemployed by age group, level of education, duration of unemployment and residence

The analysis of the number of unemployed in the period 2020-2021 by age category shows that at the end of the analyzed period, the highest unemployment rate is registered among people over 50 years old, respectively the categories of age between 50-55 and over 55 years, the percentage of inclusion in the total stock at the end of the year being between 32-40%.

The next category is represented by people aged between 40-49 years (27-28%), followed by the 30-39 year-old category (17-20%).

The people in the 40-49 age category are the people with the highest fluctuation on the labor market. From the comparative analysis of inputs-outputs at the county level, we found that these values are similar, so these people are more mobile on the labor market and change their job depending on a higher salary level, with a higher frequency than other categories of people. At the same time, the employment percentage of this age category is 30% of the total annual employment, so there is a balance between entries and exits per category.

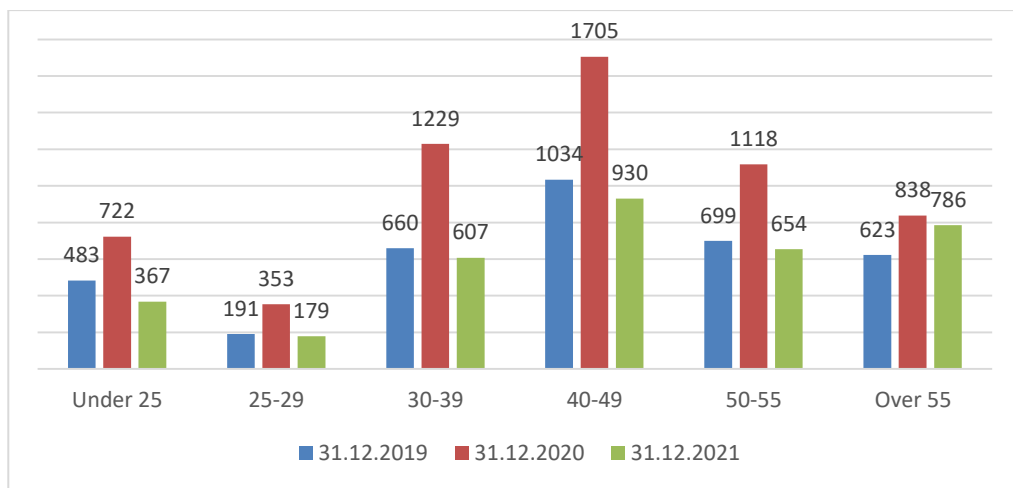


Figure 2 Evolution of the number of unemployed by age category in Bihor County during the period 2019-2021

Source: www.bihor.anofm.ro

Regarding the structure of unemployment according to the level of education, an analysis was carried out on the two types of benefit, unemployed with benefit and unemployed without benefit.

Unemployed people with benefits

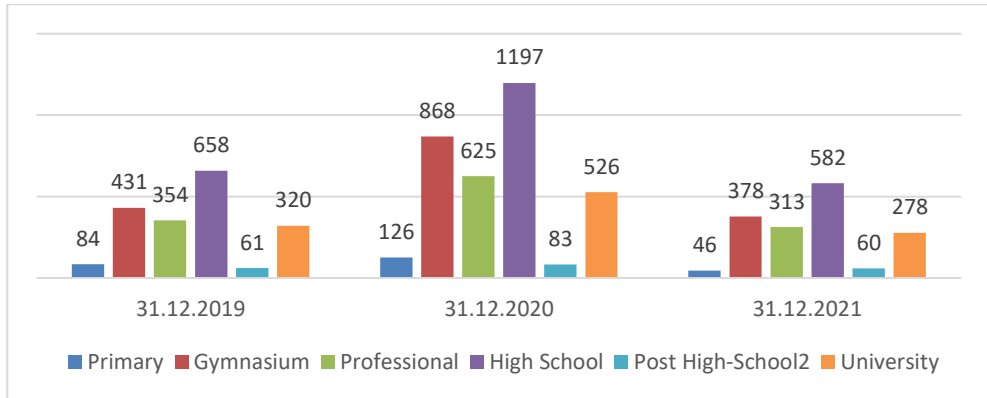


Figure 3 Evolution of the number of unemployed people with benefit, according to the level of education, in Bihor County, during the period 2019-2021

Source: www.bihor.anofm.ro

In what concerns the structure of unemployment according to the level of education for the unemployed with benefits, high school level of education occupies the first place with 34% of the total number of unemployed people with benefits, followed by the unemployed with secondary school level of education - 23% and the professional school level - 18%.

Unemployed without unemployment benefit

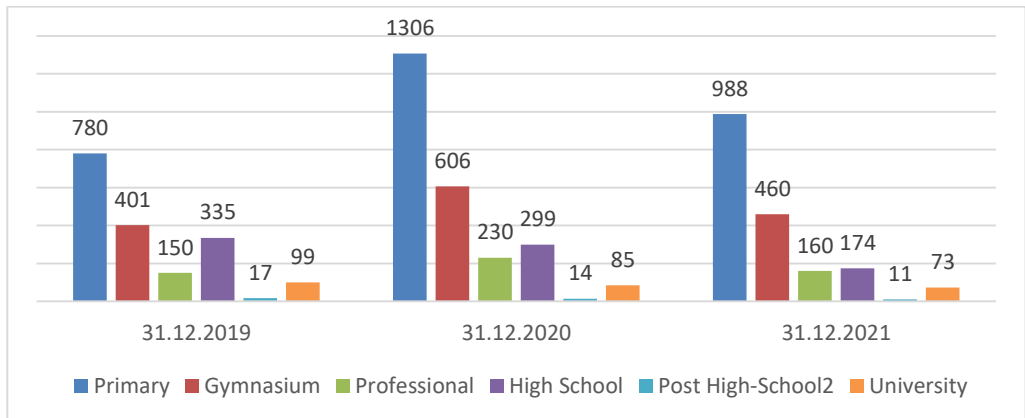


Figure 4 Evolution of the number of unemployed people without benefit, according to the level of education in Bihor County during the period 2019-2021

Source: www.bihor.anofm.ro

Regarding the structure of unemployment according to the level of education in the case of the unemployed without benefit, the unemployed with primary school education level occupy the first place with 50% of the total number

of unemployed without benefit, followed by the unemployed with secondary school education level - 23% and the high school graduates - 13%. In proportion of 85-90%, these people were registered in the agency's records with the following occupations: unskilled worker in the clothing industry, unskilled worker in the demolition of buildings, masonry linings, mosaic tiles, parquet, unskilled worker in the assembly, installation of parts, unskilled worker in breaking and cutting construction materials, unskilled worker in packing solid and semi-solid products. These occupations are found in the first 20 occupations from the situation of termination of employment contracts communicated by employers. From the total number of unemployed people without benefit registered in the agency's records, between 22-28% are people without studies, they are beneficiaries of the guaranteed minimum income. For these people, employment on the labor market is difficult because employers offer jobs for people with minimum level of secondary school education and the access to professional training programs is conditioned by the level of education, respectively at least primary school.

Evolution of the number of unemployed during 2019-2021, according to the duration of unemployment

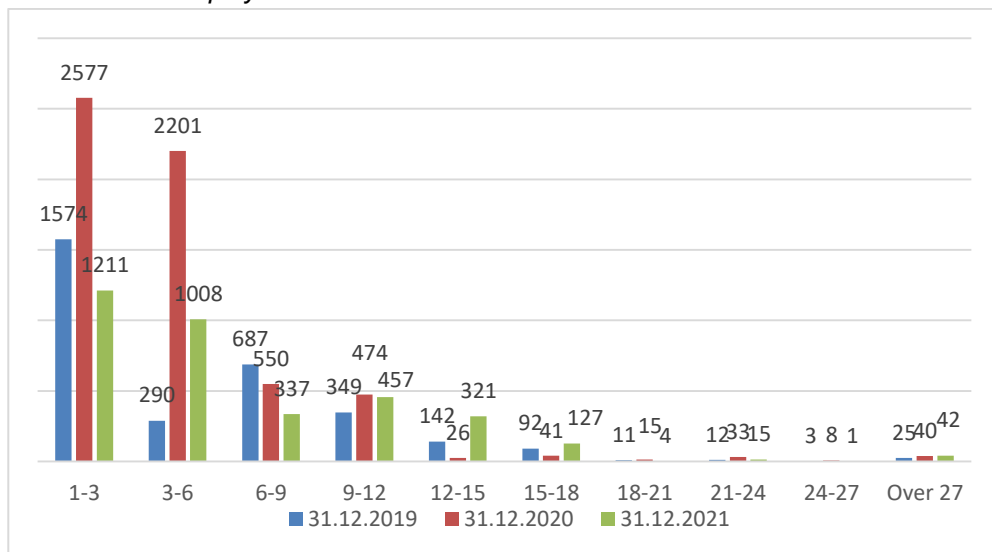


Figure 5 Evolution of the number of unemployed, according to the duration of unemployment, in Bihor County, during the period 2019-2021

Source: www.bihor.anofm.ro

From the analysis of the final stocks and the unemployment period of a registered person, it can be observed that over 40% is occupied by people with a duration of unemployment between 1 day and 3 months. These people come from disadvantaged categories (over 45 years of age, young NETTS) for whom employers request the financial incentives provided by art.80 and art.85 of Law 76/2002 with subsequent amendments and additions. From the monthly statistical data on employment at the Bihor county level, it is found that out of the total number of mediated and employed persons, 34% are employed after the first mediation. We can also notice that, if in 2019, 70% of the employed people are

unemployed without benefit, in 2021 the share between the unemployed with benefit and those without benefit is equal.

Evolution of the number of unemployed in the period 2020-2021 by residence environment

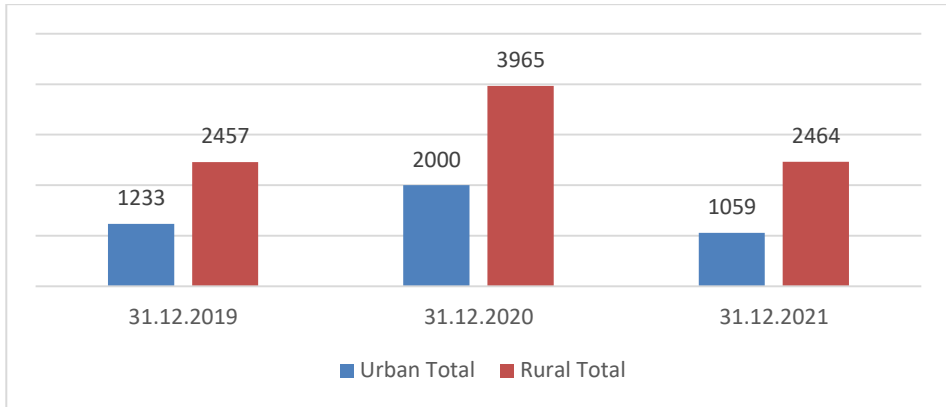


Figure 6 Evolution of the number of unemployed in the period 2019-2021, in Bihor County, by residence environment

Source: www.bihor.anofm.ro

The registered unemployment rate for the period 2019-2021

Bihor County is among the counties with a low registered unemployment rate and a relatively low number of unemployed.

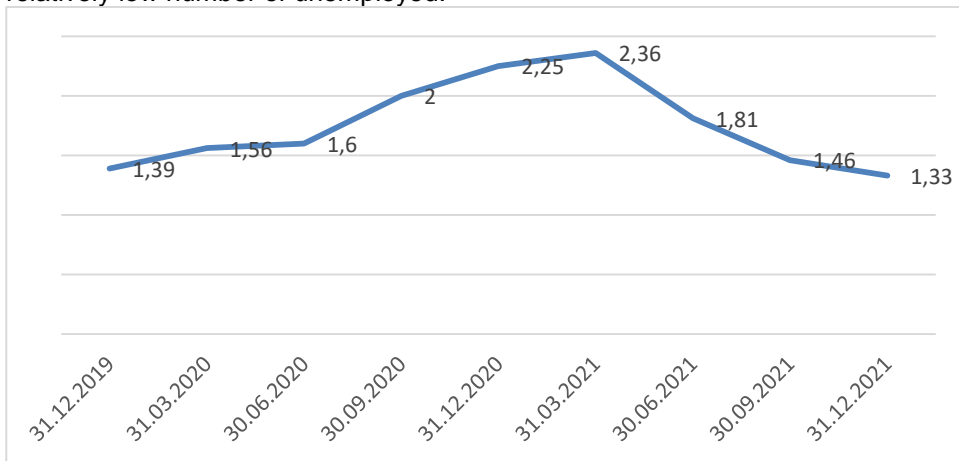


Figure 7 Evolution of unemployment rate, in the period 2019-2021, in Bihor County, by residence environment

Source: www.bihor.anofm.ro

At the end of December 2021, the unemployment rate registered at the county level was 1.33%, being 0.92 p.p. lower than the unemployment rate in the same month of the previous year and approximately equal to the unemployment rate registered on 31.12.2019 (1.39 %). The unemployment rate is influenced both by

the number of unemployed registered in that month and by the active civilian population at the level of Bihor county.

A proportion of 85-90% of the uncompensated unemployed registered in the agency's records had the following occupations: unskilled worker in the clothing industry, unskilled worker in the demolition of buildings, masonry linings, mosaic tiles, parquet, unskilled worker in assembly of parts, unskilled worker in breaking and cutting construction materials, unskilled worker in packing solid and semi-solid products.

This fact led to the classification by occupations/unemployed who were at least 1 day in the agency's records. In 2020, 62% of the unskilled workers were in the agency's records for at least 1 day, and in 2021, 66%, came from the category of primary or secondary school education and the category of unemployed without benefit.

3. Analysis of job protection measures

The health crisis imposed the need for a legislative framework adapted to the special situation caused by the COVID-19 pandemic, in which the state actively intervened, with the declared aim of preserving jobs and supporting employees and employers in exceptional situations, as a consequence of the restrictions imposed by the measures necessary to limit the spread of the infection.

A special situation, which fully proved its effectiveness, was that of technical unemployment, as an alternative solution to the termination of the employment contract for the employees in sectors with restricted activity. Thus, from the unemployment insurance budget, Bihor County Agency for Employment (AJOFM Bihor) paid 75% of the value of gross salary (limited to 75% of the average gross salary earnings, per country), to employees who benefited from technical unemployment, as a result of the restrictions imposed by the epidemiological situation. The payment was made in accordance with the provisions of Emergency Ordinance 30/2020, with subsequent amendments and additions and Emergency Ordinance no. 111/ 2021 for the establishment of social protection measures for employees and other professional categories in the context of the interdiction, suspension or limitation of economic activities, determined by the epidemiological situation generated by the spread of the SARS-CoV-2 coronavirus.

In 2020, the most affected branch was hotels and restaurants, both in terms of number of people (7,455 people) and number of employers (917 employers). The manufacturing industry also registered a considerable number of people receiving technical unemployment (3,131 people) for a number of 72 employers (Bihor County Agency for Employment /AJOFM Bihor, 2020). In 2020, the total number of employees affected by technical unemployment was 16,005 people, and in 2021 this number decreased with 5,000. At the same time, the number of employers increased in 2021 compared to 2020 because the measure became well known and small companies accessed it (e.g. guesthouses and small accommodation units, bars and other services).

From the analysis of technical unemployment by branch and CAEN code, we can notice that hotels and restaurants occupy the first place in both cases, both in terms of number of employers and number of employees. In 2021, in the case of restaurants, the number of employee beneficiaries increased compared to 2020,

because the legislative modifications in 2021 allowed restaurants to continue the technical unemployment program, according to the degree of incidence of the disease, while other activities were no longer eligible (Manufacture of furniture, Manufacture of other parts and accessories for vehicles and motor vehicles, Manufacture of other plastic products, Retail trade of footwear and leather goods, in specialized stores).

GEO 132/2020 with the subsequent amendments and additions is the normative act that establishes flexible work in Romania according to a model of German inspiration, called Kurzarbeit, which aims to reduce the negative impact on the labor market, produced by the health crisis, and to maintain the mandatory measures that aim to reduce the spread of the SARS-CoV-2 virus. The ordinance was conceived to support both employees and employers (Bihor County Agency for Employment /AJOFM Bihor, 2020).

According to it, if the company's turnover decreased by at least 10%, compared to the month before the application of the measure or, at most, in the month before the previous month, compared to the similar period of the previous year, the employer can order unilaterally, the reduction of working time for at least 10% of employees. Under these conditions, the employers benefited, from the unemployment insurance budget, of an allowance of 75%, which represents the difference between the gross basic salary, stipulated in the individual employment contract, and the gross basic salary corresponding to the hours of work performed, as a result of the reduction of working time.

The normative act entered into force in October 2020 and ran throughout 2021. Employers who no longer met the conditions for being granted technical unemployment benefited from this measure: manufacturing industry, wholesale and retail trade; motor vehicle and motorcycle repair, administrative service activities and support service activities, professional, scientific and technical activities etc. In addition to the health crisis, employers in the manufacturing industry were affected during production processes, by dysfunctions regarding the supply of raw materials and materials from external, European or global suppliers. Also, the lack of orders determined employers to access this measure. Hotels and restaurants, which were not eligible for technical unemployment, resorted to this measure because the turnover was 10% lower than in 2019. The professional, scientific and technical activities branch included all liberal activities (lawyers, actors, beauty parlors etc.) and were managed by Bihor County Agency for Payments and Social Inspection.

In 2021, the number of employers in the administrative service activities and support service activities branch has grown considerably (over 800%). This category includes consultancy firms and accounting firms, which became eligible and massively applied for this measure. The 2020-2021 crisis period also overlapped with an inactive period regarding the attraction of European funds, no financing lines were launched, and that is why the consulting companies, with the fulfillment of the legal provisions regarding the turnover, had benefited from the reduced time measure.

Other protection measures for employees and employers carried out during the years 2020-2021 were: support for work for a determined period, telework, leave for child supervision, incentives for hiring the unemployed (Bihor County Agency for Employment / AJOFM Bihor, 2021). Also, the active measures provided by Law no. 76/2002 regarding the unemployment insurance system and

employment stimulation, with subsequent amendments and additions, had a major impact in maintaining the number of some employers' employees.

4. Conclusions

The analysis of job protection measures and of statistical data regarding the absolute and relative evolution of unemployment in Bihor County during the pandemic enables us to formulate the following conclusions:

- The number of registered unemployed increased starting from September 2020, and the highest number of unemployed registered at Bihor County Agency for Employment (AJOFM Bihor) was in March 2021, 6,280 people, corresponding to an unemployment rate of 2.67%
- The share of the unemployed without benefit in the total number of unemployed is 53%.
- People over 50 years of age represent 41% of the total unemployed (in 2021), 9% more than in 2020.
- At the end of 2021, the highest unemployment rate is recorded among people in the over 50 age category (41%), followed by the 40-49 age category (26%) and the under 25 category represents only 10%.
- More than 40% of the total unemployed is represented by people with a duration of unemployment between 1 day and 3 months. These people come from disadvantaged categories (over 45 years of age, young NETTS)
- More than 70% of the total unemployed without benefit are people with primary school education level (without studies and incomplete primary school) and 30% are without education.
- The persons registered in the agency's records who have an 'easy' employability level, come from the category of persons with vocational, post-high school or university education.
- 65% of the average number of unemployed are from rural areas.
- The number of technical unemployment beneficiaries decreased in 2021 compared to 2020.
- Hotels and Restaurants are in the first place both in terms of the number of technical unemployment beneficiaries and employers.
- We notice an increase in the number of employers for the Administrative services activities and Support services activities branch in 2021 compared to 2020.
- Accessing the measure *Reduced time* due to the lack of raw materials and materials.
- The branches in which technical unemployment was insignificant are the following: water distribution; sanitation, waste management, decontamination activities, financial intermediation and insurance, public administration and defense; social insurance from the public system, extractive industry, health and social work.

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