

Social - economic impacts of long-term unemployment of Slovakia

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Abstract: Introduction: Article focus deals with the issue of unemployment as a social - economical problem of the society. It refers to efforts of the government to create such opportunities to help unemployed people join the labor market and to start working process. The thesis specifies different tools and activities of employment and labor market policies, which are designed to mitigate and/or prevent adverse impact of unemployment on person's life .

Article: Unemployment has become phenomenon, that influence development after year 1989 in Slovakia, when the period of main changes in all spheres of

country politics and life started. In previous social structure labour market had been deformed by centrally planned economy. Term „unemployment“ did not exist as person without work was considered in society as „sponger“. Each citizen had the right to work, but also to be employed was a duty. After establishment of first steps towards free market economy, unemployment started to be an important problem.

Another aim of the thesis is to enclose difficult situations in families, which come from instability of economy. In the research we would like to point out adverse

situation of families as a result of low earnings and high unemployment.

Research work and studies show that the development of mass unemployment not only causes serious economic problems for the countries and individuals, but people affected by unemployment have also social, psychological and psychiatric problems. Moreover, physical health of unemployed people may be impaired and the increasing unemployment increases the risk of some of the adverse socio-pathological phenomena, such as alcohol and drug abuse, crime, divorce, domestic violence.

The unemployment represents for each individual person different life experience and absence of labour brings for each unemployed various individual consequences, that could be divided to: economical (financial, decline in standard of living), mental (lost of self-confidence, self-respect), medical (somatic and psychical problems) and social (lost of social status, problems in family).

Conclusion

The unemployment is accompanying effect of each free market economy. On searching for reasons of unemployment and solution possibilities focuses government economy politics in many countries around the world. In Slovakia,

likewise, each government declared finding possibilities to solve problem of unemployment as one of its principal aims. Unemployment is considered to be a world global problem on the other hand it is internal problem of each country. Institute for unemployment supports personal participation of people in economy development as defined in Strategic plans for Europe 2020. In conditions as are in Slovakia, this goal could be reach by inclusive employment.

Key words: unemployment, social consequences of unemployment, psychological consequences of unemployment, mental health and unemployment.

Unemployment is an all-society political phenomenon, which has been part of our democratical society based on market economy, for more than twenty years. It means for the society serious economic, cultural and societal problems. It belongs to the modern society and it's current societal occurrences. It is connected with the functioning of the employment market, although it is not only its problem. It is originating as a result of complex processes and occurrences in the economic, social and political field. There does not exist an obvious solution, but

there are different approaches to the comprehension of the character of unemployment. It is influencing the economic efficiency of all the European countries. It is ballasting the social systems and slowing down the growth and development of every society. Decreasing of the extent of unemployment belongs to the most important priorities of all the governments in every member state of the European Union.

Unemployment is the cause of the negative changes in the social life and in the concept of the life of the unemployed. The loss of employment means for one negatives in form of decreasing of living standards, breaking of social safety and exclusion of social relationships. Unemployment is a serious problem, whereby an individual needs help and backup, because this problem is concerning not only the unemployed alone, but his family, his surroundings and the whole society as well. Because of this the state is endeavoring on creating possibilities, which are supposed to help the unemployed to find a position on the employment market. The state is reducing or avoiding the negative impact of unemployment on the life of a person by means of instruments and arrangement of the politics of employment. The loss of employment and unemployment belong in

the life of a human to serious social phenomena, which is weighing in the fundamentals of the existence. The forced fallout from work has got provable negative impacts of economic, social, psychological and medical nature. It is a life event, which forces a person to change his run-in schedule and it means a challenge to be overcome. Accompanying feature, when going through this social event is the occurrence of dangerous factors, such as negative emotions, loneliness, powerlessness, despair, addiction and violence.

Unemployment has become a phenomenon, which had markedly influenced the development of Slovakia after year 1989 when the period of changes appeared in every field of the country's life. In the previous social system was the employment market was deformed by the functioning of the centrally planned economy, the notion of unemployment did not exist and a person without occupation was considered a parasite of the society. Every citizen had the right to work but also an obligation to work. After introducing of the first precautions towards the market economy, began the unemployment to fully appear and contemporarily no one can say that the problem of unemployment is not related to it.

Research works and scientific papers have proved that the massive growth of unemployment is causing not only serious economic problems of the state and the individuals, but these people can also have disturbed physical health and with the increasing unemployment is increasing the danger of some unwanted social-pathologic occurrences as well, for example using of alcohol and drugs, criminality, divorce rate or domestic violence. The number of the people who are in material destitution, are entirely dependent on the help of the state and are not able to solve their personal concerns without a help of another person, are currently increasing. The most vulnerable group of people who had lost their employment are, considered the health-disadvantaged, graduates, older people who are over fifty years old, people with low qualification or without qualification (mostly the gipsy community). The highest amount of people who are drawing every month unemployment benefit are in Košice and Prešov region, the next is the region of Banská Bystrica and the less collectors are in the region of Bratislava.

Table 1 The number of unemployment benefit collectors and allowances to benefits, with the people under review in month January 2015

Region	Number of collectors
Bratislava	4 396
Trnava	13 688
Žilina	18 414
Nitra	30 513
Banská Bystrica	60 900
Prešov	75 299
Košice	75 343

Unemployment represents for every person a different life experience, and the absence of a job brings for every unemployed different personal consequences, which can be divided into economic (financial, decrease of living standards), psychical (decrease of self-confidence and self-esteem), sanitary (somatic and psychical problems) and social (the loss of the social status, problems in the family). Unemployment is an attendant phenomenon of every market economy. The search for the causes of unemployment and the possibility of its solution is the central point of concern of economic policies of most of the governments of the world's states. In Slovakia is every ministry putting the search for the solutions of unemployment for one of their main aims too. Unemployment is a global problem of the mankind but on the other hand it is an internal problem of every country. The

institute of employment is funding the participation of every person in the growth of economics, the way it is defined in the strategy Europe 2020. In Slovakia's conditions this goal could be achieved through inclusive employment. A serious problem is representing not only the number of unemployed people, but the structure of the unemployed as well. The structured of unemployed people in Slovakia is not adequate to the requirements of the employers who are offering available workplaces (the level of education, structure of qualification and discrimination in the attitude to employment market). The high number of unemployed is often generating positive pressure towards another decreasing of the salary of the currently employed people and is enforcing the willingness to work for unworthy rewards. Besides the number of the unemployed another very serious problem is the compound of the unemployed people from the aspect of the length of their unemployment. From the whole amount of the unemployed the biggest group is the group of unemployed in long term (they are losing their work habits). In the process of the transformation of the Slovak economy after year 1989 there was recorded a rapid growth in 1991, when the average rate of unemployment has reached 6,62 %. Compared to year 1991, when the rate of

unemployment was achieving only 0,56 %, the rate of unemployment has risen twelve times.

Table 2 The development of the rate of unemployment in Slovakia in years 1990-1999 in %

Year	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Rate of unemployment in %	0,56	6,62	11,39	12,68	14,38	13,76	12,63	12,94	13,67	18,22

An important milestone was the entrance of Slovakia into the European Union (EU). Although the unemployment in Slovakia was growing much slower than was the average in EU, still it belonged to the countries with the highest rate of unemployment. The rate of unemployment was in Slovakia in 2012 moving around 14 %. The rate of the unemployed on long term basis in Slovakia has scaled up in 2012 from 50 % to 67 % from the group of all of the unemployed people. In year 2012, every third young person (34%) in Slovakia did not work from the group of the young people under 25 (National Bank of Slovakia, 2013).

Table 3 The development of the rate of unemployment in Slovakia in years 2005-20015 in %

Year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Rate of unemployment in %	11,4	9,4	8	8,4	12,7	12,5	13,6	14,4	13,5	12,29	12,86

If we want to find an effective solution for the unemployed on long term basis first we have to consider the barrier between the number of the unemployed on long term basis and the number of the available workplaces. One of the characteristic occurrences of unemployment in Slovakia is mostly the regional differences. The most affected region with a notable extent of unemployment, which are going through re-structuring of industry, destitute agricultural regions, and regions with inappropriate traffic accessibility and places distant from big cities. From this point of view the most endangered are the region of Košice and Prešov. The most unemployed have recorded the offices in the end of June of 2015 in the age 20-24, concerned were 51.500 persons. Almost the third of the registered unemployed by the end of June in the same year were young people under the age of 29. It was globally almost about 105.800 people. Four out of ten applicants under 29 come from the region of Prešov or Košice. By the end of June in 2015 in the region of Prešov there were 25.000 people at the age under 29 and the Košice region registered in this age category about 19.600 unemployed. The third worse in this ratio was the region of Banská Bystrica where there were recorded about 16.800 unemployed people under the age 29. The

fewest problem has the region of Bratislava and Trnava. In the region of Bratislava there were recorded by the end of June 5.900 unemployed under 29 and the region of Trnava recorded 7.200 young unemployed under 29.

Table 4 Number and percentage of unemployed applicants for employment (AfE)

Year and month	State of the whole amount of AfE	Prešov region
August 2014	380 668/12,35%	78 782/17,39%
August 2015	346 971/12,86%	73 947/16,20%

Table 5 Number of the paid unemployment benefits

July 2014	July 2015	August 2014	August 2015	September 2014	September 2015
34 338	33 937	35 010	34 789	34 877	35 565

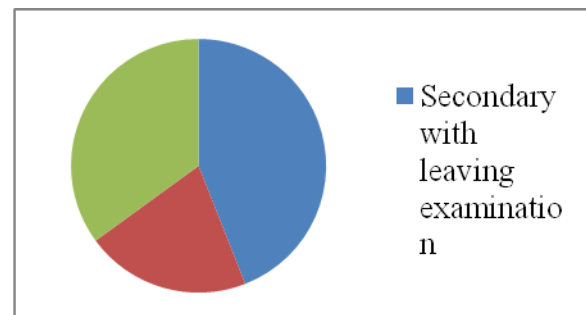
The primary tools of politics of a state, when solving a serious situation on employment market, are the arrangements of active policy of employment market. An important role are having the tools, which are designed to boost the creating of new workplaces aimed for disadvantaged groups of applicants for employment. The most commonly used tools of active policy

of employment market (APEM) in districts with the highest number of unemployed in region of Prešov and Košice according to the act of legislative Zákon č. 5/2004 Z. z. o službách zamestnanosti a o zmene a doplnení niektorých zákonov are the following in table:

Tool of APEM	Created workplaces in 2014	Created workplaces in 2014 Slovakia
	Prešov region Košice region	
§ 49 Allowance for self-employed gainful activities	393 434	2 760
§ 50 Allowance for contribution of employment of a disadvantaged applicant for employment	703 533	2 767
§ 51 Allowance for	1 995 1 520	9 675

performing of graduate practice		
§ 52 Allowance for activity in a form of minor communal work for the city or in a form of minor services for a district	5 820 9 122	28 902

Chart: Achieved level of education of graduates in graduate practice:



The loss of job belongs to the psycho-social events in the life of a person, which has got a significant impact on the health. The affected person responds usually first of all with emotions. The result is the worsening of the social terms. Excluding a person from his working process brings besides the social problems health implications as well. The loss of emotional, social and financial back-up or

the fear of its loss, are the sources of stress with a serious impact on the physical and mental well-being of a human. The high amount of forced leaving of the employment in the list of the life events is approving the assumption, that the loss of employment is for a lot of people a traumatizing event which results in sickness absence. High rate of unemployment, unsatisfactory health condition of the population, unfavorable social factors, insufficient legislative are allocating the unfavorable indexes of development of temporary incapacity to work (IW). Alarming index is the fact, that from year to year is increasing the amount of children with overweight, allergies, and psychical diseases, which are responsible for invalidism in youth. The social insurance company had paid in the first half-year in 2015 almost 900.000 sickness benefits in the total amount of 211,8 million Euros. On the amount of paid sickness benefits (SB) and on the amount of sums we can follow the development of sickness absence and the contribution of the state for charges in the field of health insurance in years 2010-2014.

Table 7 Comparison of the amount of sums paid for sickness benefits in years 2010-2014

Y	Amoun	Sum of	Average monthly
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Year	Amount of paid SB	paid SB (in Eur)	sum of SB paid at once in Euros
2010	1 638 041	33 847 149,63	206,63
2011	1 683 856	38 144 593,34	226,53
2012	1 720 712	42 860 537,16	245,72
2013	1 652 844	39 943 416,10	241,66
2014	1 571 784	38 081 963,0	242,28

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High unemployment in region of Košice and Prešov is allocating a statistically high number of inoperable. Average length of a sickness leave in Prešov region was 59,41 days and in Košice it was 50,05 days, while the specialist community is allocating the matter of fact whether the treatment in the east Slovakia is taking more time than in the other regions. The reason behind it is, that people often try to solve their own existence with the help of sickness benefits.

Table 8 Comparison of the regions with the highest amount of people with incapacity to work

	Average % of temporary incapacity to work		Average lenht of incapacity to work	
	2014	2015	2014	2015
Slovakia	2,733	2,725	39,93 days	53,95 days
Prešov region	3,604	3,359	54,73 days	59,41 days
Košice region	2,818	2,767	43,64 days	50,05 days

Comment: Stropkov – the treatment of people lasted 72,76 days and in Svidník it lasted 74,13 days

The assessment physicians of the Social insurance passed judgment in the first half year of 2015 based on application for disability allowance of the health condition of 14 750 people. With the decrease of ability to perform bread job of 40% they approved 11 887 invalidities, which is almost 82 % of all of the applications, and more than 70 % of those whom they approved the full disability allowance, it was 3094 applicants. On the first place were the diseases of muscles, scaffold diseases or phoroblast diseases, on the second place were the tumors and on the third place were the mental diseases and behavior disorders. The highest amount of approved of invalidities was in the age category of 50-60 years. More then 249 000 people in Slovakia have a decreased ability to perform working activity and they are getting disability allowance. The number of disabled pensioners is growing. The average sum paid disability allowances with the decreased ability to work up to 70% is 194 EUR, the allowances with the decreased ability over 70% is on the level of 342 EUR. The expenses which are spent on these allowances are growing as well. In year 2011 was the sum of real expenses for disability allowances more than 689 mil. EUR, in year 2013 it was 910 mil., in year

2014 it was more than 940 mil. and in the budget perspective for 2015 and 2016 is expecting the Social insurance company to spend 990 mil. EUR in 2015, and is counting to spend more than a milliard EUR in 2016 on the allowances.

An example for comparison:

The development of invalidism according to the sex and the age categories (Assessment of the 3 most serious diseases) in one year:

Disability (more than 70%) – 9 645		Together: Men + Women		Age category
I. place	Tumors (Neoplasm)	2 988	31%	
	Malignance	2 935	30,43%	
	Other tumor	34	0,35%	
II. place	Diseases of circulatory system	1 834	19,02%	50-60
	High blood pressure (Hypertension)	677	7,02%	
	Ischemic heart disease (ICHS)	648	6,72%	
III. miesto	Mental disorder and behaviour disorders	1 587	16,45%	50-60
	Disorders caused by use of alcohol	45	0,47%	
	Disorders caused by use of addictive substances	1	0,01%	
	Cephalonia	65	0,67%	

Disability (more than 40%-70%) – 18 403		Together: Men +Women		Age category
I. place	Diseases of muscles, scaffold and phoroblast	5 592	30,39%	50-60
	Coxarthrosis	630	3,42%	
	Dorsalgia – ache of the back	1 452	7,89%	
II. place	Mental disorders and behaviour disorders	3 351	18,21%	50-60
	Disorders caused by use of alcohol	432	2,35%	
	Disorders caused by use of addictive substances	31	0,17%	

	substances			
	Cephalonia	388	2,11%	
III. place	Diseases of circulatory system	1 991	10,82%	50-60
	High blood pressure (Hypertension)	109	0,59%	
	Ischemic heart disease (ICHHS)	1 199	6,52%	

The worsening of the physical health was documented with the attendance of pathological and physical symptoms and with the increased use of healthcare services by unemployed people. In the regions with higher unemployment rate there was recorded a higher consumption of medicines as well.

In Slovakia was in 2014 expended 83,7 mil. packages of medicines on prescription, which are covered financially according to the public health insurance. Their consumption through the years had decreased 0,5 %. Health insurances spent on them 853 mil EUR (increase of 3,4 % compared to year 2013) and the supplementary payment of patients was 140 mil. EUR (decreased 5,8 %). The highest consumption of prescribed medicines according to the qualification of the ATC group, was recorded with the medicines aimed to cure cardiovascular diseases (28,8 mil. packages), nerve diseases (14,3 mil.), alimentary canal and metabolism (8,7 mil). The most prescribed medicine was Novalgin 500 mg tabs, from which we consumed 1,3 mi. packages. The

patient spent on the medicines for which the prescription is not needed 147 mil € in the amount of 35,6 mil. packages. In the region of Prešov there were sold 4 355 142,3 medicines for za 16 624 434,3 € and in the region of Košice 4 857 263,8 medicines for 19 029 408,6 €.

Table 9 The consumption of medicines according to the type of expense in regions Košice and Prešov in 2014

	Medicines					
	Amount of medicines in the packages	Payment in €	Sold medicines without prescription	Payment in €	Sold medicines on prescription with out payment	Payment in €
Slovakia	62 271 817	359 9991 76	35 612 615	147 397 872	9 431 346	68 400 591
Prešov	7 528	37 742	4 355	16 624	1 205	7 519

region	48	600	142	434	386	208
Košice region	8 918 614,0	49 453 301	4 857 264	19 029 409	1 367 378	9 307 477

The mass-character of involuntary, long term unemployment is causing not only economic losses in every society but human, social and psychological losses as well. Causal connection between unemployment, democracy and market economy is not providing any possibilities for the elimination of unemployment. The only alternative is to look for ways, how to regulate unemployment and eliminate its unwanted impacts on the economics of the country and the affected person. Full employment rate, social progress, social inclusion, social protection, solidarity and unity belong to the preferred aims of the Treaty of European Union and the Treaty of the functioning of the European Union. Strategy Europe 2020 is striving for intelligent, maintainable and inclusive growth aimed to overcome the crisis, which is troubling a lot of member countries, by means of the European Union can create an intelligent, maintainable and inclusive economy for securing the high employment rate, productivity and social unity.

In the conditions of Slovak republic, can this goal be achieved through inclusive employment, which is a specific form of a state-secured chance for the long term unemployed, to get a standard job for a given period of time and increase his living standards and his chances on the open employment market. It is necessary to develop activities, based on which the circle of hard employable on the employment market would not expand, and in order for the unemployed not to lose their contact with the employment market and would not sink under inactivity. For the solution of unemployment it is necessary to secure interconnection between the educational systems, and the employment market so that the schools would dynamically react to the developmental trends on the employment market. It is important to create a system of effective social politics, which makes the conditions for undertaking a business attractive and motivating for a person to employ himself.

For comparison we mention:

The number of obligatory pensionary and health insured individually earning persons have in the period of July 2012 to July 2015 decreased by 31,400. On 1st of July recorded the Social insurance company 254,200 earning persons, obligatory paying

the social conceptions and on the 1st of July 2015 recorded only 222,800 persons.

Unavoidable is the change in the attitude of an individual so that he understood the employment as way of self –realization, social effectiveness and function of life-long education, which wants to live and produce so that he can assert himself and prove his worth.

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