

## The Economic and Social Impact of COVID-19 Pandemic: Evidence from Romania

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### Abstract

*The paper draws attention to the impact of the context of the COVID-19 pandemic on Romanian economy and social relations. Analyzing the secondary data, the paper presents the impact on the economy and how Romanians were affected by the imposed measures, what daily habits they have changed and how much trust they give to the authorities for managing crisis situations. The paper reflects that almost all Romanians have changed their daily habits and the measures of social distancing are felt by the population as a restriction of the freedoms of individuals. Moreover, the measures had immediate effects on the economy, the companies opted for work of home and the population had changed their buying habits. The paper contributes to a better understanding of the changes in the Romanian economy in the context of the COVID-19 pandemic.*

**Key words:** COVID-19 pandemic, Romanian consumers, daily habits, social distancing

**J.E.L. classification:** M10, M19

### 1. Introduction

The disease caused by novel coronavirus SARS-CoV-2 made his debut in Wuhan, China in December 2019. Then, it took the pandemic proportions and severely affected the global public health and economy as well (World Health Organization, 2020; Nguyen D.V., Pham G.H., Nguyen D.N., 2020; Catană S.A., 2020). On the 11th of March 2020, after the official declaration as a pandemic, the governments took some actions in order to protect the population health and made recommendation or requirement for the use of health-protective behaviors on the part of its residents (Vally Z., 2020). ‘Social distancing’, in which individuals deliberately maintain a safe distance between themselves and others as well as the general practice of reducing the number of people one comes into contact with, is arguably the most widely recommended practice (Vally Z., 2020).

Romanian authorities have instituted a number of measures in an attempt to impede the spread of the disease. During the first week of March 2020 all schools and universities were physically closed and commenced online lessons. Also, in 16th of March, the president of the country decreed the state of emergency to adopt some restrictions of the freedoms of individuals. From the end of March, all shopping malls, leisure centers including gyms and places of worship were closed. Pharmacies and supermarkets remained open. Restaurants were limited to home delivery. Also, there were suspended flights from and to many countries. Violations of the stay-at home order carried exorbitant fines. All these measures were valid until May 15. Subsequently, the state of emergency was replaced by the state of alert and the measures were milder.

The goals of this paper are to present the impact of COVID-19 pandemic on Romanian economy, in general, and, particularly, to present how Romanians were affected by the imposed measures. The research is based on a quantitative method. The paper contains four other sections as follows: literature review, research methodology, results and discussions and conclusions.

## 2. Literature review

In order to limit the spread of the virus, the states promoted the increased use of hygiene-related behaviors in the public domain (Vally Z., 2020; Fung I.C.H., Cairncross S., 2006).

Countries have taken very strict restrictions such as vacation for schools, working from home, quarantine for regions with high number of cases, and most importantly, lockdown to slow down the COVID 19 outbreak. The lockdown days differ by countries (Atalan A., 2020).

Chakraborty and Maity (2020) have emphasized that the lockdown has both environmental and economic impact. The lockdown has created the ground for renewal of the environment, especially with the closure of factories and the reduction of both private and public transportation vehicles used. COVID-19 increased the air quality in many parts of the world with the lockdown imposed during the pandemic process (Chakraborty I., Maity P., 2020).

Loss of lives due to any pandemic causes definite irretrievable damage to the society. But apart from this, COVID-19 has severely demobilized the global economy. On the other hand, several dynamic forces fluctuating economies or demographical changes have brought new opportunities for organizations (Toma S.G., Grigore A.M., Marinescu P., 2014). In order to restrict further transmission of the disease in the community, many of the affected countries have decided to undergo complete lockdown (Chakraborty I., Maity P., 2020). Economy of many so called 'powerful countries' are now facing the threat of high inflation and increasing unemployment as a result of lack of productivity and excessive expenditure for the treatment and rehabilitation of the COVID-19 victims and their families (OECD, 2020). Also, the prospect of an economic crisis makes people change their buying habits as well (Cornescu V., Curteanu D., Marinescu P., Toma S.G., 2004; Mihai N.S., Marinescu P., Toma S.G., 2010).

According to World Trade Organization (WTO) and Organization for Economic Cooperation and Development (OECD) have indicated COVID-19 pandemic as the largest threat to global economy since the financial emergency of 2008–2009.

## 3. Research methodology

In order to reach the aims of the paper, the authors employed a quantitative method, based on a comprehensive secondary data analysis. The theoretical and practical information were obtained through desk research from various sources. The secondary data had been collected through the deployment of a widespread literature review, comprising books and journals published in a renowned publishing house and in electronic databases and from a study conducted by MKOR Consulting (2020).

Firstly, the authors studied the literature review on the economic and social impact of the COVID-19 pandemic. Secondly, the information was analyzed and synthesized, highlighting the aspects related to the impact of the COVID-19 pandemic on economy and social relations in Romania. Finally, the authors designed the paper and emphasized the conclusions following the analysis performed.

## 4. Findings

Infection with the new coronavirus, which broke out in China's Wuhan Province on end of 2019, spread rapidly in most countries of the world, becoming the first pandemic known to our generation. The new virus, extremely contagious and dangerous, has brought changes major in everyone's life, while foreshadowing economic changes still evolving (MKOR, 2020).

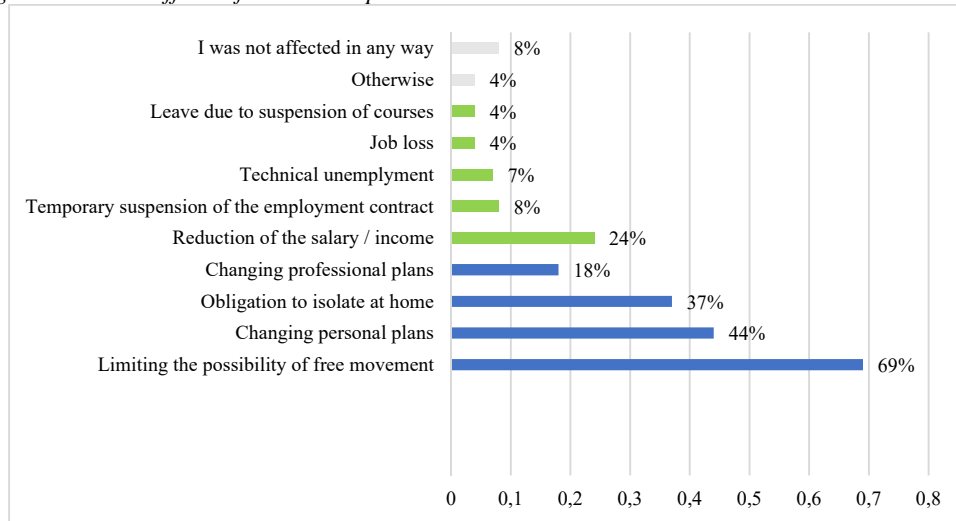
The first case of COVID-19 in Romania was registered in the country in February 26. From then until the end of March (March 31), the number of cases reached 2.245 infected people and 82 deaths. A series of exceptional measures followed, aimed at limiting the spread of the new coronavirus, measures with a strong impact on daily life, but also on business environment and the country's economy (MKOR, 2020).

The main objectives of the study conducted by MKOR Consulting are the following:

- The effects of COVID-19 pandemic on the Romanian people;
- Behaviors changes adopted by Romanians, in the context of COVID-19 pandemic;
- Working from home during the COVID-19 pandemic.

In the following graphic there are presented the effects of COVID-19 as they were perceived by Romanian consumers. In Figure no. 1 are presented with blue the aspects regarding the freedoms and with green the wellness aspects:

Figure no. 1. The effects of COVID-19 pandemic

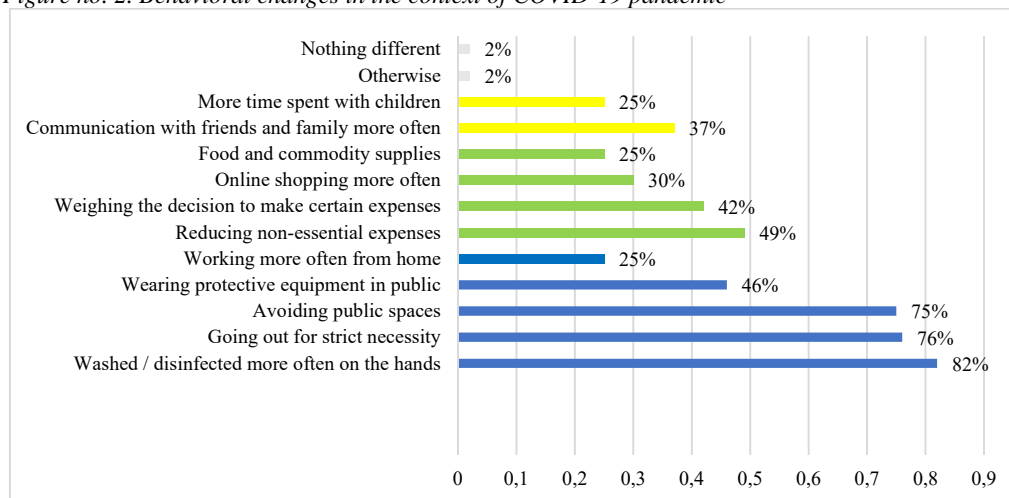


Source: MKOR CONSULTING

As can be seen, for most Romanians, the coronavirus pandemic means a restriction of some freedoms, through social distance. Over two thirds of Romanians had limited freedom of movement (69%), while about a quarter (24%) suffered a reduction in income. In addition, it should be mentioned that 19% of the active population entered a situation of risk, following the temporary suspension of the employment contract (8%), the entry into technical unemployment (7%) or even the loss of a job (4%)

The following graphic present the changes of behaviors adopted by Romanians, in the context of COVID-19 pandemic. In Figure no. 2 are presented with blue the aspects regarding the safety, with green the consumption aspects and with yellow the empathy ones:

Figure no. 2. Behavioral changes in the context of COVID-19 pandemic

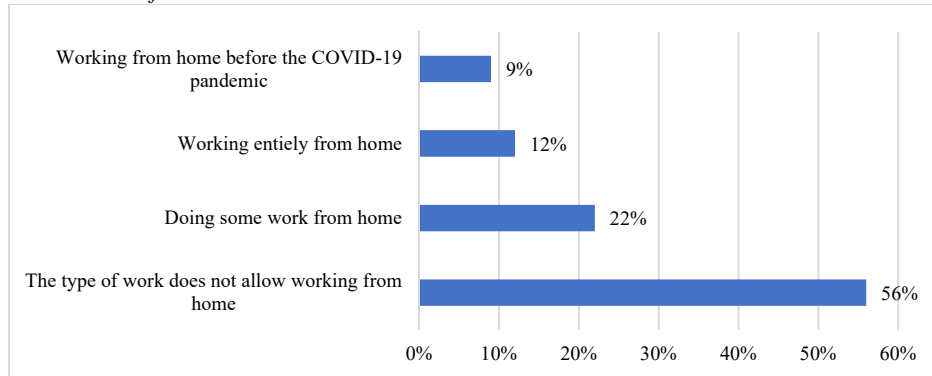


Source: MKOR CONSULTING

Almost all Romanians have changed their daily habits in response to the covid-19 pandemic. Most Romanians have adopted, at an individual level, measures to provide them with safety, related to hygiene and social distance (82% of Romanians wash and disinfect their hands more often and 75% avoid public spaces). Romanians' shopping habits have changed, almost half of Romanians choose to keep their expenses to a minimum (49%) and 30% turn their attention to online shopping.

In Figure no. 3 there is presented the proportion in which Romanians can work from home:

Figure no. 3. Work from home



Source: MKOR CONSULTING

For more than half of the Romanians who have a job, it is not possible to work from home due to the specifics of the work they do. After the outbreak of the pandemic, about a third of employees adapted their way of working, choosing from home either partially (22%) or in full (9%).

In essence, the economic and social impact of COVID-19 pandemic is highlighted by the following elements:

- changing the consumer behavior;
- working from home;
- lack of interaction between employees;
- rising unemployment;
- changing professional plans;
- limiting the possibility of free movement.

## 5. Conclusions

The Covid-19 pandemic radically changed the lives of Romanians both from a social perspective and from an economic point of view. Social distancing is understood and respected by the Romanians, at the same time they are aware of the impact on social relations. The awareness of the inherence of a new economic and financial crisis determines the Romanians to prioritize their expenses.

The paper provides a better understanding of the changes in the Romanian economy following the effects of the Covid-19 pandemic.

Further researches may expand our study by taking into account new data. Moreover, can be carried on researches that compare the socio-economic effects of COVID-19 pandemic with those of the economic and financial crisis of 2008-2009.

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