

Available online at: <http://lumenpublishing.com/proceedings/.../rec-november-2017/>

Volume 1, Issue 1, October 2017, pp. 374-382

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18<sup>th</sup> HGLWLRQ RI WKH & RQIHUHQFH '5LVN LQ & RQWHPSRU

9-10, 2017, Galati, Romania

## Risk in Contemporary Economy

ISBN:978-973-166-496-5 | e-ISBN:978-973-166-483-5

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<https://doi.org/10.18662/lumproc.rce2017.1.33>

How to cite: Calinca, R. M. (2017). The Effects of the Globalization on the Labor Market in Republic of Moldova . In S. Hugues, & N. Cristache (eds.), Risk in Contemporary Economy (pp. 374-382). Iasi, Romania: LUMEN Proceedings. <https://doi.org/10.18662/lumproc.rce2017.1.33>

OE 7KH \$XWKRUV Economics and Business Administration, Dunarea de Jos University from Galati, Romania & LUMEN Proceedings.

Selection and peerreview under responsibility of the Organizing Committee of the conference

## The Effects of the Globalization on the Labor Market in Republic of Moldova

Ramona Mariana CĂLINICĂ<sup>1</sup>

### *Abstract*

*Globalization is a phenomenon that currently marks the world economy and produces major changes in the national economies, in a multitude of areas within them, the labor market being an exception. This work includes the analysis of the impact of globalization on the labor market, the dynamics of the main indicators of the labor market and a complex analysis of migrants and immigrants in the case of the Republic of Moldova.*

**Keywords:** *migration, labor market, globalization.*

### 1. Introduction

Under the current market conditions, marked increasingly by the manifestation of the globalization process, we are witnessing an increasingly intense development of the concepts of flexibility and mobility of the labor force.

Geographical or territorial mobility of the workforce, also called migration, is a spatial process of adapting the workforce at the request of the productive system, either in the form of a change of domicile, its proximity to the workplace (final migration), or the retention of domicile and going to work (pendulum migration or commuting).[3]

In the future, it is estimated that the labor mobility phenomenon will reach great proportions. This phenomenon will condition professional, political, social and economic highlighting. The labor market in the European Union is characterized by this process, being regarded as one of

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<https://doi.org/10.18662/lumproc.rce2017.1.33>

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the most effective ways to respond to the challenges of the globalization phenomenon.

The specificity of the situation in Moldova is that globalization overlaps with the controversial modernization process of the country, in the context of the unfinished transition to a functioning democracy and an efficient economy. At present, Moldova needs its own geopolitical concept, which would be aimed at finding a state of equilibrium in a world that is constantly changing and in the context of the practical realization of the national interests of the Moldovian society in the long run.[4]

## 2. The impact of globalization on the labor market in the Republic of Moldova

Globalization is a very common concept used to characterize the current state of the world economy, but differently understood by those who explain it as a phenomenon. Some perceive it as a complete uniformity, others, on the contrary, as a diversification of proportions based on the observance of common principles.[1]

In the current period, the internationalization of firms and the globalization of processes has accentuated a phenomenon that we are increasingly struggling with: labor migration. Geographic movements of the population have always existed following commercial lines and resource agglomerations, but the respective labor force movements have been organized and governed differently today. The legislative, political and administrative context has changed, but not the motivational substratum underlying human choices and actions.[2]

The main indicators that characterize the labor market of the Republic of Moldova, namely the rate of activity, the employment rate and the unemployment rate, will be analyzed. In order to analyze the impact of globalization on the labor market, the data from the period 2003-2015 from the database of the National Bureau of Statistics of the Republic of Moldova, will be taken into account.

**Table 1.** Activity rate in the Republic of Moldova during the period 2003-2009 (%)

	2003	2004	2005	2006	2007	2008	2009
Total	51,6	49,7	49	46,3	44,8	44,3	42,8
Men	54,5	51,7	50,4	50	47,8	47,3	46,2
Women	49,1	47,9	47,7	43	42,2	41,5	39,7

Source: National Institute of Statistics database

During the analyzed period, the Republic of Moldova registered an oscillating evolution of the rate of activity. The maximum reached was in 2003 (51.6%) and the minimum in 2012 (40.7%). The rate of activity in the Republic of Moldova varies according to gender, and it can be seen that it is inferior to that for men, until 2013, after which it is equalized, being below 40%.

**Table 2.** Activity rate in the Republic of Moldova during the period 2010-2015(%)

	2010	2011	2012	2013	2014	2015
Total	41,6	42,3	40,7	41,4	41,2	42,4
Men	45	45,6	43,5	44,5	38,6	39,9
Women	38,6	39,3	38,2	38,6	38,6	39,9

Source: National Institute of Statistics database

Comparing the values of the year 2015 with those of 2003, it can be said that the activity rate had an unfavorable trend both at the total level, registering a decrease of 9.2%, and broken down according to the gender of the persons. The decrease is more pronounced among women, being 14.6%.

**Table 3.** Activity rate variation

	Absolute variation (%) 2015/2003	Relative variation (%) 2015/2003
Total	-9,2	-17,83
Men	-9,2	-14,2
Women	-14,6	-16,52

Source: National Institute of Statistics database

From the point of view of the employment rate, it can be seen that in the period 2003-2010, it has steadily decreased, from 47.5% to 38.5%. The following period, except for 2012, was marked by an upward trend of this indicator to 40.3% in 2015.

**Table 4.** Employment rate in the Republic of Moldova during the period 2003-2009 (%)

	2003	2004	2005	2006	2007	2008	2009
Total	47,5	45,7	45,4	42,9	42,5	42,5	40
Men	49,3	46,6	46	45,5	44,8	45,2	42,6
Women	46	44,9	44,8	40,5	40,5	40,1	37,7

Source: National Institute of Statistics database

The employment rate for women was lower than that for men over the analyzed period. The highest values in both cases were registered in

2003, namely 49.3% and 46% respectively, and the lowest in 2010, and as the consequence of the strong manifestation of the crisis effects, being 40.9% among males and 36.4% in the case of women.

**Table 5.** Employment rate in the Republic of Moldova during 2010-2015 (%)

	2010	2011	2012	2013	2014	2015
Total	38,5	39,4	38,4	39,3	39,6	40,3
Men	40,9	42,1	40,6	41,8	42,1	42,3
Women	36,4	37,1	36,5	37	37,4	38,4

Source: National Institute of Statistics database

The employment rate of the population aged 15 and above (the proportion of employed persons aged 15 years and over, compared to the total population of the same age group) in 2015 was 40.3%, compared to 2010, registering an increase of 2.2 %. In men this was higher (42.3%) compared to that recorded for women 38.4%. During this time, the rate has better trends, increasing continuously from year to year.

**Table 6.** Changes in the employment rate

	Absolute variation, (%) 2015/2003	Relative variation, (%) 2015/2003
Total	-7,2	-15,16
Men	-7	-14,20
Women	-7,6	-16,52

Source: National Institute of Statistics database

Analyzing the change in the employment rate in 2015 as compared to 2003 (Table 6), it can be seen that it recorded a significant decrease. Thus, the total employment rate fell by 7.2% or in relative terms by 15.16 percentage points. In men, the decrease was 7%, or 14.20 percentage points, and for women 7.6% or 16.62 percentage points.

In recent years, the labor market in the Republic of Moldova has reached a dynamic balance. There is a stabilization of the employment rate at around of 40%. The given structure of the active economic population indicates the possible areas for action to maximize the employment rate in the formal national economy. This is predominantly possible by lowering the quotas for migration and the informal economy. At the same time, there is no significant gap between the female and men employment rates.

**Table 7.** Unemployment rate in the Republic of Moldova during 2003-2009 (%)

	Anul 2003	Anul 2004	Anul 2005	Anul 2006	Anul 2007	Anul 2008	Anul 2009
Total	7,9	8,1	7,3	7,4	5,1	4	6,4
Men	9,6	10	8,7	8,9	6,3	4,6	7,8
Women	6,4	6,4	6	5,7	3,9	3,4	4,9

Source: National Institute of Statistics database

The unemployment rate, another important indicator in the analysis, during the period 2003-2008, registered a continuous decrease, except for 2008, when it recorded the highest value, from the whole analyzed period, namely 8.1%. 2009 was marked by an increase of up to 7.4%. In the following years a reduction was achieved, but in 2015 there was an increase reaching 4.9%.

**Table 8.** Unemployment rate in the Republic of Moldova during 2010-2015 (%)

	2010	2011	2012	2013	2014	2015
Total	7,4	6,7	5,6	5,1	3,9	4,9
Men	9,1	7,7	6,8	6	4,6	6,2
Women	5,7	5,6	4,3	4,1	3,1	3,6

Source: National Institute of Statistics database

At the country level, the unemployment rate in 2015 (the proportion of BIM unemployed in the working population) was 4.9% lower than in 2010 (7.4%). The men unemployment rate was 6.2%, and for women 3.6%.

**Table 9.** Unemployment variation

	Absolute variation, (%) 2015/2003	Relative variation, (%) 2015/2003
Total	-3	-37,97
Men	-3,4	-35,42
Women	-2,8	-43,75

Source: National Institute of Statistics database

Analyzing the change in the unemployment rate (Table 9) a positive trend is observed. Thus, in 2015 compared to 2003, the unemployment rate decreased by 3% or in relative terms by 37.97 percentage points. In men, the unemployment rate decreased by 3.4% or 35.42 pp; and women by 2.8% or by 43.75 percentage points. In the analyzed period, the unemployment rate declines significantly and the peak reaches it in 2008. Comparing the unemployment rate registered among men and that of women, in 2015 and 2003, it is observed that it is decreasing. The number of emigrants in the

Republic of Moldova in the years 2006-2015 was around the level of 300 thousand people. Analyzing the data in the table below, it can be seen that the preferred countries of Moldovan emigrants are: Russia, with 206.2 thousand persons in 2015, Italy (49.2 thousand persons) and Turkey (11 thousand persons).

**Table 10.** Migrants from the Republic of Moldova in 2006-2009, thousands of people

	2006	2007	2008	2009	2010
All the countries	310,1	335,6	309,7	294,9	311
Greece	6,1	5,2	2,5	3	2,5
Israel	3,4	4,9	8	8,4	8,2
Italy	54,7	62,4	55,4	54,8	58,6
Portugal	9,6	7,4	5,6	6,4	5,1
Romania	4,5	3,6	2,1	2,4	2,3
Russia	192,5	210,8	191,1	177,2	191,9
Turkey	12,4	10,7	7,9	8,4	9
Ukraine	8,3	10,2	10,9	8,6	6,5
Other countries	18,6	20,3	26,3	25,6	26,9

Source: National Institute of Statistics database

The number of emigrants is higher in 2015 than in 2006 in Russia (192.5 thousand in 2006 to 206.2 thousand in 2015) and in Israel (from 3.4 thousand in 2006 to 9.2 thousand in 2015), in the other countries being smaller.

**Table 11.** Migrants from the Republic of Moldova in 2006-2009, thousands of people

	2011	2012	2013	2014	2015
All the countries	316,9	328,3	332,5	341,9	325,4
Greece	2,4	2,1	1,6	2	1,4
Israel	6,4	7,9	7,1	8,4	9,2
Italy	58,4	54,8	50,7	49,6	49,2
Portugal	4,4	3,2	4,1	2	2,4
Romania	2,4	3	3,5	3,8	2,7
Russia	204,8	223,4	223,6	232,8	206,2
Turkey	7,4	5,8	7,5	7,5	11
Ukraine	5,1	3,9	5,4	4,4	4,6
Other countries	25,6	24,1	28,9	31,4	38,7

Source: National Institute of Statistics database

Overall, the data variation shows that the number of emigrants in 2015 compared to 2006 increases, ie by 15,300 persons or 4,93%. The number of emigrants in Israel increased by 5800 or by 170.59%. There is also an increase in the number of emigrants in Russia, with 13700 people or 7.12%. Significantly decreasing is emigration to Ukraine, Greece, Portugal, Romania.

**Table 12.** Variation of the number of emigrants from the Republic of Moldova

Absolute variation (thousands of people) 2015/2006	Relative variation (%) 2015/2006
15,3	4,9
-4,7	-77,1
5,8	170,6
-5,5	-10
-7,2	-75
-1,8	-40
13,7	7,1
-1,4	-11,3
-3,7	-44,6
20,1	108,1

Source: National Institute of Statistics database

As a consequence of the global crisis, the pace of migrations and forced labor in 2009 grew to a certain extent in the following period, reaching 341.9 thousand in 2014. It is evident the scale of the process and the current developments in the countries with the majority of moldavian emigrants and in the Russian Federation the volatile date reaches significant weight, anticipating the evolution on the labor market, as well as the quantitative and qualitative analysis of the quantitative indicators. The model of exported labour has made the national economy susceptible to the emergence of an extraterritorial and rheceptive market, the dynamic migration having a pro-cycle movement.

**Table 13.** Number of foreign citizens or stateless persons who have obtained the right to live permanently or temporarily in the Republic of Moldova in 2013

Country	Number of people admitted	% of total	Variation/2012 (%)
Romania	600	17,91%	34,00%
Israel	463	13,82%	13,70%
Turkey	445	13,28%	32,00%
Ukraine	394	11,76%	-2,20%



Russia	335	10,00%	9,80%
US	129	3,85%	-26,70%
Italy	117	3,49%	-9,30%
Syria	64	1,91%	-1,50%
Germany	55	1,64%	-19,10%
Belarus	39	1,16%	129,40%
China	38	1,13%	65,20%
Irak	35	1,04%	169,20%
Uzbekistan	34	1,01%	54,50%
Azerbaijan	33	0,98%	10,00%
Georgia	31	0,92%	
France	29	0,56%	-29,30%
Great Britain	27	0,81%	-18,20%
Greece	26	0,78%	-7,10%
Spain	25	0,75%	150,00%
Armenia	21	0,63%	-27,60%
Other countries	409	12,21%	
Stateless persons	25	0,74%	
Total	3349	100,00%	8,27%

Source: National Institute of Statistics database

Table 13 shows the structure of immigrants in 2013. The total number of immigrants in 2013 is 3349, the number increasing in comparison with 2012 by 8.27%. Thus, the highest share of persons who have obtained the right to settle permanently or temporarily in the Republic of Moldova belongs to the neighboring state, Romania, increasing compared to the previous year by 34%. In this ranking, Israel is followed by 463 people, rising to 13.70% in 2012, Turkey to 445, Ukraine to 394, and Russia to 335.

### 3. Conclusions

The Moldavian labor market has suffered profoundly from the transformations generated by economic reforms on the one hand and driven by globalization on the other. In addition, the social conditions and possibilities offered by globalization have led to an increase in emigration.

International labor migration should not be seen as a negative exclusive or positive exclusive phenomenon but a natural phenomenon amplified by the process of globalization of the economy. All the countries with an economy market have experienced, to a greater or lesser extent, the phenomenon of international labor migration, this phenomenon, having gained a significant spread in the world economy in recent years.

It is very important that international labor migration be managed effectively and placed at the heart of employment policy so as to minimize the possible risks arising from this phenomenon.

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