



Research Article

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Economic Indicators of Labor Market and Governmental Policies to be Taken for Their Improvement: The Case of Albania

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Abstract

In this study, we are focused on the analysis of labor market based on economic indicators such as employment, unemployment, and participation in the labor force by trimester data of year 2018 and 2019. Such data have been provided by INSTAT (Institute of Statistics, Albania) publications related to employment rate, unemployment of the population and participation in labor forces in accordance with age group and gender, and after their being elaborated and analyzed, the relevant conclusions have been drawn. In our work, we have used the descriptive method, based in comparative analysis expressed in percentage in relation to economic indicators that we have used in our study. The descriptive analysis is also focused on the interpretation of charts and graphics relying on comparative analysis of age group and gender by trimester and annual change. This study's purpose mainly aims to show the trimester and annual change for economic indicators that we have taken into study such as employment and unemployment rate and participation in labor forces. The difference between these trimester and annual indicators has been taken in analysis by analyzing the average degree of the respective changes. This study also aims to determine which are some measurements and governmental policies that must be undertaken to improve such economic indicators.

Keywords: *Employment, Unemployment, Participation in working forces, Governmental policies*

1. Introduction

The aim of our study is to reflect the situation of labor market by trimesters of 2018 and 2019. We are mainly focused in reflecting the situation of labor market based on comparative statistical analyses expressed in percentages, to show how the situation of labor market has changed in relation to age group and gender. Throughout this work, we have examined how the rate of unemployment,

employment and participation in the labor forces has changed in relation to age group and gender, surveying the average degree of employment as well as the trimester and annual change of such indicators. Through comparative analysis of the average rate of the economic indicators taken into study and their quarterly and annual change, we are able to define in which year or quarter of the year did such indicators have the highest value in relation to age group and gender.

In our study, it is of special importance to present some of the governmental policies that may be taken into consideration for the improvement of labor market in Albania.

2. Literature Review

Through the literature review, we give a look on the texts relevant to our work and we notice that there are many other authors having addressed similar topics to our work, such as Jean M. Lovati (Lovati, 1976), with his study *“The unemployment rate as an economic indicator”*. In this study, he shows how the rate of unemployment changed based on monthly surveys gathered from civil population on a non-institutional basis per 50, 000 families chosen randomly and inspected every month by the Registration of Labor Statistics Bureau. In his study, he analyzed how the percentage rate of unemployment changed for each month also considering population’s age group. It also analyzes how the unemployment rate changes as a percentage with relation to sample or the sampling taken for study, where it states the importance of statistical error, which is relatively small as a figure. This study aims to provide an exact overview of the market situation through the unemployment analysis by using statistical employment analysis. Namkeee Ahn, Juan Ramon Garcia, Juan Francisco Jimeno (Ahn, García , & Jimeno, 2004), in their study entitled: *“The impact of the unemployment on individual Well-Being in the EU”*, are mainly focused in the effects and consequences of unemployment causes in economical social well-being of the individuals, based on comparative analysis among different countries in Europe. Moreover, they come to conclusion that there are big distinctions among European contries regarding the effects and the consequences of unemployment in the social and economic welfare. In their study they analyze the unemployment effects which fall in the main five important fields: labor and primary activity, financial activity, the accommodation situation, free time, healthcare and the effect they have upon these five life fields in individual level of well-being and pleasure. They came to conclusion by using the data collected from polls using the survey from the panel of families of the European Community (ECHP).

Meanwhile, Celine Piton and Francois Rycx (Piton & Ryck, 2018), in their study entitled *“The unemployment impact of product and labor market regulation from European countries”*, show the importance of regulation of labor market and products through the legislation index by notably reducing the unemployment rate in the long run. Moreover, they stress that the impact of labor market disorder and its products for both genders, male and female, is similarly evaluated, but it changes due to age aspect and educational level of individuals. Here it is stated that workers having a higher level of education are less affected by disorders of labor market and products than those with an average or lower level of education. In addition to this, workers of young age are more affected by such disorders compared to the ones older of age. Based on such comparative analysis, they show unemployment rate levels in different European countries, and also how the regulation of labor market and products through the index of legislation affects the reduction of the unemployment rate.

3. Research Method

In our paper, we have used the descriptive method based on comparative analysis expressed in percentage, in order to analyze how the economic indicators of labor market, such as unemployment rate, the employment and the participation in labor forces have changed in trimesters and years, based in age group and gender.

3.1 The purpose of the paper

The purpose of this paper is to highlight the average degree of employment, unemployment, and the participation in labor forces by trimestral and annual change on basis of comparative statistical analyses expressed in percentage for the first two years taken into consideration. Another purpose of our study is also related to the measures and policies that should be taken from the government in decreasing the unemployment rate, increasing employment and participation in labor forces.

3.2 The research question

This study is focused in two research questions:

- What will be the situation of labor market in Albania for the period taken into consideration, based on the trimestral and annual analysis of the average rate change of employment, unemployment, and participation in labor forces by age group and gender?
- What would be some of the most efficient governmental policies in increasing the employment rate, participation in labor forces and reduction of the unemployment rate?

3.3 Data and choice

We have provided the data from the publications of INSTAT (Institute of Statistics, Albania) based on trimestral surveys regarding employment rate, unemployment, and participation in labor forces in 2018 and 2019. While processing these data through the descriptive method, we have drawn comparative analysis expressed in percentage over the average employment scale, unemployment, and participation in labor forces by trimestral and annual change based in age group and gender.

4. Analysis of the results

Based on publications of INSTAT (Institute of Statistics, Albania) provided from surveys of labor forces, using a combination of quantitative and qualitative data from processing through descriptive method, we have drawn the following analysis related to economic indicators of labor market such as employment, unemployment, and participation in labor forces.

Chart 1: An analysis of employment according trimestral change for the period 2018-2019.

Sex	Age	Q1. 2018	Q2. 2018	Q3. 2018	Q4. 2018	Q1. 2019	Q2. 2019	Q3. 2019	Q4. 2019
Total	15 years and above	51.9	52.0	52.2	52.3	52.5	53.6	53.8	53.8
Men		58.9	58.7	59.4	59.0	59.2	60.3	60.4	60.4
Women		45.0	45.4	45.0	45.7	45.9	47.1	47.3	47.4
Total	15-64 years	59.2	59.2	59.7	60.0	60.3	61.4	61.5	61.6
Men		66.5	66.3	67.3	66.9	67.4	68.4	68.5	68.5
Women		51.9	52.2	52.1	53.1	53.3	54.6	54.7	54.8
Total	15-29 years	35.9	37.9	39.5	40.8	41.0	41.9	41.3	40.6
Men		41.6	44.5	46.8	46.0	46.7	47.3	46.9	45.5
Women		29.8	31.1	31.8	35.1	35.1	36.3	35.7	35.8
Total	30-64 years	71.9	70.8	70.7	70.5	70.6	71.8	72.3	72.7
Men		80.6	78.6	79.1	78.8	78.8	80.0	79.9	80.9
Women		63.5	63.3	62.6	62.4	62.6	63.9	64.8	64.8

Source: (Instat, 2019)

The first chart shows the employment scale on a trimester basis for 2018 compared to 2019 based on gender and age of the employees.

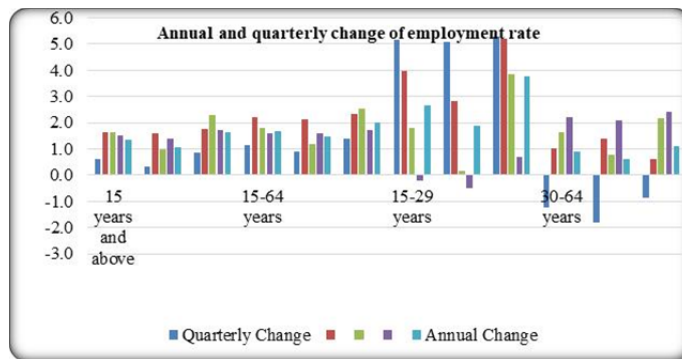
Generally speaking, data shows that in 2019 the employment scale was higher compared to 2018. The employment scale for the population of 15-year-old employees has increased in 2019, respectively in the second, third and fourth trimester of the same year.

The employment scale for the age group 15-64 years old has been increasing during 2019 and this is explicitly expressed throughout all the trimesters of 2019, where the employment scale was higher compared to all the trimesters of 2018.

The employment scale for the age group 15-29 years old the employment scale of population was higher in 2019 compared to 2018 and this was expressed mostly in the given second and third trimesters compared to the relevant trimesters of 2018.

As far as the employment scale for the age group 30-64 years old in general, it has been higher in comparison to all the other age groups. In 2019, it has been higher and expressed respectively in the second, third and fourth trimester compared to each respective trimester of 2018.

For all categories of age group that we have taken under survey about the employment scale, males have had a higher scale of employment than women and the employment scale for both genders has been higher in 2019 compared to 2018.



Graph 1: The trimester and annual change of employment scale by age group.
Source: Authors

Graph 1 shows the trimestral and annual change of employment scale by age groups. For all age groups of the population taken into study, we note that in 2019 the employment scale by trimestral change has come to an increase in comparison to 2018.

For the group of 15-year-olds and up, the employment scale in all trimesters of 2019 has been higher in comparison to all the trimesters of 2018.

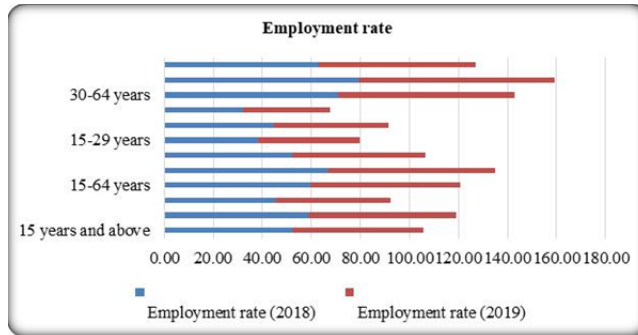
The highest trimester change is accomplished in the second, third and fourth trimester. In the second and third trimester of 2019, the scale of employment has risen with 1.6% compared to the second and third trimester of 2018. The highest level of trimester change in employment scale is provided by the age group 15-29 in the first and second trimester. In the first trimester of 2019 the employment scale has risen with 5.1 % more than in the first trimester of 2018.

In the second trimester of 2019 the employment scale has risen with 4% compared to the second trimester of 2018.

The trimester change of employment scale has been the higher in 2019 compared to 2018 for all age group categories, apart from the first trimester for age group 30-64 where in the first trimester of 2019 the scale of employment has fallen down to 1,3% compared to the first trimester of 2018.

The annual change of employment scale in 2019 was higher in comparison to 2018 for all age group

categories. The highest level of annual change in employment scale has been provided for 15 to 29-year-olds, where in 2019 the annual change of employment has risen with 2,68% compared to 2018.



Graph 2: The average scale of employment by annual change based upon age group categories and gender.

Source: Authors

Regarding the 2nd graph, we can notice that the average scale of population employment in 2019 was higher for all categories of age group compared to 2018. Categorized by age group, we can see that the highest average scale is reached for the age group of 30-64 years old. In 2019 the average population employment scale was 0,9 % higher than in 2018. On a gender basis, males have had the highest average employment scale for all categories of age groups compared to females. The highest average scale of employment for males is reached for the 30-64-year-old age group. In 2019 the average scale of employment for males has been 0,61 % higher than in 2018.

Chart 2: Unemployment scale by trimestral and annual change, based on age group and gender.

Sex	Age	Q1. 2018	Q2. 2018	Q3. 2018	Q4. 2018	Q1. 2019	Q2. 2019	Q3. 2019	Q4. 2019
Total	15 years and above	12.5	12.4	12.2	12.3	12.1	11.5	11.4	11.2
Men		12.6	12.9	12.6	12.5	12.2	11.6	11.4	11.3
Women		12.3	11.8	11.7	11.9	11.9	11.4	11.4	11.0
Total	15-64 years	13.0	12.9	12.7	12.7	12.6	12.0	11.8	11.6
Men		13.2	13.5	13.1	13.0	12.8	12.1	11.9	11.8
Women		12.7	12.2	12.1	12.3	12.3	11.8	11.8	11.4
Total	15-29 years	24.5	22.6	23.2	22.3	22.2	20.9	21.4	21.4
Men		24.2	23.4	22.8	22.4	22.4	21.0	20.6	21.2
Women		24.9	21.5	23.8	22.2	21.9	20.8	22.4	21.5
Total	30-64 years	9.2	9.6	8.9	9.2	9.1	8.8	8.5	8.3
Men		9.3	9.7	9.2	9.4	9.1	8.8	8.8	8.5
Women		9.0	9.5	8.5	8.9	9.1	8.8	8.1	7.9

Source: (Instat, 2019)

The 2nd **Chart** shows the unemployment scale according to trimesters for 2018 compared to 2019 on gender and age group basis of the unemployed persons.

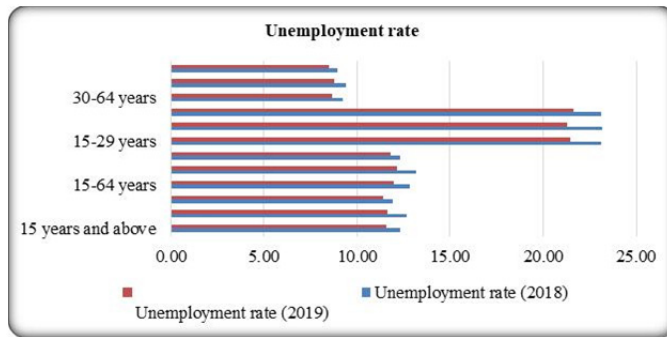
Generally speaking, we can say that in 2018 the unemployment scale was higher compared to

year 2019. The highest unemployment scale was reached for the 15 – 29 age group, where it is evident that we have come across a high scale of unemployment for both years; nonetheless in 2018 the unemployment scale was higher compared to year 2019.

This high scale of unemployment for age group 15-29 is seen throughout all trimesters of 2018, mainly in the first and third trimester of the same year.

Considering a general view of the situation, we can say that the unemployment scale for all age groups according to the data of the trimesters of 2018 is decreasing compared to the data of the trimesters of 2019.

For all categories of age group that we have taken under survey, the unemployment scale for both genders has been higher in 2018 compared to 2019.



Graph 3: The average scale of unemployment annual change according to age group and gender.
Source: Authors

Considering Graph 3, which shows the scale of the population’s unemployment according to annual changes based on age group and gender, we can notice that the average scale of the population’s unemployment in 2019 has been lower for all age group categories compared to 2018.

By group age, the highest average scale of unemployment is reached for age group 15-29 from which the average scale of unemployment has been 1.66% higher in 2018 compared to 2019.

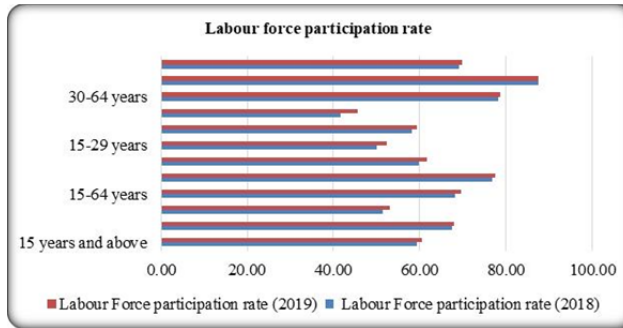
Chart 3: The participation in labor forces according to annual change based in age group and gender.

Sex	Age	Q1. 2018	Q2. 2018	Q3. 2018	Q4. 2018	Q1. 2019	Q2. 2019	Q3. 2019	Q4. 2019
Total	15 years and above	59.3	59.3	59.4	59.6	59.7	60.6	60.7	60.6
Men		67.4	67.4	68.0	67.5	67.5	68.2	68.2	68.1
Women		51.3	51.4	51.0	51.9	52.1	53.1	53.4	53.3
Total	15-64 years	68.0	68.0	68.3	68.7	69.0	69.8	69.8	69.7
Men		76.6	76.6	77.4	76.9	77.2	77.8	77.7	77.7
Women		59.5	59.5	59.3	60.6	60.8	61.9	62.0	61.9
Total	15-29 years	47.5	49.0	51.4	52.5	52.7	53.0	52.5	51.7
Men		54.9	58.1	60.5	59.3	60.2	59.9	59.1	57.8
Women		39.7	39.6	41.7	45.1	45.0	45.8	46.0	45.6
Total	30-64 years	79.1	78.3	77.5	77.6	77.6	78.7	79.0	79.2
Men		88.9	87.1	87.1	87.0	86.7	87.8	87.6	88.4
Women		69.8	69.9	68.4	68.5	68.9	70.0	70.5	70.4

Source: (Instat, 2019)

Referring to the 3rd chart, which shows the participation scale in labor forces by trimestral and annual change based in age group and gender, it is evident that the highest scale of participation for age groups in labor forces are those of 30-64 years old. The participation scale in all the trimesters in labor forces is higher for males in comparison to females.

The participation scale in labor forces according to trimesters shows a rise, thus it is higher in 2019 than in 2018.

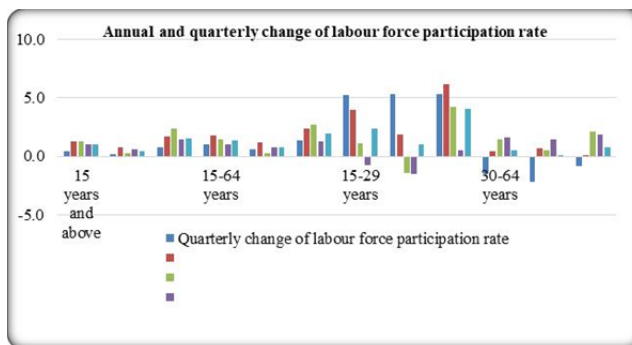


Graph 4: The average scale of participation in labor forces according to annual change based in age group and gender.

Source: Authors

Based on the 4th graph, we notice that the average scale of the population’s participation in labor forces in 2019 was higher for all age group categories compared to 2018.

On a group age basis, the highest average scale in labor forces is reached for 30-64 age group, from which the average scale in participation of labor forces in 2019 was 0,48% higher than in 2018. On a gender basis, males compared to women have had the highest average scale of participation in labor forces for all age group categories. The highest average scale of employment for males in both 2018 and 2019 is reached by the age group of 30-64 years old, out of which the average participation scale in labor forces in 2019 for males was 0,10% higher than 2018.



Graph 5: Trimestral and annual change of participating in labor forces according to gender and group age.

Source: Authors

The fifth graph reflects the trimestral and annual change of participation scale in labor forces by age group and gender.

For all age groups, the participation scale in labor forces in 2019 was higher compared to that in 2018.

In relation to trimestral change in all trimesters of 2018, the participation scale in labor forces was lower compared to the trimesters of 2019. For the 15-29 age group, we have a more highlighted trimester change, mainly in the first and second trimester. Thus, in the first trimester of 2019, the participation scale in labor forces was 5.2% higher than the first trimester of 2018. Meanwhile, in the second trimester of 2019, the participation scale in labor forces was 4% higher compared to the second trimester of 2018.

5. Conclusions and Recommendations

Based in the analysis of economic indicators, regarding the average scale of employment by age group and gender, we conclude that the employment scale was higher in 2019 than in 2018 for all categories. Considering the data on a trimester basis, we notice that the highest scale of employment was reached in the second, third and fourth trimesters of 2019 compared to the relevant trimesters in 2018. While, considering the data by age group, the highest average scale of employment was reached from age group 30 to 64-years-old. Meanwhile, males have the highest scale of employment compared to females. Although, as it is seen by the results shown in the graphs, an increase of employment scale in 2019 compared to that in 2018 is evident. Nonetheless, the employment scale still remains in low levels, particularly for young group ages. If we consider the data from the economic point of view, young employees are still in danger of low income, instability at work and weak perspective in career (OECD, 2014).

It is also worth mentioning that in countries like ours, having its economy environment in the process of development, informal employment is considered a serious matter which seeks an immediate solution. That is why it is of primary importance by the government to give priority to this issue, taking action through effective policies for employment increase.

Some of the governmental policies to be taken regarding this issue, would be:

- Removing barriers and improving business climate. New job places are opened when industries are expanded and new businesses commence to grow (OECD, 2014).
- Developing efficient policies that give possibility to develop local economy diversely, having complex chains of supplies that are strongly connected with the market environment. This would lead not only to the growth of new job places, but also to the replacement of imported products to local ones (OECD, 2014).
- Building policies with a focus to expanding sectors that generate new job places and enable the increasing of employment.
- Approving policies that urge employers to offer opportunities for the local partnership (OECD, 2014).
- Developing the agriculture section, so that it offers many possibilities for local partnership enabling the opening of new job places and increasing the labor force.
- Creating policies that support businesses and offer opportunities for the development of innovation, enabling thus, the creation of new job places.
- Creation favorable opportunities for the attraction of foreign direct investments that would enable the opening of new job places.

Regarding the average scale of unemployment by age group and gender, we conclude that in 2018 the unemployment scale was higher compared to 2019. The highest scale of unemployment is reached for the age group of 15-29. Such a high scale of unemployment for this group is evidenced in all the trimesters of 2018, mainly in the first and third trimester of this year. Even though we noticed a light decrease of the unemployment scale in 2019, still the unemployment scale in Albania is calculated to be higher for the young age group of 15 to 29-years-olds.

This is strongly related to certain factors, such as:

- Presence of informal economy in the country;
- Relatively the majority of the age group of 15 to 29-years-olds are just graduated students with no job experience (Civici , Rama, & Shahini , 2017).
- The shortage of efficient employment offices, with the majority of them positioned in urban rather than rural areas (Civici , Rama, & Shahini , 2017).

Some of the most efficient policies that could be taken regarding this issue are:

- Developing employment offices acting efficiently and being located also in rural areas.
- Taking actions for the restriction of informal economic activity.
- Developing the sectors that enable growth of employment for youth, which is a very resourceful policy. The government itself must apply such policies for the labor market that develop sectors that offer new job places for just graduated people.
- Implementing and developing training programs in various fields for young people who are just graduated.

Regarding participation in labor forces, we conclude that its average scale in 2019 was higher compared to that in 2018. The highest average scale of participation in labor forces is reached by the age group of 30 to 64-years-olds, out of which in 2019, the average scale of participation in labor forces has been 0,48% higher compared to that in 2018.

Considering the data on a gender basis, males have had a higher average scale of participation in labor forces for all age group categories compared to females. We can also recommend some policies to be taken into consideration by the government regarding the growth of participation in labor forces. An important suggestion, according to us, is the development of those sectors which enable the growth of participation in labor force.

It is also necessary to have a spreading of industrial areas in accordance with the labor market, because in Albania most industrial business areas are located in urban areas. That's why it's necessary to have a certain development of industrial businesses in accordance with the labor market not only in urban areas. This enables further investments in relation to the necessary infrastructure in order to ensure a compliance between demand and supply (Civici , Rama, & Shahini , 2017).

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