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**EMPLOYMENT TENDENCIES IN ALBANIA
CHANGES AND STRUCTURAL MOVEMENTS**

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Abstract: Lisbon strategy offers a unique possibility to be transformed in a modern creative innovative economy with a dynamic business environment, with a qualified labor force followed by a strong social model. The future of Albania is not out of European structures. The integration in EU is the main and most essential aspect of total development of Albania. The main goal of economic policies is the growth of well being through the increase of the total employment. Economic environment is the most important determiner of the results of the labor market. Albania, one of the few countries, which has had a high and sustainable growth with about 6% in five years, is passing a positive economic "momentum". Although it has had continuous growth of GDP for years, employment performance reflects a moderate behavior. The reduction of the unemployment is small in an absolute value and in a relative phrase. The opening of the new work places has been very slow. A high level of employment is important not only for the individual but also for the society and it is critic to achieve demographic challenges and to support the social well-being. Employment level of Albania 60% is much lower than Lisbon objectives. The labor force in Albania is increasing and it may be an important resource for economic growth in the future. The realization of this potential will require important improvements and the quality of the labor force and the efficiency of labor market; in the contrary this will aggravate more the unemployment problem

Key words: Lisbon strategy, Employment tendencies, changes, structural movements

In the year 2000 governments of EU countries adjusted the Lisbon strategy. Its long-term objective is to strengthen the competitiveness and encourage the growth and employment through coordination of economic and employment policies with social policies. On March 2005 the Lisbon strategy was re-evaluated by focusing on growth and employment. It established four priority fields which consist on realization of an integrated policy.

- Knowledge and innovation – to emphasize the increase of investments in research and developments. European tendencies are leaded by the need of a "fifth freedom" that is the freedom of knowledge – in order to fulfill four other freedoms, the freedom of movements of goods, services, human resources and capital. The freedom

encourages the EU transition toward an innovative economy and credits.

-Potential business especially small and medium size businesses emphasize the creation of a support that is needed for the development of SME-s, for improvement and the road to pass to big enterprises on order to be successful on global trade.

-Investments on human resources and modernization of employment markets. The goal is to create a balance between flexibility and security (*flexicurity*) on employment market. This means that all the citizens must have the possibility to find a good job easily in every time of their active life. To invest more in education and people's ability doesn't mean only a critic success on globalization time but it is also

one of the most effective ways to fight against inequality and poverty.

-Energy and climate changes. The goal is to transform Europe in a secure economy place with a low level of carbon and efficient growth of energy.

Lisbon strategy offers a unique possibility for the economy to be transformed in a creative, modern, innovative economy with a dynamic business environment, with a qualified work force accompanied by a strong social model. Albanian future is not out of European structures. The integration on EU is a necessary and major aspect for the general development of Albania. Economic development analyze will focus on the identification and analyses of main challenges, obligations and development possibilities according to specific characteristic of the actual development in Albania. The goal of the economic policies

is the increase of welfare, through strong growth and total employment. Macroeconomic stability is one of the preconditions for reaching a high growth and total employment. Stability challenges must be addressed to the implementation of structural reforms in product trade, work and capital. Economic environment is the most important decisive of the labor market results. The history of economic development in Albania has passed through many problems including here the stability of economic development, poverty and the lack of new jobs. As it is presented on table 1, the reform's results and economic growth based on trade mechanisms from the lowest level at the year 90, the GDP is increased with 9% every year in real terms from 1993 – 1996, a period during which the inflation goes down and the balance-sheet in current account and trade gap improves a lot.

Table 1 Annual growth of GDP

Years	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
GDP (growth %)	-13.1	-28	-10	9.6	9.4	8.9	9.1	-10.9	8.6	8.9
Years t	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009 2013
GDP (growth %)	7.3	7.0	4.2	5.8	5.7	5.5	5.0	6.0	6.0	6.1 6.3

Resources: World Bank (2006:6) Bank of Albania for the years 1996-2007

Real economic growth per year has been in a constant manner between 5-10%, in an average of 8 % every year and 6% from the year 2001. Economic growth is one of the highest between countries in transition. It has been mainly leaded from efficient delivery of resources than production factors or technical development. World Bank accounts the growth as shown on table 1, by showing that economic contraction during collapse

period and the following years has been leaded by total growth of productivity. The fall of total productivity has occurred mainly from the movement from a planed allocated mechanism to a free trade and from the stock of capital. The following growth of total productivity was the effect of stability and reforms program which increased productivity in Albanian economy through delivery and efficient usage of production factors.

Table 2 Growth according to components

Years	Annual growth of GDP (%)	Contribute form			
		Capital increase	Increase of labor force	Increase of total factor	Growth of total productivity
1990-92	-15.26	0.47	0.78	1.24	-16.50
1993-96	9.25	-0.54	-0.51	-1.05	10.30
1998-01	7.35	0.05	0.56	0.60	6.75
2002-03	5.35	0.78	1.07	1.85	3.50
1993-03	6.27	-0.05	0.18	0.13	6.14

Resources: World Bank

Resources are reallocated from the lowest productivity sectors like agriculture to the highest productivity sectors. (E.g. construction, services). According to evaluations of World Bank the growth of total productivity explains approximately all the economic growth. The facts show that profits from a better allocation of resources is fainting and the growth of total productivity is slowing down. This means that it must be found new resources of growth because than in the future would be difficult to retain the high level of economic growth.

Nevertheless the high created "deficits" from emigration of labor force and its

ageing Albania has a new demographic potential for supporting its future economic developments. This potential would be realized only if it would be implemented an effective policy of labor market, the goal of which would be defined clearly in order to contribute to the well functioning of labor market in accordance to Lisbon' strategy. Part of this objective is the evaluation of indicators of labor market such as labor force, unemployment, employment, productivity of work etc.

The labor force in the year 2007 reaches 1081 thousand with a fall of 0.4% compared to the year 2006 (table 3).

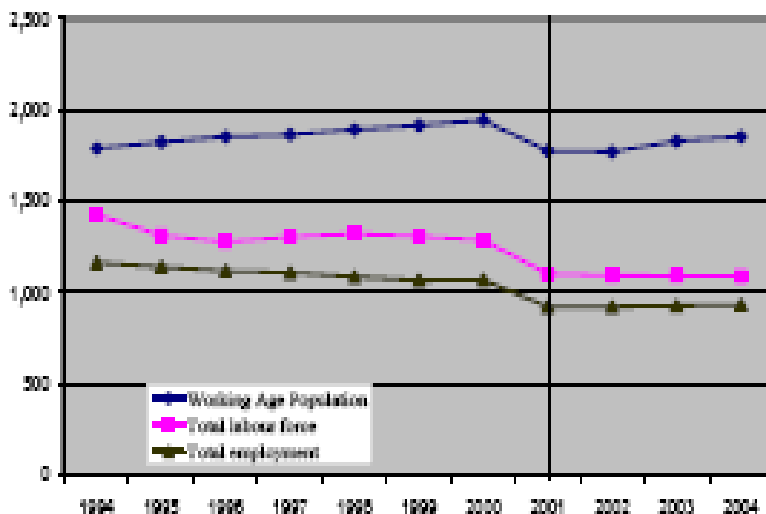
Table 3 Indicators of labor market (in thousands)

	2006	2007
Labor force	1084	1081
Total number of employed people	933.2	936
i) public sector	167.1	167
ii) non-agricultural private sector	224.1	229
iii) agricultural private sector	542	542
Total number of unemployed people	149.8	142

During the last decade the participation of labor force has remained after the population growth. This is clearly explained

on the first graphic where the labor force has developed with a slower rhythm than the number of people able to work

Graphic 1 The rhythm of development of labor force, employment and population.



Resources: World Bank

Nevertheless, Albania has one the highest norms of participation of labor force (PFP) between East and Central European

countries. In East and Central European countries the norm of participation of labor force is 60% (table 3).

Table 3 The norm of participation of labor force

	Total 2006 (%)	Female	Male
Total norm of PFP	66	52.6	80
Developed Europe PFP	56.5	45	68
Central and East Europe PFP	60	52.5	67
Non European developed countries PFP	65	56.1	74.6

Resources: ILO

One of the factors that support high norms of participation of labor force in Albania is economic structure which is mainly agricultural and offers employment for a considerable number of people. It results that in the year 2007 there were 388.9 thousand of people employed in public and private non agriculture sector. The employed people make 53% of population able to work from which 46% are females. Even though on the last years males has emigrated more than females, participation of females in work remains lower than males, the differences are bigger in non agricultural private sector where the number of employed females is 25%, these differences can be also seen between urban areas and rural areas. Some of the reasons for such differences are:

- the closing of previous industrial activities

- more male oriented activities such as construction, transport etc.

- rural-urban movements which don't give to females the possibility to enter the urban labor market.

The implementation of a real labor market defines many economic activities done by females at home or in the field as non labor activities. Most of females work in professions which have been traditionally dominated by females. From the other hand the housewife conditions may be desirable by middle-class families which can afford the living only with the male salary.

Females that come from the village are difficult to adjust to urban labor market

because of their low-level education and lack of experience. The activities in which females of urban areas predominate the labor market are education with 64%, health care profession with 77%, and while in industrial hotel and restaurant sectors dominate males.

In public sector, females make around 44% of employed, in non agriculture private sector 25% and in agriculture sector 31%. In the group of civil servants and directors only 26% are females, while in the group of specialists and pen-pushers females make over 56% of employed people. Disproportions can be seen in the participations of females in different levels of local and public administration. Females make only 43 % of employed people in the ministries and other higher levels of public institutions. On local administration the participation of women is lower: only 31.7%. This participation is higher in municipalities where females make 44% of employment. In communes the participation of women is 23 % and it goes down in prefectures where they are only 20%.

In rural areas 53% of females work in the industry sector. According to the age, the highest percentage of employees is from 16 to 25 years with 8-year education. In another group of age the number of employed people with higher education is larger and they are mainly females. Employees who are not educated work mainly in informal sector. The results of labor market depend a lot on education level. The persons with low education level

face considerable problems on the labor market.

The employment percentage are lower to the young people. Employment level of the youth (15-25 years of age) is 38 % and is much lower than national percentage of employment. This is linked with three factors:

- The first one has to deal with the fact that a part of young people don't search for work, because they attend different kind of schools. Seeing the future of labor market performance, this is a positive factor.

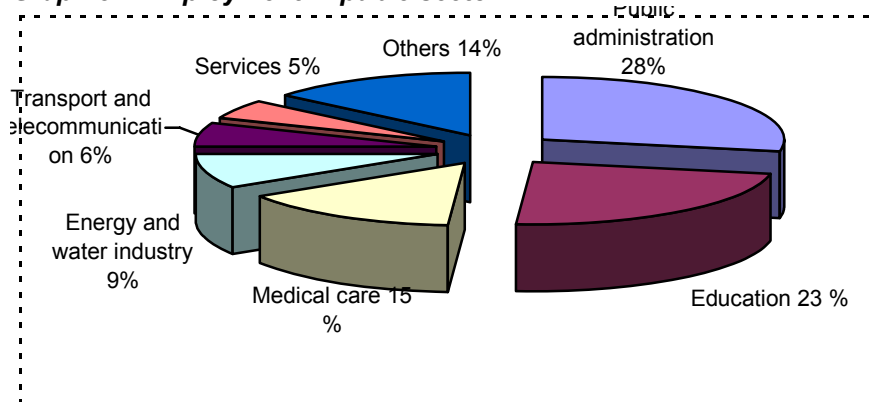
- The second deals with the difficulties that are faced for entering the labor market, especially for non-educated young people.

- The third deals with the tendency of immigration which is more considerate in

young people. This number is not the same in urban and rural areas. Knowing that in rural areas employment has the character of working in the family in the agricultural processes contribution of the all ages has not a distinct difference. Another fact is that new entrance in the labor market is until 30 years of age for males and for females, too.

-Employment tendencies in two main sectors of labor market that are private and public sectors are different. A considerable part of labor market is occupied by public sector. Nevertheless, this sector continuously has falls at the employment aspects it makes 43% of total employment.. In the public sector, the most important aspect is public administration that makes 28 % of total employment.

-Graphic 2 Employment in pubic sector



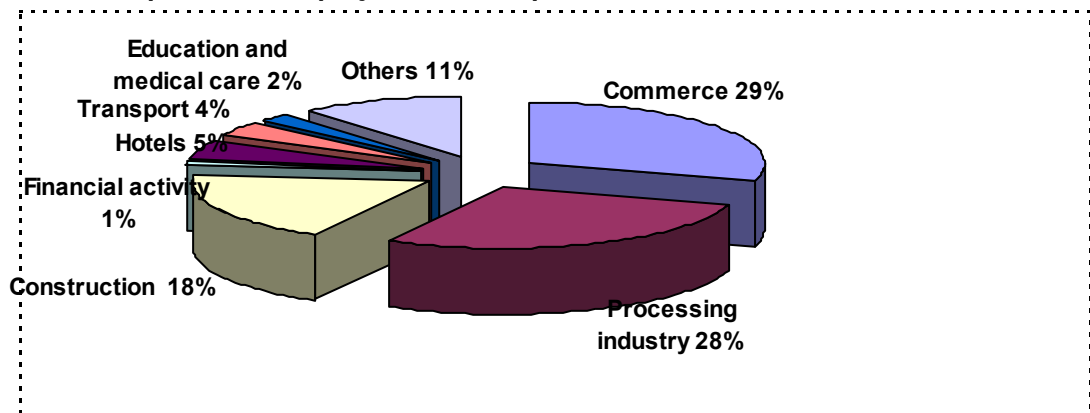
Resource: National Employment Service

Private sector has a rise up tendency. Employment is increased especially in commerce (around 2000 employees) and in service sector (500 employees). Private sector employment, according to economic branches is given in the third graphic.

Employment is different in different areas as well as we think the same area because of the different levels of economic development.

North areas appear problematic in employment because of the low economic development. The most important part is public sector which makes 65% of the total employment. Private sector is very poor and is mainly commerce services and constructions.

Graphic Nr. 3 Employment on the private sector



Resource: National Employment Service

Central area, even though it is the most developed part of the country, it hasn't a unified development. Private sector in this area takes the greater part of employment in comparison to public sector.

In the South areas public sector is dominant, while private sector is mainly linked with commerce, services, construction and processing industry.

2/3 of the employees have full-time jobs, females and males. According to the rural context, seasonal employment includes ¼ of labor force. Random jobs are limited in both, rural and urban areas. Full-time jobs are more frequent in production and service sector where female employees occupy 80%, the highest level.

On the rural areas, in general, females work at home. (70 % of employees are males and 76 % are females) which means that activities in agriculture are surviving economy. According to the international definitions (ILO 1990 and OECD 1997) linked with the activities, we evaluate full activity – 35 working hours per week, part-time with long term 15-34 per week and part-time short term with less than 15 hours per week. It is calculated that approximately 1.5 persons work full-time (this number is higher in males than females).

According to the data picked up from the Questionnaire for measuring the standard of living (LSMS), INSTAT with the support

of the World Bank elaborated a National study. The modules of the questionnaire included the demography, education, medical care, dwelling places, labor forces, immigration, business, credits, etc.

According to the questionnaire, only 5% of the population has a second job in Albania. The highest percentage is males, where 70% of them have a second job, and only 3% of the females have a second job. Data analysis shows that when the employees are head of the family, they tend to find a second job more than other members of the family. This percentage is also higher for the employees who are 40 to 44 and among the people who have been divorced. In urban areas, employees have a second job only 3.1 of the cases; while in the rural areas 6.4 of the cases. This low percentage is partly a result of the large number of people working in the agricultural fields, as the base work of Albanians, especially in female cases. An agriculture that survives and a small structure of females, give only little possibilities for parallel employment in a very poor environment. 78% of persons who have a second job are self-employed or work in family jobs, while 22% are employees. Most of them deal with agriculture activities.

A high level of employment is important for the individual as well as for the society, and it is critic for the demographic

challenges and for supporting the social welfare. The employment level in Albania (60%) is much lower than Lisbon objective where it is foreseen: employment number 70% in the year 2010, employment number for females 60% in the year 2010.

Conclusions:

Albania, one of the few countries which has had a high and sustainable economic growth, about 6% per year, is passing a positive economic momentum. This is confirmed with its economic performance during this year. The employment performance gives a moderate behavior, apart from the continuous growth of GDP.

The reduction of unemployment is small in absolute value as well as in relative value. The opening of the new work places has been in a low rate. The improvement of

the new work places is critical for the delivery of incomes from economic growth and for the reduction of poverty. Labor force in Albania is growing and can be a very important resource for the economic growth in the future. The realization of these potentials needs important improvements in the labor force quality and also in the efficiency of the labor market; in contrary this would aggravate more the unemployment problem. The following of the macro-economical policies and the further deepening of the economic reforms together with the technological progress, accumulation of the capital and economic re-construction towards a more efficient economy, will ensure a good economic procedure which is foreseen to be on the levels above 6% and reaching 7% in the year 2010.

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