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**Autori: Mustafaj Ilir , Ilir Rusi**

## **The current employment situation in albania**

# **THE CURRENT EMPLOYMENT SITUATION IN ALBANIA**

**Prof.Asoc.Dr. ILIR MUSTAJ**

**Member of Supreme Counsel of Justice**

**Judge at Tirana District Court**

**Dr. ILIR RUSI**

**Effective professor at the Law faculty at Tirana University**

## **1.Current condition**

Macroeconomic reforms and restructuring of the onset of '90 years reduced the demand for labor in Albania,as in other countries in economic transition,the country suffered a fall in the rate of participation in the work force.Mass privatization of state enterprises closed,and also increase competition for a reduced number of working places,forced many people to withdraw from the labor force.

Decrease in the level of participation in labor force work may have different causes,such as a considerable number of persons working in the informal sector,others may be discouraged by the situation of the labour market and are removed from power workers.

This indicators are related also to the present situation of the labor market where women's employment for reasons such as falls,(i)the closer of many industrial activities developed before the previous '90 years ,with a high number of women employed in them,(ii) development of economic with more oriented employment of mens as trade or construction,(iii) rural-urban movement,which does not give women more opportunities coming from rural areas to enter urban labor market,due to this low level education,the current level of technology,etc.

Participation rate of men in the work force has historically been higher than the rate of participation of women and the transition to the employees affected women more than man.

## **2.Employment**

Albanian labor market after '90 years was associated with lower employment levels characteristic of countries in transition.Reduced the level of employment of '90 years is a result of fallig employment in the state sector.Number of employees in the state sector fell from 850.000 in 1991 to 189.000 in 2001,and 176.000 in 2004.This decline in employment in this sector came as a result of mass privatization of state enterprises.Liberalization of prices,end of state socialism,the lack of capital and foreign competitiaton-measures undertaken to make longterm competitive national economy weakened considerably newly privatized enterprises and drove them into bankruptcy.

## **3.Informal sector**

Informal sector in Albania is analyzed using data on individual employment and data on enterprising non farmers.Data on employment indicates that about 10 % of employees in Albania work as non-farm

family enterprise or as laborers who work on their behalf. The informal sector in Albania is greater 24% in urban areas than in rural areas 5%. About 15% of employees in Tirana laborers who work on behalf of their family or employees of non-farm enterprises. Almost three-quarters of individuals in informal sector in are employed for at least three years and about 10% of them involved in informal sector for more than 10 years. More than 90% of people in the informal sector have started their business as a way to seek work.

#### **4. Self-employment**

Concept of self-employment for the first time came after 1992 with the closure of industrial enterprises and restructuring the economy of the country. Self-employment have undergone an increasing trend from year to year. At national level about 66 % of those in employment are considered self-employed and only 34 % are employed in Albania with pay. Self-employed are mainly family business character in trade and handicraft family inherited. 62% of employees are full time and 39% are working part time, while full time employees with more than 70% are male, and 51% are female. There are many individuals with higher education who work full time, compared with 75% of employees with secondary education, 73%, and those with low education 55%. Level of employment in Tirana was only 39% and was the lowest in all regions of Albania.

#### **5. Unemployment**

At the end of December 2006 there were about 150.000 registered unemployed or 13.8%, of which 10.000 are treated with unemployment payments, when the end of 2005 there were about 153.000 registered unemployed. Unemployment rate at national level in December 2006 was 0.3% lower than in late 2005. Unemployment rate in the country at the end of 2006 was 13.8%. This figure has decreased by 0.3% compared with the end of 2005 where the unemployment rate was 14.1%. This decline has come as a result of reducing the number of beneficiaries of social assistance schemes, by increasing the number of mediation.

The unemployment rate <sup>(1)</sup> was higher in women during transition. Closure of many industrial enterprises specialized in hiring women laborers brought high unemployment in this category. On the other hand, this category of laborers, unlike men had proved very difficult adapting to the new situation of the labor market. Difference in the rate of unemployment among women and men is highest in urban areas than in rural. Analysis of the registered unemployed by age group proves that throughout the transition period averaged 69% of registered job seekers are under the age of 34 years. Young people aged 15-25 years constitute 25% of the total of unemployed job seekers. At the end of 2004, up to age 34 years and those over 35 years are equally divided, and in 2005 the number of unemployed job seekers over 35 years of age constitute 51% of the total number of job seekers. The unemployment rate is higher in the northeast of the country. This is connected mainly with the fact that this area has not been able to recover the economic activity lost after '90 years because it is a mountainous area with poor infrastructure and lack we had the possibility of movement in neighboring countries. Also noticed a tendency of businessmen to forgo the activity in developed cities. This group is less qualified contingent. Jobseekers with vocational secondary education constitute 43.6%, while highly educated job seekers occupy a negligible percentage of only 1.8% of job seekers.

Structure of unemployed jobseekers according to the period registered at employment offices, testifies predominantly long-term unemployed persons and as such are considered the ones registered at the employment office for more than a year. This category of unemployed persons is a major problem for

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<sup>1</sup> I. ISLAM – S. VEROCK, “*From the great recession to labour market recovery. Issues and evidence*”, London 2009, f.226.

the country because the nature of restructuring the economy and attraction of this category of labor market is very difficult.

## 6. Education and training

Transformation that brought the emergence of market economy, governments have created the need for new levels of training in terms of new technologies and services.

The labor market orientation as the practice, along with the request for greater flexibility important points for further development of vocational education and training, to give him a new face and to educate and equip new generations with qualifications, required skills and habits required by the labor market today <sup>(2)</sup>.

The current system of vocational education and training in Albania is weak as well as quantitatively by the quality. In general there is lack of proper infrastructure, under-funding, low level of human resources, curriculum obsolete and past management method.

Currently in the country there are 40 schools and vocational technical education spread in 22 districts. Of these, in rural areas three schools are oriented towards agriculture and agrobusiness.

Terms of vocational training operates through 9 public vocational training centers in the city with major domestic as Vlora Shkodra, Tirana, Durrësi, Elbasan, Korce, Tepelene and Fier, and 120 subjects with a licensed private in the whole territory of Albania.

Vocational training centers organize short courses, from 6-7 weeks to four months in public centers, one week to one year in private centers. From the data of year 2006, 72% of the qualifications in computers and foreign languages and the rest in 17 proper professions. Public centers are only 7574 registered trainees of whom 7004 are certified. About 57.93 % of participants were female. Vocational courses in public centers frequented by many of the people until 24 years old, 62.87% and 56.17% of them have completed secondary education and vocational. About 42.41 % of the participants are unemployed, from 17.89% are registered as unemployed.

However as vocational education <sup>(3)</sup> and training continue to have low reputation of quality standpoint and to engage a very low percentage of students, young people or adults. The private sector and vocational educational is still weak and characterized by features similar to public.

System that is experiencing problems of education and vocational training necessitate intensification of reform in this sector. The final goal is to harmonize policies between education and vocational training, as well as other policy areas, interested in human resource development, financial and human resources always considering the reality and conditions of our country. European integration application sets such that necessitate then inclusion of education and professional training in contemporary developments in harmony with what is happening in the region and European Union.

Effects of processes of Bologna, Lisbon, Copenhagen already present in Albania and are exerting a positive pressure at the political level to move from "partial recovery under immediate needs" to complete and long-term solutions in the context of regional integration and European.

So policy reform and vocational education in Albania, in addition to traditional approaches to issues like teacher training curricula, instructors, schools, centers, has already begun to increasingly oriented towards a systemic reform including issues such as frame national institutional development of professional qualifications, certification, accreditation, market analysis, needs analysis, standard social partnership, ect. <sup>(4)</sup>.

## 7. Problems identified in the labor market and the measure being taken.

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<sup>2</sup> B. HESS-FALLON – A. SIMON, "*Droit du travail*", Paris 2010, p.109

<sup>3</sup> K. ÇELA, "*Labour law*", Tiranë 2010, p.101.

<sup>4</sup> Action plan implementation of sectoral employment strategy, MPÇSSHB

Albania's labor market is characterized by several problems which the government is taking measures which should directly affect the improvement of this market to be causes of employment growth. Them we can mention:

**a.** Improve the business climate in the context of tax reduction for small businesses in particular an the reduction of social insurance contributions and health.

**b.** Opening of a new jobs is non agricultural private sector with more productivity and a higher wage is an important element for reducing poverty and improving the standart of life. Opening of a new jobs is a challenge at a time when the supply of labor force will grow rapidly due the demographic growth and modernization that will lead to economic activity in activities that require less labor outside the agricultural sector.

**c.** Albanian labor market still suffers a high level of informal market. Moreover, there is little mobility between the informal and formal. Provide favorable incentives for the formalization of jobs, more flexible contracting would help especially the employees voluntarily. Draft action plan adopted by the government with the involvement of many actors in the labor market is a step towards the implementation of government policies to improve labor market situation.

**d.** People with low educational level encounter considerable problems in the labor market. Has a high concentration of people with minimal education or no education in the informal sector. Level of education is closely linked to the level of income. In the future with the urbanization of economy and its removal from the agricultural sector, development of human capital will matter even taken a close.

**e.** Although migration is considered as a good source of income for Albanian families and useful tool in risk management that promotes the phenomenon of brain circulation. Brain circulation provides the potential for future benefits because immigrants have benefited from professional training and experience in countries of emigration. More positive towards the promotion of returning emigrants and want to start new businesses in Albania's new government initiatives for exemption from taxes for a fixed duration for these businesses.

**f.** Women continue to have low levels of employment and high unemployment levels. Wages for women are 35% lower than those for men considering the age of education and other personal characteristics. While the level of unemployment in the gypsy community is about 70% and the share of those who are employed receive very low salary and are often employed in dangerous jobs in the informal sector that has negative consequences in general and affects social welfare these groups.

**g.** Lack of labor force survey, which will be conducted by INSTAT study which is expected to begin to apply. Through this study INSTAT will be able to provide official data about the level of unemployment, education, professional training of workforce, unemployment characteristics, etc.

Indicators obtained from study should be monitored such that the European Commission and member states. Such data would enable development of appropriate policies and increase the efficiency of these policies.

## CONCLUSIONS

For achieving full employment, productive and freely chosen must be taken into consideration:

1. Creation of new jobs in non-agricultural private sector with more productivity and higher wage is an important element of reducing poverty and improving living standarts.

2. Improve the business climate in the context of tax reduction for small businesses in particular and the reduction of social insurance contributions and health.

3. Increased growth rates at the same time aims to create new jobs sufficient to reduce unemployment at the level of European countries to cope with employment opportunites of population growth for more and to start influencing the return of emigrants.

- 4.The employment promotion programs will be implemented in collaboration with civil society organizations and private sector.They will adapt to the realities,needs and trends in urban,rural and regional.
- 5.Government is committed to a comprehensive reform in education,supported by considerable public resources,the expansion of donor support and private sector involvement in this area.
- 6.Promotion of programs for the creation of employment opportunities for persons with low education and qualification level.
- 7.Further improvement of the legal system reflecting the requirements of international conventions.
- 8.Increase the effectiveness of social dialogue in central,branch level,occupation,regional and local level.