
SOUTH-WEST OLTENIA REGION - NATURAL AND HUMAN POTENTIAL FOR DEVELOPMENT

- **Changes in the number and structure of the active and the
inactive population**

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Abstract

After 1990, under the impact of reform and privatization processes in Romania, significant changes have interfered in all fields of activity under the correlated influence of economic, social and demographic factors. In this context, both in the country's capital and also in the counties, a number of important issues concerning labor and employment have existed and remain in all development regions. The number of active population and labor force has decreased and the unemployment and external migration have increased.

Keywords: Population, active population, employed population, inactive population, unemployment.

In Romania, according to the administrative organization, counties as administrative and territorial structures, together with municipalities, cities and component parishes, operate under the law. It is necessary to mention that the administrative-territorial structures were organized in **development regions** in order to coordinate the measures and the projects regarding regional growth, in accordance with the EU requirements.

South-West Oltenia Region is one of the eight development regions in Romania. The region is comprised of the following counties: Dolj, Gorj, Mehedinți, Olt and Valcea, a number of 40 cities and municipalities, 408 parishes and 2070 villages.

Administrative description of the South West Oltenia Region

County	Area (ha)	Number of cities	Number of municipalities	Number of perishes	Number of villages
Dolj	741.401	4	3	104	378
Gorj	560.174	7	2	61	411
Mehedinti	493.289	3	2	61	344
Olt	549.828	6	2	104	377
Vâlcea	576.477	9	2	78	560

On 1st of July 2010, the South West Oltenia Region had a population of 2,246,033 inhabitants, representing 10.5% of the country's population. The dynamics compared with 2002 shows a decrease by 4.63% from 1.70% as it is at national level.

In the South West Oltenia Region, the evolution of the total population continues the downward trend showed after the January 2002 Census; in 2010 compared with 2002 the population has decreased by 102,304 people.

South-West Oltenia Region has a varied ground: plains, hills and mountains, it has an advantage because of the natural potential and the deposits, being one of the country's main energy suppliers. The landscape is crossed by rivers with energetic potential, best known are the hydroelectric power plants on Olt and Lotru, Cerna, Motru and Tismana. The largest hydroelectric power plant in Romania operates in the region, on the Danube, at Iron Gates I and II.

Over the years, important activities have developed in various fields. Agriculture is one of the main occupations, together with industry (food, non-ferrous metallurgy: aluminum, chemicals, electronics, machine building, light industry) which play an important percentage in the regional GDP.

In the year 2009, the largest share in the total of employed persons was held by people who worked in agriculture - 327.7 thousand people, representing 38% of the total of employed persons. The second place was held by people who worked in industry, representing 19.5% of the total of employed persons in the region.

The process of economic restructuring has led to a shift in the focus of a lot of older unemployed people from urban areas towards rural areas, where they practice subsistence agriculture. The high share of rural population and the vast area of arable land, particularly in the south part of the region make agriculture the main field of activity in the regional economy. The growing number of people employed in agriculture, the land fragmentation following the possession reform and the use of less advanced technologies has led to a notable decrease in labor productivity.

The structure and the distribution of economic activities in the

region is determined by natural resources, tradition in manufacturing them, technological facilities, capital, and also the price system and the proper functioning of market mechanisms.

The mining sector (energy coal and oil) is another important component in the regional economy. Most mining enterprises are found in Gorj County. Both economically and socially, the mining area of Gorj County is the most affected, because the dependence on mining is still significant. The coal mining activities are in recession, the mining restructuring process continues since 1997.

Due to the relatively slow and delayed restructuring process, the state-owned enterprises have become uncompetitive. Their overestimation in what concerns the number of employees posed difficulties in the restructuring process, the necessary capacity to absorb the redundant labor force did not exist, especially in the areas that became almost entirely dependent on industrial activity.

Olt County was also one of the counties where the process of industrial restructuring had resulted in job losses. Olt County is mainly agricultural; a large proportion of the industry employees shifted their focus towards agricultural activities.

The negative evolution of mono-industrial centers (Bals, Targu-Cărbunești, Rovinari Motru, etc) could not be balanced by the productive activity of some recently privatized activities. It is necessary to mention the low mobility of labor force due in particularly to the lack of cheap living spaces.

The wood industry in the mountain area and the sub-Carpathian area has recorded, in recent years, one strong rebound due to the decrease of the capacity to export. It remains largely dependent on a low value added production, intended for less demanding markets (North African countries).

According to the available data, the South West Oltenia Region contributes the least to the national GDP.

GDP (millions lei) in development regions and counties in 2000-2008

Region/ County	2000	2001	2002	2003	2004	2005	2006	2007	2008
South-West Oltenia Region	7182,6	10675,1	12677,6	17580,1	21709,7	23920,5	28589,2	34419,6	41921,9
Dolj	2059,7	3009,7	3554,8	5098,8	6554,1	7266,9	8839,4	10675	13574,1
Gorj	1533,2	2277,3	3178,4	4014,7	4652,9	5120,1	5984,1	7613,9	9593,1
Mehedinti	794,6	1325,5	1483,9	2207,1	2620,2	2688,6	3246,6	3755,6	4655,9
Olt	1403,4	1978,3	2072,1	2785,4	3695,2	3937,6	4560,4	5566,3	6764,8
Vâlcea	1391,7	2084,3	2388,4	3474,1	4187,3	4907,3	5958,7	6808,8	7334

**The contribution of development regions to the national GDP growth
(regional GDP/ national GDP in percentage) in 2000-2008**

Region/ County	2000	2001	2002	2003	2004	2005	2006	2007	2008
South-West Oltenia Region	8,87	9,05	8,34	8,90	8,78	8,28	8,30	8,27	8,14

South West Oltenia Region is marked by its dependence on agriculture, which takes the form of subsistence agriculture, practiced by an aging rural population and by those that were fired in the urban areas.

In the economy of South-West Oltenia Region, in the year 2009 there were a total of 39,475 active units. Of these, 17,927 units have trade as area of activity, 2310 units were hotels and restaurants, in industry there was a total of 4143 active units.

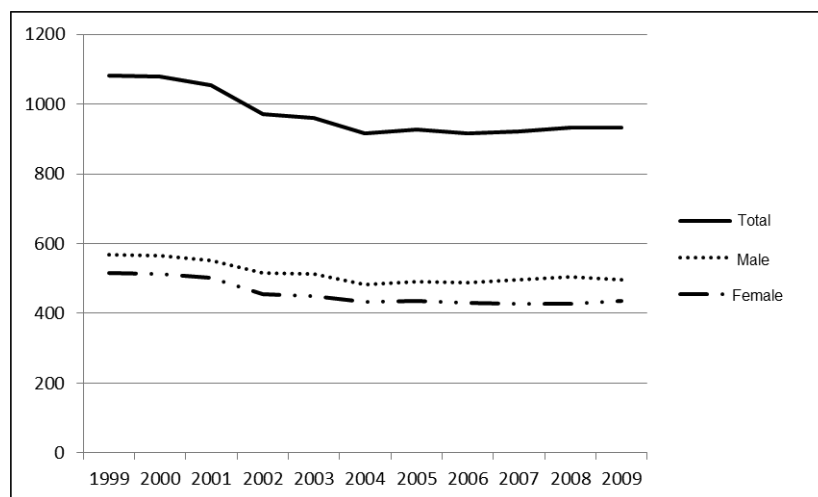
The total number of registrations and removals from the Register of Trade from December 1990 to January 2011, both in the country and in the counties of the Region.

Country / County	Registrations (total)	Removals (total)
România	2.093.755	814.912
Dolj	55.333	21.621
Gorj	24.774	9.823
Mehedinți	23.475	10.540
Olt	28.978	12.625
Vâlcea	33.667	15.561

The class size of enterprises expressed by the number of employees, in Oltenia Region micro enterprises are mainly to be found with 92, 05%, above the national average which is 90.5%. The share of large companies is 0.16% in Oltenia.

The number of the active population in 2009 in South-West Oltenia Region was 933,700 persons (10.23% of the national active population) being less than in 1999 by 149,200. The region is placed in last but one place before the West Region. Since 2006 there has been a slight increase in the active population in the South-West Oltenia Region. The active male population is predominant but the difference between it and the female population is relative, in the year 2009 the active male population had 497,700 persons and the female population had 436,000 persons.

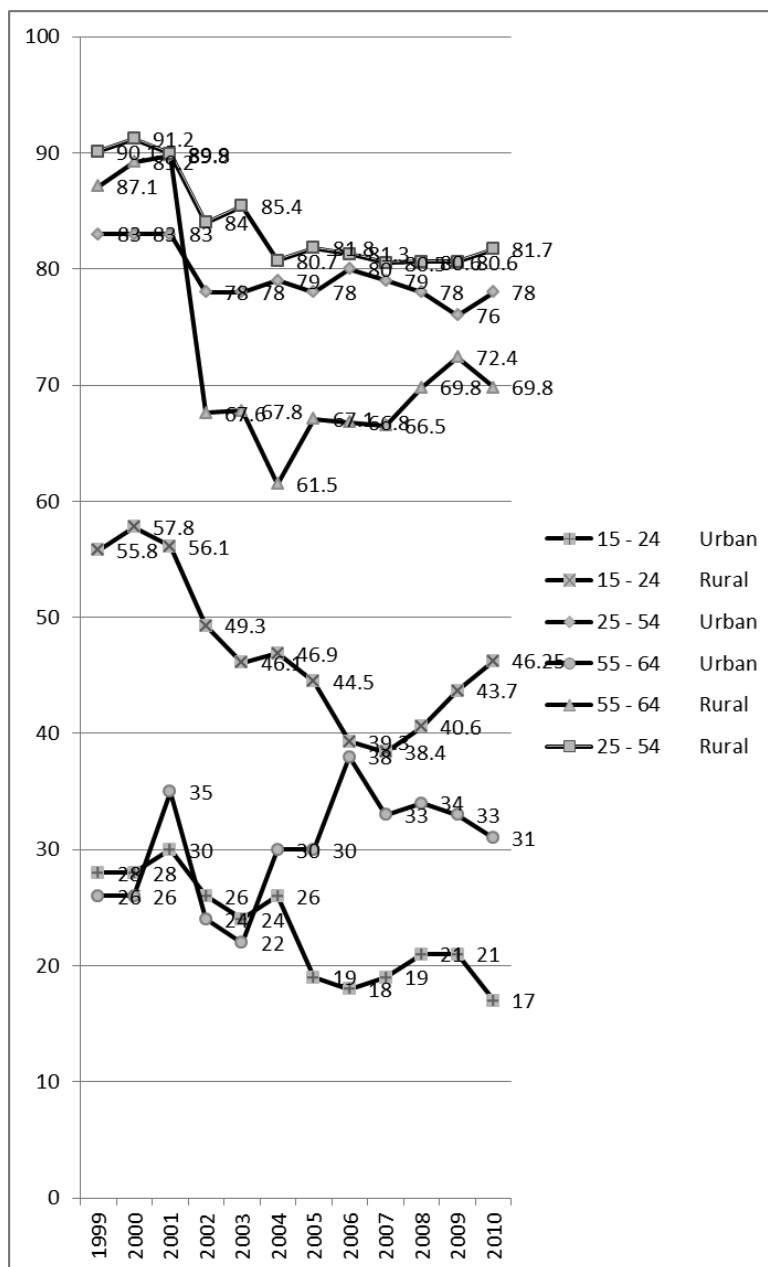
Active population in region by sex, 1999/2009



The number of economically active population has evolved negatively in the period 1999 - 2009, decreasing continuously. Slight differences appear in the age groups and residential environments.

- In the age group 25-54 years, in rural areas there has been a slight increase from 2007.
- In the same age group 25-54 years, but in urban areas there has been a slight decrease, fluctuating between 76-79%
- In the age group 15 -24 years in rural areas, growth was more pronounced than in the age group 25-54 years in the same environment
- In the age group 15 -24 years in urban areas there has been a depression at around 21%. The 2010 data are partial, only the first two quarters.
- In the age group 55-64 years in rural areas there has been an increasing trend compared to 2004 when the rate reached the lowest percentage value of 61.5%
- In the age group 55-64 years in urban areas there have been frequent fluctuations, starting with 2008 there has been a downgrade.

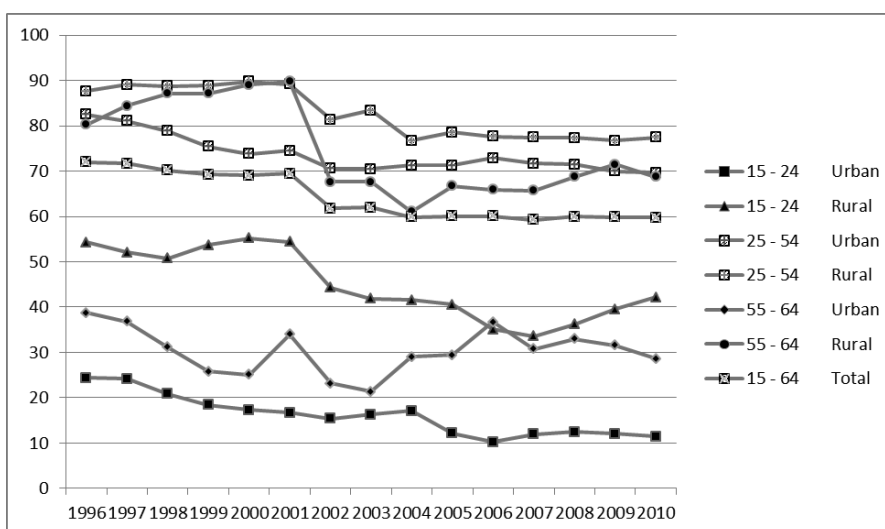
Evolution of the active population of region between 1999-2010, by age groups and residential environments, as a percentage



The participation in the economic activity for the 15-64 years age group decreased from 75.8% in 1996 to 72.65% in mid 2010.

In rural areas, the economic activity was stronger than in urban areas for the entire active age group. This is mainly due to the migration from town to village for the labor force of over 50 years and the failure to put young rural population on the labor market.

Evolution of employment rates by age groups and environments in the region, in the years 1996-2010 (in percentage)



The employed population was dominated by the adult population between 25 and 54 years. For this age group, the percentage rate of employment decreased in 2010 with 12.25% of the value registered in 1996.

For the employed population in the 55-64 years age group, the variations were bigger, resulting in a difference of 18.1% in the year 2010 compared to 1996. 15-24 years age group had the lowest employment rate (26.3%) compared with age groups 25-54 years (73.2%) and 55-64 years (50.2%), the integration on the labor market for this age group is much more difficult.

In rural areas, during 1996-2010, employment in the age group of 55-64 years has seen a pronounced decrease; the employment rate fell from 80.3% in 1996 to 68.7% in 2010. The high rate of employment in the years 2000-2001 (89.1%-89.8%) is explained by the urban-rural migration caused by the economic downturn. Employment in rural areas implies to a large extent employment in subsistence agriculture, which is not a viable long term solution.

In urban areas, the employment rate for the age group of 55-64 years had an oscillating evolution with a difference of 4.4 percent recorded in 2008 compared to 2010.

In 2010, in the South - West Oltenia Region there were 1,417,728 inactive persons (10.96% of Romania's inactive people). Dolj County ranks first with 30% of the total of inactive people from the region, followed by Olt County with 21% and Valcea County with 19%.

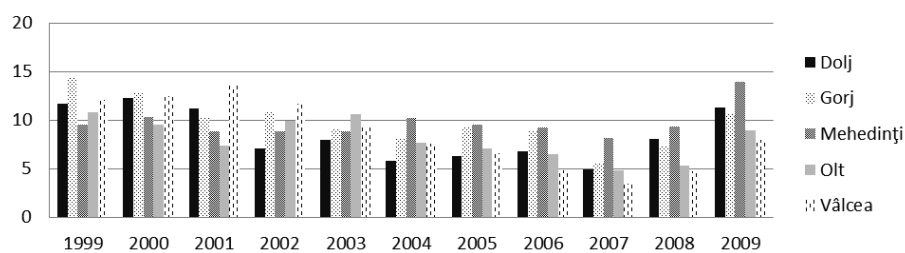
With regard to the inactive male population, in 2010, it amounted to 614,049 persons in the region, representing 11% of the inactive male population in the country and 53.77% of the total male population in the region. Female population in the region amounted to 803,679 persons, in 2010, with more than 189,630 persons above the inactive men population, representing 10.93% of the inactive women population in the country and 67.60% of the total female population in the region.

The number of active and inactive population by county and sex in 2010 compared to the total numbers at national level

Region/ Country Total	Population	Active population					Inactive population		
		Total	Employed	Unemployed			Total	From which	
				Total	Searching for a job	Searching for the first job		Pupils/ Students	Retired
România	21680974	8750198	7845831	904367	543214	361153	12930776	3760382	5068250
South - West Oltenia	2330792	913064	825372	87692	48128	39564	1417728	400192	582341
Dolj	734231	308572	282503	26069	14010	12059	425659	125059	178998
Gorj	387308	146219	128661	17558	10547	7011	241089	74189	82428
Mehedinți	306732	111898	99273	12625	6748	5877	194834	51059	73987
Olt	489274	198620	181675	16945	9501	7444	290654	80097	126085
Vâlcea	413247	147755	133260	14495	7322	7173	265492	69788	120843
Male	10568741	4988574	4388397	600177	358651	241526	5580167	1883212	2235011
South - West Oltenia	1141916	527867	469338	58529	31971	26558	614049	202213	259976
Dolj	357850	172544	155837	16707	8818	7889	185306	62704	76038
Gorj	191280	87703	75813	11890	7210	4680	103577	37396	39436
Mehedinți	150511	66762	58223	8539	4368	4171	83749	25808	34187
Olt	240412	116356	104667	11689	6676	5013	124056	40697	54779
Vâlcea	201863	84502	74798	9704	4899	4805	117361	35608	55536
Female	11112233	3761624	3457434	304190	184563	119627	7350609	1877170	2833239
South - West Oltenia	1188876	385197	356034	29163	16157	13006	803679	197979	322365
Dolj	376381	136028	126666	9362	5192	4170	240353	62355	102960
Gorj	196028	58516	52848	5668	3337	2331	137512	36793	42992
Mehedinți	156221	45136	41050	4086	2380	1706	111085	25251	39800
Olt	248862	82264	77008	5256	2825	2431	166598	39400	71306
Vâlcea	211384	63253	58462	4791	2423	2368	148131	34180	65307

As a result of labor market imbalances (where the supply for labor force was higher than the demand) and imbalances from the goods and services market (where output is lower than demand) the phenomenon of unemployment manifests.

The unemployment evolution in region in the years 1991 - 2009 - as a percentage



The biggest unemployment rate was recorded in 1995 in Valcea County and continued to fluctuate and decreased pronouncedly from 2001 until 2007 when it reached its lowest value of 3.4%, then began to increase. In the year 2009 it reached 7.9%, the lowest rate among the counties in the region.

In Gorj County, the evolution of unemployment rate was very small during 1991 - 1996 (reaching 2.3%) then increased pronouncedly to 14.3% in 1999, following a fluctuating decrease until 2007 when it reached 5.7% and began to increase, reaching 10.7% in 2009, the third after Mehedinți and Dolj.

In Mehedinți County the variation of unemployment rate was greater in 1991 - 1996, and then it was constant in the period 2001 - 2003 to a value of 8.8%. In the year 2009 it reached 13.9%, the highest value among the region's counties.

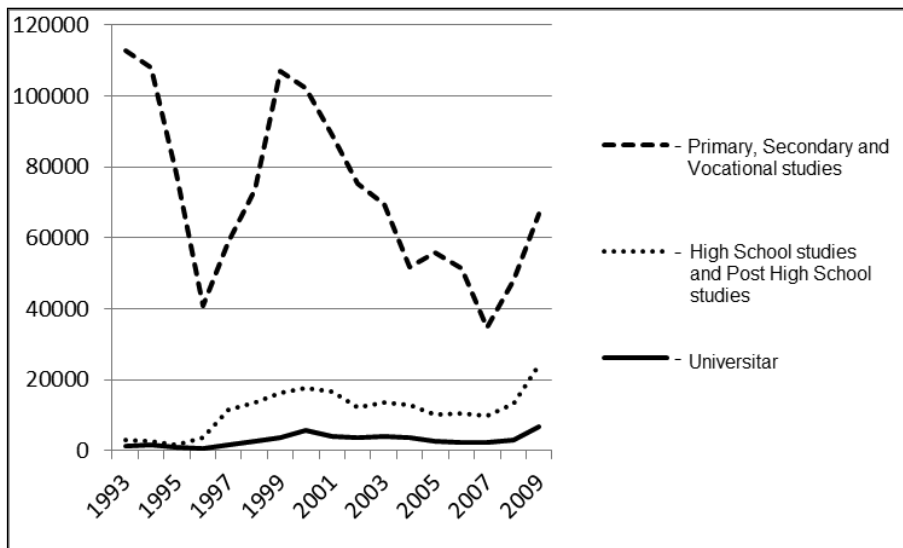
The evolution of unemployment rate in Dolj County was sinuous reaching highs in 1993 (14.6%), in 2000 (12.3%) and in 2009 when it gets close to the 2000 value of 11.3%.

The same trend can be noticed in Olt County, the maximum values being somewhat lower, 11.7% in 1993, 10.8% in 1999 and 10.6% in 2003. In late 2009 the unemployment rate was increasing by 3.6% compared to the previous year, reaching 8.9%.

Male unemployment rate (11.5% within the region) was higher than female unemployment rate (9.3%).

The lowest female unemployment rate was registered in the year 2009 with 6.8% in Olt County, the highest being in Mehedinți.

The evolution of unemployed persons registered by level of education, in the years 1993 to 2009



Regarding the structure of unemployed persons registered by level of education, it shows that the share of those with high school degree and post high school studies continuously decreased during 2001 - 2007 except in Dolj County where it increased in the same period. In late 2009, the number of unemployed people with this level of education was on an upward trend.

The number of unemployed persons with a higher education level has not showed significant increase.

In terms of share of unemployed persons by level of education it showed that those who have greater difficulty of integration and adjustment on the labor market are those with primary, secondary and professional studies.

The number of the region's population by environments and participation in the economic activity in the years 2000-2009

Year	Active Population (thousands of persons)	Employed Population (thousands of persons)	Unemployed (thousand persons)	Unemployment rate Percentage
	Urban/Rural	Urban/Rural		
2000	490	427	63	12,8
	866	855	11	1,3
2005	496	443	53	10,6
	621	600	21	3,4
2006	513	458	55	10,7
	605	581	24	4
2007	503	450	53	10,5
	600	578	22	3,7
2008	499	450	49	9,9
	613	590	23	3,8
2009	488	438	50	10,3
	619	594	25	4,1

The number of the region's population by gender and participation in the economic activity in the years 2000-2010

Year	Active Population (thousands of persons)	Employed Population (thousands of persons)	Unemployed (thousand persons)	Unemployment rate Percentage
	Male / Female	Male / Female		
2000	709	666	43	12,8
	647	616	31	1,3
2005	608	566	42	10,6
	509	477	32	3,4
2006	612	560	52	10,7
	506	479	27	4
2007	611	563	48	10,5
	492	465	27	3,7
2008	617	568	49	9,9
	495	472	23	3,8
2009	613	561	52	10,3
	494	471	23	4,1

The analysis of the data on the structure of the population aged 15 and over, on participation in the economic activity in 2010 showed that South-West Oltenia Region has had one of the highest rates of activity. In percentages, 52.3% were employed persons, BIM unemployed persons (4.2%) and the inactive persons (43.5%). The structure of employment based on activity fields showed that in agriculture the percentage was 45.7%, in industry and construction (24.1%) and in services (30.2%).

Conclusions

Since 2009 the active population has continued the downward trend.

The continuous decrease of the employment rate was the result of the

economic downturn, of some pronounced structural imbalances and of the shortage of economic performance and competitiveness.

The high employment rate in rural areas in the years 2000-2001 is explained by the urban-rural migration resulted from the economic downturn. Employment in rural areas requires to a large extent, employment in subsistence agriculture, which is not a viable long term solution.

People with secondary studies and university education have much better supported the conversion process, the retraining of the workforce, while a person with secondary or professional studies is reluctant towards conversion and is often much comfortable with the status of unemployed.

The population was predominantly employed in tourism and agriculture.

The regional unemployment rate was above the national average and five of the six counties are placed in the top 10 counties with the highest rates of unemployment;

In our view, given the existence of disadvantaged and under-developed rural areas in the South-West Oltenia Region greater support should be given for these areas. We refer to the given possibilities, including through the European Structural Funds and the European Development Fund. Reducing inequalities, in the coming years, practically means promoting productive investment, improving infrastructure and supporting the local development. At the same time, it is necessary to achieve labor productivity growth, increased employment and labor training through programs organized by various forms of education.

It is obvious that, at different levels of development, the problems concerning the effectiveness of financial transfers to areas/towns with disadvantaged populations must be addressed in correlation with the gap of inequality that exists at a given point and where appropriate in a long time period.

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