

# THE SITUATION OF LONG TERM UNEMPLOYMENT IN BIHOR. FROM ILLUSION TO REALITY

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*Around Bihor county, there has lately appeared this “myth” of a very low unemployment rate (values below the average in the Community, among the lowest in Romania). The trans-border migration, the presence of a high occupancy in the rural area, especially within an agriculture of subsistence are just a few aspects behind this myth. The long term unemployment is, at the same time, an important aspect that calls forth a realistic investigation. The necessary and inevitable restructuring in the regional economy will lead in the near future to major challenges in the field of occupancy. This study undertakes not only the investigation of the theoretical and operational approaches of the LTU in Romania and EU, but also the apparently favourable situation of the LTU in Bihor in the last three years, in order to identify the real problems and shape up a strategy that would allow active measures adapted to the individual situations and needs identified. The study presents preliminary results of the research within the project “eWork today – training program oriented towards adaptation / orientation of the active labour force to the requirements of the informational society”, financed through the Program PHARE 2005. **The data used were disclosed, on the basis of a collaboration agreement within the aforementioned project, by the AJOFM BIHOR.***

**Keywords:** unemployment, long-term unemployment, active labour force, active occupancy measures, regional development, local development.

## Introduction

Even if the unemployment rate in Romania is situated below the community average, fact explained first of all by the relatively high rate of occupancy in the rural area, the high level of unemployment with the youth (15-24 years old), the long term unemployed as well as the persons looking for a job in rural areas and the persons working in agriculture for low incomes represent structural “disfunctions” of the unemployment in Romania, whose defeat represents the key issue to approach, according to EU Directive Lines of the strategy of Labour Force Occupancy and to the objectives of the National Strategy for Labour Force Occupancy 2006-2010<sup>14</sup>. The necessary and inevitable restructuring of the Romanian economy especially the restructuring of agriculture and services will demand human resources able to meet the transformation of the economy and of the labour market, improvement in the quality of the labour force by substantial investments in the development of the human capital. In this circumstance the long term unemployment issue is more difficult as it requires active measures adapted to the individual situations and needs<sup>15</sup>. According to the operational approaches of the long term unemployment both in Romania and in EU we include in this category of long term unemployed: young unemployed (15-24 years old), after 6 months from the moment of getting out of work and the adult unemployed (25-64 years old), after a period of 12 months from getting unemployed. This work undertakes to analyse the situation of the long term unemployment in Bihor in the last three years.

### **Several aspects behind the “myth” of the very low unemployment rate in Bihor**

Around Bihor county, there has lately appeared this “myth” of a very low unemployment rate (values below the average in the Community, among the lowest in Romania). In May 2008 the unemployment rate in Bihor is situated at 2.5%, under the European and national average (average unemployment rate in EU

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<sup>14</sup> National Strategy for Labour Force Occupancy 2004-2010, published in Monitorul Oficial no. 834/2004; National Action Plan for Labour Force Occupancy, published in Monitorul Oficial no. 698/2006

<sup>15</sup> Short and medium term strategy for the continuous professional training 2005-2010, published in Monitorul Oficial no. 747/2005

6.9% at the end of 2007, unemployment rate at the end of May 2008 at a national level 7.4%), Bihor being one of the counties with the lowest unemployment rate in the country. Starting with 2000, in Bihor the unemployment rate has been decreasing: 4.6% in 2000, 3.2% in 2002 and 2.7% in 2005, 2.2 % in 2007.

The trans-border migration and the existence of an important occupancy in the rural area especially within the agricultural subsistence are only some aspects behind these generally positive data and evolutions. Another relevant aspect emerges if we analyse structurally the situation of unemployment and it is related to the vulnerability of the age and the qualification level of the categories most affected by unemployment: people aged between 30 and 49, both in general and in what the female population is regarded; young people between 18 and 24, respectively workers.

*The long term unemployment is, at the same time, an aspect requiring realistic investigation.* In the current terminology, the long term unemployed that come to register at AJOFM are classified in two categories:

- *those that come from work, had benefited from unemployment benefits but exceeded this period of 6,9 or 12 months;*
- *those that do not come from work – and thus could not benefited from unemployment benefits, but come to register themselves at AJOFM just to receive a certificate proving their registration. On the basis of this certificate, according to Law 416 concerning the guaranteed minimum income, they get money allowance from the residence town hall. This aid is provided, in short, with the following conditions: those apt to work have to be registered with AJOFM and to perform 72 hours for the community. If they refuse the workplace they are sent to by AJOFM they do not get a certificate and, implicitly, they do not get a financial aid. Hence, once in 3 months, they regularly come for the certificate.*

In what regards the implementation of the active measures of occupancy concerning the long term unemployment, the problem is the high rate (over 99.5%) of long term unemployed of the second category, that do not come from work and do not wish to get employed, being very little receptive to the active measures of occupancy and, implicitly, the low rate (under 0.5%) of the unemployed of the first category – whose period of unemployment benefit had expired and who usually find a workplace because they come from work.

The project “**eWork – today**” was based on these very aspects, identified as risk factors within the **Bihor County Development Plan 2007-2013**, namely low unemployment rates with the population aged 30 to 49 and, at the same time, high unemployment rates with the youth and the workers, a problem that requires attention from the educational system, with a special emphasis on the life long education and the vocational orientation<sup>16</sup>.

### **Project “eWork – today”**

**The project “eWork – today** – training program oriented towards adaptation / orientation of the active labour force to the requirements of the informational society”<sup>17</sup> **tests an innovative and complete educational solution based on modern devices** (eLearning platform, multimedia laboratory) on a target group formed of 40 unemployed persons: **20 young unemployed aged 18 - 24**, with a low qualification level that do not meet the requirements of the labour force, with a view to obtain a qualification in order to get a well-remunerated work place and **20 long term unemployed aged 30 - 45** with a view to re-enter the labour force market, more active and better qualified. **The project “eWork – today”** has started from the idea that the motor forces, that can trigger **the change in the regional reality** in order to fulfil the general objective of appropriate regional development of the labour force market, are: mastering basic technical knowledge and insuring a degree of confort in using them, on one hand, as well as proving soft abilities

<sup>16</sup> see <http://www.cjbihor.ro/plan.php#>- - The Bihor County Development Plan 2007- 2013

<sup>17</sup> “**eWork – today** - training program oriented towards adaptation / orientation of the active labour force to the requirements of the informational society”, Program **PHARE 2005, Contract: PHARE 2005 / 017-553.04.02.01.01.612** Active occupancy measures. Period of implementation: 03.01 – 31.12. 2008; Total grant: 118080 euro; Project Manager: prof. Anca Dodescu, PhD, Project Scientific Director: lecturer Ioana Pop Coșuț, PhD.

that would insure the person's adaptation to the new forms of work – presenting labour offer compatibly with the demand, understanding modern organizational culture and a spirit of entrepreneurship, on the other hand. The two notions that represent the basis of the program of professional training are – **an organizational culture in concord with the new economy and the entrepreneurship spirit that could support the economic development in the context of the integration to the single European market**, extremely competitive. In this respect, the program of continuous education and training, **eWork**, includes modules designed for developing competences of the **hard skills** type: Computer ABC module, Module of using modern technology in performing the economic activity (administration, economic control, database operation - reporting) and **soft skills** type: Module Organizational/Entrepreneurship Culture, Module Preparing a professional CV and going for an interview, the services being personalized. The end goal of the project is successful placement on the labour market of at least 50% of the trained unemployed persons as well as the stimulation of their entrepreneurial spirit aiming at their starting own businesses that could be administrated according to the competences gained.

***The situation of the long term unemployment in Bihor county from January to April 2008***

The current study was called forth by the escalation of the difficulties emerged in the identification and selection of the target group formed of long term unemployed persons in Bihor county within the aforementioned project “**eWork today**”. *The study presents the preliminary results of the research. The data used were disclosed, on the basis of a collaboration agreement within the aforementioned project, by the AJOFM BIHOR.*

According to the data provide by The County Agency for Labour Force Occupancy (AJOFM) Bihor, valid for April 2008, there are currently 6108 unemployed persons in the county, 2597 of whom are women. The number of those receiving an unemployment benefit comes to 1688 and of those not receiving one to 4420. From the statistics disclosed by the AJOFM it can be seen that the total number of unemployed persons arising from the private sector is 2663. The number of the long term unemployed persons is 943.

Regarded structurally, the situation of the long term unemployed persons in Bihor county in the years 2006, 2007, 2008 is presented in Figure no. 1.

**Fig. no. 1. Situation of the long term unemployed persons in Bihor county in 2006-2008**

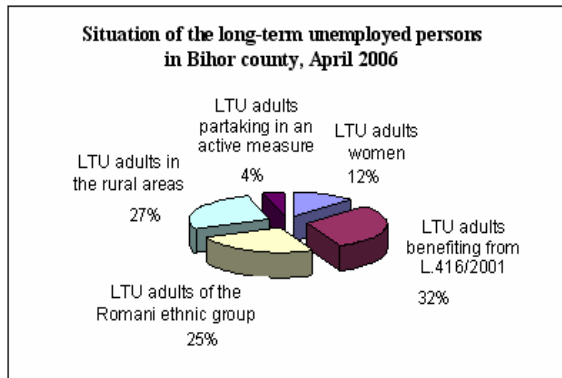
<b>Indicator</b>	<b>April 2006</b>	<b>April 2007</b>	<b>April 2008</b>
<b>TOTAL LTU adults registered from which:</b>	<b>1780</b>	<b>763</b>	<b>943</b>
LTU adult women	711	286	355
LTU adults benefiting from L.416/2001	1780	763	943
LTU adults of Romani ethnic group	1460	610	773
LTU adults from rural environment	1530	671	801
LTU adults participating in an active measure	251	301	181
From which women	72	107	74

*Source: AJOFM – Bihor, April 2008*

The number of long term unemployed persons registered with AJOFM was of 1780 in 2006, 763 in 2007, respectively 943 in April 2008, which indicates a decrease with approx. 42.86% in 2007 as compared with 2006, respectively a growth of 23.59% in April 2008 as compared with 2007.

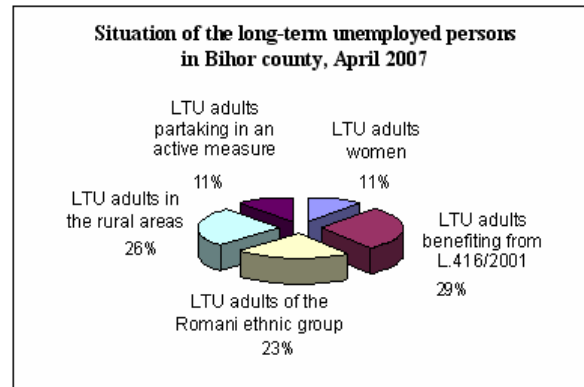
As for the structure of the long term unemployment, we can note the following evolution, namely: the percentage of LTU adult women registered a slight fluctuation during the three years analysed from 12% in 2006 to 11% in 2007 and a recovery to 12% in 2008 as we can see in Figure 2,3 and 4.

**Fig. 2 Situation of LTU in Bihor county, April 2006**



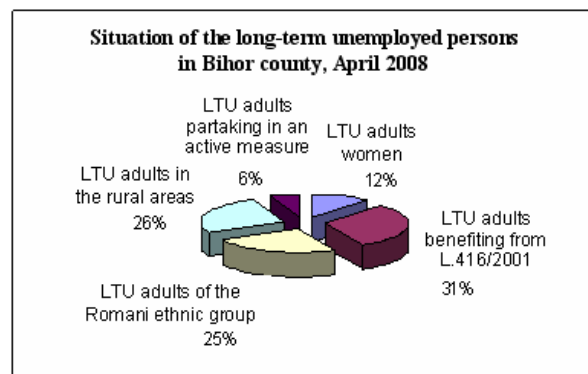
Source: AJOFM – Bihor, April 2008

**Fig. 3 Situation of LTU in Bihor county, April 2007**



Source: AJOFM – Bihor, April 2008

**Fig. 4 Situation of LTU in Bihor county, April 2008**



Source: AJOFM – Bihor, April 2008

At the same time we may note that the number of LTU adults participating in an active measure altered significantly from 251 people in 2006 (4%), increased to 301 in 2007 (11%) and then decreased quite substantially to 181 people, i.e. a percentage of only 6%. It is also relevant to observe the large number of persons benefiting from Law 461/2001: 1780 in 2006 (32%), 763 persons in 2007 (29%) and this year's substantial increase to 943 people.

What is worrying for the years 2006, 2007, 2008 is the percentage of 100% of long term unemployed persons benefiting from L. 416/2001 and the very low percentage of those benefiting from active measures. The explanation is related to the high percentage of long term unemployed people of the Romani ethnic group – over 80% (82% in 2006, 81.19% in 2007, 87% in April 2008) and over 85% people from the rural areas (86.97 % in 2006, 87% in 2007, respectively 85% in April 2008), both categories replying very hardly, almost not at all, to the formative measures. As a matter of fact, the percentage of those that benefit from active measures, counselling, mediation, training courses etc. is quite low – 10.81% in 2007 and 19.19% in 2008 but although they registered for these measures for occupancy they do not participate except from a very small percentage; at the same time they manifest a low interest in the unqualified jobs they are sent to by the AJOFM. The only aspect that is not worrying is connected to the percentage of women in the category of the long term unemployed, fewer than 50%, in all the cases considered.

Taking into account these data, for the mentioned project, aiming to select the target group – long term unemployed people aged between 30 and 45, we focused on the 943 long term unemployed people in Bihor county. At a closer analysis we noticed that in this age category there are approx. 30%, from who only a percentage of approx. 8.66% have as completed education form at least a complementary training for apprentices, a professional school or specialised highschool. From these, a percentage of 7.69 (i.e. 2 people) were willing to meet the representatives of the project, neither registering for the free courses offered, though.

These peculiar problems could become the basis of some active measures of occupancy that would answer the need featured by the long term unemployed. By now, the programs addressed to the long term unemployed have not considered these particularities and the special programs have not yet been implemented in Romania. In our opinion, a more intensive use of *the active measures focused on the professional formation*, as well as a promotion of *occupancy local partnerships* to identify the vulnerable groups and secure their inclusion in the labour market are possible solutions to be applied, at this very moment, in the issue of the long-term unemployment.

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