

SIM 2015 / 13th International Symposium in Management

The Impact of the Economic Crisis on Civil Employment in the South-West Oltenia Region of Romania

Marian Zaharia^a, Catalin Popescu^{a,*}, Aniela Bălăcescu^b

^a*Petroleum-Gas University, 39 B-dul Bucuresti., 100680, Ploiesti, Romania*

^b*"Constantin Brâncuși" University, 24 Victoriei St., 210191, Târgu Jiu, Romania*

Abstract

This paper investigates the impact of the economic crisis on civil employment at the regional level in Romania, especially in the South-Western region of Oltenia. The aim of this study is to test whether the decreasing number of the employed population in the south-western Oltenia region is mainly due to the economic crisis or other factors. The proposed theory is that the decline of civil employment is the consequence of several specific factors (culture, habits, traditions, the dominant religion, applied restructuring policies), as well as political decisions at the central and regional level. The results confirm our theory. In its first part, this paper focuses on the comparative analysis of particularities regarding the evolution of the average number of employees, across macro-regions and development regions of Romania, with emphasis on the years 2008 and 2013 (i.e. before and after the outbreak of the economic crisis). The second part of the paper highlights important changes specific to each economic branch (in terms of civil employment) across South-West Oltenia region in the period under review.

Keywords: civil employment; development region; activity of national economy; South-West Oltenia; Romania

1. Introduction

The impact of the global economic crisis manifested itself differently from country to country and even from one internal region to another. This heterogeneity was determined by factors such as: the state of the economy at the beginning of the crisis, the structural characteristics of the economy and labour market policies (Aiginger, Horvath, Mahringer, 2011).

* Corresponding author. Tel.: +0-721-547-571; fax: +0-244-575847
E-mail address: catalinnicolaepopescu@gmail.com

The restructuring processes that occurred after the fall of Communism and the economic crisis of late 2008 have had major implications on the labour market after both events interrupted the economic growth in nearly all EU member states and even worldwide. Some Romanian authors (Roman & Voicu, 2010, Pociovălișteanu, 2011) have highlighted many problems encountered in the Romanian labour market, in particular migration and its negative social consequences, as it results in a temporary abandonment of minors by their labour migrant parents and these children are left in the care of other relatives which leads to some of these children dropping out of school, high unemployment and low internal mobility.

Other authors (Arpinte, Căce & Cojocaru, 2010) consider that the low levels of employment, relatively high unemployment and, within it, a high proportion of long-term unemployment can be explained by low school attendance and lower educational stock. The costs of switching jobs as well as the probability of finding another job depend on individual human capital characteristics, such as the age and education of the individuals, as well as on regional and economic conditions, such as the degree of urbanisation and local employment conditions (Tocco, Davidova & Bailey, 2014.)

These negative phenomena determined by the decreasing number of workplaces have strong implications for the disadvantaged regions and counties. On the other hand, the regional economic structure is one of the main determinants of employment growth (Combes, 2000). This idea is supported by other authors as well (Bieri, 2012), who highlight the role of industry concentration, employment specialization and sectorial diversity in shaping the urban economic development process.

The counties comprised in the South-West Oltenia Region share a large percentage of the active population occupied in agriculture (Zaharia & Bălăcescu, 2012). This region and the West Region are the least affected by the economic crisis in terms of unemployment (Lazăr & Lazăr, 2013).

Starting from the data series *Average number of employees at the territorial level* and *Civil employment by macro region, development region, county and national-economy activities* (NIS, 2015), this paper analyses both the evolution of the average number of employees, prior and subsequent to the economic crisis, as well as the extent to which the specificity of problems faced by the region and its counties have influenced these developments.

2. Research methodology

Several reports on the impact of the economic crisis were conducted in accordance with the Nomenclature of Territorial Units for Statistics. These studies were correlated with specific factors at levels where analyses had been achieved and organized by regional level (NTUS) and the Statistical Classification of Economic Activities in the European Community (Regulation (EC) No 176/2008). Three hypotheses were tested:

- the significance of macro-specific factors on the evolution of the number of employees;
- factors specific to the counties in the *South-West Oltenia* development region significantly influenced the evolution of the number of employees during the period under review;
- the economic crisis led to significant changes in the structure of civil employment in *South-West Oltenia* development region by national-economy activities.

In order to analyze how the variation values recorded in counties or macro regions influence the total variance, ANOVA (Analysis of Variance) was used. The analysis of variance is “the analysis in the outcomes of an experiment to assess the contribution of each variable to the total variation” (Karris, 2007). Whereas Y is the resultant variable and $X = (x_1, x_2, \dots, x_n)$ the vector of the factorial variables, the ANOVA method emphasizes the influence of the group factors ($x_i, i=1, n$) on the resultant variable. Given that, within this paper, the registered values are grouped either only according to the counties or only according to macro regions, $n=1$, the ANOVA Single Factor method was used. Noting with r the number of groups, and with n_i the number of samples in each group, the hypotheses are:

$$\begin{aligned} H_0 : \mu_1 = \mu_2 = \dots = \mu_r \\ H_1 : \exists i, j \in \{1, 2, \dots, r\}, i \neq j, \text{ so that } \mu_i \neq \mu_j \end{aligned} \quad (1)$$

For successfully applying ANOVA method, there should be determined:

- The average of each group ($\bar{y}_i, i=\overline{1, r}$) and the general average (\bar{y}_0):

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