

IMPACT OF COVID-19 CRISIS ON LABOR FORCE

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Abstract: *The labor force is one of the resources of the European Union. In the EU, a lot of people work in a country other than their country of origin. Legislative instruments regulate the conditions for the free movement of persons, and hence the labor force, at union level. In this work, we are focusing on the evolution of the European Union's workforce in the context of the Covid pandemic. In order to catch up with the evolution of the labor force, we have selected the unemployment rate from the group of items which characterize the evolution of the labor force, considering this to be the most sensitive in terms of labor market movements.*

Key words: *labor force, European Union, crisis, impact*

INTRODUCTION

The labor force represents one of the most important asset at European level [9]. Events such as the financial crisis, the pandemic is the test point for human resources management [4].

The disruption resulting from the pandemic is likely to leave long-lasting scars in many economies, magnifying the existing challenges from a decade of weak investments and sub-par productivity growth in the aftermath of the financial crisis. [7] The spread of COVID-19 has had dire consequences for the earnings and employment of workers in Europe [1]. There must be considered also the domestic workers, but also the migrant workers. When the pandemic started and many countries decided to close their border in order to protect national population, many migrants workers remained there without work and not being able to support their families. In many cases their were forced to return home, while others were forced to remain there. The tourism industry was one of the most affected sector from the pandemic hit, and in terms of labor force this can be transpose in the seasonal workers but also in the incapacity to support the salaries for permanent workers in the horeca.

At European level, a huge impact has also been felt in the seasonal agricultural workforce, as many seasonal workers have not been able to travel outside [5].

MATERIALS AND METHODS

For this paper were used the data from the official site of the European Union. In the years before the pandemic hit, the labor market it started to recover after the financial crisis.

In 2017-2019, almost all EU Member States saw a fall in unemployment. Luxembourg and Sweden are the only Member States in which unemployment has increased in the range, but the increase was only 0.1%. Malta is the Member State of the union where the unemployment rate fell by only 0.4% in the analyzed period, while Croatia is the country with the highest change in the unemployment rate, from 11.2 in 2017 to 6.6 in 2019, as presented in table 1.

Table 1.

Evolution of unemployment rate in European Union

No crt	Country	2017	2018	2019	No crt	Country	2017	2018	2019
1	Belgium	7.1	6	5.4	16	Portugal	9	7.1	6.5
2	Germany	3.8	3.4	3.1	17	Slovenia	6.6	5.1	4.5
3	Estonia	5.8	5.4	4.4	18	Slovakia	8.1	6.5	5.8
4	Ireland	6.7	5.8	5	19	Finland	8.6	7.4	6.7
5	Greece	21.5	19.3	17.3	20	Bulgaria	6.2	5.2	4.2
6	Spain	17.2	15.3	14.1	21	Czechia	2.9	2.2	2
7	France	9.4	9	8.4	22	Denmark	5.8	5.1	5
8	Italy	11.2	10.6	10	23	Croatia	11.2	8.5	6.6
9	Cyprus	11.1	8.4	7.1	24	Hungary	4.2	3.7	3.4
10	Latvia	8.7	7.4	6.3	25	Poland	4.9	3.9	3.3
11	Lithuania	7.1	6.2	6.3	26	Romania	4.9	4.2	3.9
12	Luxembourg	5.5	5.6	5.6	27	Sweden	6.7	6.4	6.8
13	Malta	4	3.7	3.6					
14	Netherlands	4.9	3.8	3.4		EU	8.1	7.2	6.7
15	Austria	5.5	4.9	4.5		United Kingdom	4.3	4	3.8

Source: European Economic Forecast, Spring 2021

RESEARCH RESULTS

Covid-19 had a very strong impact on the European labour market, as we can see in Figure 1.

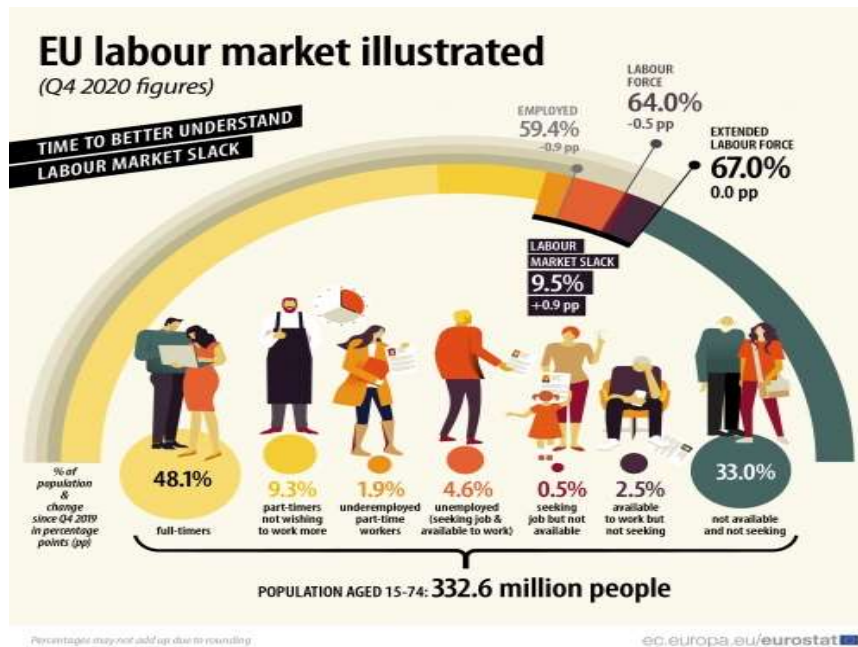


Figure 1. EU labour market illustrated

Source: <https://ec.europa.eu/eurostat/statistics-explained>

In 2020, the European Union created a short-term support scheme, Support to promote Employment risks in an Emergency, in order to support jobs and workers affected by the pandemic [15]. By the end of 2020, 18 Member States had financial aid under the sure scheme amounting to 90.3 billion, and 39.5 billion were paid to 15 Member States, as seen in figure 1. The scheme is targeted at projecting people’s jobs, temporary financial

support, fast deployment, complement national efforts and solidarity between Member States [3,14].

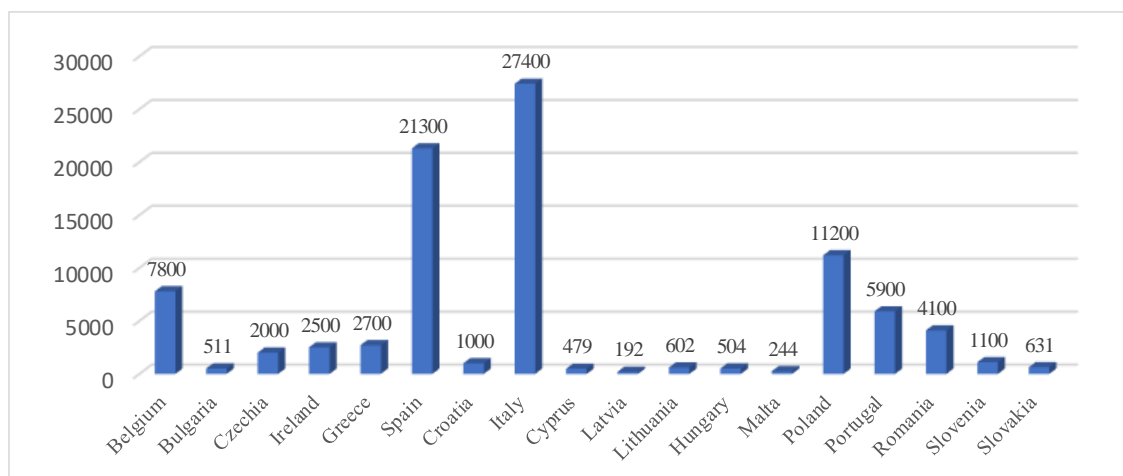


Figure 1. SURE support scheme

Source: *The EU in 2020, General Report on the Activities of the European Union 2021*

At European level till now have been made more forecasts regarding the economic and social evolution after the pandemic [6,10]. From autumn 2020 forecast, as seen in figure 2, the countries with the highest unemployment rate were Greece and Spain, countries with economies depending in a high percent on tourism [12].

Ireland is the country with the largest variation of the unemployment as the forecast shows, almost 3.4%, so the unemployment will increase reaching 8.7% in 2022. Lithuania is the country with the most optimistic forecast, the value will diminish from 8.9% in 2020 to 6.9% in 2022.

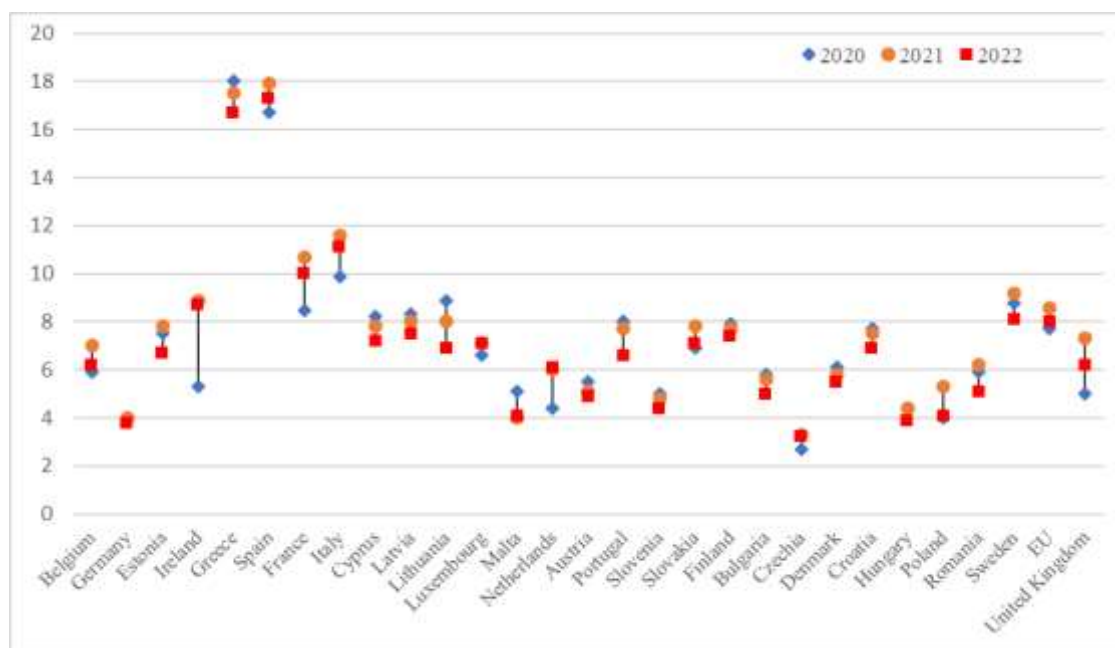


Figure 2. Unemployment rates autumn 2020 forecast

Source: *European Economic Forecast, Spring 2021*

Overall, the unemployment rate is rising by 0.3% across the EU. For 21 Member States the variation of the unemployment rate is below or equal to 1%. In our country in

autumn 2020 was forecasted a variation of -0.8%, the level of unemployment being estimated around 5% in 2022 [13].

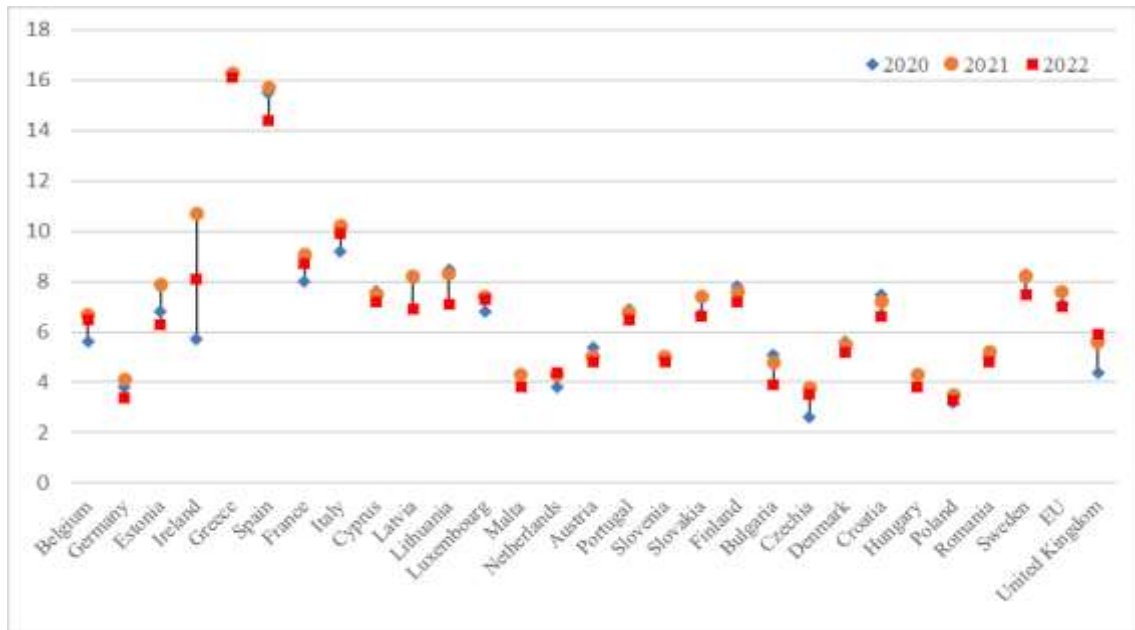


Figure 3. Unemployment rates spring 2021 forecast

Source: European Economic Forecast, Spring 2021

Spring 2021 represented the moment in which the European Union made another forecast regarding the labor market based on the evolution of the pandemics but also correlated with the supporting policies and measures at European and national level [8,11].

Ireland is still on the trend indicated by the autumn forecast, but the peak of the unemployment rate, 10.7%, is estimated to be in 2021 and in 2022 the rate is estimated at 8.1%.

The best predictions are made for Poland, which from 3.2% in 2020 will reach 3.3% in 2022, representing the lowest unemployment rate in European Union, being followed by Germany with 3.4% in 2022.

As in the autumn forecast, Greece and Spain are the states with the highest unemployment rate, even for both of them the forecast is a positive one showing a variation from 16.3% in 2020 to 16.1% in 2022 for Greece, while for Spain from 15.5% to 14.4%. For only 8 Member States the forecast shows the increase of the unemployment rate, while the general trend in European Union is represented by a small 0.1% decrease.

CONCLUSIONS

Even the data presented in the forecast can lead us to some conclusions, we could say that the impact of Covid-19 on labor force, especially in terms of number of labour migrants and remittance flows, are too early to be assessed and can not be estimated if they have long term consequences.

But when we talk about the impact of the pandemic on the labor force, we must not just refer to the unemployment rate, but also take into account all the social and economic implications that the pandemic has brought.

Thus, could the workforce that was made redundant in one sector shift to another? Are the seasonal workers working in another country who were unable to leave absorbed by the labor market of their country of origin?

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