

THE LABOR MARKET IN THE SOUTHWEST OLTENIA REGION OF ROMANIA

Elena SOARE¹⁷

Iuliana DOBRE¹⁸

Abstract:

The present paper has as main objective to analyze the labor market in the Southwest Oltenia Region of Romania, in the period 2016-2021. In the Southwest Oltenia Region, the employed population evolved differently on the period studied, recording a maximum in 2019 (782.9 thousand people). The highest number of unemployed was highlighted in 2016 (69,048 people). Compared to the registered unemployment average rate at the national level, in the Southwest Oltenia Region the rate was higher, reaching a maximum in 2016 (8.3%). To realistically emphasize the evolution of the labor market in the Southwest Oltenia Region, a series of indicators were analyzed, such as: labor resources in the region; the civilian active population; the civilian employed population; average number of employees; the number of unemployed, and unemployment rate. The database was assured from the National Institute of Statistics, as well from various specialized researches.

Keywords: *total labor resources, civilian employed population, average number of employees, unemployment rate, Southwest Region Oltenia*

JEL classification: *J10, O13, O15*

Introduction

The South-West Oltenia Region of Romania is made up of the following counties: Dolj; Gorj; Mehedinți; Olt and Vâlcea. The Region is characterized by a varied relief, as well as important hydrographic basins, such as Olt, Danube, and Jiu. According to the published statistics data regarding the participation in the most important economic activities, it is the following: 40% of the civilian employed population works in the service sector; 30% work in agriculture, forestry, and fishing; and 30% work in industry and construction. In this region, tourism and agriculture occupy important positions. The agricultural sector owns over one million hectares that are used for the main cultivation of: cereals; vegetables; fruits; oleaginous plants; sugar beet; potatoes, as well as the production of high-quality wine grapes. There are also found the metallurgical industry, auto industry, electrotechnical industry, car, and tractor manufacturing industry, as more important.

In despite of a diversity of economic activities in the entrepreneurial environment, the unemployment rate was high during the period under analysis, surpassing the national average. This fact shows an imbalance on the labor market in the South-West Oltenia Region. At the national level and regional one, the labor market is influenced by strongly factors such

¹⁷ PhD, University of Agronomic Sciences and Veterinary Medicine of Bucharest

¹⁸ PhD, Bucharest University of Economic Studies, Bucharest

as: the supply of goods; capital efficiency; inflation; the ratio between consumption and investments; labor efficiency.

Description of the Problem

Currently, the human resources represent the main production factor which behind of socio-economic development. In this context, concerns have intensified regarding the identification and capitalization of possibilities aimed at improving the labor market situation (Studiu privind dezvoltarea socio-economică a Regiunii Sud-Vest Oltenia, în perspectiva elaborării documentelor de programare 2021-2027. Labor represents the activity carried out by human resources employed in economic and social processes. It sets the other production factors in motion and regulates the transformative processes. Without the human resources intervention, it would be impossible to ensure the contribution of other factors to obtaining production in different area or services. Human resources are unique about their potential for growth and development, as well as in their ability to know and overcome their own limits. Also, the human resource represents one of the most important investments of an economic organization or a business area, the results of which become more and more evident over time. Thus, it is obvious the role of human resources, transformed into human capital, through the theory of participation in various economic processes, through their capacity in creating the organization's wealth (Dobre I, Paicu E., 2013).

The human resources as a human capital can be the most important element of the capitalization of economic organizations or an area, being perceived as an intangible resource, which, by its value, determines the increase of the total value (performance). Determining the impact of intellectual capital on the results of an economic organization or area is a complex process, considering its hardly quantifiable aspect. A series of indicators, however, show the economic condition of the unit, which are also the result of the creative activity. The indicators which result of intervention of intellectual work refers to a higher turnover, increased added value, lower operating expenses, and, hence, high levels of financial and profitability rates. The labor approach can be carried out quantitatively and qualitatively. In this context, the analysis focused on the main specific indicators of the labor market in the South-West Oltenia Region in Romania, in the period 2016-2021. To shows the importance of research in the field of employment, it is important to specify the fact that strong links are established between the dynamics of the labor market at the regional level and economic and social phenomena. The approach of this study regarding the labor market is determined by the changes occurring in the economy. It is about the manifestation of the labor force in a turbulent environment, in which changes are frequent and difficult to anticipate. Moreover, there are differences in the labor force and the labor market at the regional level, a fact that is analyzed in this paper.

Methodology and Data

To carry out this paper, the most important specific indicators of the labor market were highlighted and analyzed, as follows: labor resources in the South-West Oltenia Region; the civilian active population in the South-West Oltenia Region; the civil employed population in the South-West Oltenia Region; average number of employees in the South-West Oltenia Region; the number of unemployed in the South-West Oltenia Region, and unemployment rate in the South-West Oltenia Region. The research takes into consideration statistical data provided by the National Institute of Statistics. The research results were presented both in table and graphical form, expressed quantitatively and in percentages.

Results

The evolution of labor resources in the South-West Oltenia Region, in the period 2016-2021, is presented in table 1. Statistical data presented establishes that the labor resources recorded fluctuations during the analyzed period. At the beginning of the year (January 1), the labor resources represent that category of the population of a country that has all the intellectual and physical capacities, which give it the opportunity to perform useful work in one of the activities of the national economy (National Institute of Statistic, 2022). The most significant labor resources in the Southwest Oltenia Region were highlighted in 2016 (1,249.7 thousand people) and the lowest were recorded in 2021 (1,185.2 thousand people). According to the data presented in the table below, in 2021 labor resources decreased by 5.2%, compared to 2016.

Table 1

Southwest Oltenia Region labor resources evolution, period 2016-2021

-thousands of people-

Specification	2016	2017	2018	2019	2020	2021
South-West OLTENIA Region	1,249.7	1,231.5	1,204.5	1,193.4	1,194.2	1,185.2
Dolj	408.8	406.3	398.9	395.8	393	394.5
Gorj	211.7	208.8	203.9	201.5	201.4	200.9
Mehedinți	157.8	154	150.7	149.7	151.2	147.9
Olt	255.9	250.1	243.1	240.6	242.4	236.9
Vâlcea	215.5	212.3	207.9	205.8	206.2	205

Source: National Institute of Statistic, 2022

According to the statistical data presented, at the level of the counties that are part of the South-West Oltenia Region, there are different situation in terms of labor resources, in the analyzed interval. Dolj County is the county leader in terms of labor resources, and the most significant job losses were recorded in 2016 (408.8 thousand of people). Starting with 2017, there is a decrease in labor resources, from 406.3 thousand people to 393 thousand people (2020). Also, it registered a slight increase of labor resources from the year 2021, to 394.5 thousand people. The lowest labor resources from a quantitative point of view are registered in Mehedinți County, where the labor force changes were from 157.8 thousand people (2016), to 147.9 thousand people (2021). At the level of the other counties that are part of the South-West Oltenia Region, it is noted that, in 2021, compared to 2016, labor resources have decreased. This situation had a less positive impact on the economy of this region.

The active civilian population in the South-West Oltenia Region, in the period 2016-2021, is presented in table 2. The civilian active population represents the potential supply of labor, but also the degree of occupation of the population. From an economic point of view, the active population includes people employed in the labor market and the registered unemployed (Observator teritorial <https://observator.mdrap.ro/demografie//2.3.1.pdf>).

According to the statistical data presented in table 2, it is found that the civilian active population during the analyzed period, in the South-West Oltenia Region, registered changes, mostly of a negative one. The active civil population decreased from 830.4 thousand people (2016) to 695.5 thousand people (2021).

Table 2

Active civilian population in the South-West Oltenia Region, period 2016-2021
-thousands of people-

Specification	2016	2017	2018	2019	2020	2021
South-West Oltenia Region	830.4	827.7	826.9	825.9	825.9	695.5
Dolj	265.1	265.8	266.1	266.2	267	225
Gorj	136	135.8	135.8	135.2	135.5	119.5
Mehedinti	104.1	104.2	103.7	102	101	82.6
Olt	162.6	161.8	161.8	161.2	160.3	129.4
Valcea	162.6	160.1	159.5	161.3	162.1	139

Source: *National Institute of Statistic, 2022*

In 2016, the active civilian population registered in the South-West Oltenia Region had a weight of 9.5% of the active civilian population registered at the national level, and in 2021, this weight was reduced to 8.8%. It is noted that both at the national level and at the level of the South-West Oltenia Region, the active civilian population has decreased. This decrease in the active population is a direct consequence, on the one hand of the population decrease, and on the other hand, it is due to the change in its age structure (Tendințe sociale, https://insse.ro/cms/sites/default/files/field/publicatii/tendinte_sociale.pdf). Also, in 2021 compared to 2016, the active population decrease with 16.2%. The study continues with the analysis of the active civilian population at the level of the counties in the components of the South-West Oltenia Region, where the differentiated evolution was noted. Dolj County is on the first place of the ranking in terms of the active civilian population.

The most significant civilian active population was registered in 2020 (267 thousand people). In 2021, the Dolj county had a share of 32.3% of the active civilian population registered at the level of the development region. Olt County registered the largest civilian active population in 2016 (162.6 thousand people). In 2021, the active civil population in this county decreased by 20.4%, compared to 2016. Vâlcea County recorded the largest active civilian population in 2016 (162.6 thousand people). In 2021, a 14.5% decrease in the active population is observed, compared to 2016. Gorj County showed the largest active population in 2016 (136 thousand people). In 2021, the active civilian population decreased by 12.1%, compared to 2016. Mehedinți County recorded in 2017 the most significant active civilian population of 104.2 thousand people, and the lowest was 82.6 thousand people. In 2021, Mehedinti county had a share of 11.8% of the active civil population registered at the level of the South-West Oltenia Region.

The analysis of the dynamics of the labor market is also captured by the employed population indicator (Tendințe sociale, https://insse.ro/cms/sites/default/files/field/publicatii/tendinte_sociale.pdf). The situation of the civilian employed population in the South-West Oltenia Region is presented in table 3. The civilian employed population includes all people who have an occupation that brings income. He constantly exercises this income-generating occupation in one of the activities of the national economy based on an employment contract or independently (INS). In the period 2016-2021, the civilian employed population in the South-West Oltenia Region registered a series of oscillations, from one period to another. The most significant civilian employed population in this region was recorded in 2019 (782.9 thousand people), and the lowest was 657.6 thousand people, in 2021.

Table 3**Civil employed population in the South-West Oltenia Region, period 2016-2021****-thousands of people-**

Specification	2016	2017	2018	2019	2020	2021
South-West Oltenia Region	761.3	767.3	778.3	782.9	780.1	657.6
Dolj	239.2	242.5	246.4	248.3	248.1	209.6
Gorj	125.9	127.2	129.9	130.5	130.3	115.2
Mehedinti	94.1	94.4	95.7	95.1	94.5	76.9
Olt	147.7	149.8	151.7	152.3	150.9	121.7
Valcea	154.4	153.4	154.6	156.7	156.3	134.2

Source: National Institute of Statistic, 2022

In 2021, the civilian employed population in the South-West Oltenia Region decreased by 13.7%, compared to 2016. The situation in 2021 coincided with the period in which the health crisis manifested itself, when several companies reduced their activity, and some of these have gone bankrupt. In 2021, at the national level the South-West Oltenia Region had a share of 8.6% of the employed civilian population. The data presented in table 3, shows the following situation regarding the civilian employed population at the level of the counties of the South-West Oltenia Region: Dolj County occupies the first position of the list regarding the civilian employed population.

The largest civilian employed population was registered in 2019 (248.3 thousand people). In 2021, the civilian employed population decreased by 12.4%, compared to 2016. Vâlcea County registered the most significant civilian employed population in 2019 (156.7 thousand people). In 2021, there was a decrease in the civilian employed population by 13.1%, compared to 2016. Olt County recorded the largest civilian employed population in 2019 (152.3 thousand people). In 2021, the civilian employed population decreased by 17.7%, compared to 2016. Gorj County registered the largest civilian employed population in 2019 (130.5 thousand people). In 2021, the civilian employed population decreased by 10.7%, compared to 2016. Mehedinti County marked the lowest civilian employed population among the counties in the South-West Oltenia Region. The civilian employed population decreased from 94.1 thousand people (2016) to 76.9 thousand people (2021). In this county, the civilian employed population in 2021 decreased by 18.3%, compared to 2016.

The average number of employees represents another significant indicator related to the labor market in each country, regardless of the existing economic system. According to the definition given by the National Institute of Statistics, the average number of employees includes people who are employed with a work contract or service report, for a fixed or indefinite period. Regarding the people included in the average number of employees, must specify that their employment contract or service report was not suspended during the reference period. The analysis of the civilian employed population indicator shows that, in 2021, it decreased both at the regional level, but also at the level of all the counties in the region studied, compared to 2016. The average number of employees in the Southwest Oltenia Region, in the period 2016-2021, is presented in table 4. The situation of this indicator varied from one year to another, in the analyzed development region.

Table 4**Average number of employees, South-West Oltenia Region, period 2016-2021****-persons-**

Specification	2016	2017	2018	2019	2020	2021
South-West Oltenia Region	370,663	383,102	397,360	405,867	396,215	402,506
Dolj	118,817	124,443	130,506	134,187	132,019	133,135
Gorj	69,328	70,403	72,903	75,145	73,411	73,771
Mehedinți	42,717	43,638	44,230	45,255	43,535	44,306
Olt	65,797	68,221	71,039	71,797	70,272	71,163
Vâlcea	74,004	76,397	78,682	79,483	76,978	80,131

Source: *National Institute of Statistic, 2022*

The average number of employees fluctuated from 405,867 people, in 2019, to 370,663 people, in 2016. In 2021, the average number of employees in the South-West Oltenia Region increased by 8.5%, compared to 2016. This region analyzed in 2021, it held 7.9% of the average number of employees registered at the national level. The average number of employees varied from one year to another during the analyzed period. Dolj County, as expected, registered the highest average number of employees, noticeably separating itself from the rest of the counties in the region. In 2021, this county had 33.0% of the average number of employees registered at the regional level. The most significant average number of employees was recorded in 2019 (134,187 people). In 2021, the average number of employees in Dolj county increased by 12.0%, compared to 2016. During the analyzed period, Mehedinți County registered the lowest average number of employees in the South-West Oltenia Region. In 2016, it highlighted the lowest average number of employees, 42,717 people. Here, in 2021, the average number of employees increased by 3.7%, compared to 2016.

Table 5 shows the evolution of the unemployed in the South-West Oltenia Region, in the period 2016-2021. The unemployed population is a particularly important indicator that is the basis of the analysis of the labor market. During the analyzed period, the number of unemployed people in the South-West Oltenia Region registered changes from one year to the next. The highest number of unemployed registered at the regional level was in 2016 (69,048 persons), and the lowest was 37,800 persons (2021). From the statistical data presented, it can be seen that in 2021, the South-West Oltenia Region registered 16.1% of the total number of donkeys highlighted at the national level. At the level of the counties in the South-West Oltenia Region, a differentiated evolution of the unemployed can be observed in the period 2016-2021. In the analyzed period, Dolj County registered the highest number of 25,869 unemployed (2016). This county had 37.4% of the number of unemployed people registered in the South-West Oltenia Region, in 2016. Also, in the previously specified interval, the number of unemployed people fell on a downward trend, reaching 15,375 people, in 2021. This positive situation demonstrates that in this county the entrepreneurial environment has intensified, which has led to the creation of new jobs. Olt County is on the 2nd place in the list of counties in the South-West Oltenia Region that registered a significant number of unemployed. The highest number of unemployed people was highlighted in 2016 (14,897 people). In 2021, the number of unemployed decreased by 48.6%, compared to 2016. Mehedinți County registered the highest number of unemployed in 2021 (5,641 people). In Gorj county, the number of unemployed varied from 10,034 people (2016), to 4,295 people (2021). The number of unemployed people decreased significantly, respectively by 57.5%, compared to 2016. In Vâlcea county, the lowest number of unemployed people was highlighted in 2019 (4,560

people). At the level of all counties, unemployment can be reduced especially by attracting local and foreign investments.

Table 5

Number of unemployed, South-West Oltenia Region, 2016-2021

-number of people-

Specification	2016	2017	2018	2019	2020	2021
South-West Oltenia Region	69,048	60,405	48,668	43,024	45,823	37,800
Dolj	25,869	23,331	19,728	17,945	18,872	15,375
Gorj	10,095	8,600	5,914	4,735	5,212	4,295
Mehedinți	10,034	9,777	7,996	6,929	6,503	5,641
Olt	14,897	12,027	10,138	8,855	9,441	7,659
Vâlcea	8,153	6,670	4,892	4,560	5,795	4,830

Source: National Institute of Statistic, 2022

According to published studies, unemployment had a different impact on the population in the regions of Romania. It was generated by the level of economic development specific to each region (Regional de Acțiune pentru Învățământ (PRAI) 2016-2025, Regiunea de Dezvoltare Sud Vest Oltenia, <http://infraed.ro/wp-content/uploads/2018/10/PRAI-SVO-.pdf>).

Regarding the unemployment rate, this is a relevant indicator for the analysis of the work. According to the data, it is also evident in this case a differentiation of this indicator both at the regional level, but also at the level of the counties within the region. During the analyzed period, the unemployment rate in the South-West Oltenia Region surpassed the average unemployment rate registered at the national level (see Table 6). For the entire region, the highest unemployment rate was 8.3% (2016), and the lowest was 5.2% (2019).

Table 6

Unemployment rate, South-West Oltenia Region, 2016-2020 (%)

Specification	2016	2017	2018	2019	2020
TOTAL	4.8	4.0	3.3	2.9	3.4
South-West Oltenia Region	8.3	7.3	5.9	5.2	5.5
Dolj	9.8	8.8	7.4	6.7	7.1
Gorj	7.4	6.3	4.4	3.5	3.8
Mehedinți	9.6	9.4	7.7	6.8	6.4
Olt	9.2	7.4	6.3	5.5	5.9
Vâlcea	5.0	4.2	3.1	2.8	3.6

Source: National Institute of Statistic, 2022

By county, the unemployment rate recorded different values during the period under analysis. The highest unemployment rates were recorded in 2016 as follows: Dolj county (9.8%); Mehedinți county (9.6%) and Olt county (9.2%). The lowest unemployment rates were recorded in 2019 in Gorj (3.5%) and Vâlcea (2.8%).

Conclusions

The research focused on the analysis of one of the most important sections of the markets in the Romanian economy, namely the labor and labor market. The study was based on data taken from the National Institute of Statistics of Romania for the period 2016-2021. To

capture the concrete situation, a series of economic indicators specific to the field of study were used, with reference to labor resources in the region, the civilian active population; the civilian employed population, average number of employees; the number of unemployed, and unemployment rate. To reproduce the results of the study as well as possible, the analysis was carried out both at the level of the South-West Oltenia Region, and at the level of each related county, for each economic indicator, obtaining information that gives the possibility of an overall image of the way of behavior of the phenomenon. The main findings, of the economic analysis undertaken, showed a various situation on indicators and years.

Labor resources: In 2016, the most important labor resources were registered, of 1,249.7 thousand people at the regional level. Dolj County occupied the first position in this region, in terms of labor resources, reaching a maximum of 408.8 thousand people (2016).

The civilian active population: In 2016, the South-West Oltenia Region held 9.5% of the active civilian population highlighted at the national level. Dolj County, in 2021, recorded 32.3% of the civil active population registered at the regional level.

The civilian employed population: The most important civilian employed population in this region was highlighted in 2019 (782.9 thousand people). Dolj County registered the largest civilian employed population of 248.3 thousand people (2019). Mehedinți County recorded the lowest civilian employed population, in 2021. The civilian employed population decreased by 18.3%, compared to 2016.

The average number of employees: The most representative average number of employees was in 2019 (405,867 people), at the regional level. Dolj County registered the highest average number of employees of 134,187 people (2019).

The number of unemployed: The most significant number of unemployed highlighted at the regional level was 69,048 people (2016).

The unemployed rate: At the regional level, the highest unemployment rate of 8.3% (2016). in the year 2016, Dolj county recorded the highest unemployment rate, 9.8%. In the year 2019, Vâlcea county showed the lowest unemployment rate, of 2.8%.

Considering the mentioned findings and the potential of the South-West region of Oltenia and the capacity of the counties that form it, a series of solutions are needed to improve the imbalances on the labor market in this area. In this way, the proposal can refer to an infrastructure development; attracting local investments; attracting foreign investments; attracting European funds; the development of education; the reopening of technical schools; demand stimulation; modernization of tourism.

Future Directions

As mentioned above, matching the labor market with workforce requirements must be an ongoing opportunity for research and investigation. Therefore, the authors' efforts in the future will deepen the current study and for the succeeding periods, using databases corresponding to statistics and economic interpretation. Moreover, the research will be extended to the level of the other development regions, to obtain a final comparative analysis that could be useful for further studies and for other categories of problems, in which the labor market is also found.

Bibliography

Dobre, I., Paicu, C. E., (2013), Labor force and agricultural sector from the perspective of sustainable economic development, Conferința științifică internațională Economie Financiară și Monetară – EFM 2013, Academia Română, Institutul Național de Cercetări Economice „Costin C. Kirilescu”, Centrul de Cercetări Financiare și Monetare „Victor Slăvescu”, pp. 394-399, ISSN 2344-3642.

Mardari, N. (coordonator cercetare), Voinea, L. (coordonator birou), Pietreanu, C., Cărea, C., Duma V., Voineagu, V., Ștefănuț, A., Jifcu, M., Pășă, S. (expert coordonator) (2010), Caracteristicile forței de muncă în Regiunea Sud-Vest (Oltenia)- Biroul pentru observarea pieței muncii și a calității locurilor de muncă https://www.bns.ro/images/studii-si-cercetari/Caracteristicile_forței_de_munca_in_regiunea_Sud-Vest.pdf, [Accessed August 15th 2022].

Rusu, M., Florian, V., Tudor, M., (coordonatori), (2011), Inegalități economico-sociale în spațiul rural- Analiză în profil regional, Terra Nostra Publishing House, Iași, pp. 225-229.

*** (2022), National Institute of Statistics <http://statistici.insse.ro:8077/tempo-online/#/pages/tables/insse-table>, [Accessed August 27th 2022].

*** (2022), Observator teritorial <https://observator.mdrap.ro/demografie/Documente%20partajate/2.3.1.pdf>, Accessed August 30th 2022].

*** (2017) Planul Regional de Acțiune pentru Învățământ (PRAI) 2016-2025, Regiunea de Dezvoltare Sud Vest Oltenia <http://infraed.ro/wp-content/uploads/2018/10/PRAI-SVO-.pdf>, [Accessed August 12th 2022].

*** (2022), Scurtă prezentare a pieței muncii <https://ec.europa.eu/eures/printLMIText.jsp?lmiLang=ro®ionId=RO1&catId=9462>, [Accessed August 18th 2022].

*** (2020), Studiu privind dezvoltarea socio-economică a Regiunii Sud-Vest Oltenia, în perspectiva elaborării documentelor de programare 2021-2027, <https://www.adroltenia.ro/wp-content/uploads/2020/01/Studiu-privind-dezvoltarea-socio-economica-a-regiunii-SV-Oltenia.pdf>, [Accessed August 10th 2022].

***(2019), Tendințe sociale, INS, România, https://insse.ro/cms/sites/default/files/field/publicatii/tendinte_sociale.pdf, [Accessed August 12th 2022].