

SITUATION ON THE LABOUR MARKET IN THE REPUBLIC OF MOLDOVA DURING THE CRISIS

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SUMMARY

The target of the study is the examination of the labour market changes within the framework of the Republic of Moldova. The time frames of the research include four years: 2007-2010 (the world economic crisis). The authors of the article analyze the indices of employment and unemployment. Conclusions were made on the basis of the conducted analysis.

Keywords: *labour market, world economic crisis, employment indicators, population employment, unemployment.*

The labour market is one of the most important components of the market economy and the state on the labor market in the country depends on the state of the economy as a whole. In turn, the development of the national labor market actively influences the dynamic processes of economic development. Therefore, research on the changes of the employment and unemployment, as the fundamental characteristics of the RM labor market, will allow to analyze the basic contemporary tendencies of the labour market development.

Employment data comes from the Labour Statistics Data Base of the National Bureau of Statistics of the Republic of Moldova (NBS RM). We examined employment data for four years, 2007-2010. We used a systematic approach, comparative and logical methods.

INDICES OF EMPLOYMENT. A yearly reduction of the number of the resident population (Table 1) has a negative influence on the employment indicators of RM's population. The difference between the indices of natural movement influences the reproduction. As part of demographic factors, live-births and deceased alas is negative and leads to the country's population reduction. Migration nasanimpact on the republic's population reduction too. These two indicators have a negative long-term trend¹.

The indicators of RM's employment for the analyzed period of crisis, are presented in Table 1. Out of the total population in 2010, only 1235,4 thousand people, or

41.6 % of the total population of the age 15 years and older can be attributed to the economically active population, down to the relation by 2007 at 3.2%. The most part of the economically active population lives in rural areas, where in view of the economic stagnation of agricultural sector and lower level of education, economic activity is less profitable, and wages are lower than in the urban area. A similar distribution will reduce the economic activity field and maintain a high level of inequality in population's incomes².

Table 1. Labour indicators in RM (2007-2010)

Name of indicators	2007	2008	2009	2010
Number of population, thou. inhabitants	3581,1	3572,7	3 567, 5	3560,4
Natural increase(+,-), inhabitants	-5077	-2930	-1336	-3169
Economically active population, thou. pers.	1313,9	1302,8	1265,3	1235,4
Economically inactive population, thou. pers.	2263	1639,0	1693,1	1733,3
Activity rate, %	44,8	44,3	42,8	41,6
Employed population, thou. persons	1247,2	1251,0	1184,3	1143,4
Employment rate, %	42,5	42,5	40,0	38,5
Employment rate-male, %	44,8	45,2	42,6	45,0
Employment rate-female, %	40,5	40,1	37,7	38,6
Employment rate-urban, %	43,8	44,5	43,6	47,2
Employment rate-rural, %	41,6	41,0	37,4	37,5

Source: elaborated by the authors on the basis of the NBS RM data

Simultaneously the employment rate of labor force was reduced in 2007-2010 from 42,5% to 38,5%. The employment rate in males was higher than in females in 2010 (40,9% and 36,4%, respectively). The employment rate in urban areas was higher (42,7%) than in rural areas (35,4%). The persons of the age 45-54 years had the highest employment rate (58,4%).

The indices of employment in Moldova are below analogous indices in the European Union. Comparing the employment rate under the study period between EU and RM (Table 2), it is important to note that the employment rate in the republic was broken down practically by more than 6 % 3. The Lisbon strategy was until 2010 in EU countries (target - 70 % the employment rate of persons aged 15 to 64 years), but then the new European Strategy for Jobs and Growth (Europe 2020) aims to raise to 75 % the employment rate for men and women aged 20-64 for the EU as a whole.

Table 2. Employment rates, EU, RM (%)

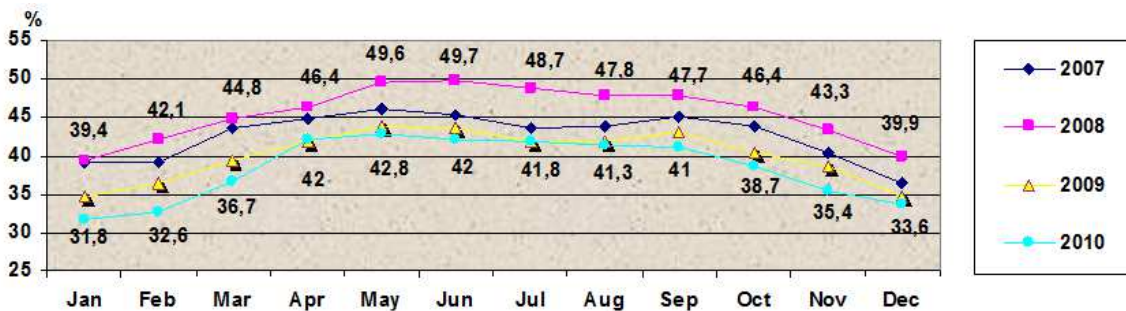
Name of indicators	2007	2008	2009	2010
Employment rate EU*	65,4	65,9	64,6	64,2
Employment rate RM	49,7	47,3	44,5	43,0

* under EU working age 15-64

Source: elaborated by the authors on the basis of the data from Eurostat and NBS RM.

A drop of the indices of employment for the under study period is traced well by the example of change of monthly dynamics of the employment rate in the Republic (Figure 1): if the change of the employment rate for 2007-2010 was 4%, but the dispersion monthly dynamics of the employment rate - from 4,4 % to 9,5 % (including by years under study period was noted a steady high trend: 2007 - 10,3 %, 2008 - 10,3 %, 2009 - 9,2 %, 2010 - 11,0%)⁴. This high dispersion speaks about the high seasonality of the employment, about 25% of the employment rate. Exact seasonality has a great influence on the dispersion among monthly employment during the period of study.

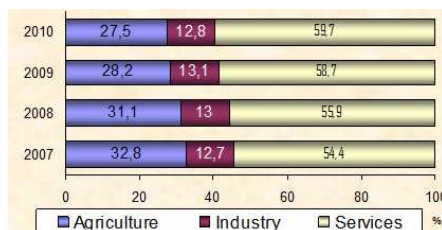
Figure 1. Monthly evolution of employment rate, 2007-2010 (%)



Source: elaborated by the authors on the basis of the NBS RM data

THE STRUCTURE OF EMPLOYMENT. The tendency to change employment by sectors of economy is noted. If in 2007 the share of agriculture had 32,8% of the total employed population, in 2010 - 27,5% (Figure 2). This structural change is determined mainly by the intensive migration of labor force from the rural areas, but not redirection of surplus labour force from the agriculture into industry and services. At present 12,8% of population employment are in industry and 59,7% - in services⁵.

Figure 2. Distribution of employed population by type of economic activity in 2007-2010, %



Source: elaborated by the authors on the basis of the NBS RM data

INDICES OF UNEMPLOYMENT. On the background of the fundamental changes, which took place in the social and economic life within the last 20 years, the relatively stressed position on the labour market is noted. Although the unemployment rate, according to the Labour Force Survey, is not very high (Table 3), and even it is lower than in the majority of European countries, naturally, the actual unemployment rate would have been much higher, if the population did not have the possibility of emigration.

The analysis of the indices of unemployment in RM during the period of 2007-2010 should be characterized as complex and contradictory. The number of unemployed increased in 2009 and 2010 due to the reduction of the employment in industry and agriculture and respectively by an increase in the unemployment rate among men and women, in urban and rural areas. At the same time, it is important to note that the average duration of unemployment within the period of crisis was reduced from 19 months in 2007 to 13 months in 2010.

Table 3. Unemployment indicators (2007-2010)

Name of indicators	2007	2008	2009	2010
ILO Unemployed, thou. persons	66,7	51,7	81,0	92,0
Increase, decrease (+,-), persons	-33,3	-15,0	+30,7	+11,0
ILO unemployment rate, %	5,1	4,0	6,4	7,4
ILO unemployment rate-males, %	6,3	4,6	7,8	9,1
ILO unemployment rate-females, %	3,9	3,4	4,9	5,7
ILO unemployment rate-urban, %	6,9	5,5	8,0	9,6
ILO unemployment rate-rural, %	3,6	2,7	5,0	5,4
Labour emigrants, thou. persons	335,6	309,7	295,0	311,0

Source: elaborated by the authors on the basis of the NBS RM date

The significant differences between the unemployment rates according to the place of residence are noted. At first glance, the state of employment of labour force in rural areas is more

favorable than in urban areas (according to Labour Force Survey, in 2010 urban unemployment was 9,6%, while in rural areas – 5,4%). However, these divergences can be the result of the subjective idea of respondents from the rural area, who answered the Labour Force Survey. The inhabitants of rural areas have always work in the agriculture or in the homestead economy, by virtue of what they assert that they “have a job”.

As the table shows, unemployment is a greater risk for men than for women. The number of the cultural and economic factors predetermine lower risks of unemployment for the women, in view of which the women agree to low-paid work more easily than men.

Based on the conducted research of the labour market in the Republic of Moldova during 2007-2010, it is possible to draw the following conclusions: the Moldovan labour market did not overcome the trend of reduction of the number of employed population and the current world economic crisis has contributed to its further decline; the seasonal employment constitutes a high percentage of the structure of employed population, which has a strong influence on the fluctuations of indices of employment in the Republic of Moldova during the year; it is necessary to maintain and intensify measures that will contribute to the creation of new jobs and the increase of labor force quality under the conditions of stimulating the creation of effective jobs and initiating a stable increase in the employment.

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