

# THE EFFECTS OF PANDEMIC CRISIS CAUSED BY THE COVID-19 REGARDING HUMAN RESOURCES

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## Abstract

*The effects of the SARS-COV 2 Pandemic on the labor market have been devastating, to say the least, generating a general destabilization of the business environment and raising the number of unemployed people.*

*The total or partial lockdown of some economic activities, the social distancing, the quarantine, the flight and circulation restrictions have all been factors which have affected all activity domains, but also all members of society.*

*Romania, along with every other member states of the EU, will have to adopt the most adequate measures regarding the economic relaunch and the support for people who have been affected by the pandemic.*

**Key Words:** active population, working population, unemployment, employees, unemployment rate.

**JEL: Classification: E24**

## 1. Introduction

The International Labor Organization estimated that the impact of COVID-19 has affected 81% of the international workforce (International Labor Organization, 2020), which represents about 2.7 billion workers, directly influencing the activity sectors, with lesser effects in sectors such as: health and social activities, education, public administration and defense, public services, at the opposite pole being sectors such as accommodation and food activities, furniture activities, car repairs, production activities.

The rapid expansion of the global pandemic has led to the identification of developing economic activities, as well as implicitly adapting them to a new type of work – work from home.

## 2. Research Methodology:

This research has the objective of presenting and developing the concept of the labor market during the pandemic.

Starting from specialized literature, from national and international analysis, we set out a definition of effects produced by the pandemic crisis, as well as a presentation of the evolution of unemployment based on age and environment. To reach this objective we've used a fundamental research methodology, we've appealed to comparative analyses of national and EU-level data series.

## 3. Workforce Market in Romania

In this study we've tried to present a part of the sanitary crisis-generated transformations on the labor market, the analysis being redone using data given by the National Institute of Statistics, but also using official reports from the Ministry of Work and Social Protection, starting from the evolution of Romania's population and the workforce's evolution.

The residential population of Romania on the 1st of January 2020 was 19.328.838 people; comparing it to 2019, the number dropped by 30.005 people, due to a negative birth rate as well as international migration (graph no. 1).

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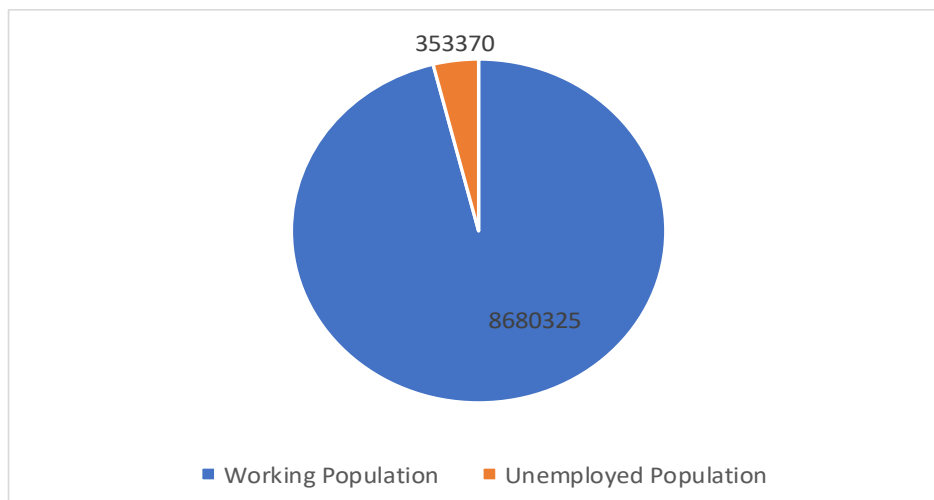
The structure of the residential population is formed of 51.1% women, and if we analyze it through the environment distribution, we can see that 56.4% of the population is located in the urban environment.

Moreover, we can observe that based on the age of the residential population, there's been an accentuated growth of people above the age of 60, representing a rapid process of demographic aging.



Graph no. 1 – The Residential Population based on sex, age and environment  
*Source: INS own data processing*

Regarding the structure of the residential population from the point of view of economic activity participation, we've identified that, in 2019, 9.033.695 people were classified as working population (Graph No. 2), respectively 46,55%, while 10.372.145 people were not working.



Graph No. 2 - The Structure of the Working Population in Romania, 2019  
*Source: INS own data processing*

In 2020, the working population has recorded a drop when compared to the preceding year, reaching 8,973 million people. The structure of this drop contains: 94,96% of the working population and 5,04% of the unemployed. From the unemployed, 23,3% are young people (15-24 yrs.). Among these youngsters there's been recorded a rate of unemployment of 17,3%, an effect of the sanitary crisis, trying to keep the effects of the pandemic under control.

The data published by the National Statistics Institute shows that, on average, for every one working person there's 1,2 people from other categories, which represents a large degree of economic dependency.

If, from the inactive population, we subtract 4,7 million people (representing the average number of retirees) and 3,5 million people (representing students), there's a difference of approximately 2,2 million people who are maintained by other people or the state, or who earn their living by other types of income (rent, dividends, etc.) as well as stay-at-home people, categories with a raised vulnerability in crisis conditions (Chivu & Georgescu, 2020).

The unemployment rate has risen from 3,9% in 2019 to 5% in 2020. Regarding women, there was a 1,3% increase, while in the case of males it was 1%.

Regarding the level of education, the people with primary, secondary and professional studies are the most affected, registering a number of 204 thousand unemployed.

Guy Ryder, the general director if the International Labor Market, declared: "On the current trajectory, as the labor market starts to return, there's a major risk of inequality accentuation. We can see a powerful redirection and pretty good perspectives for people coming from countries with high income and with workplaces for specialists with high qualifications. I believe the others will be on the opposite side."

The sanitary crisis has affected employees from all activity domains, but mostly the ones who worked in the Hospitality Industry; many of them either went into technical unemployment, or remained without a workplace.

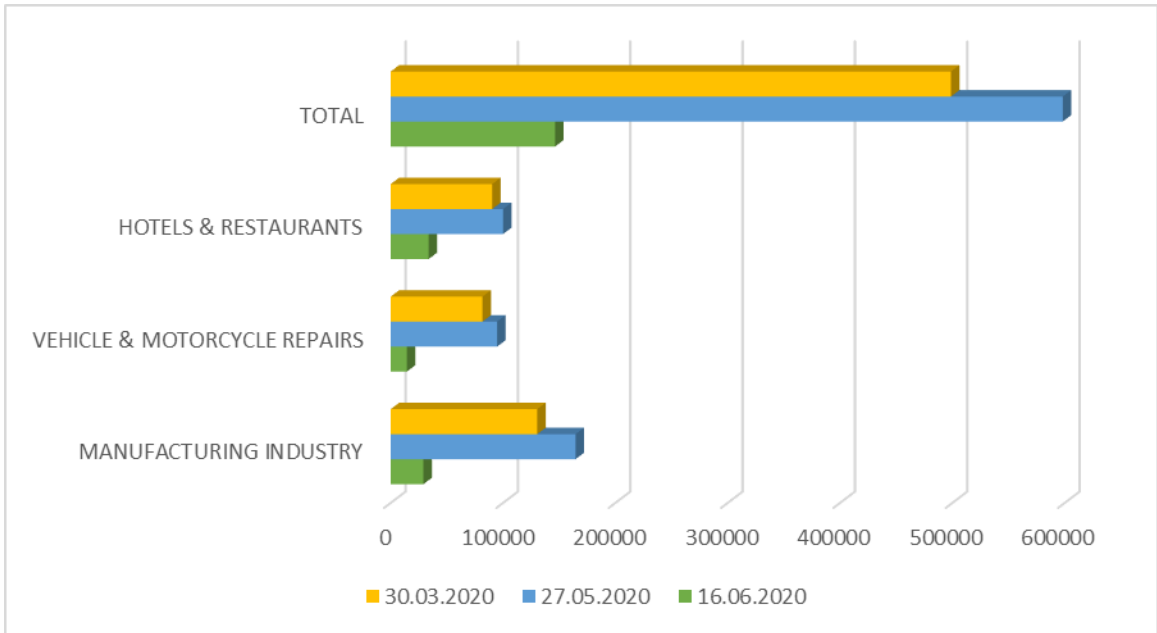
From the data given by the Ministry of Work and Social Protection we can observe the effects of the sanitary crisis on the Romanian salarieds nationally as well as on activity sectors regarding the number of suspended or canceled work contracts.

Therefore, on March 30th 2020 there were 498.778 work contracts registered as suspended (representing technical unemployment) and 111.340 canceled contracts, in the conditions that the number of salarieds at this date was 5,569 million. The last report made by the Ministry of Work and Social Protection, on May 27th 2020, regarding canceled contracts, shows a significant increase, reaching numbers of 424.389 contracts and, respectively, 598.264 suspended work contracts (Table No. 1).

Table no. 1 - Number of Contracts Suspended & Canceled, between 30.03.2020 – 16.06.2020

	<b>30.03.2020</b>	<b>27.05.2020</b>	<b>16.06.2020</b>
<b>SUSPENDED WORK CONTRACTS</b>	498.778	598.264	146.314
<b>CANCELED WORK CONTRACTS</b>	111.340	424.389	-

*Source:* processing data provided by the Ministry of Labor and Social Protection

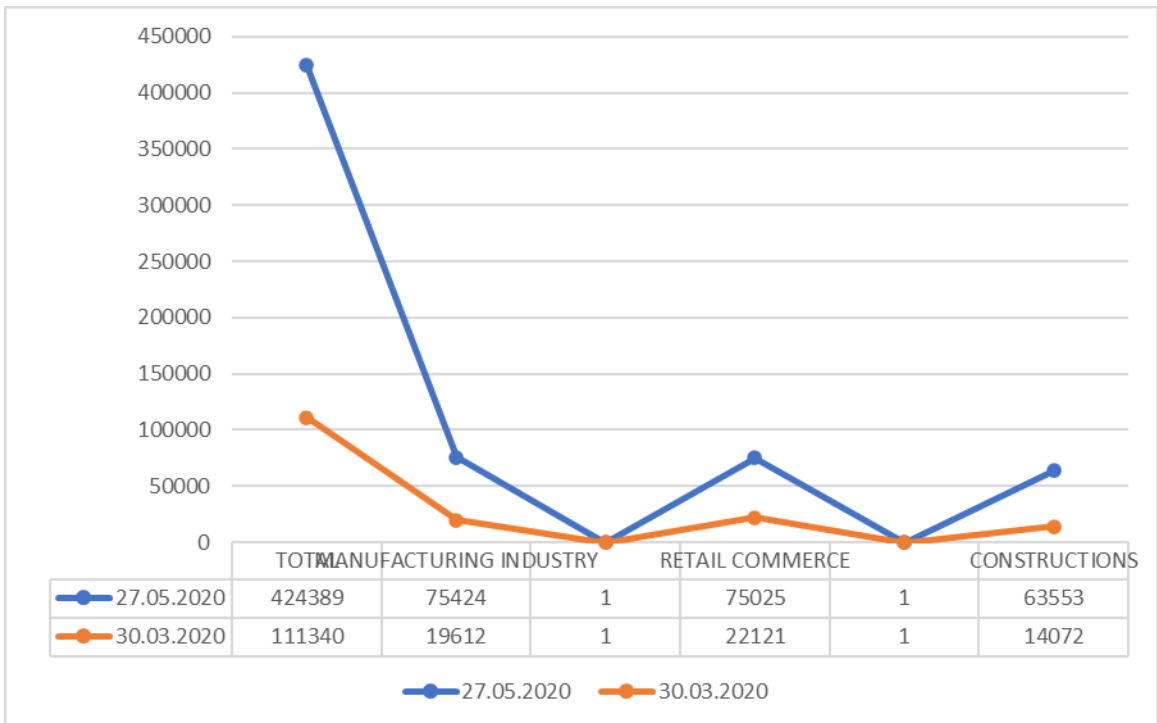


**GRAPH NO. 3 - The Number of Suspended Work Contracts, between 30.03.2020 – 16.06.2020**

*Source:* processing data provided by the Ministry of Labor and Social Protection

The sanitary crisis, as we can see, has strongly affected the three activity domains by registering over 50% of suspended contracts, reaching the maximum point of 1,046 million on the 10th of April 2020.

The canceled individual contracts situation has been represented in Graph No. 4.



**GRAPH NO. 4 - Canceled Work Contracts, between 30.03.2020 - 27.05.2020**

*Source:* Based on data provided by the Ministry of Labor and Social Protection, [www.mmuncii.ro](http://www.mmuncii.ro).

As we can see, the construction domain has also been affected by the pandemic, reaching a percentage of 11,6% in relation to the number of salarieds, respectively 406,5 thousand people.

Until 30.03.2020, there was a number of 550.000 people who benefited of technical unemployment given by the government, of which 490.017 worked within companies and 59.744 where physically independent persons, those who had liberal professions or earned their income independently.

#### **4. Measures Applied in Romania for the People Affected by the SARS-COV 2 Pandemic:**

The Romanian Government has tried to stop the effects of this pandemic through the imposed measures, therefore it has canceled debts and other penalties owed on the 31st of March 2020 and those with the pay-term between 01.04.2020 – 31.12.2020, with the condition that they are paid until 15.12.2020. Also, there were also bonuses given to the people who paid their taxes until 30.06.2020.

Through Urgency Ordinance no. 33 from March 26th 2020 regarding some fiscal measures, a bonus was granted to corporate taxpayers who pay the tax due on the first quarter of 2020 by the deadline of April 25th 2020. This bonus was calculated as such: 5% for big taxpayers, 10% for middle taxpayers and 10% for the others.

The parents were granted free days to supervise their children, with the condition that study centers temporarily suspended courses according to Law 19/2020.

Moreover, the period for granting technical unemployment was increased during the urgency state, as an effect produced by the spread of SARS-COV 2.

#### **5. Conclusions:**

The effects of the pandemic were felt throughout the entire country, through the implementation of social distancing, travel limitations, hygiene measures, working from home etc.

The suspension or canceling of work contracts, the reducing of active salarieds by over 900.000 (April 2020) are effects which have been registered on the labor market, with socially devastating consequences.

The most affected sectors were the manufacturing industry, hotels & restaurants and retail commerce which have registered 50% of suspended contracts and over 50% of canceled contracts were in constructions, the manufacturing industry and retail commerce.

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