PEOPLE AND WORK IN ALBANIA

Labour Force, Employment
and Unemployment in the Transition

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The contents of this paper are soul responsibility of the authors. Views expressed in this work do not necessarily reflect the views of the institutions involved.

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The production of social research publications presents an important moment in the professional lifespan of INSTAT.

The Population and Housing Census of 2001, as well as the Living Standard Measurement Survey (LSMS) of 2002, were used as the main data sources of analysis during the last decade. The information collected in these two surveys pertained to such issues as internal and external migration, the state of the labour market, the impact that these issues have on the lives of women and men in Albania, their living conditions, and how the inequalities are distributed in the basic sectors of everyday life. This data was also used in the population projections for 2001-2002.

These research publications represent a significant instrument for policy makers and other stakeholders. The information collected can be used in mainstreaming poverty reduction, minimizing inequalities, guiding investment funds towards services and infrastructure, and helping local authorities in designing specific strategies in favour of vulnerable groups.

These publications will contribute to completing information concerning the Millennium Development Goals (MDG) in Albania, and bringing in new elements to enable the continuous monitoring of the indicators.

Without the direct collaboration of Albanian and international experts, these publications would not have been accomplished. These research papers demonstrate the existence of a network composed of local researchers ranging from public administration agencies to Universities, that cooperate together in order to analysing social phenomena in the country.

INSTAT would like to take this opportunity to extend its thanks to the Social Services Deliveries Project, financed by the World Bank and the Government of Albania, that made the production of this research project possible. INSTAT also extends its thanks to the Institute for Research on Population and Social Policies of the Italian National Council of Research as well as to the International Center for Statistics in Rome.

Milva Ekonomi
General Director

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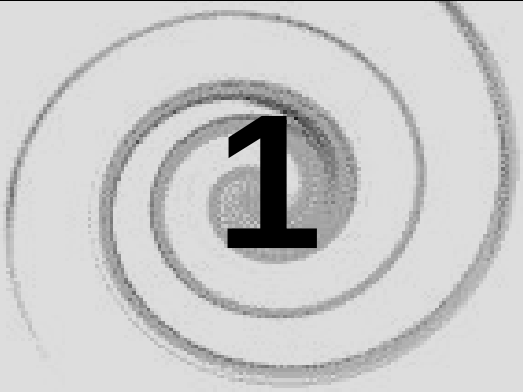


1 Introduction

Since 1990, Albania has experienced a veritable revolution in its political regime, administrative bodies and its relationship with foreign countries and international institutions. Its economic system has changed from a centrally planned economy to a free-market in quite a long time [Hashi and Xhillari, 1997]. In the meantime, its productive system collapsed. To call these processes a “transition” is probably euphemistic when the upsets suffered during the 1990s and the significant changes, not all positive, they produced are considered [Gerxhani-Schram, 2000: 2].

The labour market was one of the aspects most affected by those changes. Unemployment could hardly be mentioned under the former communist regime, when full employment was programmatically imposed and the State was the only employer. A competitive labour market was created only after the political changes and is still in the making, with the progressive transformation of the various sectors of economic activity.

In fact, the Albanian productive system was particularly backward in respect to the other socialist countries of Eastern Europe and the Balkans [Nesporova, 1999]. Agriculture was the prevalent sector which was carried out by cooperatives. The state factories were mainly operational to satisfy an autarchic market of products and the military demand. Although some services were not negligible in terms of quality, they were largely coupled with state bureaucracy.

All sectors of the economy were affected by the political changes, the rural cooperatives were dismantled and the land was distributed to the former peasants, each of whom obtained small holdings often scattered around. Almost all state factories were closed and the bureaucracy and state services were rescaled according to balance restrictions.

The consequences of the political and economic change on the labour force and the way of living of the population were extremely serious. The lack of jobs and poor incomes from farming induced mass migration abroad following the collapse of the regime, as well as internal urbanisation, with individuals hoping to get better chances of employment in towns than in the rest of the country. In respect to such important changes, the capacity of the Albanian economy in absorbing its potential labour force needs to be monitored regularly, and appropriate employment policies should consequently be adopted, aimed at the proper management and efficient utilisation of the work force.

The level of unemployment is widely used as an overall indicator in evaluating the current performance of a country’s economy. The problem of unemployment is a global issue that every nation is striving to control and maintain it at its minimum level. However, the situation in the transition countries is getting worse because of the profound changes in their productive system and welfare [Faggio and Konings, 2000]. Meanwhile, urbanisation aggravates the problem of unemployment even further because people migrating to urban areas with no real employment prospects often slip into some form of underemployment or remain economically idle. An analysis of employment and unemployment in Albania is therefore essential both in tackling present difficulties and foreseeing future changes.

A household approach is also important in order to single out household conditions in respect to their breadwinners and the presence of unemployed members. The relationship with the usual demographic variables (sex and age groups, marital status, etc.), and with the educational level attained, as well as with other variables could be useful in providing recommendations to policy makers.

This study is mainly based on the outcomes of the 2001 Population and Housing Census, which devoted almost half of its individual questionnaire to the working conditions of respondents aged 15 years and over, as well as to various aspects of their economic activity. One must be aware that a population census is not perfectly suited to study the labour market because it only gives a "snap-shot" of the fast changing reality of labour supply and demand. Moreover, most people tend to provide replies to the census questions which reflect their usual economic status rather than their current one. The answers given in general questionnaires as in the case of the population census are often unreliable with regard to the socio-economic status of the respondents, especially when relating to self-stated unemployment.

Nonetheless, in less developed countries, and in many transition countries like Albania, there are hardly any other complete and reliable statistical sources on labour supply. Besides, most people are either self employed or contribute to the family agricultural business, and therefore work outside the real labour markets. Furthermore, working in the agricultural sector can be better captured by the respondent usual economic status than by the current one. Lastly, unemployment and underemployment are largely overlapping in traditional activities, especially in agriculture, handicrafts, retail trades, and low-level occasional services.

Anyway, this study of the Albanian labour force, employment and unemployment relies on the 2001 Census data. The 1989 Census data are also used: That one is the last census which was undertaken during the former regime. The 1989 census data is used to make comparisons and draw trends. However, those comparisons and trends will be made with caution because of the important changes in the economic and political patterns that occurred after the collapse of the regime. Wherever necessary, for in-depth studies of specific items not covered by the census, the results of the Living Standard Measurement Survey (LSMS) are used: It was a national representative sample survey supported by the World Bank, the first wave of which was carried out in 2002.

The specific objectives of this study are:

i)To describe the situation of the labour force, employment and unemployment in the country as a whole as well as in its districts, rural and urban areas, and in Tirana;

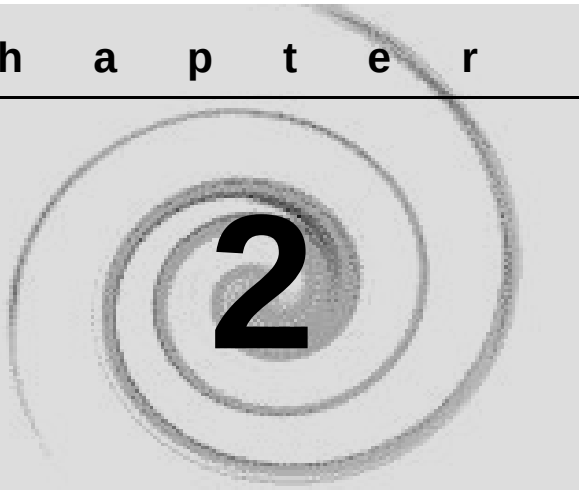
ii)To describe the trends and changes that occurred following the political and economic changes;

iii)To examine the demographic and socio-economic factors which have affected the participation of the population in the labour force, as well as those factors which have contributed to the high level of unemployment;

iv)To draw conclusions from the past and ongoing experiences in order to make recommendations for programmes geared towards enhancing employment creation in the country.

This report starts by discussing data sources and definitions in the Second Chapter, and is followed by the trends of working-age population, labour force, and employment in Albania which are analysed in the Third Chapter through the data from the 1989 and 2001 Censuses. The recent situation is also analysed in its multifaceted aspects by adding to the outcomes of 2001 Census in-depth studies from the 2002 LSMS. In the Forth Chapter we try to identify the socio-economic and demographic factors affecting labour participation and unemployment with a main reference to the 2001 Census data. The concluding Fifth Chapter discusses the major consequences of our findings and tries to give some hints for policy implications and recommendations.

c h a p t e r



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Data sources and definitions

1. Introduction

The scope of this chapter is to provide the reader with the necessary tools to deal with the items related to the statistical analysis of labour force, employment and unemployment.

The discussion will touch upon various problematic aspects according to the relevant questions. The practical problems will be tackled through linking them to the available sources of labour force data. The different definitions used in the recent Albanian sources will be compared with each other as well as with relevant international recommendations. Furthermore, problems concerning survey methods and the used questionnaires will be discussed with regard to the economic and labour status of the individuals.

In fact, despite being principally focused on the 2001 Census data, our analysis will also use data from the 1989 Census and the 2002 Living Standard Measurement Survey (LSMS), as well as information from other statistical and administrative sources.

2. International recommendations on labour statistics

The periodic International Conference of Labour Statisticians (ICLS), is the worldwide forum that sets out the concepts and definitions of major items of labour statistics that serve as international standards. These international standards provide the guidelines in the development of methodologies in the design, collection, tabulation, analysis, and dissemination of labour force statistics.

It is a widely acknowledged problem that the concepts and definitions of items in labour statistics are difficult to understand and to interpret by interviewers and respondents, either in censuses or in labour force surveys. For instance, the classification of a person in either productive or non-productive activities, according to the activities he/she has performed in the reference period, can be a difficult task for the interviewer. It requires a deep understanding of the concepts of economic activity as well as the treatment of borderline activities of individuals, which is much more complicated in predominantly subsistence economy countries like Albania.

According to international standards, activities are required to be distinctly classified into economic and non-economic activities. Economic activities are further sub-divided into market production and non-market production. The 1990 International Labour Office (ILO) manual on concepts and methods defines the concept of economic activity and the boundary of this definition in terms of production of goods and services as set forth by the United Nations System of National Accounts. As it is indicated in the manual, "a clear understanding of the concept and boundary of economic activity is fundamental to the correct application of the definitions of employment, unemployment and economically active population in surveys of households or individuals" [ILO, 1990: 4]. It further states that "the exact boundary between economic and non-economic activities is a matter of convention, but unless a precise line is drawn the correct statistical treatment of many situations encountered in practice cannot be determined and, in consequence, the resulting statistics are more likely to be subject to controversy and to higher response errors." [ILO, 1990: 14].

The assessment of how concepts and methods of employment or unemployment were used in the data collection processes of censuses or surveys is highly dependent on the proper application of the definition and concepts of "economic activity", as indicated above. The classification of people into employed or unemployed categories requires the verification of whether the individual has been engaged in productive activity in the reference period or not. However, when the categories given in the international standards on the production of goods and services as specified in the System of National Accounts are examined, it is ascertainable that it would be easier to follow these categories in an advanced economy, where the labour market is highly organised. In comparison it is difficult to meet all the requirements in the data collection process in transition countries like Albania. Hence, the quality of employment and unemployment statistics obtained from the census and household surveys is highly dependent on the precise distinction of economic and non-economic activities (see Annex 1).

In general, the censuses and household surveys conducted in Albania were framed as much as possible in accordance with the recommendations of international standards regarding the relevant sources [UN-ECE, 1998]. Nevertheless, as discussed above, measurement problems fully emerged during the operation of data collection that are common in countries with unorganised labour markets and predominantly agrarian subsistence economies. Accordingly, the data collection methodologies followed in the 1989 and 2001 population and housing censuses of Albania were mainly based on international standards. Similarly, in the 2002 Living Standard Measurement Survey, international standards and the recently adopted methodologies were applied. Following the recommendations of international standards, the statistics on employment and unemployment were measured using the current status approach used in the censuses as well as in the LSMS.

3. Recent sources of labour-force data in Albania

According to the 1990 ILO manual, the sources of statistics on the economically active population or its components are grouped into three broad categories: "(1) population censuses and household surveys; (2) censuses and sample surveys of establishments; and (3) various types of administrative records, such as employment exchange registers, unemployment insurance records, social security files, public sector payrolls and personnel lists." [ILO, 1990: 4].

Concerning labour force data from population censuses in Albania, there have been two population censuses conducted in 1989 and 2001, which produced data on the labour force.

Establishment surveys, namely the Structural Business Survey which has been conducted on a yearly basis since 1997, provides information only on employment and for a number of economic activities.

Another source of statistical information on the labour force are administrative records that exist on a periodical basis. The relevant data is published yearly in *INSTAT, Labour Market*.

In 1993-1994, data on the labour force based on household surveys was obtained for the first time in Albania from the households living conditions survey, which was conducted only in Tirana city. A multi-purpose, nationally representative survey was conducted for the first time in 1998, also providing results on the economically active population [INSTAT 2001]. In 2002, the first wave of the Living Standard Measurement Survey (LSMS) was conducted, which was a nationally representative household survey. The main objective of LSMS was to collect household data in order to measure household welfare and living conditions of the population by collecting data on consumption, income, savings, employment, health, education, fertility, housing, migration, etc. From this survey, data on the labour force at the national level and from four main areas were obtained: Tirana urban, Mountain, Central and Coastal areas.

The 2002 LSMS integrates the 2001 Census data to measure employment in informal sector as well as to define certain categories as underemployed or discouraged unemployed, which the 2001 Census data could not capture adequately. Therefore, the 2001 Population and Housing Census, coupled with the 2002 Living Standard Measurement Survey provides the best recent data on the labour force at the national, regional and lower administrative level as well as urban and rural areas.

4. Coverage, definitions and methodological differences

4.1 Coverage

At the time of the 1989 Population and Housing Census the country was administratively divided into 26 districts. The census was a complete enumeration of population data, which included all areas of the country.

The administrative structure of the country was changed before the 2001 Population and Housing Census. Since 1992, the country has been divided into 36 districts. As in the case of the 1989 census, the 2001 census was a complete enumeration, which included all areas of the country.

On the other hand, the 2002 LSMS was a national sample survey covering all districts of the country. The sample design for the 2002 the LSMS included 450 Primary Sampling Units (PSU) and 8 households in each PSU, for a total of 3,600 households. The sampling frame was divided into 4 regions (strata): Coastal Areas, Central Areas, Mountain Areas, and Tirana urban. These 4 strata were further divided in two major cities, other urban, and other rural. The survey was nationally representative.

4.2 Age limits

It is necessary to define the minimum age for defining the study population in the collection of information on economic activity with the intention of producing data on labour statistics. In the two censuses (1989, 2001), as well

as the 2002 LSMS, the minimum age to be included in the study of the economically active population was agreed to be15 years.

In Albania, national legislation exists that makes education or schooling compulsory for a minimum of 8 years and forbids children from participating in any production or service activities. There is also national labour legislation that excludes children under the age of 16 years old from admission into economic activities (see Annex 2).

It can be noted that no studies at national level were undertaken on child labour before the 2002 LSMS, where questions on the employment of children 6-14 years old were asked. Results showed that only a few children between those ages were engaged in employment, mainly in rural areas and working in their agricultural farms while attending school.

Hence, the minimum age limit of employment was based only on a general assessment of the extent or intensity of participation of children in economic activities as well as on the legislative framework mentioned above.

On the other hand, in the two censuses and in the 2002 LSMS no maximum age limit was set for respondents for the exit of individuals from the labour market. Hence, economic activity and employment information was always collected from all individuals aged 15 years and over.

4.3 Approaches in the measurement of economic activity

International standards identify two useful measurements of the "economically active population": The "usually" active population, measured in relation to a long reference period such as a year, and the "currently" active population, measured in relation to a short reference period such as one week or one day.

The latter approach was used in both censuses and in the 2002 LSMS. However, there are some differences between the three sources, which can be identified in the following section.

5 Employment and unemployment as defined in the 1989 and 2001 Censuses and in the 2002 Living Standard Measurement Survey (LSMS)

In the 1989 Census no precise reference period was stated either in the questionnaire or in the instruction book. Individuals who were 15 years old and over were asked whether they were working or not. During this time the situation was different as compared to today as most people in this period had a secure/ permanent job.

The way that the questions were asked in the 2001 Census has similarities with the 1989 Census, but the difference is that there were precise definitions on reference periods given in the instruction books, but not in the questionnaire: Since the questionnaires were submitted by specifically trained interviewers, it can be argued that in most cases the conditions concerning the reference period were reported.

In the 2001 Census, the employed population was generally defined as consisting of those individuals engaged in productive activities during the reference period, as well as individuals with regular jobs but who had not been working during the reference period due to poor health, annual leave, the temporary closure of the factory (because of maintenance or lack of raw materials), strikes, maternity leave, etc. The reference period referred to was the week prior to the undertaking of the cen-

sus. Family members who were unpaid but contributed to the family enterprise were considered as employed. Students and retired people in both censuses were considered as not working even if performing a job. The classification was based mainly on the declaration of the census respondents, who reported to the interviewer their own primary employment status as well as that of the other household members.

The 2002 LSMS used the same definition and reference period as the 2001 Census to define persons as employed. The difference remains in the way the questions were asked: People were asked whether they had worked for one hour or more during the week prior to the date of the interview. Hence, a precise reference period was also defined in the questionnaire and even retired people or students, if working during the reference week, were considered as employed.

Soldiers doing their national service were not considered to be working either in the two censuses or in the LSMS.

Notwithstanding the equal definitions in the three surveys, the application of different methodologies and way of surveying in the LSMS gives indications of more individuals as being employed than in the censuses.

Concerning definition and inclusion of the unemployed comparisons are more difficult. The ILO "standard" definition of unemployment defines unemployed people as people who were not working during the reference period and were actively looking for work, ready and willing to take up a job if one becomes available. There are mainly three ways of measuring the unemployed population, which are based on the degree of relaxation in job seeking or the availability of the criteria set for the measurement of unemployment: Standard, partially relaxed, and relaxed.

In the 1989 and 2001 censuses it was not possible to incorporate the measurement issues defined in international standards. If not working, people were asked whether they were seeking work or not. No reference period in job seeking was defined. This can lead to the conclusion that in some cases the answer given was based on the declaration of people and not on actual efforts made in finding a job. It can be said that unemployment was taken to follow more or less the relaxed form of the definition of unemployment.

In the measurement of unemployment, the 2002 LSMS has followed the procedures and the alternative techniques of measurements that are defined in international standards [ILO, 1990]. People were asked whether they had been looking for a job during the four weeks prior to the survey, what specific steps they had taken and whether they were available to start a job within two weeks if one was offered. Accordingly, the survey could measure the unemployed population using two options of the measurement of unemployment, that is, the standard and the relaxed definition of unemployment. Regarding the relaxation of the standard definition, certain groups as "lay offs", "seasonal workers" and "discouraged workers" – which are marginally attached to the labour force – may be considered as unemployed. The assumption is quite plausible in the Albanian context, characterized by a labour market with a significant number of "discouraged workers". On the other hand, as observed in many developing and transition economies when using the standard definition, the particularly low unemployment figures in rural areas reflect the high levels of underemployment in agriculture. As recommended by the ILO, in these circumstances the employment situation can not be fully described by unemployment data alone and must be complemented by information on underemployment. Furthermore, many countries do not apply the standard "one-hour

criterion" but instead use a different threshold to classify a person as employed.

Lastly, the depth of enquiry in the censuses and the survey was quite different. The 2002 LSMS included more probing and filtering questions, which had an impact on the quality of the data.

6 Focusing on the 2001 census and 2002 LSMS data: Main labour force items

The labour force items included in the 2001 Census questionnaire were the following:

i) Present economic status (asked for all the people aged 15 years and over);

ii) Number of hours worked in the last week (idem);

iii) Employment status (asked only to employed people);

iv) Sector of industry of place of work, to be classified following the NACE codes (idem);

v) Type of place of work (idem);

vi) Occupation, to be classified following the ISCO codes (idem);

vii) Kind of job, whether permanent, temporary, seasonal or occasional (idem);

viii) Number of hours usually worked in a week (idem);

ix) Possible secondary employment different from the principal one (idem).

Apart from the abovementioned items, the 2002 LSMS provides data on these other main items:

x) Sectors: public/non-agricultural private/agricultural private sectors;

xi) Secondary employment;

xii) Underemployment in agriculture;

xiii) Means used for job seeking;

xiv) Length of time for job search;

xv) Discouraged unemployment.

The 2001 Census and 2002 LSMS also incorporated basic demographic variables that show useful individual characteristics as explanatory variables in the analysis of the behaviour of the population in economic activities. Among the individual variables sex, age, marital status, and education were included. Furthermore, items that reveal household size and composition, housing characteristics and conditions, dwelling facilities and household amenities were also included.

Annex 2.1

ILO concepts and definitions concerning the labour market

Concepts and definitions concerning the labour market as reported in ILO – International Labour Office, *Sources and Methods: Labour Statistics, Volume 5, Total and economically active population, employment and unemployment (population censuses)*, second edition, Geneva, 1996, Annex, downloadable from the website:

http://laborsta.ilo.org/applv8/data/ssm5/e/annex.html

Annex

Extract from:

Resolution concerning statistics of the economically active population, employment, unemployment and underemployment

Thirteenth International Conference of Labour Statisticians

(Geneva, 18-29 October 1982)

Concepts and definitions

The economically active population

5. The "economically active population" comprises all persons of either sex who furnish the supply of labour for the production of economic goods and services as defined by the United Nations systems of national accounts and balances, during a specified time-reference period. According to these systems, the production of economic goods and services includes all production and processing of primary products, whether for the market, for barter or for own consumption, the production of all other goods and services for the market and, in the case of households which produce such goods and services for the market, the corresponding production for own consumption.

6. Two useful measures of the economically active population are the "usually active population" measured in relation to a long reference period such as a year, and the "currently active population", or, equivalently, the "labour force", measured in relation to a short reference period such as one week or one day.

The usually active population

7. (1) The "usually active population" comprises all persons above a specified age whose main activity status, as determined in terms of number of weeks or days during a long specified period (such as the preceding 12 months or the preceding calendar year) was "employed" or "unemployed" as defined in paragraphs 9 and 10.

(2) Where this concept is considered useful and feasible, the usually active population may be subdivided as employed and unemployed in accordance with the main activity.

The labour force (the currently active population)

8. The "labour force" or "currently active population" comprises all persons who fulfil the requirements for inclusion among the employed or the unemployed as defined in paragraphs 9 and 10 below.

Employment

9. (1) The "employed" comprise all persons above a specified age who during a specified brief period, either one week or one day, were in the following categories:

(a) "paid employment":

(a1) "at work": persons who during the reference period performed some work for wage or salary, in cash or in kind;

(a2) "with a job but not at work": persons who, having already worked in their present job, were temporarily not at work during the reference period and had a formal attachment to their job.

This formal job attachment should be determined in the light of national circumstances, according to one or more of the following criteria*:*

i. the continued receipt of wage or salary;

ii. an assurance of return to work following the end of the contingency, or an agreement as to the date of return;

iii. the elapsed duration of absence from the job which, wherever relevant, may be that duration for which workers can receive compensation benefits without obligations to accept other jobs.

(b) "self-employment":

(b1) "at work": persons who during the reference period performed some work for profit or family gain, in cash or in kind;

(b2) "with an enterprise but not at work": persons with an enterprise, which may be a business enterprise, a farm or a service undertaking, who were temporarily not at work during the reference period for any specific reason.

(2) For operational purposes, the notion of "some work" may be interpreted as work for at least one hour.

(3) Persons temporarily not at work because of illness or injury, holiday or vacation, strike or lock out, educational or training leave, maternity or parental leave, reduction in economic activity, temporary disorganisation or suspension of work due to such reasons as bad weather, mechanical or electrical breakdown, or shortage of raw materials or fuels, or other temporary absence with or without leave should be considered as in paid employment provided they had a formal job attachment.

(4) Employers, own account workers and members of producers' co-operatives should be considered as in self-employment and classified as "at work" or "not at work", as the case may be.

(5) Unpaid family workers at work should be considered as in selfemployment irrespective of the number of hours worked during the reference period. Countries which prefer for special reasons to set a minimum time criterion for the inclusion of unpaid family workers among the employed should identify and separately classify those who worked less than the prescribed time.

(6) Persons engaged in the production of economic goods and services for own and household consumption should be considered as in self-employment if such production comprises an important contribution to the total consumption of the household.

(7) Apprentices who received pay in cash or in kind should be considered in paid employment and classified as "at work" or "not at work" on the same basis as other persons in paid employment.

(8) Students, homemakers and others mainly engaged in non-economic activities during the reference period, who at the same time were in paid employment or self-employment as defined in subparagraph (1) above should be considered as employed on the same basis as other categories of employed persons and be identified separately, where possible.

(9) Members of the armed forces should be included among persons in paid employment. The armed forces should include both the regular and the temporary members as specified in the most recent revision of the International Standard Classification of Occupations (ISCO).

Unemployment

10. (1) The "unemployed" comprise all persons above a specified age who during the reference period were:

(a) "without work", i.e. were not in paid employment or self-employment as defined in paragraph 9;

(b) "currently available for work", i.e. were available for paid employment of self-employment during the reference period; and

(c) "seeking work", i.e. had taken specific steps in a specified recent period to seek paid employment of self-employment. The specific steps may include registration at a public or private employment exchange; application to employers; checking at worksites, farms, factory gates, market or other assembly places; placing or answering newspaper advertisements; seeking assistance of friends or relatives; looking for land, building, machinery or equipment to establish own enterprise; arranging for financial resources; applying for permits and licences, etc."

(2) In situations where the conventional means of seeking work are of limited relevance, where the labour market is largely unorganised or of limited scope, where labour absorption is, at the time, inadequate, or where the labour force is largely self-employed, the standard definition of unemployment given in sub-paragraph (1) above may be applied by relaxing the criterion of seeking work.

(3) In the application of the criterion of current availability for work, especially in situations covered by subparagraph (2) above, appropriate tests should be developed to suit national circumstances. Such tests may be based on notions such as present desire for work and previous work experience, willingness to take up work for wage or salary on locally prevailing terms, or readiness to undertake self-employment activity given the necessary resources and facilities.

(4) Notwithstanding the criterion of seeking work embodied in the standard definition of unemployment, persons without work and currently available for work who had made arrangements to take up paid employment or undertake self-employment activity at a date subsequent to the reference period should be considered as unemployed.

(5) Persons temporarily absent from their jobs with no formal job attachment who were currently available for work and seeking work should be regarded as unemployed in accordance with the standard definition of unemployment. Countries may, however, depending on national circumstances and policies, prefer to relax the seeking work criterion in the case of persons temporarily laid off. In such cases, persons temporarily laid off who were not seeking work but classified as unemployed should be identified as a separate subcategory.

(6) Students, homemakers and others mainly engaged in non-economic activities during the reference period who satisfy the criteria laid down in subparagraphs (1) and (2) above should be regarded as unemployed on the same basis as other categories of unemployed persons and be identified separately, where possible.

Annex 2.2

Quotations from the Albanian Labour Code

Quotations from the Albanian Labour Code in force from 1995 to 2003. A new labour Code was approved on 2003. The former Code, available only in French, was downloaded from the website: http://natlex.ilo.org/txt/F95ALB01.htm

« Loi n° 7961 du 12 juillet 1995 portant Code du travail de la République d'Albanie

« …

« Chapitre II. Champ d'application

« …

«**Article 5**. Sont exceptés du champ d'application du présent code:

« …

« c) les travaux familiaux, sauf s'il est démontré que les personnes qui les exécutent sont des salariés; sont considérés comme membres de la famille, à cet effet, pour autant qu'ils vivent en communauté domestique avec l'employeur, le conjoint, les descendants, ascendants et autres parents par le sang ou par alliance, jusqu'au deuxième degré y compris, et, le cas échéant, par adoption.

« …

« Chapitre V. Formation des rapports individuels de travail

« **Section 1. Définitions**

« …

« **Article 14**. Travail à temps partiel. (1) Est réputé contrat de travail à temps partiel le contrat par lequel un salarié s'engage à travailler par heures, demi-journées ou journées, pour une durée hebdomadaire ou mensuelle normale inférieure à celle des salariés à plein temps se trouvant dans une situation comparable.

« (2) Le salarié à temps partiel a les mêmes droits, proportionnellement, que le salarié à temps plein.

« **Article 15**. Travail à domicile. (1) Est réputé contrat de travail à domicile le contrat par lequel le salarié s'engage à exécuter son travail seul ou avec l'aide de membres de sa famille dans son propre logement ou dans un local choisi par lui à partir des variantes fournies par l'employeur.

« (2) Le salarié à domicile a les mêmes droits que le salarié exerçant son activité dans les locaux de l'entreprise. Lorsqu'il travaille dans un local autre que son domicile, il peut prétendre à une indemnité pour l'utilisation de ce local.

« …

« Chapitre IX. Durée du travail et congés

« …

« **Article 77.** Définition. Par durée quotidienne du travail, on entend la durée quotidienne effective du travail, d'un jour à 0 heure jusqu'à 24 heures le même jour, pauses non comprises.

« **Article 78.** Durée du travail et repos quotidien. (1) La durée quotidienne du travail est arrêtée par la convention collective de travail ou par le contrat individuel.

« (2) La durée quotidienne normale du travail est de huit heures par jour; la durée quotidienne du travail ne peut être supérieure ou inférieure que dans les limites de la durée hebdomadaire maximale.

« …

« **Article 82**. Définition. Par durée hebdomadaire du travail, on entend la durée du travail accompli du lundi matin à 0 heures jusqu'au dimanche suivant à 24 heures.

« **Article 83**. Durée maximum normale. (1) La durée hebdomadaire normale du travail est fixée par la convention collective de travail ou le contrat individuel.

« (2) Elle est de quarante-huit heures au maximum.

« …

« Chapitre X. Protection spéciale des jeunes gens et des femmes

« Section 1. La protection spéciale des jeunes gens

« **Article 98**. Age minimum. (1) Il est interdit d'occuper des jeunes gens âgés de moins de 16 ans révolus. L'interdiction ne s'applique pas aux jeunes gens âgés de 14 ans révolus pendant les vacances scolaires.

« (2) Les jeunes gens âgés de moins de 14 ans révolus suivant des activités d'orientation et de formation professionnelles sont soumis aux règles définies par décret.

« **Article 99**. Travaux légers. (1) Les jeunes gens âgés entre 14 et 18 ans peuvent toutefois être occupés à des travaux légers, pourvu que ceux-ci ne soient pas de nature à porter préjudice à leur santé et à leur formation, mais uniquement pendant la période des vacances scolaires.

« (2) Les travaux légers, au sens de l'alinéa précédent, sont déterminés par décret, lequel prescrira la durée maximum du travail et pourra réglementer les conditions de travail.

c h a p t e r

3

General overview and regional differences

1. Introduction

This chapter aims to give an overview of the labour force, the employment and the unemployment in Albania as they resulted from the 2001 Census data. Wherever possible, comparisons with the previous census held in 1989 will be provided. These comparisons will be made with caution due to the overarching changes in the economic and political patterns that have occurred in the meantime. Data from the Living Standard Measurement Survey (LSMS), carried out in 2002 about one year after the 2001 Census, will be used mainly for in-depth analyses of specific items which were not sufficiently or properly surveyed in the census.

Territorial frames of reference will be often used in this study, either in order to make comparisons with the capital city, urban Tirana, to the other urban areas and the rural ones, or through comparison of the 36 districts in which Albania has been divided since 1992. For this purpose reconstruction of the 1989 Census data has been made. The urban/rural divide better meets the requirement to understand the different work patterns of different environments. The administrative divide, instead, can be useful to national and local policy-makers to understand existing regional differences and to plan redressing interventions. Apart from some comments in the text about the district level, it was preferable to collect all the relevant statistical material in Annex 3.1, Labour Force, Employment and Unemployment in the Albanian Districts, where also some brief comments on the regional differences were reported.

The chapter commences with generic analysis to the particular, starting with the working age population, which constitutes the majority of the labour force and continuing with the economically active population. The chapter also analyses the features and characteristics of the labour force in its two components – employed and unemployed populations. The picture is completed with the analysis of inactive adult population, since there are people (mainly students) who are preparing to enter the labour market, as well as individuals who have already left it, being now retired. In-depth analyses of specific items are also undertaken mainly using the 2002 LSMS data.

2. Working-age population and demographic dependency

To define the age limits of the working-age span is not easy. In rural economies, age limits to work may not exist at all, because all the household members are involved in the rural and domestic work, regardless of their age, where the amount of work and the functions carried out depend mostly on physical capabilities and skills that may have been acquired. In the towns, the situation is different, due to a range of activities and jobs. In sectors such as the civil service, manufacturing plants, and high-level tertiary industry entry and exit ages are often well defined.

As mentioned in the previous chapter, Albanian law forbids the employment of children before the age of 16. Compulsory education lasts 8 years, starting from the age 6 or 7 years old [Council of Ministers, 2001: 71]. Questions in the census regarding the economic status were only asked to individuals aged 15 years and over. Hence, information concerning child labour in Albania is not available from the census. Nevertheless some information on trends in child labour can be extracted from the 2002 LSMS (see Box).

Child Work in Recent Albania

No studies at national level have been carried out on child labour before the 2002 LSMS, where questions on work of children 6-14-year old were asked. Results showed that 9.8 percent of children at those ages were engaged in work. They were mainly from rural areas, working in the agricultural economic unit run by their family. In urban areas, only 0.3 percent of children worked, while in rural areas working children constituted 16 percent of the total number of children aged 6-14 years. Most children work while attending school, since only 8.9 percent of them declared not attending school (see the relevant Box below). Data show that 2 percent of the working children were engaged in trade activities, whereas the major part – 95.6 percent – were engaged in agricultural activities.

There is no upper age set by law for the compulsory exit of individuals from the labour market. The 1993 Act on Social Insurance defines [art. 31, law n. 7703/93] two different ages for the eligibility of an old-age pension; for women this is at age 55, while for men this is at 60. Most dependent workers retire from work at these respective ages, especially in urban areas.

Consequently, the working-age span has been defined in two different ways:

i) According to international standards of employment being between the ages of15 to 64 years, for the purpose of international comparison;

ii) According to the actual behaviour of male and female workers in Albania, from 15 to 59 years for men and from 15 to 54 for women.

In Table 3.1, the amounts and percentage of the working-age population out of total population are reported following these two different definitions and comparing 2001 with 1989.

Using both definitions, it can be seen that the working-age population has declined, especially when the more restricted definition is applied, i.e. the decline is of 66 thousand, or -3.6 percent. However, while the number of working-age women has increased somewhat, the working-age male population has declined by between 56 or 76 thousand people, i.e. -5.6 percent in the definition including 15-64, or -7.7 percent in the definition including 15-59 . This decline in the male adult working age population can be attributed to the consequences of ten years of selected emigrations from Albania.

Notwithstanding those trends, the percentage of the working-age population out of total population has increased or remained approximately equal for men. In fact, Albania has a young population as compared to the rest of

Europe, with more than half of the population under 29 years (the population between 0-14 years old is 29.3 percent of the total population, while the population between 15-29 years old is 24.1 percent).

Comparisons of urban/rural residence show that the population living in the urban areas is older than the population living in the rural areas. The population aged 15 years and over is 73.6 percent of the urban population, while in rural area the respective percentage is 68.6 percent. The elderly are more concentrated in more urbanised and industrialised towns, as well as in towns with higher emigration (see maps on population structure in the Atlas).

In towns such as Tirana, Korca, Delvina, Gjirokastra and Kucova the population between 0-14 years old is between 22.3-25.1 percent of the total population, while the population in the age-group 15-29 years is between 20.4-22.4 percent. Since the 1960's Albania has experienced a persistent reduction in fertility rates, from approximately 7 children per woman to 2 children per woman today, so that the newborn cohorts are less populous than the previous ones, and an ageing process has begun.

If the age distribution of the Albanian population [INSTAT 2002b: 30] is examined, it can be seen that there is a considerable potential for the future labour force as there are significant numbers of potential workers under the age of 15 that will shortly join the working age population. The 1998 UNFPA Report calls this phenomenon, which is common to many developing countries, a "demographic bonus in the next 15-20 years". The problem is how to use this huge potential profitably by their often faltering economies.

The population aged 15-64 years was estimated at approximately 1.9 million in the 2001 Census, i.e. 63.2 percent of the total population. This figure was higher in urban areas and, especially, in the capital city, where about two thirds of the population were of working-age (Table 3.2). The well-known influx of young labourers in the urban centres [Galanxhi et al., 2003] explains the urban/rural differences. However, the comparison with the 1989 Census shows that the weight of the population aged between 15-64 has decreased in urban areas, and especially in Tirana city (though still maintaining its higher level), while it slightly increased at country level.

From a purely demographic point of view, the ratio between the population younger or older than the working-age limits – i.e. 14 years or under and 65 years or older – and the potential labour force aged 15-64 years is a powerful, synthetic indicator of the population structure. It gives the "unproductive" load per "potentially productive" person. Table 3.3 reports the young, elderly, and overall demographic dependency ratios.

Table 3.1 - Working-age population by sex and definition: Albania, 1989 and 2001

Age group definition (years)	1989 Census			2001 Census		
	Males	Females	Total	Males	Females	Total
No. (thousands)						
15-64	1,017	946	1,963	961	978	1,939
15-59 for males, 15-54 for females	979	855	1,833	903	864	1,767
% out of total population by sex						
15-64	62.1	61.2	61.7	62.8	63.6	63.2
15-59 for males, 15-54 for females	59.7	55.3	57.6	59.0	56.1	57.6

Source: own elaboration on 1989 and 2001 Census data.

Table 3.2 - Working-age population (15-64 yr) by sex and residence:1989 and 2001

(percentages out of the total relevant population)

Sex / Area	1989 Census	2001 Census
Men		
Tirana urban	68.8	66.3
Other urban	65.3	64.3
Rural	59.9	61.3
Country	62.1	62.8
Women		
Tirana urban	69.4	67.7
Other urban	65.2	65.7
Rural	58.4	61.6
Country	61.2	63.6
Total		
Tirana urban	69.1	67.0
Other urban	65.2	65.0
Rural	59.2	61.5
Country	61.7	63.2

Source: own elaboration on 1989 and 2001 Census data.

Table 3.3 - Demographic dependency ratio by residence and component: 1989 and 2001

	1989 Census	2001 Census
Young dependency ratio (a)		
Tirana urban	0.36	0.36
Other urban	0.46	0.42
Rural	0.60	0.51
Country	0.54	0.46
Elderly dependency ratio (b)		
Tirana urban	0.09	0.13
Other urban	0.07	0.12
Rural	0.09	0.12
Country	0.09	0.12
Overall dependency ratio (c)		
Tirana urban	0.45	0.49
Other urban	0.53	0.54
Rural	0.69	0.63
Country	0.63	0.58

Source: own elaboration on 1989 and 2001 Census data.

(a) Pop.0-14yr / Pop.15-64yr.

(b) Pop.65+yr / Pop.15-64yr.

(c) (Pop0-14yr + Pop.65+yr) / Pop.15-64yr.

In the country, there were 0.58 individuals of non-working-age per person of working-age. This represents a reduction from the 1989 Census (0.63). Declines have been more significant in rural Albania, where there are now 0.63 individuals of non-working-age per person of working-age as compared to 0.69 in 1989.

The decline of population in rural area can mainly be ascribed to the relative reduction of the population between 0-14 (-23 percent) as compared to the growth of the working-age population (+14 percent). In urban areas, and especially in Tirana city the trend is increasing from 0.45 to 0.49 persons of non-working-age per person of working-age. While the component of young people has decreased everywhere except in Tirana city (where it was and still is lower than the rest of the country), the number of elderly has increased especially in Tirana and other urban areas.

An analysis by districts shows that districts with the highest proportion of the population aged between 15-64 years in 2001 and, consequently, a lower total demographic dependency ratio were Devoll, Korca, Skrapar and Tirana, with values of approximately one “unproductive” person per two in working-age, while in districts as Hasi, Kukes, Malesi e Madhe, and Puka the dependency ratio was one per 1.5.

In 2001 the picture was different also among towns. Towns with a high proportion of the population between 15-64 years old were Berat, Gjirokaster, Skrapar and Tirana, where the population between 15-64 was over 67 percent. In other towns such as Bulqiza, Has, Kukes and Puka the proportion of the working-age population was 60 percent.

Further analyses of the dependency components (see maps in the Atlas) show that in the Northern part of the country, and respectively in the districts of Bulqiza, Diber, Has, Kukes, the percentage of the population between 0-14 years old in relation to the 15-64 year-old one is higher, going from 5.9 to 7.2. In other districts as Devina, Devoll, Gjirokaster, Korca and Kolonja, which are in the South of Albania, and especially in the towns of these districts, the dependency ratio is much lower, from 3.6 to 4.0. In the districts of Delvina, Devoll, Kolonja, Permet and Saranda, especially in the rural areas, the elderly dependency ratio is 1.3 to 2 times higher than the national average. The high level of international emigration from those areas, mainly by young people, justifies those levels.

The first section of Table 3.4, where the youngest part of the working-age population, aged 15-39 years, is compared to the oldest part, the population aged between 40-64 years, highlights the presence of young people in the country and especially in rural areas. In the 2001 Census, the ratio at country level is 1.5 younger people of working-age per each senior potential worker. Following the 1989-2001 changes, those ratios decreased everywhere, showing a fast ageing process affect-

ing the potential labour force. Part of this decrease could be ascribed to the international emigration which occurred in the 1990s, which saw increased numbers of young people going abroad. However, the ageing of the potential labour force is more accentuated in the urban areas and, for men, especially in Tirana city, against the slower pace it has experienced in rural areas. It can be argued that international emigration has been more selective in non-agricultural areas due to economic transformation and industrial crisis, which largely drove the youngest and most productive part of their work potential.

The cohort turnover in the working-age population that compares the labour market input (i.e. the population aged 15-19) to its output (i.e. the population between 60-64 years old) is an excellent measure of its short term future trends when exits caused by death or emigration before age 65 are not considered. The turnover shows that in 1989 there were 4 persons aged between 15-19 per 1 person aged 60-64 (second section of Table 3.4). In 2001, this ratio between young and old decreased to 2.6 due to the reduction of both entering cohorts and the survival of middle-aged people. The 1989-2001 reduction in this ratio has been stronger in the rural areas and among men. There are contrasting trends between the capital city (almost unchanged on the lowest values), the rest of urban Albania (slow decrease on middle values) and rural areas (stronger decrease, though maintaining the highest values).

Notwithstanding the huge "deficits" produced by a decade of selective international emigration and the ongoing ageing of the potential labour force, Albania has demographic potential for future years for its economic development, provided that a sufficient labour demand, in quantity and quality, is generated to avoid further emigration.

Table 3.4 - Age structure of working-age population by sex and residence: 1989 and 2001

Sex / Area	Internal structure: 15-39yr / 40-64yr		Cohorts turnover: 15-19yr / 60-64yr	
	1989 Census	2001 Census	1989 Census	2001 Census
Men				
Tirana urban	1.8	1.2	2.0	1.9
Other urban	2.1	1.2	3.4	2.2
Rural	2.4	1.7	5.4	2.9
Country	2.3	1.5	4.3	2.5
Women				
Tirana urban	1.8	1.3	1.9	1.9
Other urban	2.3	1.4	3.0	2.4
Rural	2.4	1.8	4.4	3.2
Country	2.3	1.6	3.7	2.7
Total				
Tirana urban	1.8	1.3	2.0	1.9
Other urban	2.2	1.3	3.2	2.3
Rural	2.4	1.8	4.8	3.0
Country	2.3	1.5	4.0	2.6

Source: own elaboration on 1989 and 2001 Census data.

3. Labour force participation

In dealing with the labour force – i.e. people who are presently working and those who are seeking work either for the first time or due to a loss of employment – one must take into consideration that the labour force does not encompass only the working age population; Apart from excluding child labour, there are individual workers beyond the 65 retirement age limit actively in the labour market, especially in agriculture, trade, liberal professions, or individuals that are self employed. Hence, the data in Table 3.5 refers to all the population aged 15 years and over by their economic status stated by themselves or by the interviewed person in their household, respectively at the 1989 and 2001 Census.

The labour force in Albania was calculated to be 1,347 thousand in the 2001 Census, which is the 62 percent of the population aged 15 years and over. Taking into account the differences in definitions and surveying methods, the labour force declined by more than 15 percent from 1989. On average, the workforce lost

Table 3.5 - Population aged 15 years and over by sex and working status: Albania, 1989 and 2001

	1989 Census			2001 Census		
	Males	Females	Total	Males	Females	Total
	No. (thousands)					
Employed	779	664	1,443	650	392	1,042
Unemployed	62	94	157	150	155	306
Total active	842	758	1,600	800	548	1,347
Inactive	249	283	532	269	554	823
Total 15+yr	1,090	1,041	2,132	1,069	1,101	2,170
	% out of 15+yr population by sex					
Employed	71.5	63.8	67.7	60.8	35.6	48.0
Unemployed	5.7	9.0	7.3	14.0	14.1	14.1
Total active	77.2	72.8	75.0	74.8	49.7	62.1
Inactive	22.8	27.2	25.0	25.2	50.3	37.9
Total 15+yr	100.0	100.0	100.0	100.0	100.0	100.0

Source: own elaboration on 1989 and 2001 Census data.

more than a quarter of its female labour force and 5 percent of the male workforce.

In the 1989 Census approximately three quarters of the population aged 15 years and over were active in the labour force, with only slight differences between men and women. By the 2001 Census the gender equality disappeared, as only half of the adult women are now actively in the labour market, either currently working (36 percent) or seeking employment (14 percent), while the proportion of the inactive women doubled. Male labour force, on the contrary, changed between employed (61 percent vs. 71 percent in 1989) and unemployed (14 percent vs. 6 percent) only, though suffering reductions in the absolute numbers of their employed persons.

4. Employment and unemployment: Economic dependency

4.1 Employment and unemployment from the 1989 and 2001 Censuses

Less than a half of the population aged 15 years and over declared to be employed in the 2001 Census (Table 3.6). The proportion is higher (51 percent) in rural Albania than in Tirana city (46 percent) and in other urban areas (43 per-cent). The employment rate for men is nearly 60 percent for men almost everywhere, while for women the gross employment rate (number of employed persons as a share of the population of 15 years and over) is between 30 and 40 percent, with the lowest values in the urban areas different from Tirana.

Although not completely comparable due to the different definitions and lack of information made public in the 1980s, the gross employment rates in 1989 were much higher, both for men and women. During the 1989 Census two third of the adult population were working, with a female employment rate of over 60 percent everywhere.

Notwithstanding the huge, mainly male international emigration of the 1990s, it would appear that there has been no female/male substitution effect in the local economy, not even in rural areas or in agricultural activities. Female employment decreased mostly in urban areas, and it can be argued that this happened for several reasons: i) the closure of former industrial activities; ii) increased male oriented activities, such as trade and construction; iii) rural-urban movements, which did not give female emigrants the possibility of a smooth entrance into the urban labour market [INSTAT 1996, 2002a].

The trends observed appear to be typical of the early phase of the transition from a rural economy and traditional way of living to urban and modern patterns. The creation of a genuine labour market places women's labour activities performed in the home or fields outside of the labour market.

On the other side, housekeeper conditions could be desired by the middle-class couples which can afford to live with the only income of the male breadwinner. Moreover, women com-

ing from the countryside to urban areas do not have easy access to the urban labour market because of their poor education and lack of any modern specialisation [European Commission, 2003].

The ratio between the "idle" and working population is an economic measurement of the demo-economic burden that each worker has to carry, on average, both at family and societal level. In very young and very old populations this burden can exceed parity. On the contrary, explicit female participation in labour activity in the central ages can alleviate it.

In Table 3.7, the increase at the national level of the unemployment rate has caused a considerable increase of the net dependency ratio, from 1.2 to almost 2 from 1989 to 2001, especially in urban areas. This means that at present, for each employed person there are two people not working, causing a heavy burden mainly for households in the cities, where the employed person may be the only breadwinner.

As the peripheral/core employment ratio shows, in the urban areas employment is highly concentrated in the 'core' working-age population, i.e. the population between 25-49 years old, where family commitments are also the heaviest. In rural areas, labour activity is much more distributed, involving both the younger and older labour force.

Full employment – i.e. labour markets where unemployment is 3-5 percent of the workforce – is the ideal target of any economic programme. The success of economic policies carried out by a government is often measured against the level of unemployment the policy produces. Low level of unemployment as an indicator of a successful Government policy was favoured by socialist regimes, since assuring equal employment opportunities was among their principal aims. Those same governments often carried out labour policies and employment programmes which could really reduce unemployment, though limiting labour productivity.

Table 3.6 – Labour-force participation rate and gross employment rate by sex and residence: 1989 and 2001

Sex / Area	Labour-force participation rate (a)		Gross employment rate (b)	
	1989 Census	2001 Census	1989 Census	2001 Census
Men				
Tirana urban	76.6	71.0	68.7	57.0
Other urban	78.9	73.3	70.5	56.6
Rural	76.5	76.4	72.3	63.9
Country	77.2	74.8	71.2	60.8
Women				
Tirana urban	72.1	52.8	61.7	34.7
Other urban	74.7	56.6	62.5	30.9
Rural	72.0	45.1	64.7	38.5
Country	72.8	49.7	64.9	35.6
Total				
Tirana urban	74.4	61.7	65.2	45.6
Other urban	76.8	64.7	66.5	43.4
Rural	74.3	60.7	68.6	51.1
Country	75.0	62.1	68.2	48.0

Source: own elaboration on 1989 and 2001 Census data.

(a) (Employed + unemployed population) / 15+yr-old population (%)

(b) Employed population / 15+yr-old population (%)

Table 3.7 - Economic dependency ratio and peripheral/core employment ratio by residence: 1989 and 2001

	1989 Census	2001 Census
Gross dependency ratio (a)		
Tirana urban	0.79	1.13
Other urban	0.86	1.12
Rural	1.08	1.40
Country	0.99	1.28
Net dependency ratio (b)		
Tirana urban	1.04	1.89
Other urban	1.14	2.17
Rural	1.26	1.85
Country	1.21	1.95
Peripheral / Core employment ratio (c)		
Tirana urban	0.33	0.47
Other urban	0.34	0.48
Rural	0.65	0.70
Country	0.52	0.60

Source: own elaboration on 1989 and 2001 Census data.

(a) Total inactive / Total active population

(b) Total not-employed / Total employed population

(c) (Empl. 15-24yr + Empl. 50+yr) / Empl. 25-49yr

The Economic and Political Crisis of the Former Communist Albania

A policy of wide industrialization of the country was carried out in Albania during the communist regime. This policy was associated by a massive creation of jobs, mainly low remunerated. However, during the 80's, a drastic decrease occurred in the investments due to financial constraints and absence of capital funds. Also considering the fast pace of population growth and the augmentation of the young potential work force, the economy was not capable to secure jobs to everyone any longer causing a rise in unemployment - which was never mentioned officially.

In 1988, the so-called "*new economic mechanism*" was put in practice, by which a relative independence was given to enterprises to secure the raw materials by themselves in a moment when they were in a poor financial condition. This did not solve the problems the country and the economy were facing, but, on the contrary, it led to a fast and overwhelming bankruptcy of the Albanian socialist economy. The remuneration of employed people shrunk due to the lack of raw materials: Enterprises started to apply a 80 percent redundancy payment of wages scheme which had catastrophic consequences upon the Albanian socialist economy. The entire economy of the country crashed and this accelerated the beginning of the democratisation processes.

Although never mentioned at that time [World Bank, 2002: 29], the data from the 1989 Census reveal an unemployment rate of 9.8 percent in Albania, with a higher level for women (12.4 percent) and lower level for men (7.4 percent). As expected, unemployment was higher in urban areas than in rural ones.

Comparing the 1989 data with that from the 2001 Census it can be observed that the number of people seeking work almost doubled in number (Table 3.5) and in percentage of the labour force (Table 3.8), but at the same time differences in definitions and data analysis must be born in mind. The female unemployment rate reached 45 percent in urban areas other than Tirana, while in the capital city it was 34 percent. Only in rural areas was the rise limited since the female unemployment rate only increased from 10.1 to 14.5.

Such high female unemployment rates in urban areas testify to the difficulties that women had in finding employment and, at the same

Unemployment in the Transition

The drastic economical and social changes at the beginning of the '90 caused a significant rise of unemployment rate. The unemployment rate was 26 % at the end of 1992 that means almost multiplied by three as compared to the 1991. As a matter of fact it has been the highest unemployment rate ever detected during the last decade. Since 1992 and throughout the last decade the unemployment indicator has been higher for women compared to men. It happened because it was particularly difficult for women to adopt in the new labour market. At the end of 1992 there were about 200 thousands unemployed women and about 190 thousands unemployed men.

Table 3.8 - Unemployment rate by sex and residence: 1989 and 2001(% seeking work population / active population)

Sex / Area	1989 Census	2001 Census
Men		
Tirana urban	10.4	19.7
Other urban	10.7	22.8
Rural	5.5	16.4
Country	7.4	18.8
Women		
Tirana urban	14.5	34.3
Other urban	16.3	45.5
Rural	10.1	14.5
Country	12.4	28.4
Total		
Tirana urban	12.4	26.1
Other urban	13.4	33.0
Rural	7.7	15.7
Country	9.8	22.7

Source: own elaboration on 1989 and 2001 Census data.

time, the need for urban couples to earn a double income. The important decline suffered by the female labour force (-211 thousand in the 2001 data as compared with the 1989 data, at national level) leads one to suspect that a number of women who are inactive in the labour force are actually "discouraged unemployed" people, or that they carry out temporary jobs or activities in the informal economy, which were not declared in the Census.

4.2 Employment, unemployment and underemployment from the 2002 LSMS

The direct and probing interviews used in the Living Standard Measurement Survey in 2002 were designed to better capture the real economic status of the population, provided that the survey also tried to draw out the fluid economic conditions inbetween activity and non-activity, as well as inbetween employment and unemployment. Surprisingly, compared to the 2001 Census data the LSMS employment rate is lower in urban areas and higher in the rural ones (although rural activities for less than 15 hours per week were not taken into consideration in Table 3.9).

Especially for women, the employment rate in Tirana and other urban areas was found to be at a lower level than the 2001 Census, while the number of rural women engaged in productive activities resulted to be higher. The survey probably succeeded in limiting the self-statement of unemployment, especially in rural areas and for women. With regard to these categories, according to the LSMS data the unemployment rate is much lower than from the 2001 Census, even if a more relaxed definition is applied. Many of the women who stated that they were seeking work in the Census probably did so because of their household's need for income rather than the respondent actually being engaged in job hunting activities.

The 2002 LSMS also tried to single out the "discouraged unemployed", i.e. those inactive individuals of labour age who, though willing to work, abandoned job-seeking after having realised that the labour market could not offer them employment opportunities. In practice, discouraged unemployed individuals were considered to be all those aged 15 years and over who had not been looking for a job in the previous four weeks because they thought they had no chance of getting a job. Discouraged unemployed persons were considered to be part of the relaxed definition of unemployment and, consequently, in the labour force relaxed definition. The number of discouraged unemployed persons was estimated to be approximately 63 thousand individuals (25 thousand males and 38 thousand females) or 4.5 percent of the labour force (3.2 males, 6.0 females). The presence of this group was more numerous in urban areas and especially outside of Tirana: There they represented 9.3 percent of the labour force, while they were 5.4 percent in Tirana city. People with no formal education are more likely to be discouraged unemployed (8.4 percent) than others, but this condition is present also among people with a university degree (1.5 percent).

When an analysis by age is carried out with respect to the relevant labour force (Graph 3.1),

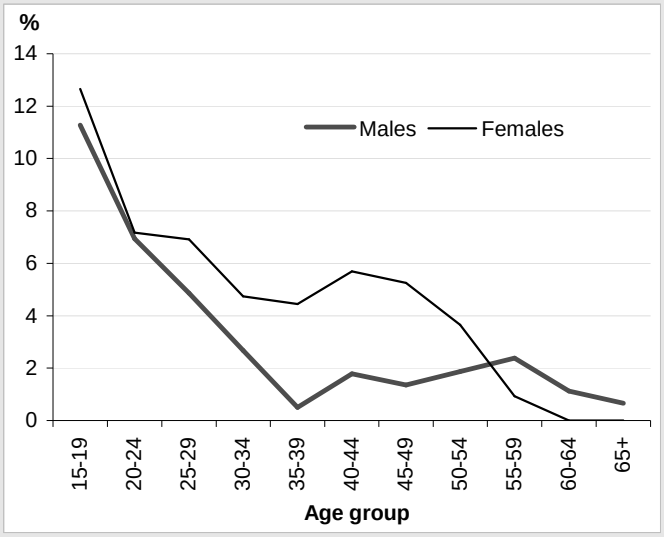
Table 3.9 - Population by sex, residence and economic status: 2002 LSMS

Sex / Area	Gross employment rate (a)	Unemployment rate		Activity rate	
		Standard definition	Relaxed definition	Standard definition	Relaxed definition
Men					
Tirana urban	52.2	18.9	24.0	64.4	68.7
Other urban	48.3	19.8	26.8	60.6	66.4
Rural	65.6	4.3	7.2	78.5	80.9
Country	58.5	10.1	14.5	71.2	74.9
Women					
Tirana urban	26.4	22.2	29.8	33.9	37.6
Other urban	26.1	28.3	40.7	37.2	45.1
Rural	46.9	2.0	6.7	59.1	62.0
Country	38.0	9.9	17.5	49.3	53.8
Total					
Tirana urban	38.8	20.1	26.2	48.5	52.5
Other urban	36.6	23.3	32.8	48.3	55.1
Rural	55.7	3.3	6.9	68.2	70.9
Country	47.7	10.0	15.8	59.6	63.8

Source: own elaboration on 2002 LSMS data.

(a) considering as not employed those working in agriculture for less than 15hrs/week

Graph 3.1 - Discouraged unemployment rate by sex and age-group: Albania, 2002 (% discouraged unemployed person out of the labour force - relaxed definition)



Source: own elaboration on 2002 LSMS data.

it is apparent that the discouraged unemployed are spread among young people of both sexes and among middle-aged women. Middle aged women, probably would like to reenter the labour market after having undertaken the impeding family duties, but judged it impossible to get a job either because of their poor qualifications or due to the general situation in the local labour market.

5. Unemployment components and behaviour

The suspicion of large number of "discouraged unemployed" people among women in Tirana and other urban areas is nourished also by the low quota of first-job seekers in the share of the unemployed women between i) those seeking a new job having lost the previous one and ii) the presumably young people entering the labour market by looking for their first occupation (Table 3.10). In the capital city and other towns female unemployment seems mainly to derive from the loss of a previous job, which certainly occurred because of the closure of many state enterprises and the reduction of personnel in public administration and services.

In rural areas, both male and female first time job hunters constitute approximately 30 percent of the total unemployed, who are relatively few in numbers (approximately 15 percent of the workforce). As it often happens, agriculture, and especially subsistence agriculture as

Table 3.10 - Unemployment by sex, residence and status: 2001

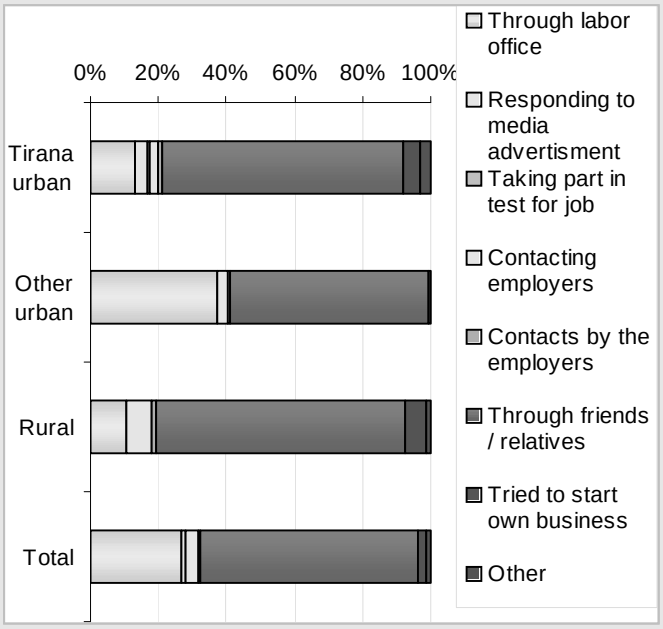
Sex / Area	No. (thousands)			Share (%)		
	First job seekers	New job seekers	Total	First job seekers	New job seekers	Total
Men						
Tirana urban	3	15	18	18.7	81.3	100.0
Other urban	13	42	56	24.1	75.9	100.0
Rural	23	53	76	30.2	69.8	100.0
Country	40	110	150	26.5	73.5	100.0
Women						
Tirana urban	3	22	25	10.6	89.4	100.0
Other urban	12	78	91	13.5	86.5	100.0
Rural	12	28	40	29.8	70.2	100.0
Country	27	129	155	17.2	82.8	100.0
Total						
Tirana urban	6	37	43	14.0	86.0	100.0
Other urban	26	121	146	17.5	82.5	100.0
Rural	35	81	116	30.1	69.9	100.0
Country	67	239	306	21.8	78.2	100.0

Source: own elaboration on 2001 Census data.

is spread almost all over rural Albania, generally does not cause unemployment among those permanently engaged in it, whatever their real commitment may be: Underemployment is the most common there. Young people, on the contrary, who are not yet fully engaged in farm activities, look for, or better dream of other sorts of employment, hence consider themselves as first time job seekers.

The LSMS attempted to establish the real economic conditions of individuals, especially women, who appeared to be employed mainly in agriculture. In addition, it is possible to establish through the 2002 LSMS what were the means of job seeking (Graph 3.2). Job hunting through friends or relatives largely prevails in both urban Tirana and the countryside, highlighting that work relationships are mainly based on personal connections. Employment offices are trusted only in urban areas other than the capital city, probably because of the tradition of the similar bodies working in the former regime and the close personal relations created with their heads and employees.

Graph 3.2 - Unemployed people by residence and way of seeking work: 2002



Source: own elaboration on 2002 LSMS data.

6. Inactive adult population

In order to have a comprehensive approach the inactive adult population (aged 15 years and over) is also considered here (Table 3.11). The inactive adult population can be seen to include: i) those young people still engaged in studies who are enriching their human capital potential prior to entering the labour market, ii) the elderly who have retired from their previous employment, and iii) female housekeepers who are responsible both for their offspring and the daily household needs. Part of the female householders can also be considered to be a "quiescent" labour supply in case of economic development.

Looking over this data in the aforesaid perspective, if the retired and handicapped are disregarded, a potential workforce of approximately 400 thousand adult people in the country could be estimated. One third of this potential workforce is still engaged in studies. The inactive adult population is an important number as compared to the labour-age population (somewhat less than two million), which shows the present difficulties in the Albanian labour market. But the high level of the inactive population also reflects the high labour

Table 3.11 - Adult[(a)] inactive population by sex and condition: Albania, 2001

Inactive condition	Males	Female	Total
No. (thousands)			
Student	64	75	139
In compulsory military service	8	-	8
Housekeeper	-	250	250
Not employed, not looking for a job	15	18	33
Retired	169	201	370
Other inactive (handicapped, etc.)	14	10	25
Total	269	554	823
Share (%)			
Student	23.7	13.5	16.9
In compulsory military service	2.8	-	0.9
Housekeeper	-	45.1	30.3
Not employed, not looking for a job	5.5	3.3	4.0
Retired	62.6	36.3	44.9
Other inactive (handicapped, etc.)	5.4	1.8	3.0
Total	100.0	100.0	100.0

Source: own elaboration on 2001 Census data.
[(a)] Population aged 15 years and over

Working Students from the 2002 LSMS

The 2002 LSMS data show that out of the total number of persons 15-24 year old reporting that they were attending school, 9.2 percent had worked during the last week prior to the interview and another 8.2 percent reported to have worked at some time during the last 12 months.Of those working students, 52.4 percent are male and 47.6 percent females. It seems that the major part of them lived in the rural part of the country – 82.7 percent. This explains the 81 percent carrying out agriculture activities. It is also to be mentioned that the 4.5 percent were working in trade and 3.5 percent in hotels and restaurants.

Table 3.12 - Employed people by sex, residence and economic sector of activity: 2001

Sex / Area	Agriculture	Industry	Services	Total
	No. (thousands)			
Men				
Tirana urban	...	17	58	75
Other urban	5	56	127	188
Rural	310	28	49	387
Country	315	101	234	650
Women				
Tirana urban	...	9	38	48
Other urban	3	28	78	109
Rural	209	5	22	236
Country	212	42	138	392
Total				
Tirana urban	...	26	96	122
Other urban	7	84	205	297
Rural	519	32	71	623
Country	527	142	372	1,042
	Share (%)			
Men				
Tirana urban	0.2	22.4	77.4	100.0
Other urban	2.5	29.8	67.6	100.0
Rural	80.2	7.2	12.7	100.0
Country	48.5	15.5	36.0	100.0
Women				
Tirana urban	0.1	19.5	80.4	100.0
Other urban	2.5	25.6	71.9	100.0
Rural	88.7	2.0	9.3	100.0
Country	54.0	10.7	35.3	100.0
Total				
Tirana urban	0.2	21.3	78.6	100.0
Other urban	2.5	28.3	69.2	100.0
Rural	83.4	5.2	11.4	100.0
Country	50.6	13.7	35.7	100.0

Source: own elaboration on 2001 Census data.
... < 500 units

potential that the country could enjoy for its possible development.

From a qualitative point of view, a good number of the adult inactive population are students: Their share of the population of between 15-24 years old is 21 percent for males and 22 percent for women. It is worthwhile to use the 2002 LSMS data to check to what extent students were only engaged in studies, as supposed in the 2001 Census, or actually studied in conjunction with another labour activity, si-multaneously or during the school holidays (see the relevant Box). At the opposite end of the age-scale it can be seen that approximately 90 percent of the elderly (60-years and over) men stated themselves as being retired during the 2001 Census, while 84 percent of the women aged 55 years and over were also retired.

7. Employment by sector of economic activity

A comprehensive perspective of the labour market situation in Albania must be viewed within the context that half of the labour force, approximately 530 thousand workers, are still engaged in agriculture. This high figure derives from the past, when in the 1989 Census about 800 thousand workers, i.e. 55 percent of the total employed population, were surveyed as being employed in agriculture (see the relevant Box). The 1989-2001 reduction in individuals employed in the agricultural sector affected male workers much less than the female ones, who were almost halved.

However, the largest reduction in the active working population occurred in industrial sector, which has been reduced by half for men, and by two thirds for women, to the extent that the industrial sector employed only one seventh of the workforce in 2001 compared to more than one fifth in 1989. Only the service sector

Agriculture in Albania: From Collectivism to the Land Distribution

Before 1990s, based on the current legislation, all persons of working age living in the rural areas were members of the agricultural cooperatives. They were obliged to fulfil a maximum number of working days, which was more than ¾ of the total number of yearly days. The movement of people from the rural areas towards the urban ones was centralized and almost impossible. and it was prohibited by law to exert a second job. Hence, in a certain way, persons living in the rural areas were obliged to work in the agricultural cooperatives.

On the other side, the government, being unable to create new jobs in towns and in order to demonstrate that in Albania there was full employment, approved laws that obliged the employment of a considerable part of the working age population to work in the so called “agricultural enterprises”, especially if they lived in small towns. Considering the agriculture as a “matter of all population”, almost every Sunday people working in other branches used to be organized in helping the agriculture. Also pupils and students, especially during the school vacations, used to work at certain periods in the agricultural cooperatives or enterprises.

Hence, the aim was for everyone to be employed, whatever the cost. This was the reason why, despite having 55 percent of the employed people engaged in agriculture, it was not possible to meet the country needs with agricultural and livestock products. With the law “On Land” Nr. 7501 in the year 1991 the agricultural land of each village was distributed to the households living in the village, according to the number of the household members. Therefore, the ownership of the agricultural land changed together with the organization of its farming. The land is divided in small parcels and is farmed by the household members.

The situation is different according to the districts and areas of the country: in some districts, especially in the northern part of the country, the arable land surface is limited, influencing the employment of working age population in this area and, as a consequence, forcing them to emigrate towards central or coastal part of the country. On the other hand, a considerable agricultural arable land of about 150 thousands ha, which used to be farmed before 1990s, is refused by rural households pretending that those are unproductive.

Even though according to the law on “Land and Privatisation” households living in the rural area possess the land, in reality they do not feel themselves as owners and do not make investments because many old owners challenge the ownership status. Hence, the lack of investments and limited possibilities of banks to give credits for investments are the consequences of such problems.

A change has occurred also in the structure of the cultivated agricultural products: many products such as cotton, tobacco, sugar beet, rise, sunflowers etc., which in 1990 were cultivated in 70 thousand ha, nowadays are not being cultivated at all. Till 1990, the agricultural production was based on the activity of about 700 agricultural cooperatives and enterprises. A number of state enterprises such as SMT and waters enterprises were created to support them. According to the state plan, those bodies were obliged to cultivate a number of agricultural products, regardless to the climatic and land conditions, tradition or economical profit.

The collapse of the centralised economy after 1990 was associated with the sudden decline of the agricultural production of about 25-30 percent. Even though after 1992 the agricultural production started to rise, currently it is still under the level of the year 1989. During this period, 6 million fruit trees, 2 million olive trees, 700 thousand orange/lemon trees were cut, as well as 13 thousand ha vineyard were destroyed. This has caused the reduction of the production as well as the import of fruits almost during all yearlong. In 2000, the production of the grain declined to 272 tons less than in 1989, tobacco production reached 8 tons less than 1989, sunflowers 21 tons, sugar beet 220 tons, and cotton 14 tons. In the meantime, the production of potatoes, vegetables, milk and eggs augmented.

Since 1991, as a result of the implementation of the law "on land" the structure of the agriculture has changed. Instead of the big units of the agriculture production, now there are about 400 thousand private agricultural economic units. In order to better know the state of agriculture, in 1998 INSTAT carried out the first agriculture census in the country. Some of the conclusions regarding the structure of the agricultural economic units are reported below:

· They have a limited size; the average size is about 1.2 ha. In the northeastern earea of the country the average size is from 0.4 – 0.6 ha, while in the western area this surface is 2-3 times wider.

· Only ½ of the economic units produce for the market mainly vegetables, milk, meat and eggs, but on limited quantities.

· The major part of them cultivate from 6-7 products as grain, potatoes, vegetables etc. This can be explained with the fact that almost all economic units meet their needs for agricultural and live-stock products.

· The mechanization level is low. Almost half of the agricultural economic units work the land by hand or animals.

· Even though the agricultural land surface is limited, the economic unit includes 3-5 different parcels.

The agricultural economic units, operate on household basis and have as a main purpose the self consumption of agricultural and livestock products. Even though in Albania 50 percent of the employed people work in agriculture, only 35 percent of GDP at national level comes out of this branch.

Table 3.13 - Employed people by sex, residence and main branch of economic activity: 2001

Sex / Area	Agriculture hunting, forestry and fishing	Mining and quarrying	Manu-facture	Electricity gas and water supply	Const-ruction	Wholesale and retail trade	Hotels and restaurants	Transport, storage and commu-nication	Education	Health and social work	Other services	Total
Men												
Tirana urban	0.20	0.18	10.70	1.84	9.70	29.37	9.39	12.00	3.84	2.05	20.73	100.00
Other urban	2.54	2.36	7.36	3.09	17.03	25.83	8.13	14.47	5.37	2.42	11.40	100.00
Rural	80.18	0.73	1.86	1.23	3.33	3.25	0.96	2.98	1.88	0.37	3.23	100.00
Country	48.51	1.14	4.47	1.84	8.03	12.79	4.00	7.35	3.12	1.16	7.60	100.00
Women												
Tirana urban	0.10	0.09	14.46	1.16	3.79	22.46	8.92	8.29	11.08	9.39	20.26	100.00
Other urban	2.48	0.95	11.40	1.59	11.68	20.83	7.23	9.47	15.75	9.81	8.82	100.00
Rural	88.67	0.07	1.02	0.09	0.84	1.96	0.69	0.79	3.53	1.66	0.68	100.00
Country	54.02	0.32	5.53	0.63	4.20	9.68	3.50	4.10	7.83	4.86	5.32	100.00
Total												
Tirana urban	0.16	0.15	12.17	1.57	7.39	26.67	9.20	10.56	6.67	4.91	20.55	100.00
Other urban	2.52	1.84	8.84	2.54	15.07	24.00	7.80	12.64	9.17	5.12	10.45	100.00
Rural	83.39	0.48	1.54	0.80	2.39	2.76	0.85	2.15	2.50	0.86	2.27	100.00
Country	50.58	0.83	4.87	1.39	6.59	11.62	3.81	6.13	4.89	2.55	6.74	100.00

Source: own elaboration on 2001 Census data.

has experienced a slight increase in the number of workers as compared to 1989: This increase is only apparent among the male workforce, as women working in the service sector have remained almost constant in their number, though more than half doubled in percentage.

The prevalent urban location of activities is obvious when urban Tirana is compared to other urban and rural areas (Table 3.12). The service sector mainly prevails in the urban context, while the industrial sector employs a larger quota of individuals (up to 30 percent) in towns other than the capital city. Since the service cities include former industrial centres such as Durres, Vlora, Devina, etc, it can be argued that either a residual industrial structure or new initiatives in manufacturing or handicraft work have contributed to this. A more accurate analysis from the territorial point of view can be made by looking at the map of occupational structure by economic sector (see the Atlas).

The weakness of the industrial structure in the country is confirmed by the fact that less than 5 percent of the workers have been employed in manufacturing (Table 3.13). Surprisingly, there is a slightly higher proportion for women and in Tirana than for men and in other employment sectors. Construction prevails among the male industrial labour force and in the urban areas other than the capital city, where probably the most intensive building of houses is taking place due to the urbanisation process.

In urban areas including Tirana, approximately one quarter of the labour force is employed in the wholesale and retail trade. This reveals both the role that market towns still perform in respect to the surrounding rural areas and the probable over-expansion of this sector after the industrial crisis. In addition, "Transport, storage and communication" sector employs an important percentage of the male workforce residing in urban areas, while in those same urban areas "Education" and "Health and social work" employ an important percentage of the female workforce. Finally, there is a considerable percentage of both men and women employed in "Other services" in Tirana (about 20 percent). This percentage is mainly made up of employees in Public administration in the capital.

8. Employment by status

The conditions of employment is important either from the economic point of view (since this shows the complexity of the economic structure of the country), or from a behavioural perspective (since this shows the level of workers' commitment to their labour activity).

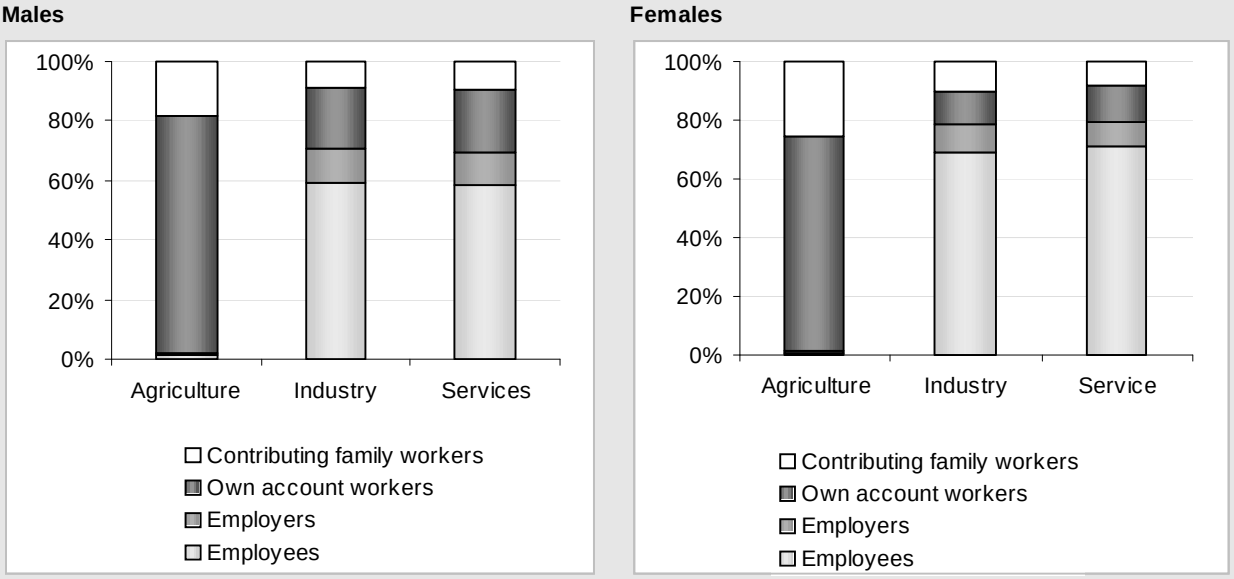
The following analysis will deal with the employment status and, in the following point, with the working condition as reported at the 2001 Census (Table 3.14). The relevant proportions, apart from the usual territorial comparison, will be always controlled also by economic sector because of the highly different structure of the workforce engaged in the three different sectors. As far as employment status is concerned, people in rural areas are either

Table 3.14 - Employed people by sex, residence and status: 2001 (% share by status in employment)

Sex / Area	*Employees*	*Employers*	*Own account workers*	*Contributing family workers*	*Total*
Men					
Tirana urban	63.6	12.4	15.5	8.5	100.0
Other urban	57.1	13.7	18.3	11.0	100.0
Rural	11.6	1.6	70.8	16.0	100.0
Country	30.7	6.3	49.2	13.7	100.0
Women					
Tirana urban	75.6	8.2	8.7	7.5	100.0
Other urban	67.8	9.7	12.6	9.8	100.0
Rural	8.0	0.9	67.2	23.9	100.0
Country	32.8	4.2	45.0	18.0	100.0
Total					
Tirana urban	68.3	10.8	12.8	8.1	100.0
Other urban	61.0	12.2	16.2	10.5	100.0
Rural	10.2	1.3	69.4	19.0	100.0
Country	31.5	5.5	47.6	15.3	100.0

Source: own elaboration on 2001 Census data.

Graph 3.3 - Employed people by sex, sector of economic activity and work status: Albania 2001



Source: own elaboration on 2001 Census data.

"Own-account workers" or "Contributing family workers" (the latter mainly women).

In urban areas the employment structure by status is almost "modern", especially in Tirana city, with about two thirds dependent workers and more or less 10 percent who reported being employers. Probably, some of them were only own-account workers, in case with some dependents or family contributors. In fact, the quota of the own-account workers seems too low in a growing economy, which still lacks large productive or service units. When analysed by economic sector (Graph 3.3), the working status confirms the backwardness of Albanian agriculture, which is almost completely based on the own-account workers and contributing family workers. The other two sectors show a similar repartition where employees prevail, though not beyond two thirds of the workforce. The divisions between women and men are not so significant except that men tended to state themselves as being own account workers in a higher proportion everywhere, while there is a higher percentage of contributing family workers among women working in agriculture.

9. Employment by working condition

9.1 Kind of work contract

Two thirds of workers reported that they had a permanent job with male and female workers almost equal in numbers (Table 3.15). In the rural context the number of individuals employed in seasonal jobs reached one fourth of the labour force. The presence of occasional jobs was limited, and almost equal in the urban and rural context.

It is doubtful that part of the temporary jobs reported in Tirana city and other urban areas, especially by men, were actually occasional jobs since the census respondents probably did not perceive the difference between temporary and permanent employment. The agricultural sector employed 60 percent of its workers permanently and 30 percent seasonally (Graph 3.4). Permanent jobs were more diffused in the industrial sector and more frequently in the service sector, with female workers making up a higher percentage – with up to 80 percent in the service sector. Were this the real working condition by kind of work contract, it could be judged that the transition to a modern labour structure being completed and

steady, at least in sectors other than agriculture. Actually, knowing the widely diffused informal economy in the country, some doubts remain concerning the transition to a modern labour market as there is such a high percentage of labourers who reported their activity as permanent. Part of the respondents may have stated their position with reference more to their profession (say, metal worker, dealer, transport worker, etc.) rather than with regard to their current occupation.

9.2 Type of workplace

Concerning the place where the labour activity was undertaken, the same hints (as well as the same doubts) come from the respondents (Table 3.16). The farm, which is both the place of work and home, prevails in rural areas (with 70 percent of male workers and 76 percent of female workers residing there), which provides another element to define the agricultural activities of the subsistence economy. In urban areas, and especially in Tirana city, the labourers mainly worked outside their home, in an established premises with up to 90 percent of female workers and 80 percent of male workers in Tirana.

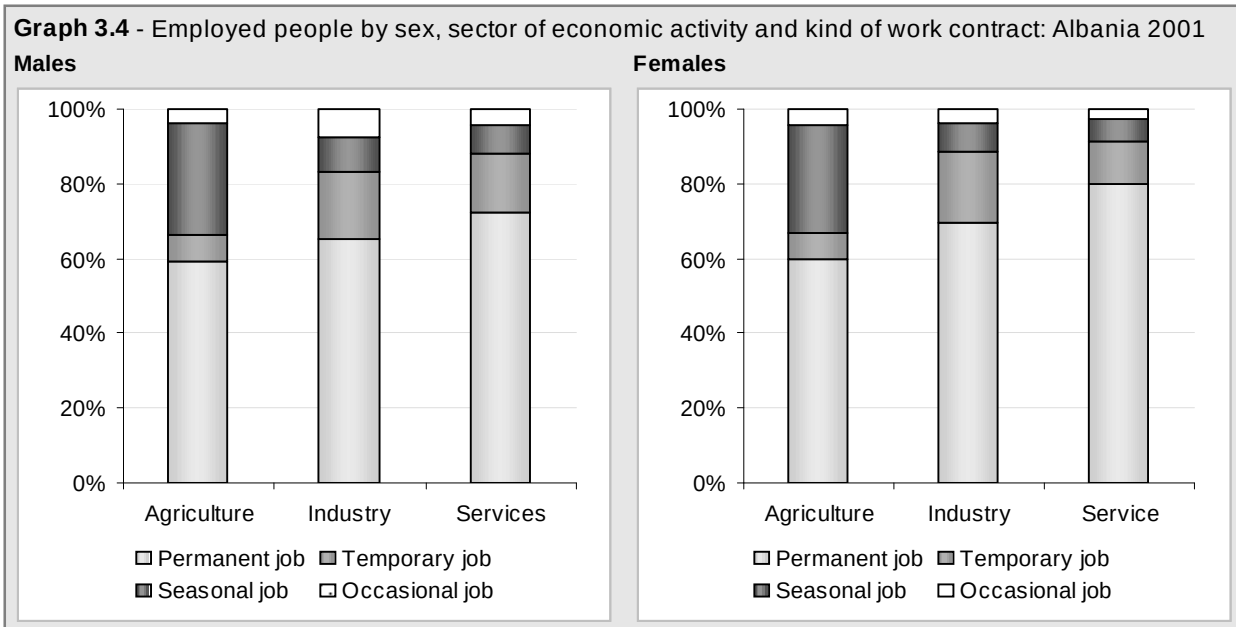
Most of the agricultural labour force are employed on farms with more than 80 percent, both for men and women (Graph 3.5). In the other two sectors, the prevalence of established work places other than the home is clear, provided that men carry out their labour activity in a non-established place more than women (e.g., transport workers, peddlers, etc.). A considerable number of non-agricultural workers (up to 15 percent among the female workers in manufacture) reported to carry out their activity on a farm which at the same

Table 3.15 - Employed people by sex, residence and kind of work contract: 2001(% share by work contract)

Sex / Area	Permanent job	Temporary job	Seasonal job	Occasional job	Total
Men					
Tirana urban	70.8	18.1	6.1	5.0	100.0
Other urban	70.6	15.5	8.5	5.3	100.0
Rural	61.1	8.8	25.8	4.2	100.0
Country	65.0	11.8	18.6	4.6	100.0
Women					
Tirana urban	78.1	14.3	4.9	2.7	100.0
Other urban	76.8	13.1	6.9	3.2	100.0
Rural	61.6	7.5	26.9	4.0	100.0
Country	67.8	9.9	18.7	3.6	100.0
Total					
Tirana urban	73.7	16.6	5.6	4.1	100.0
Other urban	72.9	14.6	7.9	4.6	100.0
Rural	61.3	8.3	26.2	4.2	100.0
Country	66.0	11.1	18.6	4.3	100.0

Source: own elaboration on 2001 Census data.

Graph 3.4 - Employed people by sex, sector of economic activity and kind of work contract: Albania 2001



Source: own elaboration on 2001 Census data.

Table 3.16 - Employed people by sex, residence and type of workplace: 2001

(% share by workplace)

Sex / Area	Fixed premises outside home	Home (not a farm)	Farm, which is home	Not a fixed place of work	Total
Men					
Tirana urban	80.5	0.1	5.8	13.6	100
Other urban	71.2	0.1	17.6	11.2	100
Rural	18.4	0.3	70.4	10.8	100
Country	40.8	0.2	47.7	11.3	100
Women					
Tirana urban	89.7	0.1	4.6	5.7	100
Other urban	77.3	0.1	16	6.6	100
Rural	13.7	0.3	76.4	9.7	100
Country	40.5	0.2	50.9	8.3	100
Total					
Tirana urban	84.1	0.1	5.3	10.5	100
Other urban	73.4	0.1	17	9.5	100
Rural	16.6	0.3	72.7	10.4	100
Country	40.7	0.2	48.9	10.2	100

Source: own elaboration on 2001 Census data.

Table 3.17 - Employed people by sex, residence and usual working hours: 2001(% share by working hours)

Sex / Area	Full-time	Long part-time (a)	Short part-time (b)	Total
Men				
Tirana urban	66.6	32.7	0.7	100.0
Other urban	55.8	43.4	0.8	100.0
Rural	50.6	41.6	7.9	100.0
Country	53.9	41.1	5.0	100.0
Women				
Tirana urban	69.5	29.8	0.7	100.0
Other urban	57.8	41.4	0.8	100.0
Rural	42.2	48.0	9.8	100.0
Country	49.8	44.0	6.2	100.0
Total				
Tirana urban	67.7	31.6	0.7	100.0
Other urban	56.5	42.7	0.8	100.0
Rural	47.4	44.0	8.6	100.0
Country	52.4	42.2	5.5	100.0

Source: own elaboration on 2001 Census data.

(a) 15-34 hours per week

(b) less than 15 hours per week

time is said to be their home. In fact, economic activities other than agriculture (e.g., food production, textile works, etc.) at an early stage of industrialisation could have been carried out at home, especially by women living in the countryside, who also shared their labour activity with the farm and family duties.

9.3 Usual working hours

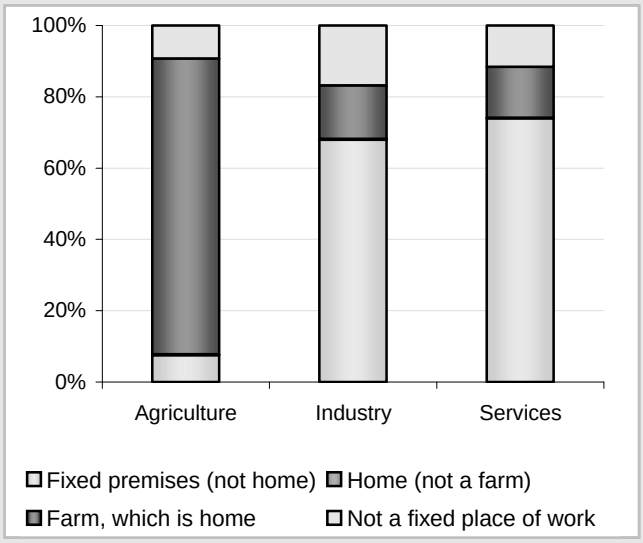
The weekly working hours of the labourers can also assess their level of labour commitment. The 2001 Census asked both employed people about their usual working hours, as well as everybody aged 15 years and over about the hours they had worked in paid employment in the week preceding the survey. Taking into account only the employed, the first reply was used to classify them by their usual length of working hours (we only recovered the second reply in case of zero or no reply in the first one). Following international recommendations [ILO 1990, OECD 1997], "full-time" activities were defined as those activities carried out for 35 or more hours a week, "long part-time" the working hours between 15 and 34 hours a week, and "short part-time" the usual working-hours shorter than 15 hours a week.

Table 3.17 notes that only a little more than a half of the employed usually work full-time, and that this proportion is slightly higher for men (54 percent) than for women (50 percent). Only in Tirana city are there clearly higher proportions of full time workers, especially for female workers (69.5 percent). In the rest of the country, a large proportion of the employed declared their working hours to be "long part-time".

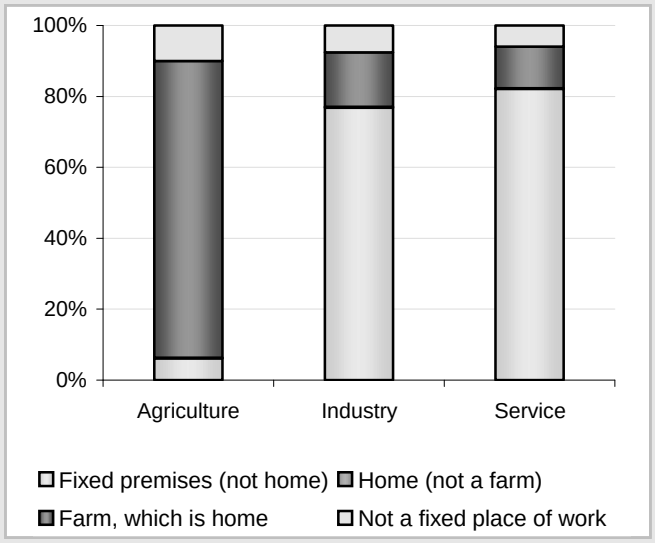
These working hours could be acceptable with respect to the rural activities (Graph 3.6), due to the reduced time commitment that subsistence agriculture requires and due to the seasonal nature of this work being undertaken during April and early spring, when the activities in the fields are still limited, which coincided with the time when the census was carried out. Female workers in agriculture are almost the only ones that have short part-time working hours. For other sectors, the fact that more than 40 percent of workers work between 15 and 34 hours a week witnesses the limited speed at which the Albanian economy at large is still running.

Graph 3.5 - Employed people by sex, sector of economic activity and type of workplace: Albania 2001

Males



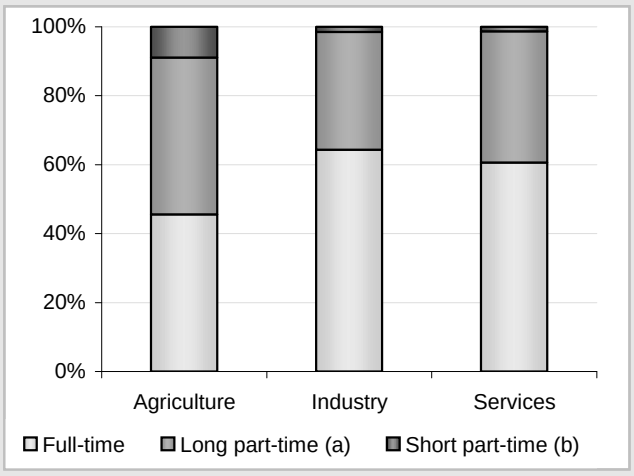
Females



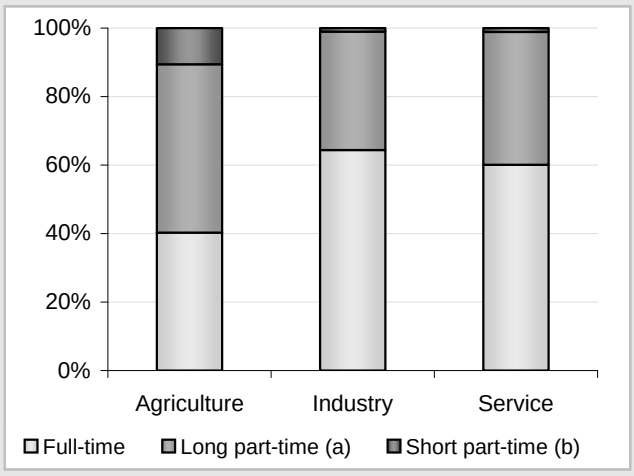
Source: own elaboration on 2001 Census data.

Graph 3.6 - Employed people by sex, sector of economic activity and usual work-hour: Albania 2001

Males



Females



(a) 15-34 hours per week

(b) less than 15 hours per week

Source: own elaboration on 2001 Census data.

10. Secondary job

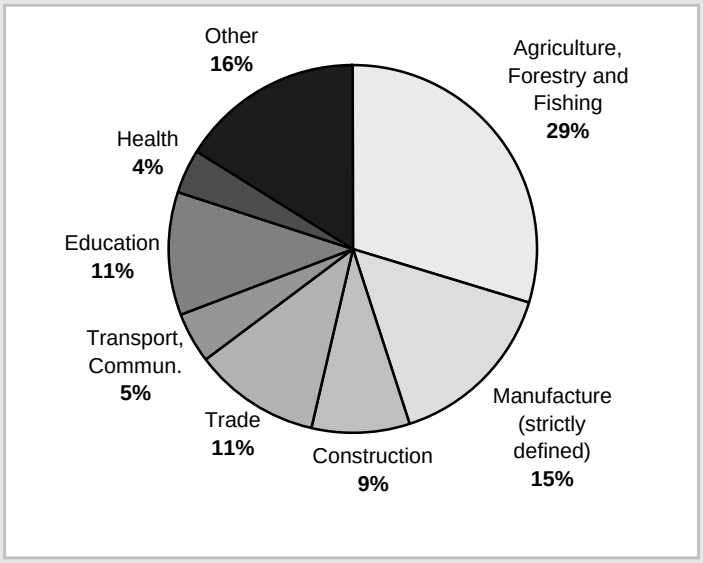
Secondary jobs are mainly diffused in economies where the principal occupation does not satisfy the worker's needs or desires and therefore he/she sacrifices part of his/her free time in order to carry out another labour activity, either connected or not to the principal one. Secondary jobs are often performed in irregular way or in the informal economy. Another kind of secondary job, but in a more regular sense, can also be present where people still residing in the countryside are employed in the modern sectors of the labour force: These workers often use their free time to carry out rural labour activities in the farms where they live. Also in urban areas part-time jobs can be carried out as secondary jobs, especially in trade, small repairs, and services, either related or non related to the principal occupation.

According to 2002 LSMS data, only 5 percent of the total employed have secondary employment in Albania. The percentage of individuals with second jobs is higher among males, 7 percent of employed males having a second job, vis-à-vis only 3 percent of employed females. Analyses show that employed people who were also heads of household tend to have a second job more often than other employed household members. The percentage is also higher also among employed people in the 40-44 year-old age group and among divorced or separated employed people. The employed in urban areas have a second job only in 3.1 percent of cases, while the employed in rural areas have a second job in 6.4 percent cases.

Such small numbers of secondary employment are partially attributable to the huge proportion of workers engaged in the agricultural sector, especially in the case of women where subsistence agriculture and small farms hardly give space to parallel employment in an environment which, on the top of everything is still quite backward. In addition, the high unemployment rate may also be an explanation, since many people do not even have a primary job.

Data by status concerning secondary employment shows that the majority of individuals (78 percent) are self-employed or unpaid family workers while employees constitute only 22 percent. The majority of the latter is engaged in agricultural activities (Graph 3.7).

Graph 3.7 - Employed with a secondary job by branch of economic activity in this job: Albania, 2002



Source: own elaboration on 2002 LSMS data.

11. Conclusions

The situation of the labour market in Albania described by the 2001 Census data as well as by the 2002 Living Standard Measurement Survey is worrying; out of the 2,170 thousand people aged over 15 years only 1,042 thousand were employed (48 percent). A further 306 thousand people were unemployed (14 percent) and seeking work, while 823 thousand were inactive (38 percent), of which at least 250 thousand (11.5 percent out of the population aged 15 years and over) could be considered as potential workers (when adult students, the retired or disabled people and elderly housekeepers are disregarded).

Therefore, with a supply of more than 1,600 thousand potential workers, equally divided by sex, the labour market succeeded in employing only two thirds or, more precisely, four out of five men against less than one in two women.

The economic structure of this employment is absolutely backward, with more than half of the workers employed in agriculture, less than 15 percent in industry, and approximately 35 percent in the service sector.

However, the picture given is optimistic, since defining labour demand as being the labour activities carried out in agriculture is misleading. Rural workers are in fact mainly underemployed workers, in most cases, who produce more for their own subsistence than for the market [World Bank, 2002: xiii]. To some extent this is also true for some urban workers in the service sector, in construction, trade, transport and communication, with many jobs carried out occasionally or with only the partial engagement by the worker.

Therefore, the real core of the labour force employed in Albania during the 2001 Census – i.e. those who worked permanently and/or full-time – could be estimated to be around 550-700 thousand workers, much less than half of the potential labour force. 350-430 thousand men and 200-270 thousand women make up this core labour force. The structure by economic sector of this core workforce was more "modern" with the workers in agriculture declining to about 40 percent of the total, while the workers employed in manufacture approximately are 20 percent and those in the service sector around 40 percent.

Comparing this situation to that shown by the 1989 Census, which shortly preceded the paramount changes in the political regime and economy, one could attribute the undeniable crisis the occupation has suffered to those changes and the following dramatic events that occurred till the late nineties in Albania. The consequences of these changes are the loss of about 400 thousand jobs, the doubling of people seeking work, emigration abroad which has caused even a reduction of the male working-age population. Nevertheless, the situation depicted in the 1989 Census was largely false and – in any case – untenable in the long run, as the emerging of a considerable unemployment rate at that time proves it, together with an almost completely autarchic economic structure, mainly based on agriculture.

The modernisation of the country and of its economy needed such an upset and the crises suffered were probably unavoidable [Nesporova, 2002: 9]. The real problem is that this process of change and upheaval has lasted more than ten years and that the situation described by the 2001 Census and the 2002 LSMS is far from achieving the transition to a modern market economy.

For the future, a further exit of the labour force from the agriculture sector of at least 250 thousand workers in the face of the necessary modernization of this sector and the abandoning of unproductive land can be foreseen. Questions remain; Will the country and its growing economy be able to face this shift of labour force? A shift of labours from the agricultural sector which will add to the more than 150 thousand labourers in the urban areas who are seeking employment having lost previous employment, probably due to the closure of the state factories or the failure of number of ventures tried by internal and foreign investors in the nineties. Even in a simple normalisation process the labour demand should be able to absorb also more than 66 thousand first-job seekers and be able to give stable occupation to about 140 thousand people who work temporary, seasonally or occasionally in the industrial or service sectors.

This challenge may seem insurmountable, and it is easy to predict that the Albanian labour market shall face further and probably harder crises. However, the situation shows also interesting possibilities for fast economic development. This potential is mainly linked to the huge potential of the young population of this country in respect to forming a pliable workforce which, thanks also to its good educational level, is able to adapt itself to the necessary changes in the economic structure and working ethos. The real challenge is then to succeed in using this potential by brokering initiatives (e.g., by favouring and financing the creation of new enterprises in the upcoming sectors, more than trying to meet the over-whelming unsatisfied labour supply with traditional solutions (e.g., by inflating the civil service). The success of those initiatives should have a cyclic effect eventually, absorbing part of the more traditional idle labour supply.

Annex 3.1

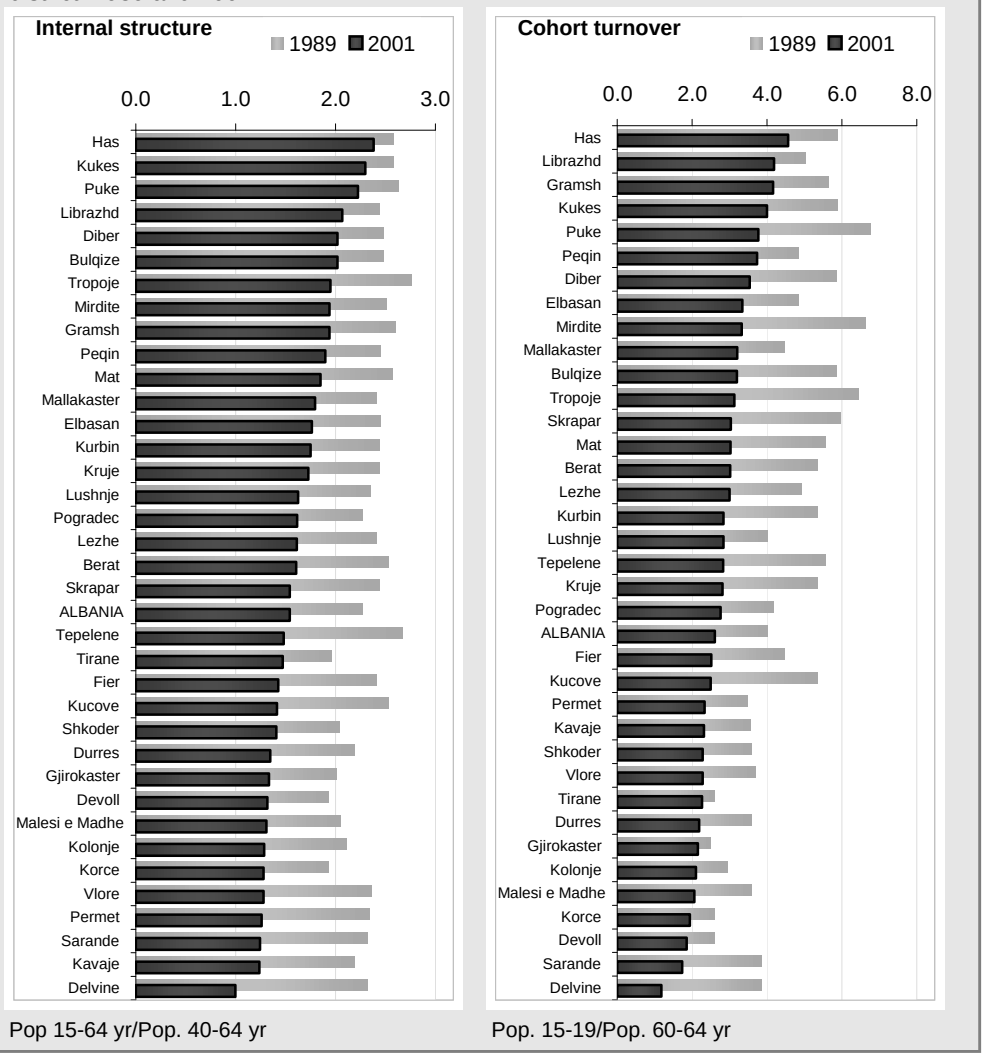
Labour Force, Employment and Unemployment in the Albanian Districts

In the following pages we report the briefly commented graphs on some of the variables we dealt with in this Chapter 3. They have been calculated at the district level. Following the given approach in the chapter, which compared urban Tirana to the other urban and rural areas, the analysis here mostly considers the different districts location in the country without introducing a strict allocation to geographical groups or further distinction of urban/rural areas for each district.

For statistical and communication purposes we preferred to order the graphs not in the alphabetical way but following the decreasing order of the variable represented (or the most important one). This could make the research of one specific district more difficult for the reader. However, its positioning in the relevant scale of the Albanian district is easier and, with this aim, we also inserted the country average, named ALBANIA, in the lists.

The reader can also find some data on the labour force, employment and unemployment at district level, or even at commune/munici-

Graph 3A.1 - Internal structure and cohort turnover of the labour-age population, by district: 1989 and 2001



Pop 15-64 yr/Pop. 40-64 yr

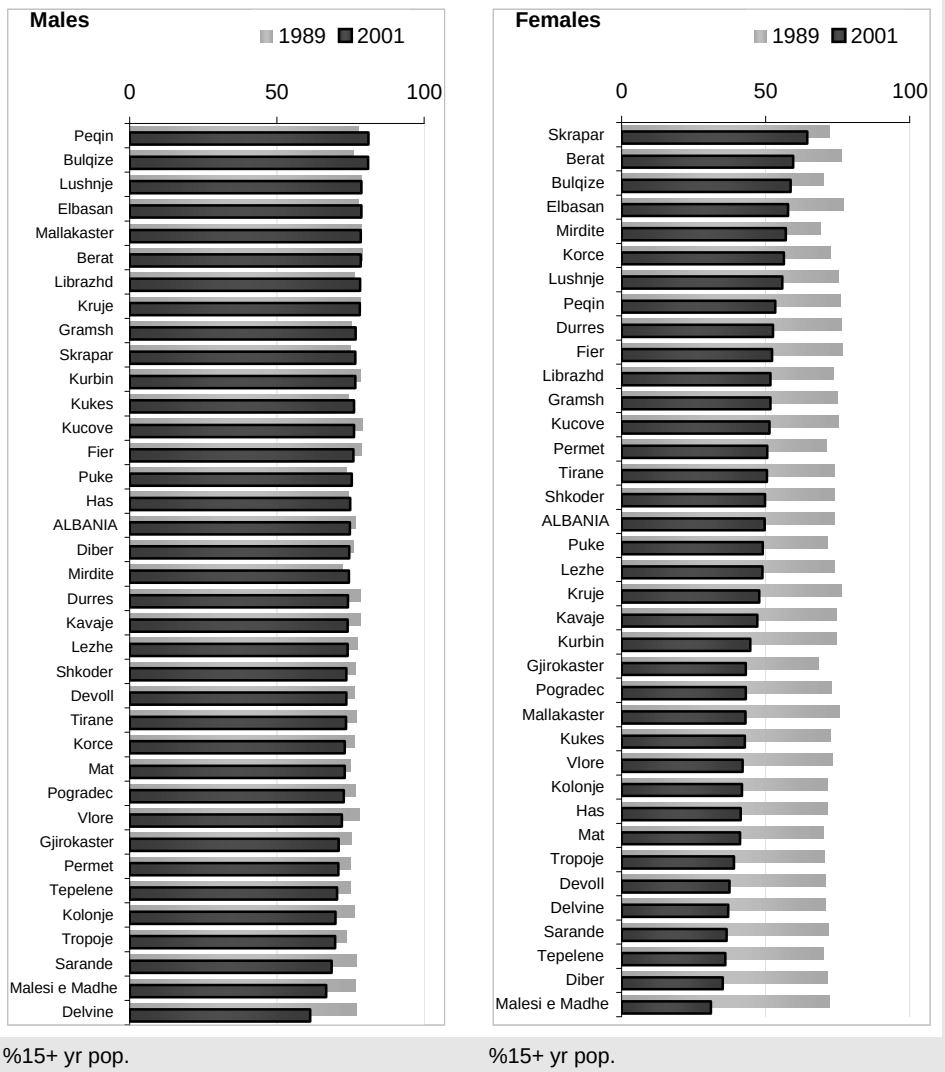
Pop. 15-19/Pop. 60-64 yr

pality level, in some specific maps of the Atlas. We have partly commented them in the text.

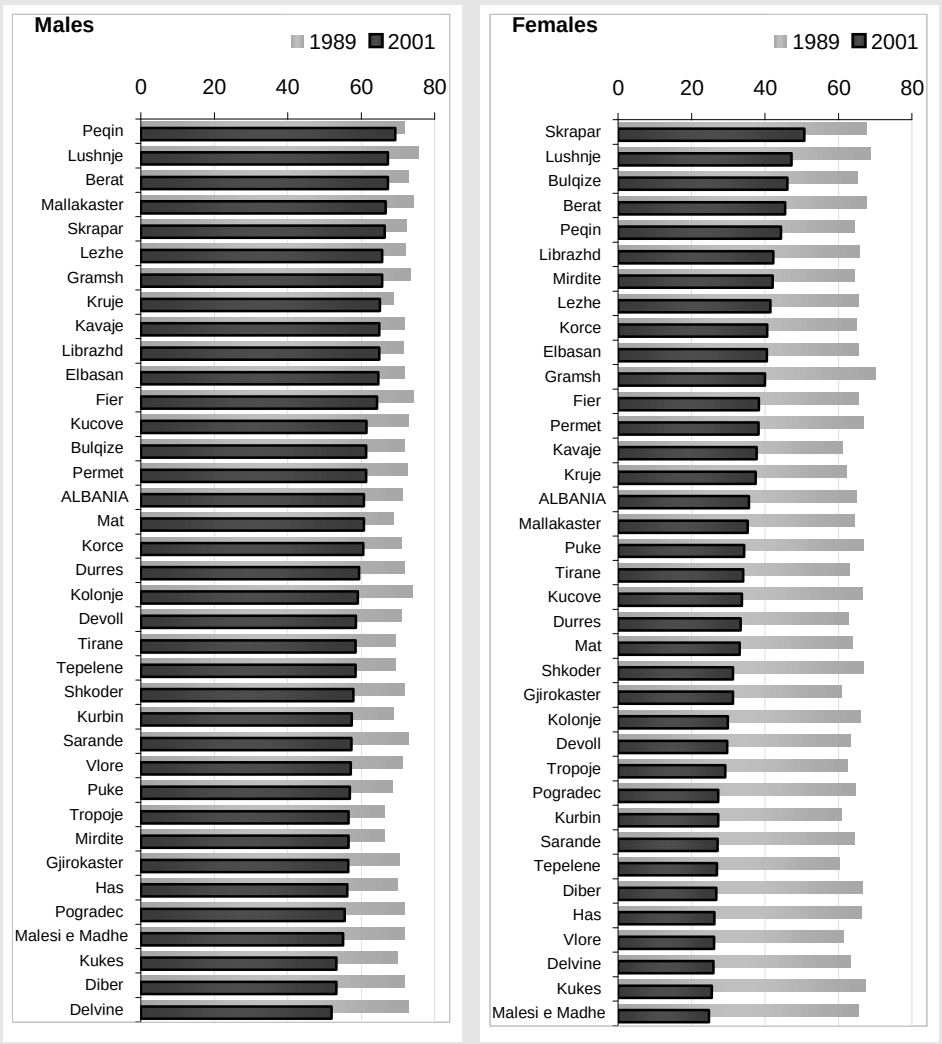
1. Concerning the internal structure of the working age population (Graph 3A.1), the strong reduction of youngest people for each senior potential worker at country level is reflected at district level. The reduction is however higher (at least 1.0) for most the Southern districts, less significant in the North of the country (less than 0.3 in Kukes and Has). At the 2001 Census, the district values are higher than the national average in 20 out of 36 cases, with the districts mostly located at the North and representing more rural areas. On the other hand, districts including main cities or located in the South with a more intensive population ageing present values below 1.5 or even 1.0 (Delvina). For what refers to the cohort turnover, the already significant change for the whole Albania is stronger in numbers, with 21 districts with higher relative reductions. As already mentioned in the text, this fact affects more the rural districts (e.g.: Mirdita, from 6.4 to 3.1, and Delvina, from 3.9 to 1.2, in the North and the South, respectively). According to the 2001 Census, a North/South pattern is evident.

2. The labour-force participation is significantly decreased in general, but with enormous differences by sex (Graph 3A.2). For men, the limited reductions seem due to the general population structure evolution. But higher negative changes in the South (Vlora, Kolonja, Saranda and Delvina) and the North (Malesi e Madhe) contrast eleven positive changes in

Graph 3A.2 - Labour-force participation rate by sex and district: 1989 and 2001



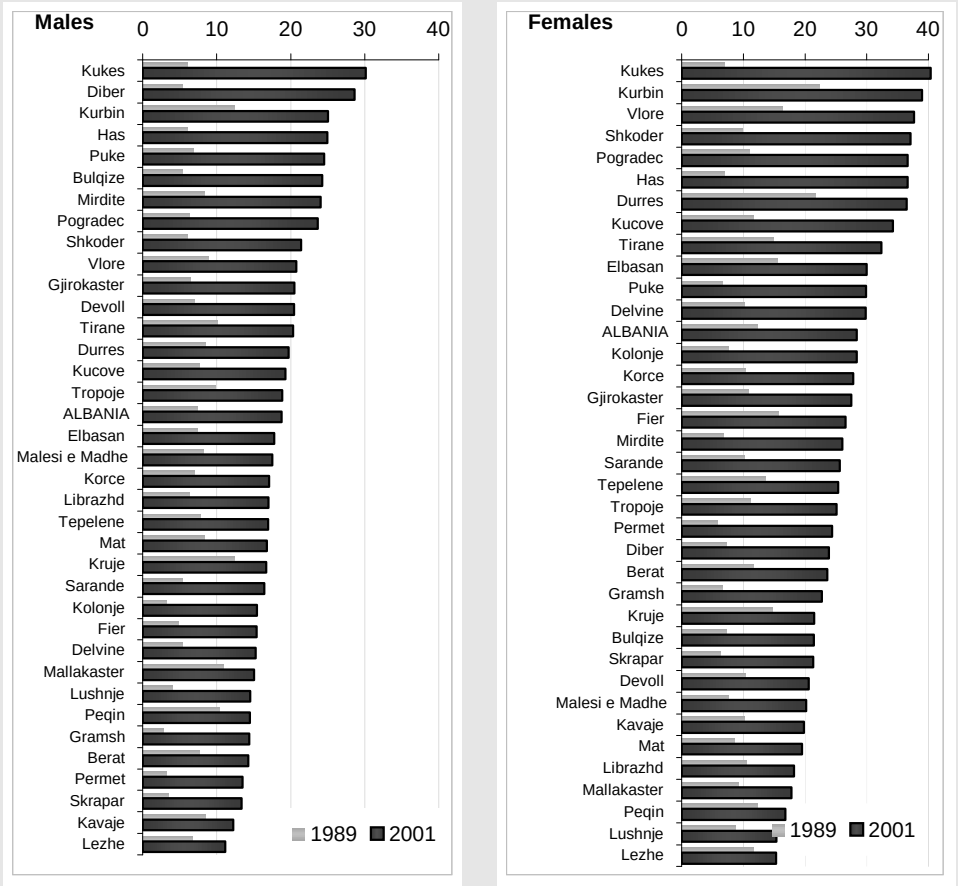
Graph 3A.3 - Gross employment rate by sex and district: 1989 and 2001



Central and Northern districts such as Peqin and Bulqiza, in the order. On the other hand, for women there are no increases at all. As for Albania, the reduction from 1989 to 2001 is strong everywhere, in many cases around 50 percent of working-age population (Mallakaster, Devoll, Delvina, Tepelena and Saranda in the South, and mostly Diber and Malesi e Madhe in the North). According to the stronger decline in rural areas, in 2001 the levels of districts with main cities are higher than the national average.

3. Compared with the labour-force participation, the change in employment is more significant and everywhere in the country there is a reduction for both men and women, but stronger for the latter ones in line with the labour-force participation trends (Graph 3A.3). Among men, Diber, Kukes, Malesi e Madhe, Pogradec, Delvina and Saranda present a decline of around 25 percent of employment for population aged 15 and over. For women, the same districts plus Tropoja, Has, Shkoder, Kurbin, Vlora, Tepelena, Kolonja and Devoll show a decline of at least 50 percent. Among the above mentioned districts, only Pogradec escapes to a strict Northern or Southern location. The more heterogeneous female situation is also represented in 2001, when the men rates are extremely concentrated around the national value, while the women ones range from 24.8 percent (Malesi e Madhe) to 50.7 (Skrapar).

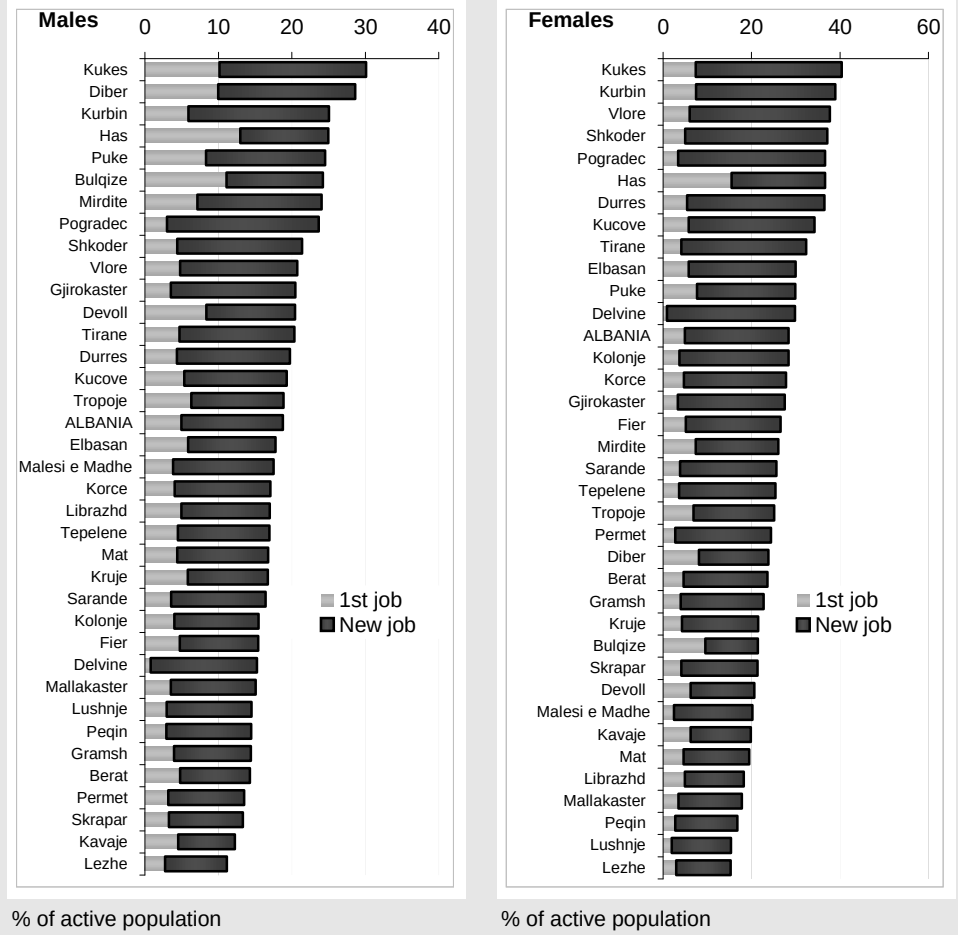
Graph 3A.4 - Unemployment rate by sex and district: 1989 and 2001



% of active population

% of active population

Graph 3A.5 - Unemployment rate by sex, district and composition: 2001



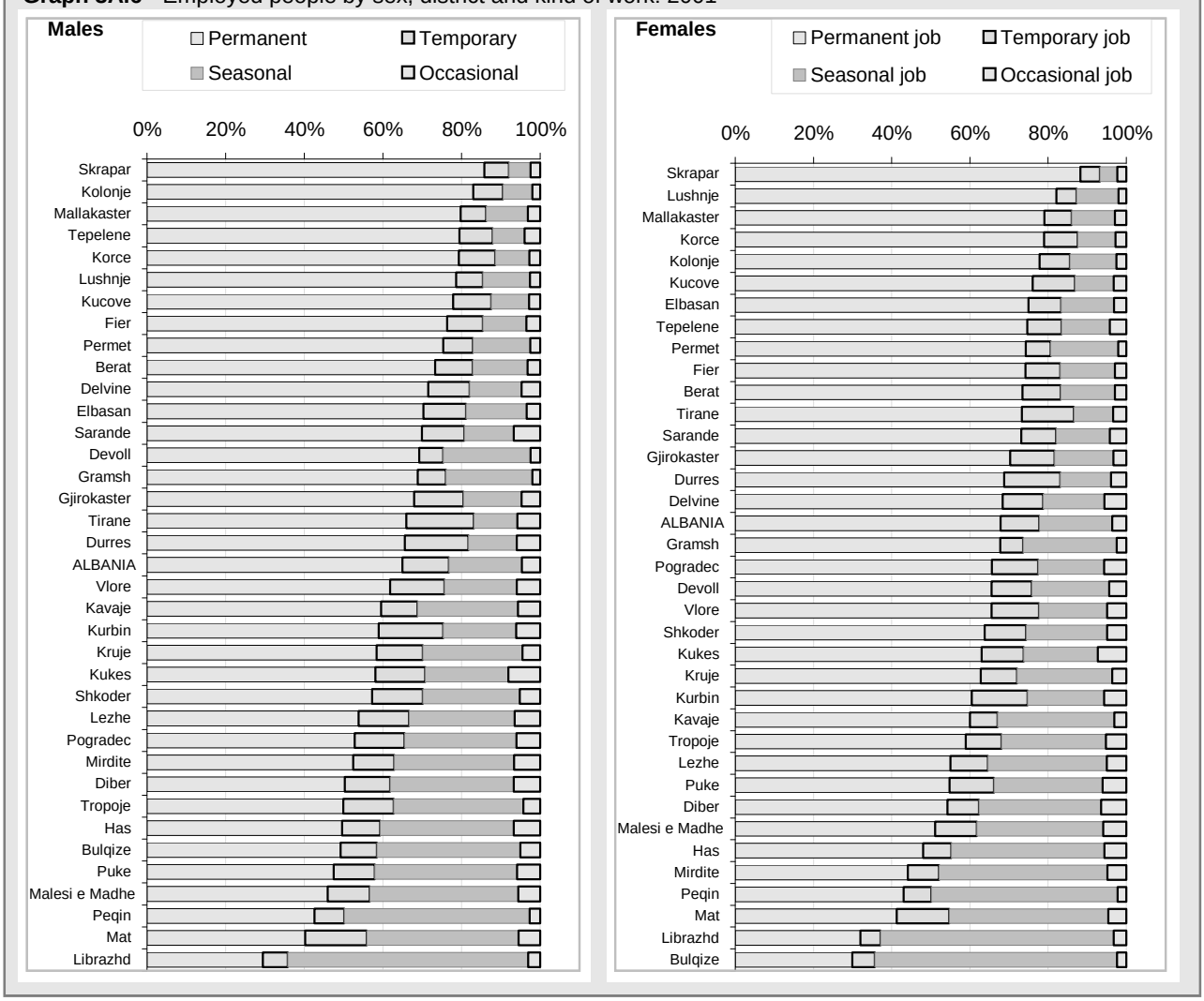
% of active population

% of active population

4. At national level, people looking for a job in percentage of the labour force are more than doubled between the two censuses (Graph 3A.4). The rates increased by at least 3 times in Shkoder, Puka, Has, Kukes, Diber (North) as well as in Pogradec, Skrapar, Gramsh, Permet and Kolonja (South-East), both for men and women (up to over 5 times in Diber for men and about 6 times in Kukes for women), in Saranda, Fier and Gjirokaster for men and in Mirdita for women. Most limited increases are recorded in Lezhe (for men), Mallakaster (for women), Peqin and Kruja. In 2001, the differences by sex are more relevant in Vlora, Durres, Shkoder and Kucova (i.e. the four more urban districts excluding Tirana), while they are smaller in the border districts of Librazhd, Lushnja and Devoll. However, the female employment is lower only in two districts: Bulqiza (21.4 percent against 24.2 for men) and Diber (23.8 versus 28.6).

5. With regard to the distinction of unemployed between the 1st job and new job seekers, in 2001 the former are obviously less represented in the entire Albania. At the national level they are about 26 and 17 percent respectively for men and women. At the district level, the analysis based on the unemployment rates by composition showed in the Graph 3A.5 first highlights a group of nine districts in the North-East (Tropoja, Has, Puka, Diber, Mirdita, Bulqiza, Librazhd) plus Kavaja and Devoll where at least 25 percent among unemployed are seeking the 1st job for both sexes. In addition, it is possible to distinguish a second group including Kukes, Mat, Elbasan, Fier, Kucova, Berat, Gramsh, Tepelena and Kolonja, where

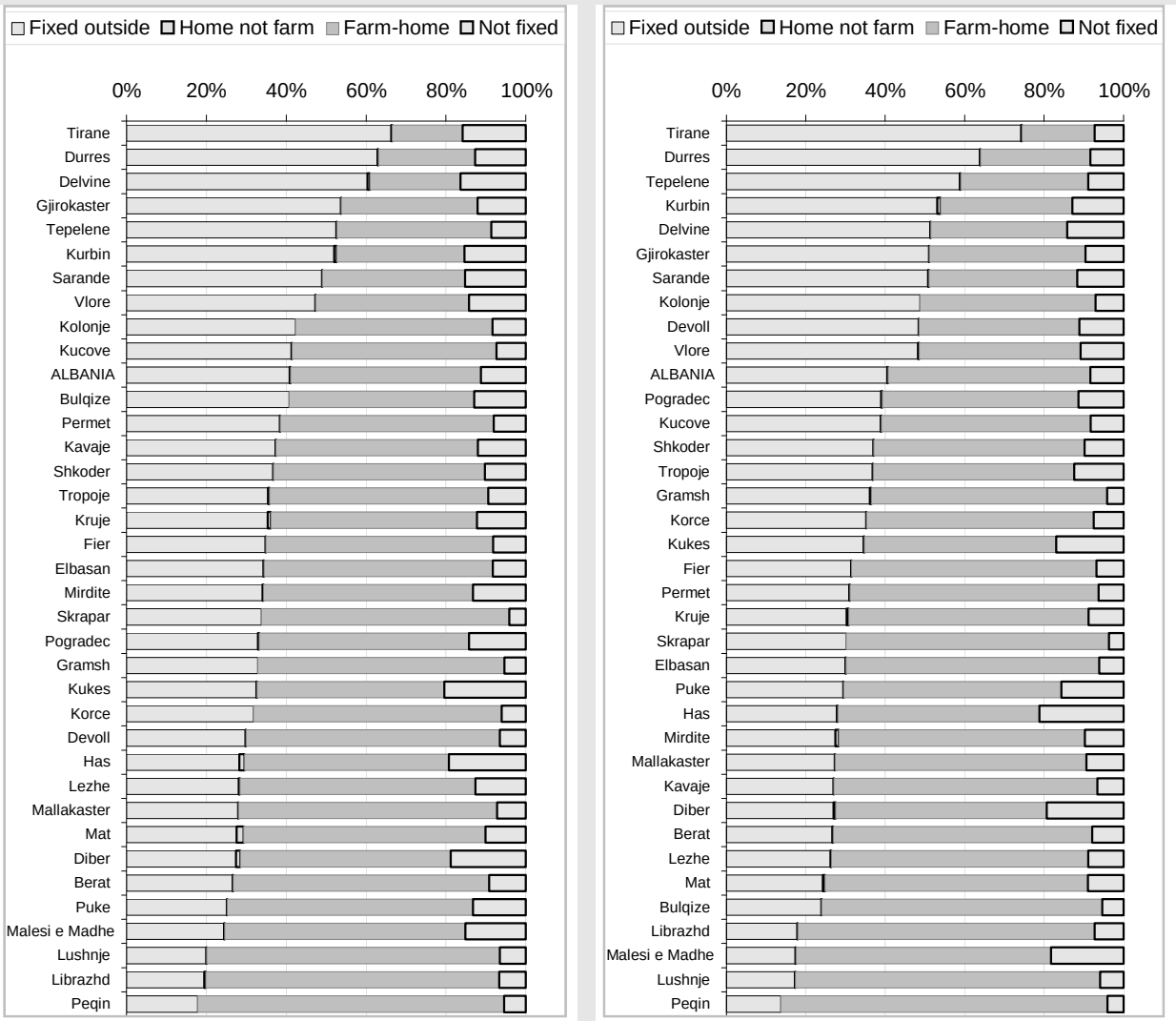
Graph 3A.6 - Employed people by sex, district and kind of work: 2001



only the male 1st time job seekers exceed the same threshold. The proportion of 1st time job seekers ranges from 1-3 percent (Delvina, for men and women respectively) to more than 40 percent (Has and Bulqiza, higher for men). Despite several exceptions the South and the main cities are different compared to the North.

6. In terms of kind of work, in general there is again the distinction between North and South (Graph 3A.6). The more urban districts are quite concentrated (especially for men) around the average national distribution. In a general way, the differences are due to the weight of the seasonal work in the more agricultural districts, where the percentage of employed people who declared to work only in some periods of the year sometimes exceeds the main group of permanent workers even largely. The phenomenon occurs in Peqin (with small gender differences), Bulqiza (but only for women: 61.9 percent against 29.9) and mostly Librazhd (with about 60 percent against about 30 for both sexes), one of the less urbanised districts. Significant differences by sex are recorded in several districts, i.e. Kolonja, Pogradec, Tirana, Malesi e Madhe, Shkoder, Tropoja, Puka, Mirdita and, of course, mostly Bulqiza. In addition, Tirana, Dürres and Kurbin but also the rural district of Mat shows higher levels (around 15 percent) of temporary workers.

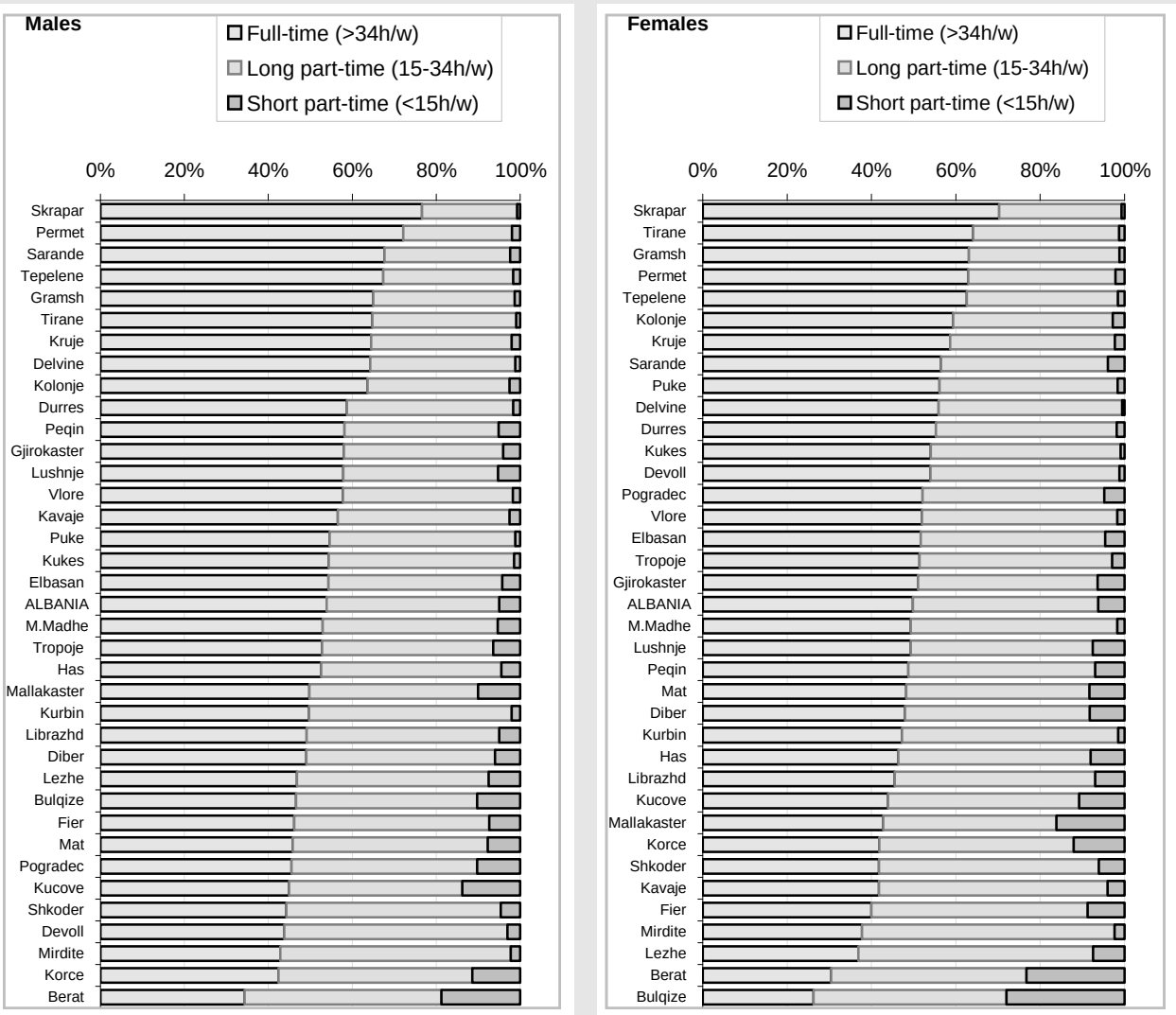
Graph 3A.7 - Employed people by sex, district and type of workplace: 2001



7. According to the evidence from the summary data in Table 3.16, the more urbanised districts mostly record male and female people working in established premises outside home, while the farm, which is also home, prevails among workers of the more rural districts (Graph 3A.7). Due to the high concentration of employment in the primary sector, only in the eight or ten districts at the top of each graph the number of workers in established premises outside home exceeds the number of those working in the farm-home location. The permanent workplace is predominant in the more urban districts (Tirana, Dürres, Kurbin, Vlora) and where workers are leaving the agriculture the most (the Southern districts such as Gjirokaster). Higher proportions of people working in not established premises (more than 20 percent, such as Kukes for men and Has for women) are presented by districts located in the North-East of Albania. Bulqiza, Devoll, Kavaja, Pogradec, Puka, Korca are the districts with most relevant differences in the distribution of the two sexes.

8. Mostly, the more urban districts and the South are represented in the top of the Graph 3A.8, where the full-time work is prevalent. There are however significant exceptions such as Shkoder and Kucova (which are among the most urban but appear at the bottom) or Puka. The extreme positions in the graphs show at least some two third of full-time workers in Skrapar and Tirana as well as in Per-

Graph 3A.8 - Employed people by sex, district and usual work-hour: 2001



met, Saranda, Devina, Tepelena, Gramsh and Kruja (for men only) as opposed to one third only in Berat, Bulqiza and Lezhe (the latter two for women only). In many cases (Bulqiza, Mallakaster, Kucova, Korca and Berat plus Pogradec at least for men, anyway in prevalence in the South) there are from 10 to 28 percent of short-time workers, normally combined with a proportion of long part-time workers higher than the national average. The districts with bigger differences by sex are Bulqiza, Lezhe, Kavaja and Saranda.

Main findings

· Between 1989 and 2001, the working-age population (between 15-64 years old) declined in absolute numbers, but the percentage out of the total population has increased by 1.5 percent points. In urban areas, the percentage is higher than in rural ones, especially in Tirana city, where approximately two third of the population are of working-age. However, comparison with the 1989 Census shows that the population aged between 15-64 years declined in the urban areas, while at the country level it experienced a slight increase.

· The overall demographic dependency ratio has decreased as compared to the 1989 Census: In 2001, there were 0.58 people of non working-age per person of working-age, while in 1989 they were 0.63. This ratio is 0.49 in Tirana city and 0.63 in rural areas, but there are relevant differences by districts.

· The internal age structure of the working-age population (15-39yr / 40-64yr) shows that, at the national level, the ratio is 1.5 young people of working age per each senior po-tential worker and this ratio is higher in rural areas (1.8) than in urban ones (1.3). Thus it shows the fast ageing process of the potential labour force in comparison with the 1989 Census.

· The cohort turnover of the working age population (15-19yr / 60-64yr) shows that in 1989 in Albania there were four persons between 15-19 years old per one person between 60-64 years old; in 2001 this ratio decreased.

· In 1989, 75 percent of the population aged 15 years and over was active in the labour market, while in 2001 the percentage was 62.1 and the proportion of inactive women had doubled (50.3 percent versus 25.0 percent in 1989).

· Less than half (48 percent) of the popula-tion aged 15 years and over declared to be employed at the 2001 Census. In rural areas this percentage is higher (51) than in Tirana city (46) and in other urban areas (43). The gross employment rate is 60 percent for men almost everywhere, while for women it is between 30 and 40 percent, with the lowest values in the urban areas other than Tirana.

· Between 1989 and 2001 the number of people seeking employment more than doubled in number and in percentage of the labour force. The female unemployment rate is 45 percent in urban areas and the rate has increased by 4.4 percent points in rural areas.

· In Albania, half the labour force (530 thou-sand workers) is still engaged in the agricultural sector despite the decrease as compared to the 1989 Census. This reduction has affected male workers less than female workers. The largest decrease in the labour force has occurred in the industrial sector, while the service sector prevails in the urban context.

· In rural areas, approximately 90 percent of the employed are “own-account workers” or “contributing family workers”, while in urban areas, especially in Tirana city, many individuals declared themselves to be employers. 66 percent of workers stated that they had a permanent job; however in the rural context one

quarter of the labour force is employed seasonally. The agricultural sector employs 60 percent of its workers permanently and 30 percent seasonally.

· In rural areas, approximately 48.9 percent (70 percent for male workers and 76 percent for female workers) mainly work on a farm which is also their home, while in urban areas labourers work outside of their homes, in established premises. Only a little more than a half of those employed usually work full-time (54 percent for men and 50 percent for women), but in Tirana city there are higher proportions, especially for the female workers (69.5 percent). In the rest of the country those employed self-classified their work as long part-time.

· According to the LSMS 2002 data, only 5 percent of those employed have a second job, with a higher proportion for men (7 percent) than women. Those who have secondary employment are generally heads of households 40-44 years old, self-employed or unpaid family workers (78 percent) and engaged in agriculture.

c h a p t e r

4

Demographic and socio-economic factors affecting the labour-force participation, employment and unemployment

1. Introduction

The aim of this chapter is to describe the possible relationship between labour-force participation, employment or unemployment and some individual or household features which could affect the work choices and behaviour of respondents as well as the success or failure in the labour market. The purpose of this chapter may appear to be mainly theoretical, but accurate knowledge of the way in which labour market variables are affected by individuals and household characteristics is of paramount interest in foreseeing future trends and in planning interventions for the better use of labour potential.

First of all, sex and age parameters are studied, with the intention to give a perspective of the whole working life using cross-sectional data such as the census data. Then the analysis deals with some individual features, both demographic (marital status, position in the household in relation to the census reference person and, for young women, number of their living children) and socio-economic, where the educational level is of value in itself, but also as a proxy of the other socio-economic variables, such as social class or wealth, which cannot be surveyed in a census. Also the migration experience will be investigated, mainly using the outcomes from the 2002 Living Standard Measurement Survey (LSMS).

Since decisions concerning employment are almost always taken in a household or family context it is important to analyse employment, unemployment and economic inactivity in a household perspective. Household data can be an interesting explanatory variables for the economic condition of their members. From a political and administrative point of view, the number of non-worker households or those with all their members unemployed could be an important index for driving the right welfare interventions.

Because of the complexity of the relations analysed graphs have been used to illustrate the differences in labour behaviour in connection with the studied characteristic. Sex and age will be often used as control variables in this study.

2. Work and non-work in two different perspectives

As mentioned above (section 4.2 in Chapter 2), age is an important variable in controlling the participation in the labour market, especially in a non-rural environment, and in societies where the State provides compulsory education before labour-age and provision for retirement schemes after it.

If the relevant processes are examined in a life-course perspective the following characteristics can be pointed out:

i) a period of human-capital formation can partially continue into the labour-age years, either due to a continuation of higher education or through training undertaken;

ii) for males only, a period devoted to compulsory military service;

iii) a probable period of job hunting when entering the labour market for the first time;

iv) periods of economic activity as a dependent or independent worker, which may be suspended temporally;

v) periods of unemployment and job seeking;

vi) periods of possible absence from the labour market (e.g., as housekeeper for women), which in individual cases can endure a life time;

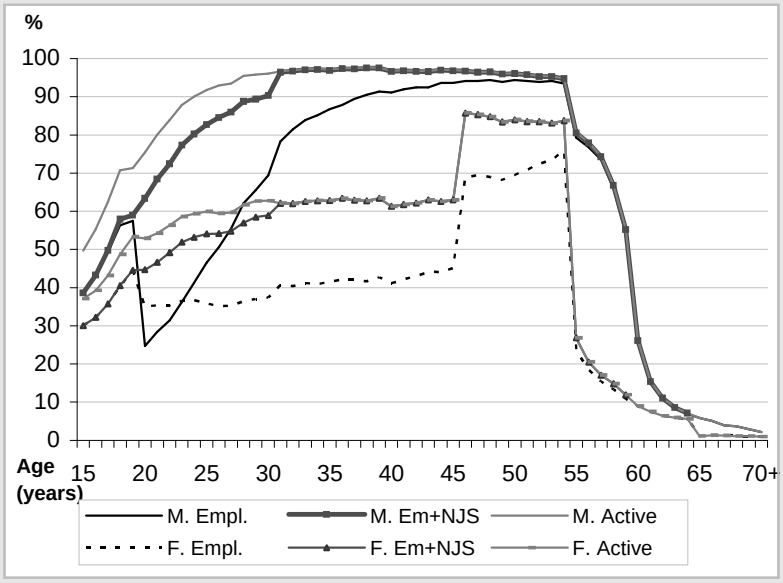
vii) at the end of the working life, a period of retirement.

2.1 The cross-sectional perspective

All these conditions coexist in the population surveyed by the census, including students, first time job-seekers, individuals in employment, new job seekers, inactive people and, potentially, retired people of the same age. In the cross-sectional perspective of the census the age-specific rates for each of these employment or non employment statuses give an indication of the intensity of the relevant "participation" of the population of that age group by sex. Age-specific rates, compared within an age-span, draw the shape of the pertinent differentials by age. For instance, in Graph 4.1, we report the single-age specific rates of the labour-force participation, employment and new-job seeking.

The shape of the active labour-force participation rate is quite normal for the male population, though characterized by an early start in the labour force with 50 percent entering the job market at the age of 15. Entry by age into the labour market follows an S-shape, until the thirties, when it reaches its maximum over 97 percent. Then, the quota of individuals in the labour market remains high until age 54, when the exit process from the labour market begins, developing in two steps: Abruptly from

Graph 4.1 - Single-age specific labour-force participation and employment rate by sex: Albania, 2001 (percentages of the relevant population)



Legend: M = Males; F = Females; Empl./Em. = Employed; NJS = New-job seekers.
Source: own elaboration on 2001 Census data.

age 54 to 55, when 14 percentage points are lost, and, more gradually, following a reversed-S-shape, between ages 55 and 65 or even later.

Labour force participation changes during one's life course in competition with his/her other engagements (e.g., studying, military service, etc.) or the possibility of being "idle" (e.g., retirement, housekeeping, etc.). On the other side, the response of the labour demand may be represented by corresponding employment rates.

There is a considerable discrepancy between the two male graph curves (employment and active) that can be observed until middle age, which witnesses the difficulty the young men face in successfully entering the labour market. In fact, the employment rate decreases at age 20 in the census data: This decline is almost surprising as the number of *new-job* seekers increases (see the Annex 4.1, where the peculiarity of trends of the employment of women between 46-54 years old is also analysed).

The differences between the labour-force participation curve and the curve representing the percentage of employed people and new-job seekers highlight the fact that "new-entries" into the labour market occur until the age of 30, both for men and women. After that age, the gap existing between "labour supply" and "labour demand" is almost exclusively due to new-job seekers.

From the shape of the curve in the female graph (apart from the two peculiar points analysed in Annex 4.1), the 2001 Census data show the great difficulty that women had in finding and maintaining employment. There are always 15-20 percent points of difference between the labour-force participation rates and the corresponding employment rates and, from age 20, this difference – which represents unemployment – is mainly due to new-job seekers, women who stated they had worked in the past but in the census were searching for a new employment. This gap between labour force participation and employment remains constant until age the age of 54, when women exit the labour market almost abruptly.

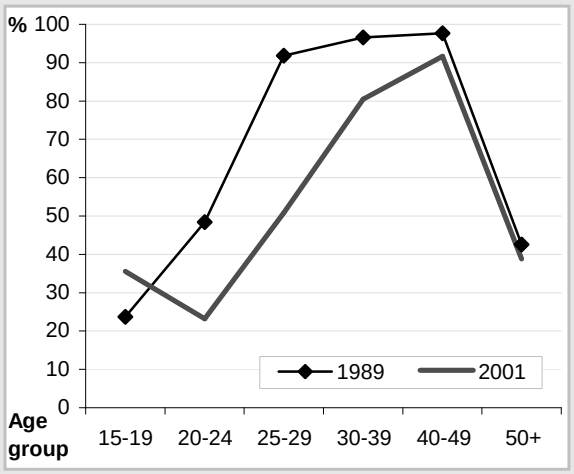
The large decline in employment from 1989 to 2001 is highlighted by the five-year age-group specific employment rates shown in Graph 4.2. Men approach the former values only at the oldest ages (40-49 and 50 and over), women do so only when they are 50 years or older. At the youngest age (15-19), the 2001 male rates are higher everywhere and the female ones are higher only in the urban context. Provided all the differences in definitions and surveying, the youngsters' higher occupation could witness an early need to earn by working and, consequently, some lower propensity (or possibility) to go on studying.

In the 2001 Census, there are few differences in levels and shapes by residence, apart the high employment rate of the 40-49 year-old women living in rural areas, and the higher employment rates in middle ages for both men and women who reside in Tirana.

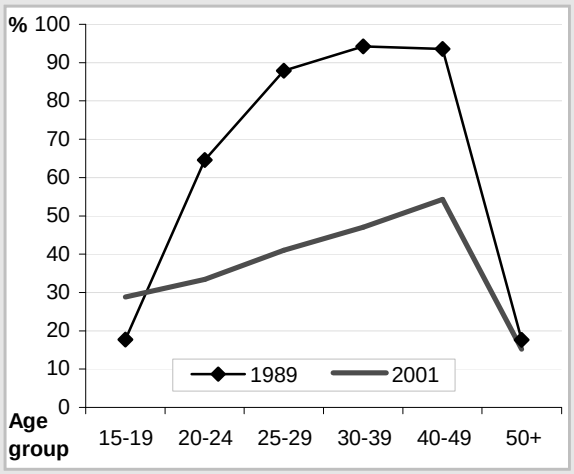
For men, an extremely high level in the unemployment rates at the age 20-24 corresponds to the extremely late and slow entry in occupation, especially in Tirana and other urban areas, where the 70-80 percent of the male labour force were seeking work at that age (Graph 4.3). Female unemployment does not reach such high values but, in Tirana and other urban areas, it remains as high as 40-60 percent of the relevant workforce from age 20-24 to age 35-39. The situation in rural areas is quite different, especially for women, though one quarter of 20-29 year-old female workers were also seeking employment there.

Graph 4.2 - Employment rate by residence, sex and age-group: 1989 and 2001 (percentages out of the relevant population)

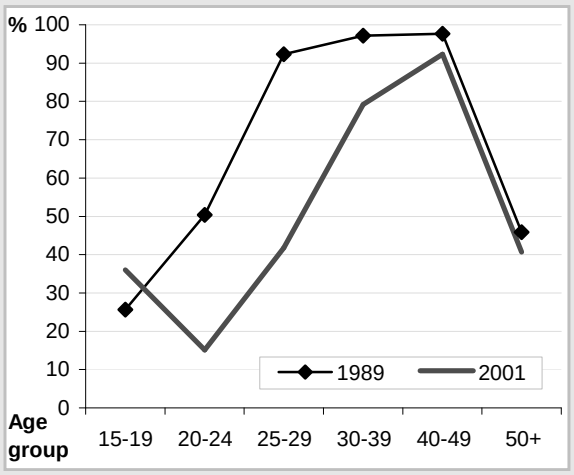
Males, Tirana urban



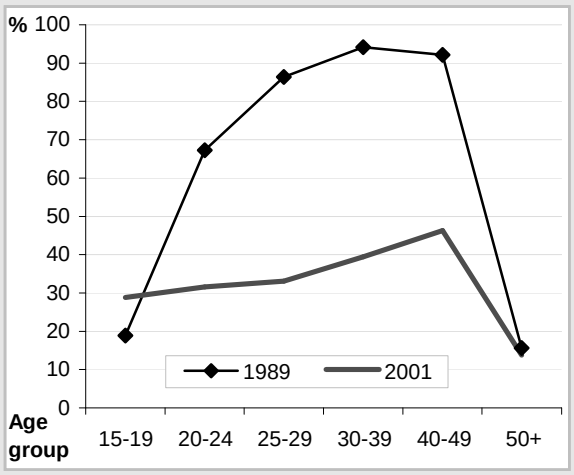
Females, Tirana urban



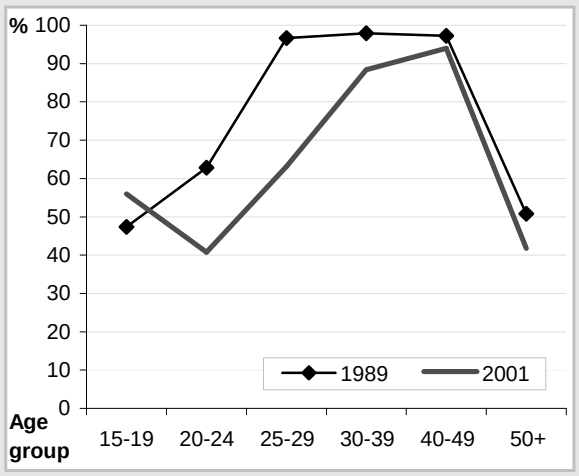
Males, Other urban areas



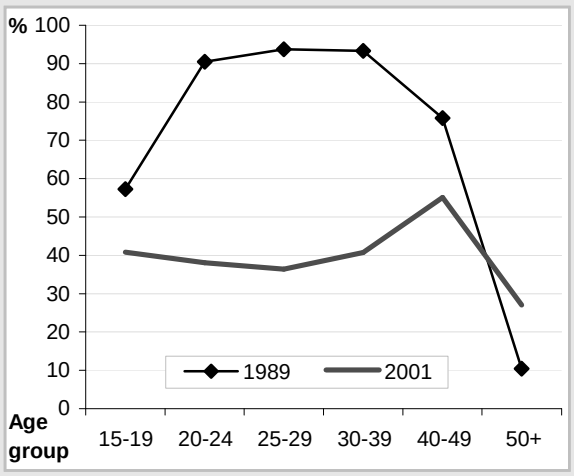
Females, Other urban areas



Males, Rural areas

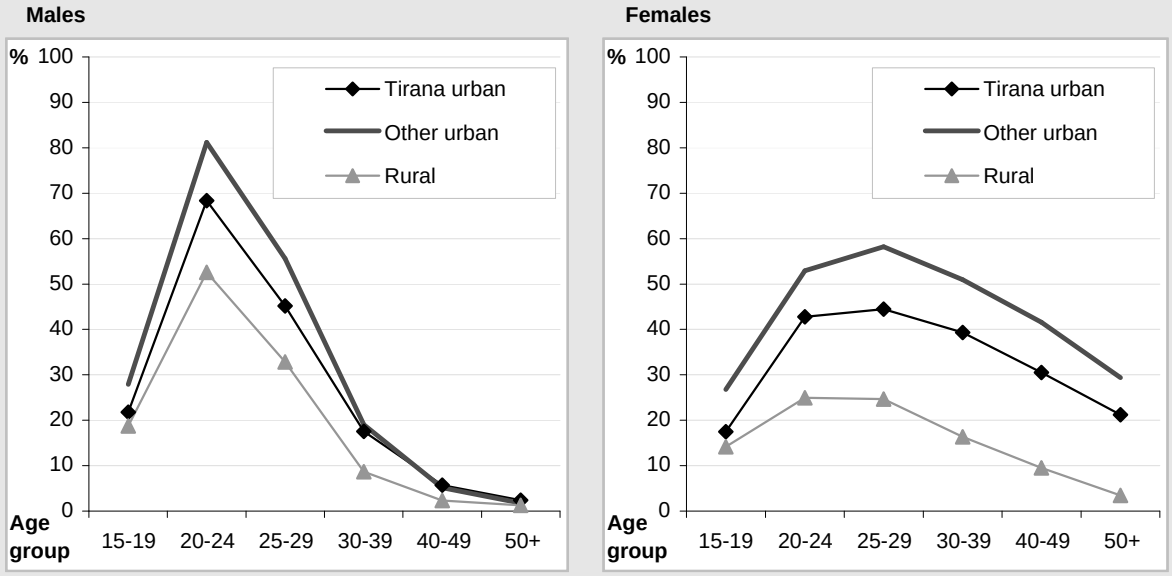


Females, Rural areas



Source: own elaboration on 1989 and 2001 Census data.

Graph 4.3 - Unemployment rate by sex, residence and age-group: 2001 (percentages of the relevant active population)



Source: own elaboration on 1989 and 2001 Census data.

2.2 A life-cycle perspective

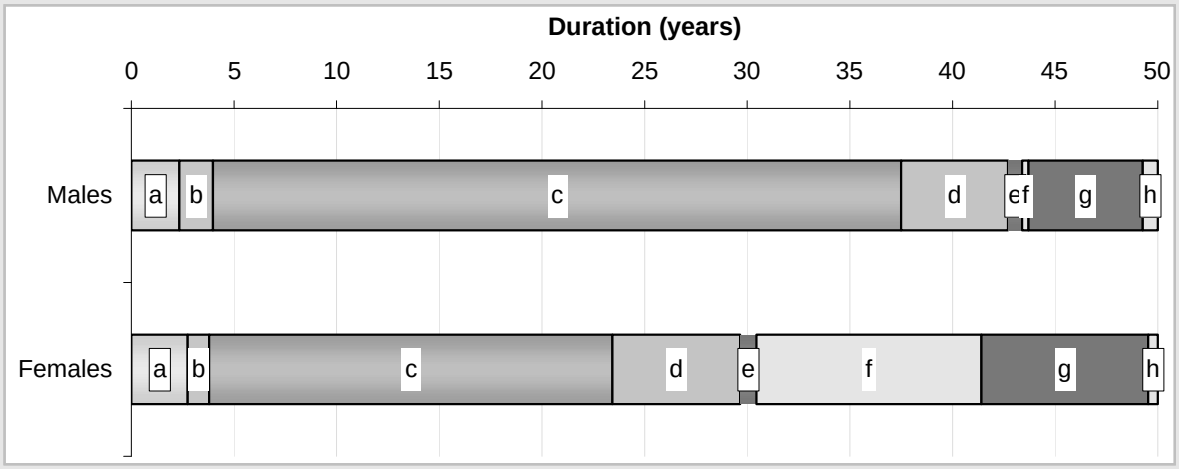
As already said, a single-age specific rate represents the quota of relevant population engaged in a specific condition. However, when reported to a single average person, the age specific rate can be read as the quota of the year he/she has spent in that specific condition at that age. If, in a life-course approach, we sum up all the homogeneous rates from age 15 to age 64 (the labour-age span) we obtain the "notional" time (in years and fractions of year) an average person spends in each condition in the case that the present structure of age-specific rates is maintained during his/her labour-age life course. The results from the 2001 Census data are in Graph 4.4, and represent data only at the country level, contrasting men and women.

The study period after 15 years old is quite short (less than three years), on average, with a slightly longer duration for the girls. Females spend one year job seeking while males spend 1.7 years in seeking the first job. The time spent in employment totals 33.5 years for men and 19.7 for women. Total periods of employment are dispersed with spells of unemployment and job seeking, which in total lasts an average of 5.2 years for men and 6.2 years for women. After work but before the 65th birthday, men enjoy 5.6 years in retirement, on average, while women do so for 8.1 years. Including all factors, women on average spend 11 years of their 15-64 working life-span as housekeepers. In summary, the two thirds of labour-age life-span is occupied by work by Albanian men and less than two fifths by the Albanian women.

In terms of entry into the labour market, both men and women on average enter the market before the age of 20, mainly due to the short period in education. In terms of exit from the labour market, men on average retire at the age of approximately 59-60 years, while for women it is approximately 57 years.

More accurate calculations of the average, median or modal age at entry into or exit from the labour market or occupation are hindered by the abnormal shape of the relevant curves, both at the beginning and the end of the working life. The average exit age from the labour market can be calculated for men at 59.6 years, while their median age at exit (i.e. the age at

Graph 4.4 - Notional years in labour-age (15-64 years) by sex and economic status: Albania, 2001



Legend:

a = Student
b = Unemployed, looking for the first job
c = Employed
d = Unemployed, looking for a new job
e = Not employed, not looking for a job
f = Males in compulsory military service / Females housekeepers
g = Retired
h = Other inactive

Source: own elaboration on 2001 Census data.

which their maximum age-specific rate is halved) is 59.2 and the modal age (i.e. the age at which the maximum number of exits occurs) is 59 years. The values for the employment curve are almost similar, the average exit age being 59.9, the median age 59.2, and the modal age 59. The male activity rate is also almost regular in the entry phase, so that the average age at the entry into the labour market can be calculated at 17.8 years, while the median and modal age are notionally 15, because of the high labour-force participation level from the start of working age.

In this way, the average length of presence in the labour market can be estimated to be 41.8 years, which approximates the values computed above when the time spent in first-job seeking, occupation and new-job seeking were summed up (1.7 + 33.5 + 5.2 = 40.4). In fact, it must be considered that the measure from the average entry and exit ages is extended to 15 or more years, while the one computed from the notional durations is limited to the 15-64 age-span, and that at maximum 97.7 percent of the male population participates to the labour market.

3. Individual demographic features

The necessity of earning vital income through employment is almost universally diffused. Therefore, labour-force participation rates should be barely dependent on demographic and socio-economic variables. Where choices are possible between employment and non employment it seems worthwhile to explore the links which might exist between individual characteristics and the labour-force participation. This may be the case in urban areas, where a wider distribution of people by

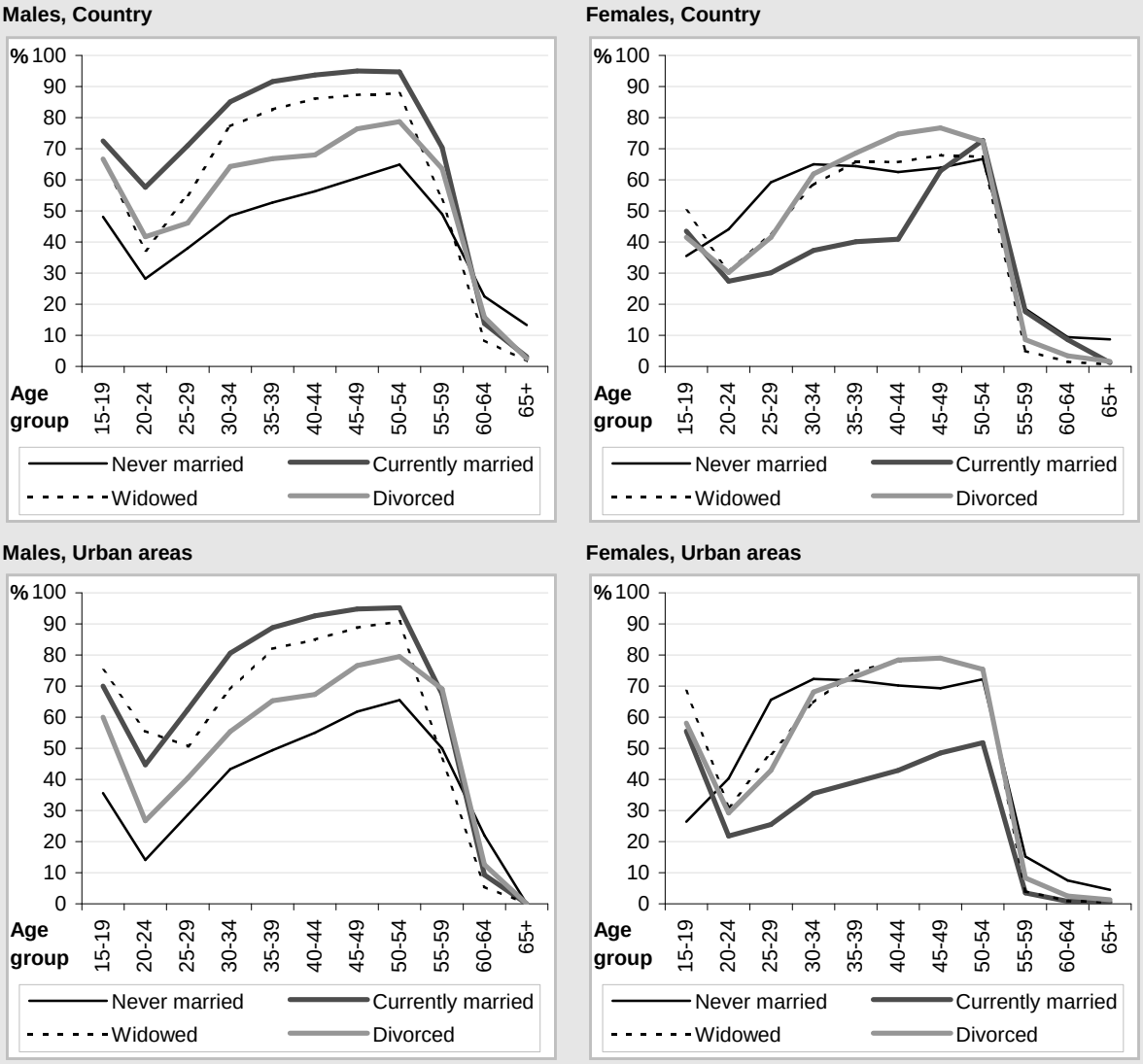
socio-economic status is present and economic activity seems to be affected by socio-demographic variables in a stronger way.

Differential factors which affect unemployment can be appreciated only where a real labour market exists, especially where there are also qualitative mismatches between the labour supply and demand, alongside with the quantitative ones, following the wide and possibly unbalanced spectrum of the skills offered and demanded. These conditions exist primarily in urban areas.

In this section, possible connections between demographic factors and the labour-force participation and unemployment will be examined. The following demographic variables will be considered: Marital status, kinship relations to the head of the household, and number of children alive, with the latter variable only analysed in relation to female economic activity between the ages 15 and 34 years.

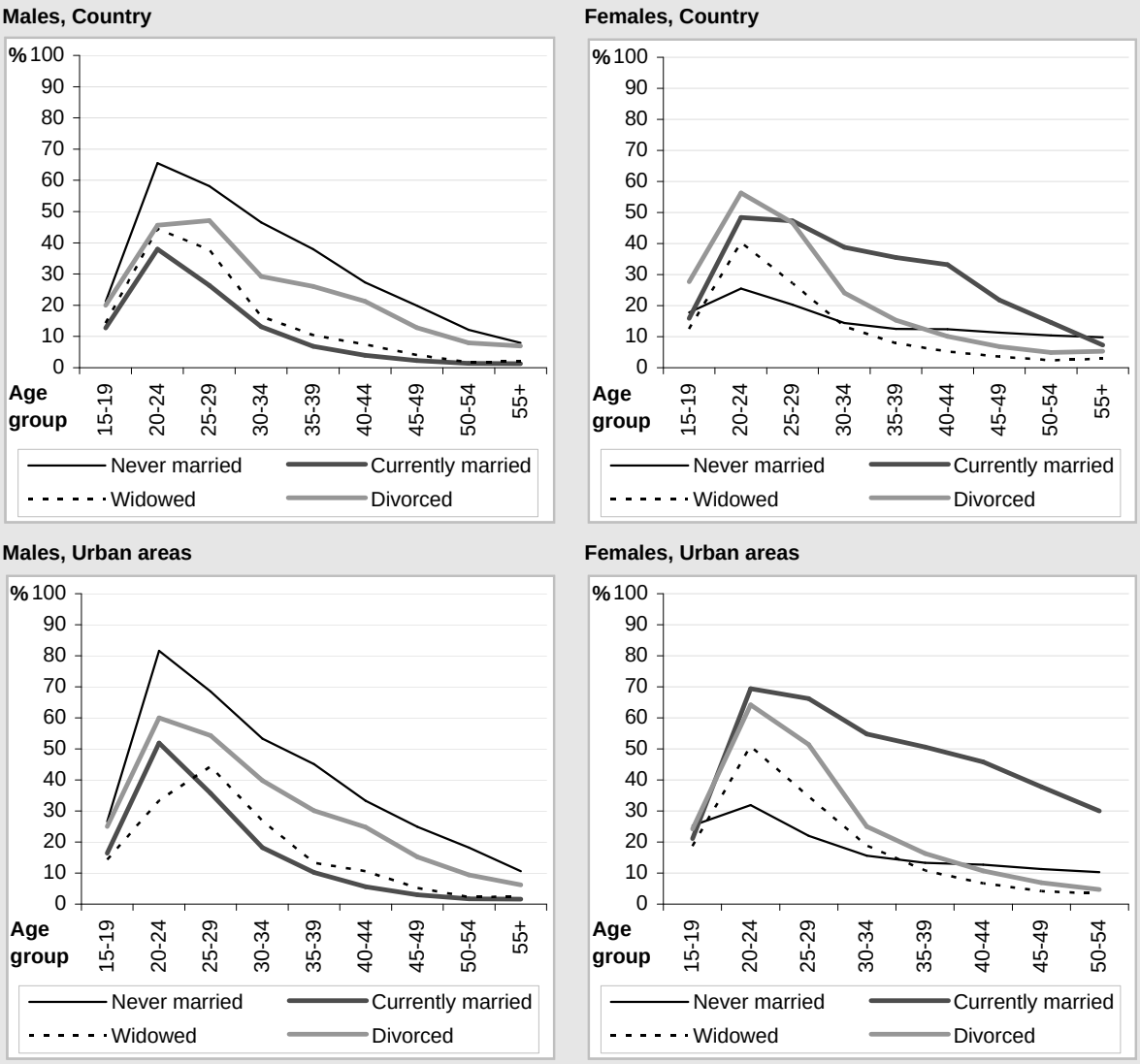
The effect that each variable has on the gross employment and unemployment rates will be described by comparing the levels by sex and by five-year age-groups.

Graph 4.5 - Employment rate by sex, marital status and age-group: Albania, 2001(percentages of the relevant population)



Source: own elaboration on 2001 Census data.

Graph 4.6 - Unemployment rate by sex, marital status and age-group: Albania, 2001 (percentages of the relevant active population)



Source: own elaboration on 2001 Census data.

3.1 Marital status

Marital status often plays an opposite role between male and female labour-force participation rates, at least in central and older ages. Persons inadequate to work (such as disabled or permanently ill persons, indolent persons, etc.) may be found more often among the never-married men in societies where marriage is the norm. Their activity rate is consequently lower than the level of married people. On the contrary, the labour-force participation rate of the adult never-married women is often higher both because their lesser engagements with regard to the house and children and their stronger need to earn a living. Labour force participation by women is also affected by a positive selection according to educational levels and modern attitudes, as is probably the case for divorced women. The lower labour participation rates for young unmarried people of both sexes are justified by the obvious connection between the continuation of upper studies and the postponement of both the creation of their family and entrance into the labour market.

Data for urban areas in 2001 confirm these differences with a significantly lower age-curve for the never-married men and higher employment rates for unmarried women (never-married, divorced or widowed women) when compared to the much lower curve for currently married women (Graph 4.5).

More than 65 percent of never-married women are employed from age 24-29 to age 50-54. Married women appear to enter (and probably re-enter) the labour market after the age of 45, (but the peculiar features of the group between 46 and 54 years, which is analysed in the Annex 4.1, should not be included in this analysis).

Never-married men suffer higher unemployment rates than individuals with other marital statuses, while the opposite scenario happens to never-married women into old age (Graph 4.6). In fact, married women suffer from high unemployment rates especially in urban areas, showing the strong need for couple to which they belong to look for double incomes, but at the same time also the persisting difficulty in satisfying such a need.

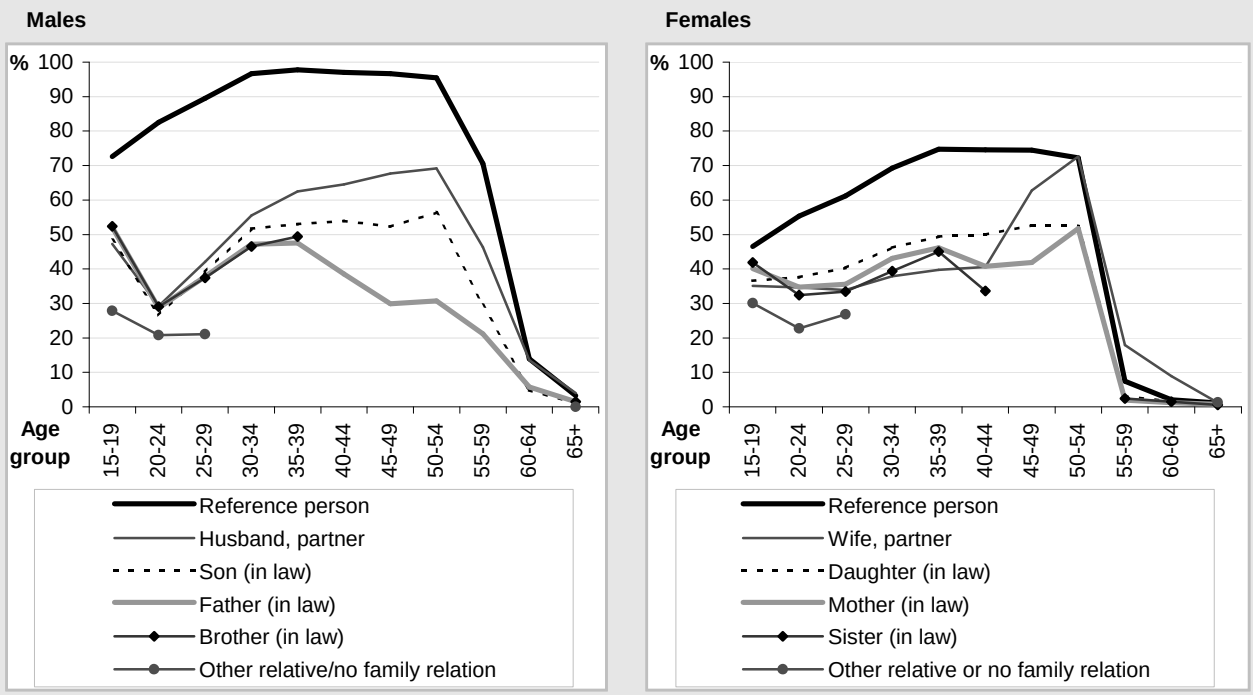
3.2 Kinship relation to the head of the household

The above considerations are confirmed in the break-down of the employment rates by the kinship relationships to the head of household. The census asked for the identification of one person in each household as the "reference person", the one to whom all the other components were to be related in kinship or non-kinship relations.

The higher employment rate of the reference persons is clearly shown for both men and women in Graph 4.7. Their employment rates are higher for all ages, except for the oldest female age-groups, where the effects of the above mentioned distortions mainly affect wives or female partners.

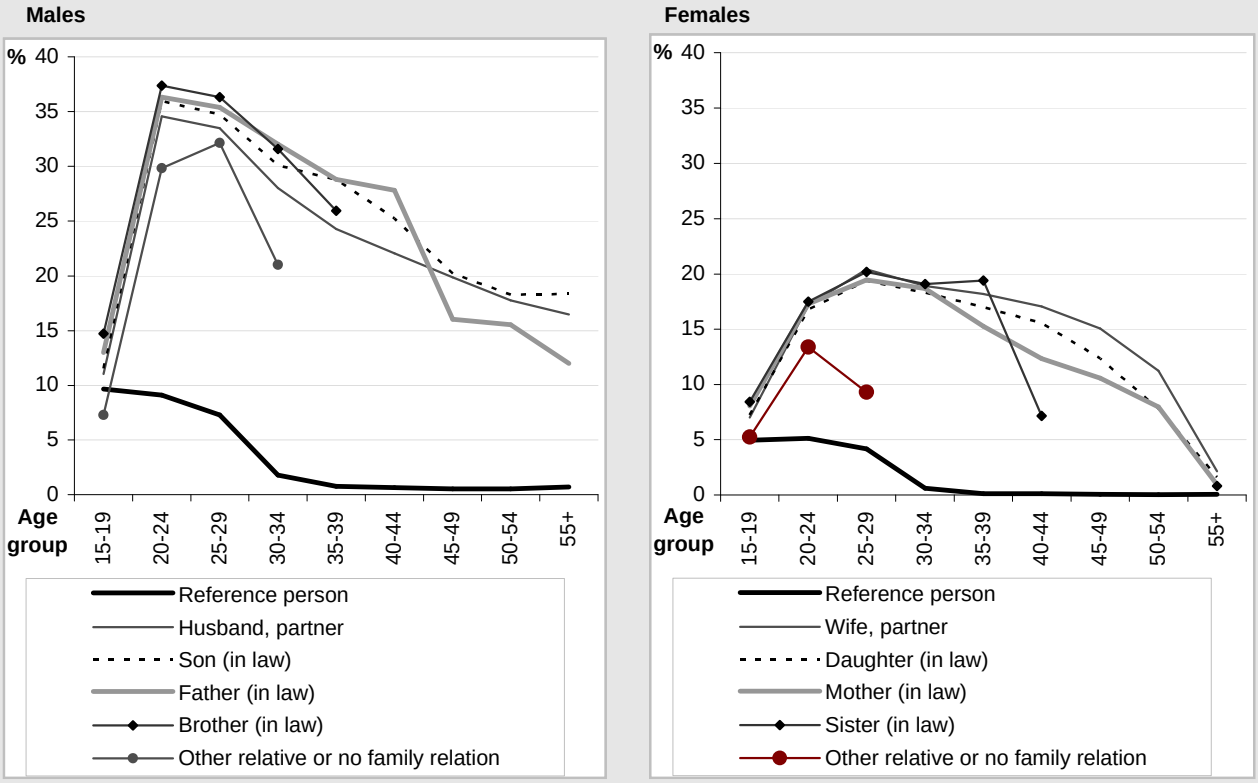
The central role of the breadwinner in the household is demonstrated by the low level of unemployment of these reference persons, either for men or women (Graph 4.8). Reference people never suffer an unemployment

Graph 4.7 - Employment rate by sex, kinship relation to the reference person and age-group: Albania, 2001 (percentages of the relevant population)



N.B.: Rates were computed only when the relevant population was larger than 100.
Source: own elaboration on 2001 Census data.

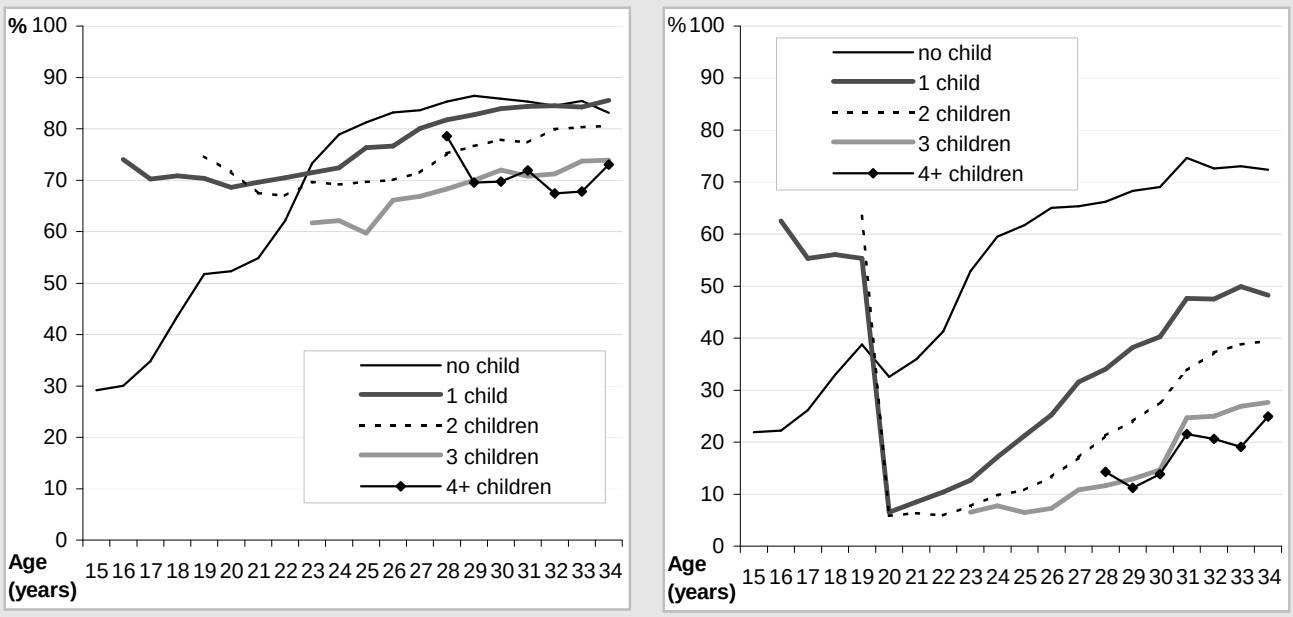
Graph 4.8 - Unemployment rate by sex, kinship relation to the reference person and age-group: Albania, 2001 (percentages of the relevant active population)



N.B.: Rates were computed only when the relevant active population was larger than 100.

Source: own elaboration on 2001 Census data.

Graph 4.9 - Single-age labour-force participation rate and gross employment rate of women by number of children alive: Albania, 2001, 15-34 years (percentages of the relevant population)



N.B.: Rates were computed only when the relevant group of women was larger than 100.

Source: own elaboration on 2001 Census data.

rate higher than 10 percent (5 percent for women), while all the other members of the household, when present in the labour market, can reach unemployment levels of 30-40 percent if male in the 20-39 age-span and 15-20 percent, but for a longer age-span, if female.

3.3 Number of children

Competition between female employment and child reproduction is a debated item in developed countries: Factual obstacles add to the rational choices of the couple and to mass behaviour in reducing the fertility of working women, often deferring their reproduction to older ages. This may be partially the same in urban areas of transition countries.

The 2001 Census data give the possibility to identify parity, i.e. the number of children previously born alive to a woman. Parity is used to control labour-force participation and employment in the census for the women aged between15-34 years. 34 years was chosen as the upper age limit considering that only young offspring can be considered as an obstacle for working mothers in the labour market.

The female labour-force participation rate does not seem to be largely affected by the number of children alive (Graph 4.9). Childless women actually enter the labour market in a larger numbers, especially after high-school and university, women who have one or even more children also make up part of the labour supply in a considerable measure, up to 70-85 percent. Note that especially the employment rate curves show the effects of the 19-20 year chute pointed out above and that will be analysed in Appendix 4.1. High employment rates also present for mothers aged between 15-19 years with one or two offspring to raise make one doubt that some survey error or misunderstanding may have occurred in the Census regarding the labour activity of teenagers.

Important differences appear in the levels of gross employment rates by number of living children. Childless women show rates of employment which are largely higher than the women of the same age with children, whose employment rates are inverse-related with the number of their children. It is also worthwhile to note that all the curves, especially those related to mothers, are increasing with age. There are many explanations for that. First of all, there is still an entry process in the age-span we considered here. Then, cross-sectional data could have registered some possible cohort effects for older women employed in former activities who may have succeeded in keeping them against the younger entering cohorts. There is also a selection effect, which ensures that less educated women transit to the higher parity levels, letting in the lower parities those women more motivated in working. Last but not least, we should suspect a process of progressive release as the children grow up, so that mothers can work again.

4. Individual socio-economic features

The individual socio-economic features are related with one's labour status in a dual way; On one side, making the success or the failure of the worker in the labour market. On the other side, this success or failure turns to be the main component of the socio-economic status of the worker and his/her family or household.

Here only one kind of relationship is dealt with, trying to derive labour-force participation, employment and unemployment, as well as the characteristics of the job carried out, from the "human capital" that a worker can offer in the labour market. The 2001 Albanian Census offered two main variables which give some hints about this human capital: Education and migratory experience. For the latter one, how-

ever, it was preferable to use the data from the 2002 LSMS, which are more accurate and complete.

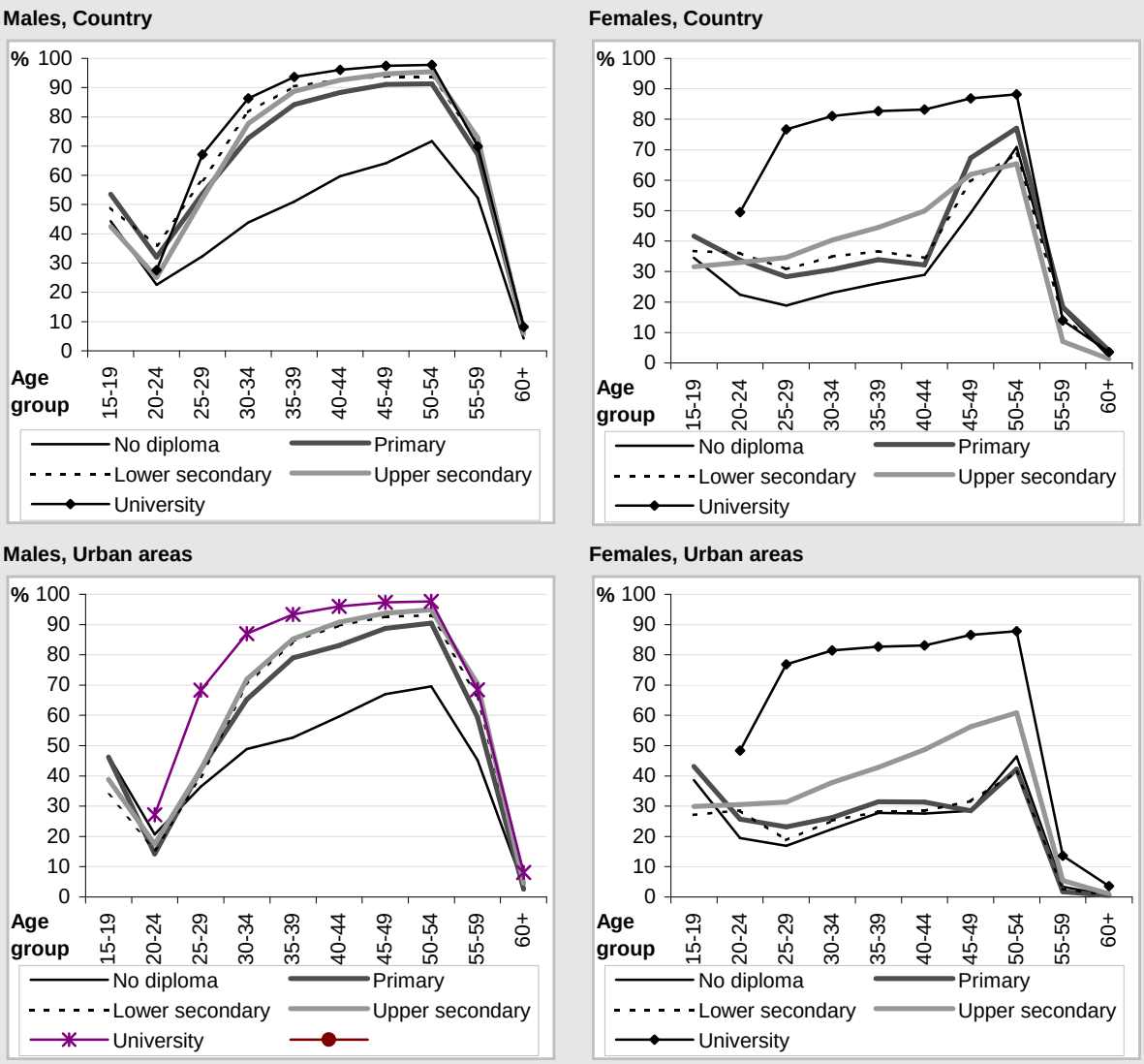
4.1 Education

Education is a pivot variable in modelling labour participation and employment, the latter also from the qualitative point of view, i.e. by status, kind and place of work, branch of industry, working hours.

Using the 2001 Census results of the question about the highest diploma obtained by the individuals the differences existing in the labour force and occupation in relation to that indicator of education will be measured. In fact, the level of education is not only measured by the attained diploma but by the number of school-years successfully completed, which was an alternative indicator offered by the 2001 Census. In addition, training courses may be followed during life, increasing one's human capital and level of specialisation. Nevertheless, it was preferable to use the attained-diploma variable as diplomas are formally recognised in the Albanian labour market.

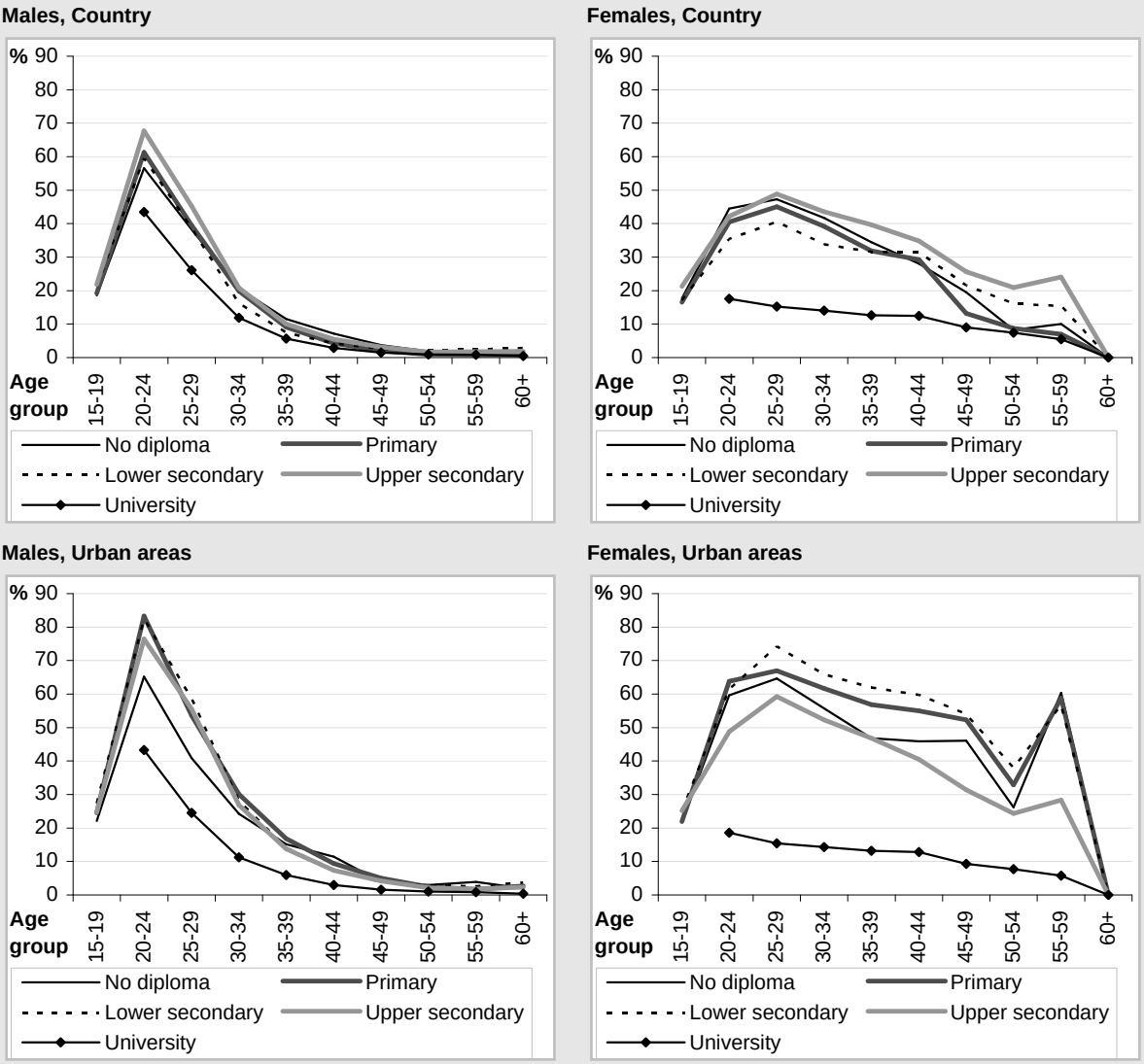
From Graph 4.10 the importance of the differential effect of education on employment can be understood, especially for women and in urban areas. Because of the long-term diffu-

Graph 4.10 - Employment rate by sex, educational level and age-group: Albania, 2001 (percentages of the relevant population)



Source: own elaboration on 2001 Census data.

Graph 4.11 - Unemployment rate by sex, educational level and age-group: Albania, 2001(percentages out of the relevant active population)



Source: own elaboration on 2001 Census data.

sion of compulsory education in Albania, people with no diplomas are generally disabled people, who do not work or encounter serious difficulties in getting a job. During middle age, the scaling of employment rates by educational level is evident for males in the country. For women, there is a gap between university education and all the other levels of education. The odd late increase of employment rates affects poorly-educated women more than those with upper-secondary or university diplomas.

In urban areas, the differentials by educational level are even sharper. For women, in particular, the differences according to educational level are clearer in the urban context, with the women with upper-secondary diplomas becoming employed progressively with ageing. Probably, a cohort effect is the main reason for that, so witnessing the protracted difficulties of finding a job for all young women except for those with a university degree.

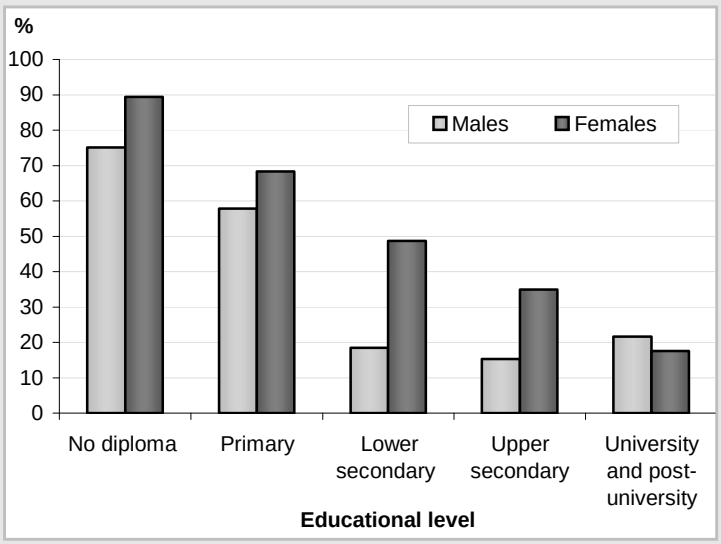
Because of the limited increase of employment with the age of the woman having lower educational levels, the decrease in their unemployment rate with age could be interpreted as their exit from the labour market as “discouraged unemployed persons”.

The different difficulties in finding work are confirmed by the unemployment rate by edu-

Graph 4.12 - Unemployed people by sex, educational level and component: Albania, 2001 (% share)

Source: own elaboration on 2001 Census data.

Graph 4.13 - Adult inactive population by sex and educational level: Albania, 2001(percentages out of the 15+year-old relevant population)



Source: own elaboration on 2001 Census data.

cational level (Graph 4.11). Only women with the university degree (who were approximately 55 thousand in the country) seem to have limited problems in finding employment. All other female and male groups by educational level suffer temporary or lasting high levels of unemployment.

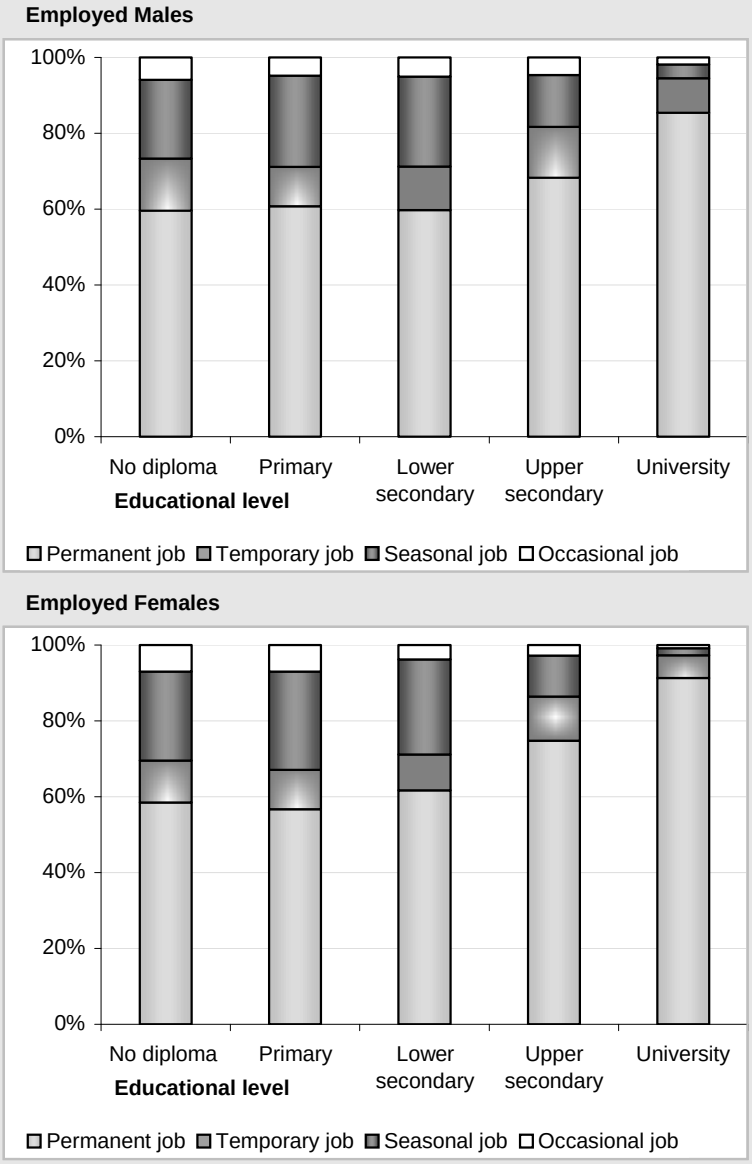
New-job seekers (not first-job seekers) of all educational levels make up the majority of the unemployed (Graph 4.12). High rates of unemployment could be the product of the loss of previous occupation due to economic crisis or, in the case of individuals with higher education levels, due to working spells during the period of studies. Less than one third of unemployed men and less than one quarter of unemployed women are seeking their first job whatever their educational level.

There are also connections between the educational level and inactivity in the population of 15 years and over (Graph 4.13). Here, also a cohort effect is present, since the older cohorts are more likely to have a lower level of education, while they are also largely retired. The inverse relation between educational level and adult inactivity is apparent for women, and less apparent for men who, if not impeded by physical or mental diseases, all try to work, whatever level of education they have.

The educational level mainly differentiates the employment prospects in its characteristics – say the way or the place in which employment is performed. For instance, only 60 percent of employed men with no diploma or with a lower secondary level diploma have a permanent job, while this percentage is near 70 percent for the upper-secondary level and it is 85 percent for men with a university degree (Graph 4.14). The trends is also apparent for women, but with a sharper divide for the university level.

The diffusion of seasonal, temporary and occasional jobs among the low educational lev-

Graph 4.14 - Employed people by sex, educational level and kind of work: Albania, 2001 (% share)

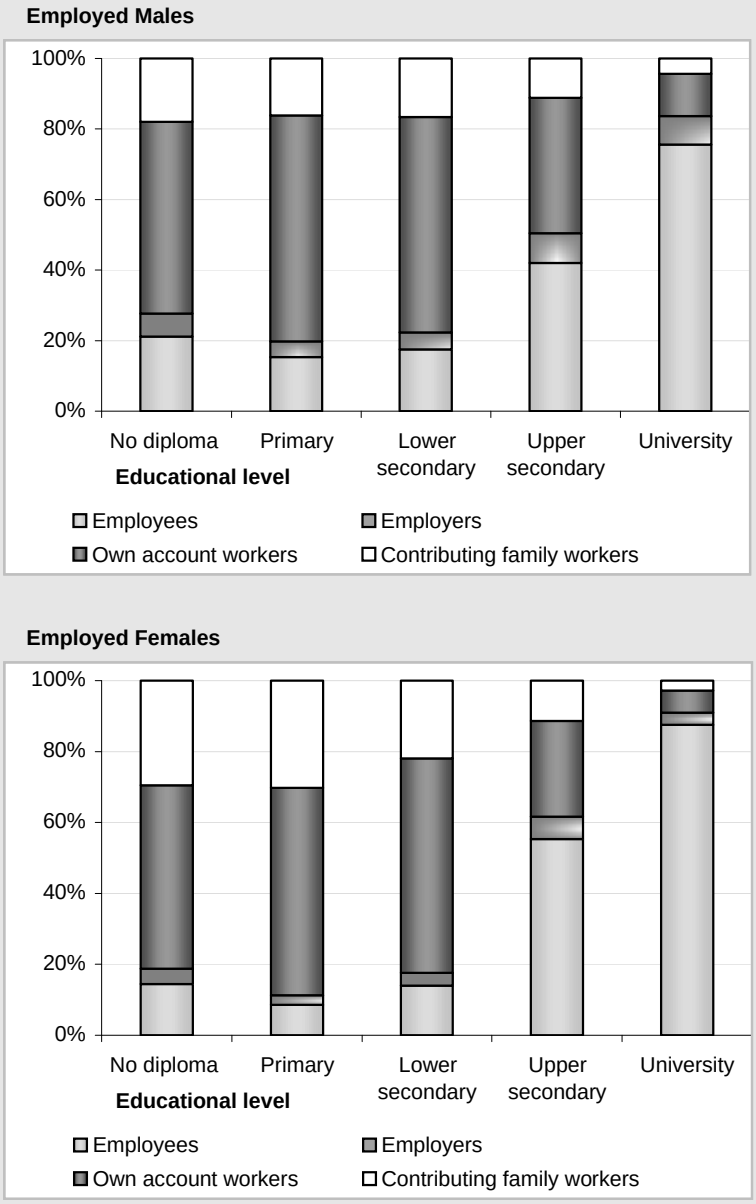


Source: own elaboration on 2001 Census data.

els corresponds to work statuses of self employed workers or contributing family workers (especially women) (Graph 4.15). Only for men that are employed and have university level education and women who are employed and have either university or upper-secondary education the employee condition is present for more than 50 percent, reaching 88 percent for women with the university degree. The status of being an employer, although more present in men with upper-secondary or university diplomas, is diffused, in small numbers, in all the educational levels, so probably showing a partially wrong self-classification of persons who were really self employed.

As discussed in Chapter 3, part-time employment is diffused in the Albanian labour market both because of the nature of subsistence agriculture which is in the main not full time and because of the presence of occasional, short-term jobs in the service sector or in handicrafts [World Bank, 2002]. Gender exerts some impact on this, but level of education

Graph 4.15 - Employed people by sex, educational level and work status: Albania, 2001 (% share)



Source: own elaboration on 2001 Census data.

appears to be the determinant variable in discriminating between full-time and part-time workers (Graph 4.16). More than half of the employed people who have an educational level lower than an upper secondary diploma worked part-time, both men and women, while those having an university degree suffered the same condition in one quarter of cases if men, one third if women, being the employed people with an upper secondary diploma in an intermediate position. Especially the employed women having a lower secondary diploma, i.e. the diploma achieved after the current compulsory education, worked part-time in the largest extent, probably either in farming or in retail trade or some kind of service.

The educational divide exerts its full meaning when employed people are broken down by sector of economic activity (Graph 4.17). We find employed people with lower educational level mainly working in the agricultural sector,

Graph 4.16 - Employed people by sex, educational level and usual working hour[(a)]: Albania, 2001 (% share)

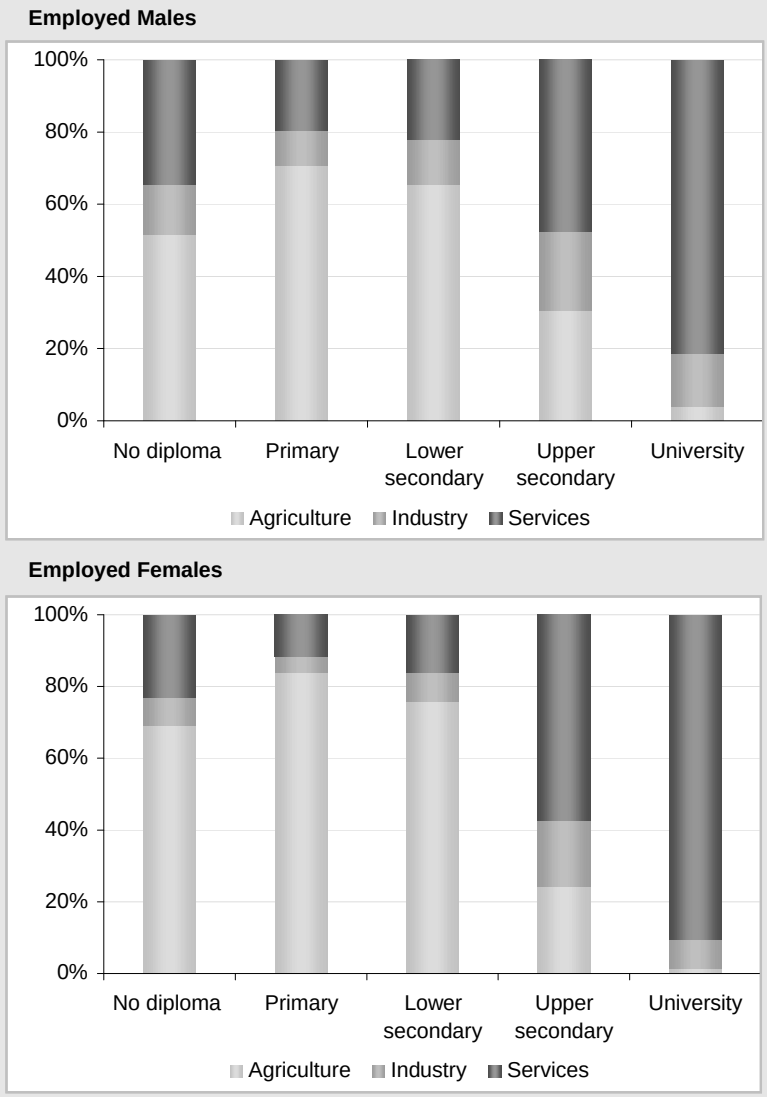
[(a)] Either weekly usual working hour or hours worked in paid employment during the week preceding the Census if the usual working hour was 0 or missing.

Source: own elaboration on 2001 Census data.

while the majority of workers with a university degree work in the service sector. The limited presence of industry is almost equally distributed among the educational levels, with only a slightly higher presence in the upper-secondary diplomas. One third of men with no diploma and one fourth of similar women employed in the service sector probably represent number of low-level public or private services, which are diffused mainly in the urban context (e.g., road sweepers, guardians, servants, etc.).

A more careful analysis of those employed in the main branches of economic activity according to educational levels reveals that a large presence of university degrees is to be found – as expected – among the workers in the branches of “Education” and “Other services”, which includes public administration (Graph 4.18). Many male workers also have a university degree in “Health and social work”, and are probably doctors. In this same branch, the majority of female workers have an upper-secondary diploma, and are probably nurses.

Graph 4.17 - Employed people by sex, educational level and sector of economic activity: Albania, 2001 (% share)



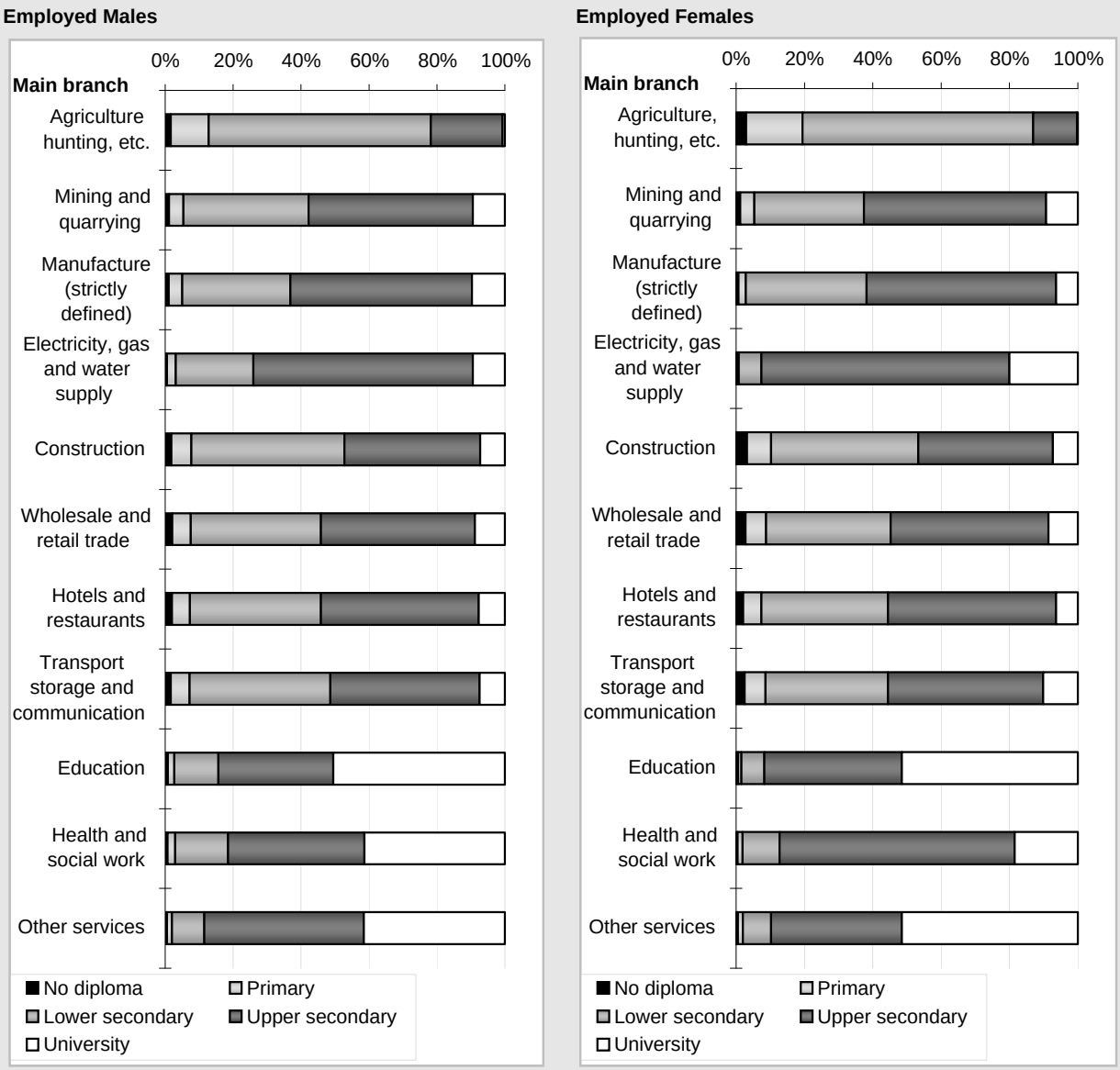
Source: own elaboration on 2001 Census data.

Most agricultural workers have a lower-secondary level education, which corresponds to the present compulsory education, (where also primary levels are visible, while university level education is almost absent), and partially in construction.

4.2 Migratory experience

Migration has been often recalled as a possible consequence of labour force redundancies or job shortages. Here the migratory experience is central to the behaviour in the labour market and to some characteristics of the labour activity carried out. The 2002 LSMS data is used, which better traces the migratory experience of the interviewees than the data from the 2001 Census. Before 1990, in Albania the internal movement of people from one area to another of the country was extremely limited. Large level of international migration witnessed after 1990 was also associated with internal movements of people [Cespi 2002]. Hence, people living in a specific areas of Albania now can be defined as “non-migrants or those who migrated prior to January 1990” and “migrants after January 1990”:

Graph 4.18 - Employed people by sex, main branch of industry and educational level: Albania, 2001 (% share)



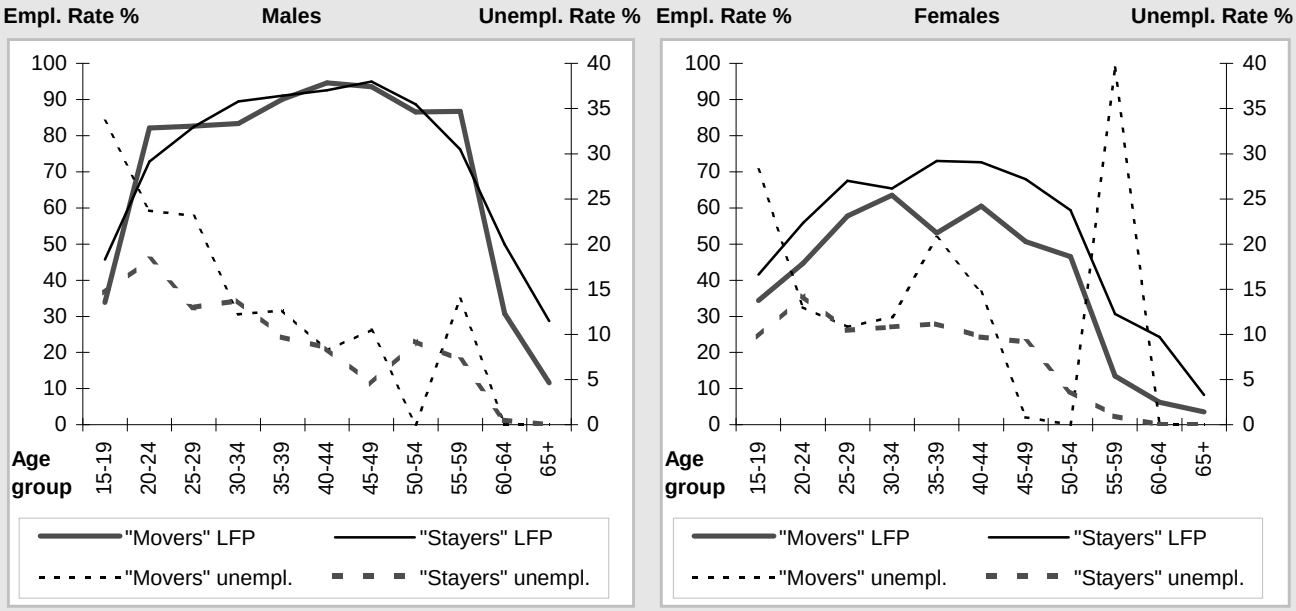
Source: own elaboration on 2001 Census data.

For the sake of brevity, the former category are labelled "stayers", while the latter category are labelled "movers".

The labour-force participation rate for men does not show big differences between the "movers" and the "stayers", however, for women there are clearly lower participation rates in the labour market for the "movers" than the "stayers" (Graph 4.19). Unemployment is higher for the young male "movers", testifying to difficulties in finding a job for those who have migrated.

The reasons why women who have migrated to urban areas may find additional difficulties in finding work or, even, the possible lower middle-class attitude, coupled with those difficulties which might cut the housewife off the labour market have already been elaborated. In fact, among the more recent migrants, who had emigrated during the two years preceding the 2002 LSMS, the youngsters would participate in the labour market in a higher proportion than other women (Graph 4.20). However, they attain a higher unemployment rate too (up to 100 per cent for the youngest girls).

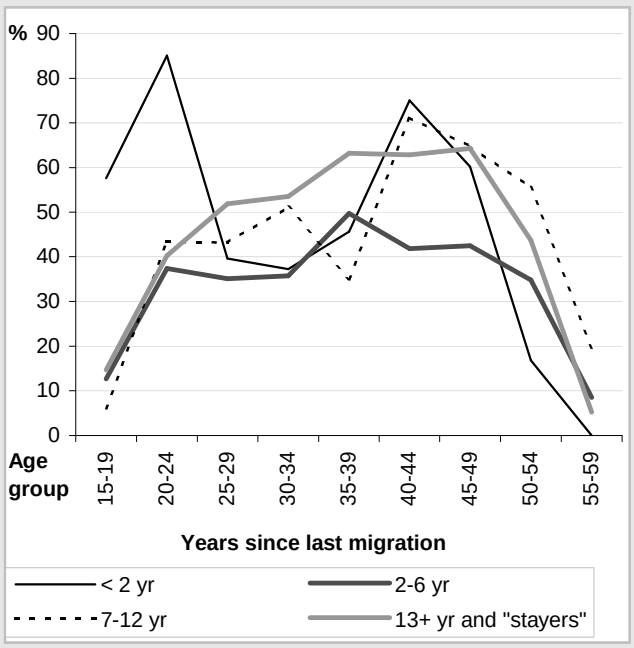
Graph 4.19 - Labour-force participation rate and unemployment rate by sex, age-group and migration experience: Albania, 2002



"Stayers"=People who did not move at all or migrated before 1990

Source: own elaboration on 2002 LSMS data.

Graph 4.20 - Labour-force participation rate by sex age-group and migration experience: Urban areas, women, 2002

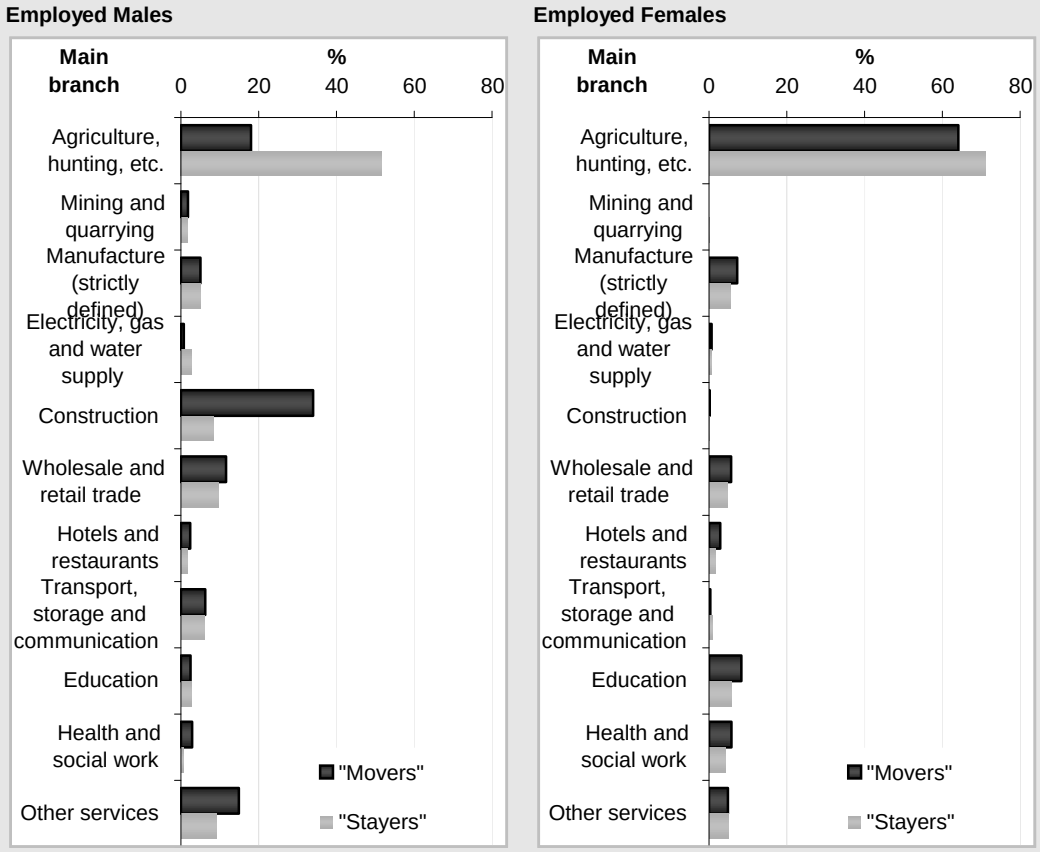


Source: own elaboration on 2002 LSMS data.

All middle-aged female "movers", during whatever period they have migrated, show a lower labour-force participation rate than the "stayers", i.e. the non-migrant women plus those who came into the urban area before 1990. Migrants who migrated 2-6 years before the survey have low participation rates also in the older age categories, being out of the labour market by more than a half in each of the age groups.

It is interesting also to note the different share of employed people in the different employment sectors according to their migration experience (Graph 4.21). Many male migrants have abandoned the agricultural sector, to find employment in "Other services" (including public administration), "Wholesale and retail trade", but mainly in "Construction", i.e. maintaining a low-profiled presence in industry. For female migrants abandoning the agricultural sector is almost inexistent and, when it has occurred women have favoured alternative employment in the "Manufacturing,", "Education", "Health and social work", and "Trade" sectors.

Graph 4.21 - Employed people by sex, main branch of economic activity and migration experience: Albania, 2002 (% share)



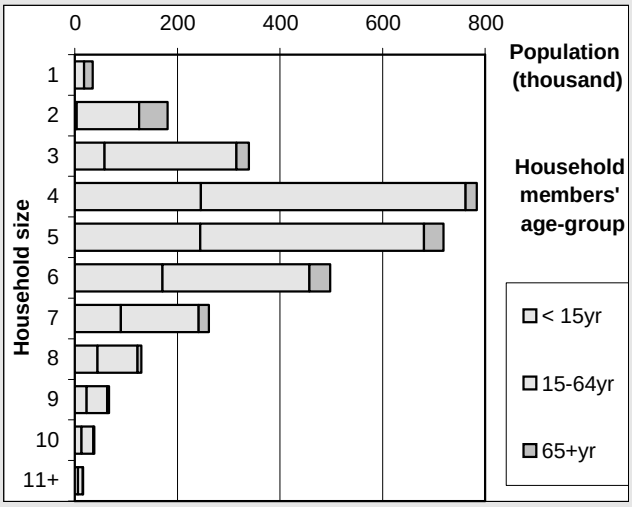
Source: own elaboration on 2002 LSMS data.

5. Household features

The size of households in Albania is still quite large with an average size of 4.2 members. Two- thirds of the 727 thousand house-holds have four members or more, and over one quarter of the households have more than four members. Apart from the households with 1-3 members, where the adults and elderly members are more numerous, the house-holds seem to be almost equilibrated in their internal structure by the large age-groups their members belong to (Graph 4.22). Average households are as composed as following: about one third are under 15 years of age; labour age (15-64 years) is present to about 60 percent of the total members (65.9 percent in the four-member households); whereas the elderly members are 4-8 percent (2.8 in the four-member households). Elderly people form almost half of the one-person house-holds and about one fifth of the two-person households.

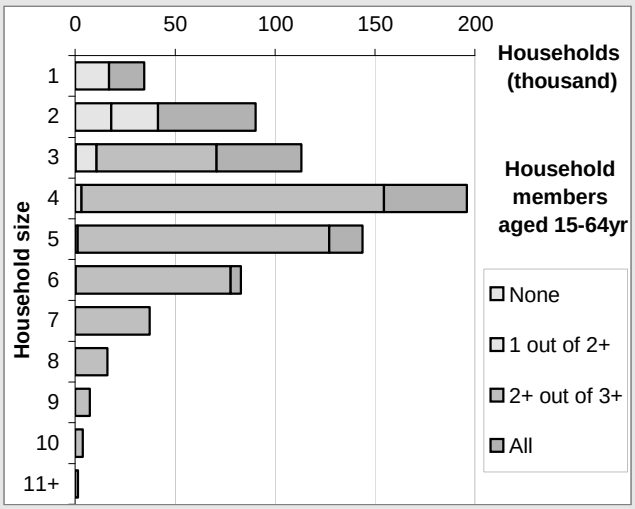
The internal composition of the households in respect to the presence of members in the group we defined as labour age – 15-64 years – (Graph 4.23) can be seen by the data pre-sented. Less than 5 percent of all households have no members of labour age, half of these households being one-person households, half two-person households, both certainly made up of elderly people. At the other ex-treme, just under one quarter of all house-holds are composed only by individuals who are of labour age who, obviously, are more concentrated in small-sized households. In households where only one member is of la-

Graph 4.22 - Population by household size and age-group: Albania, 2001



Source: own elaboration on 2001 Census data.

Graph 4.23 - Households by the number of their members in labour age (15-64 years old): Albania, 2001



Source: own elaboration on 2001 Census data.

bour age (7.8 percent of total households) are also smaller in size. More than one fifth of the most present households, i.e. the four-person households, are made up by individuals between 15-64 year-old while in households where there is only one member in labour age is limited there to 1.6 percent.

The relevant demographic dependency ratio either considering all the households (crude ratio) or excluding the households with no members in labour age can be calculated (net ratio) (Table 4.1, first two columns). The average net ratio of 0.56 household members aged less than 15 years or 65 years and over per each member aged 15-64 years is much lower in the households with two or three members, and it becomes heavier in the largest households, which probably are shaped as extended families, formed by more than one family nucleus and where people belonging to many different generations live together.

The next step is to consider how many members of the household were in the labour maket, either actually employed or as job seekers (either as first time job seekers or because they had lost it). In a macro-economic approach this quantity measures the labour supply the households intended to provide as labour force in the given condition of the labour market. In a more micro approach, it witnesses the need the households had to earn their income by work.

Graph 4.24 shows how strong this necessity was, since we find households having no member in the labour force in only 11 percent of the total, almost all concentrated in the one- or two-person ones. But it is interesting to note that two thirds of the households with three or more members had more than one of them in the labour force, and about 5 percent had all their members in this condition. The households with only one of their two or more members in the labour market are not few, however, numbering about 230 thousand or one third of the households sized two or more members: They are about 28 percent in the most diffused households of four members.

Similarly to the demographic dependency rate we can also calculate the economic dependency rate dividing the number of the inactive household members by the number of the active ones. Again, we have crude and a net ratios if we include or not the households with no members in the labour force. From Table

4.1, second group of columns, the average burden of 1.28 inactive members per each active one reaches about 1.5 (net ratio) in the households of six members, while it is lower than the average only in the households smaller than five members.

The differentials in the labour-force participation rate by size of the household can also be calculated. The activity rate was calculated either with respect to the labour-age population (between 15-64 years old) or, considering that a fringe labour force goes beyond age 65, in respect to the population aged 15 years and over, which includes also number of retired people no longer able or willing to work. Apart from the smallest households (one or two members) where the labour-force participation rate is lowered by the presence of elderly people (probably also in the 15-64 year approach), the level of participation in the labour market is almost constant with respect to the size of the household, with only very large households (eleven or more members) showing a rate significantly higher than the average (Table 4.2, first two columns).

When only the breadwinners are considered, i.e. the household members actually working, the household situation worsens considerably. In 43 per cent of households there was only one breadwinner (when one-person households are excluded). In 16 percent of households no member of the family was employed, in households of 3 members this was 15 percent, while the percentage decreased to 5-7 percent in larger households (Graph 4.25). The frailty of the economic condition of the Albanian households is all in those numbers. In the 2001 Census, approximately 47 thousand households had no employed member, this figure excludes households with one or two members probably comprising of elderly/retired people. The Census also showed that 295 thousand households (44 percent of households with 2 or more members) had only one breadwinner, whose fortune or failure in the labour market could determine the fortune or failure of the whole household.

From this data the net economic dependency ratio can be estimated, i.e. the number of "idle"

Table 4.1 - Labour-age population by household size: Albania, 2001

Household size	Demographic dependency ratio		Gross economic dependency ratio		Net economic dependency ratio	
	crude (a)	net (b)	crude (a)	net (c)	crude (a)	net (d)
1	0.96	-	2.28	-	2.45	-
2	0.49	0.19	1.65	0.41	2.06	0.48
3	0.32	0.31	0.89	0.76	1.42	1.05
4	0.52	0.52	1.08	1.05	1.66	1.51
5	0.65	0.65	1.35	1.31	2.03	1.84
6	0.74	0.74	1.52	1.49	2.32	2.07
7	0.72	0.72	1.51	1.48	2.38	2.15
8	0.66	0.66	1.42	1.39	2.37	2.19
9	0.66	0.66	1.38	1.36	2.44	2.24
10	0.68	0.68	1.33	1.32	2.50	2.30
11+	0.84	0.84	1.44	1.43	2.72	2.49
Total	0.58	0.56	1.28	1.28	1.94	1.94

Source: own elaboration on 2001 Census data.

Legend:

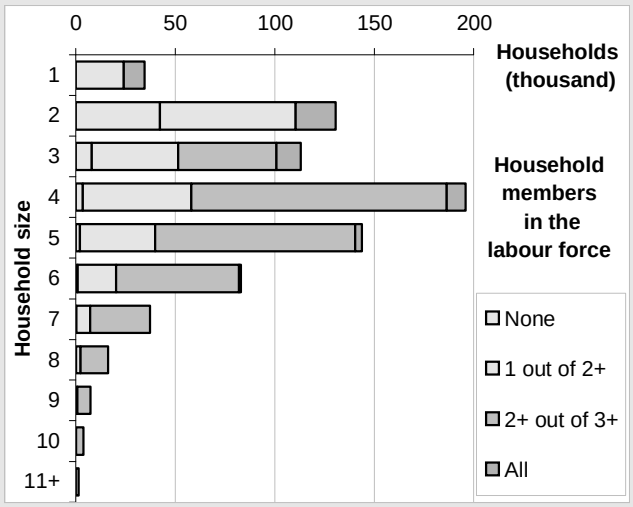
(a) Total households

(b) Households with no member in the labour age (15-64yr) excluded

(c) Households with no member in the labour force excluded

(d) Households with no member employed excluded

Graph 4.24 - Households by the number of their members in the labour force: Albania, 2001



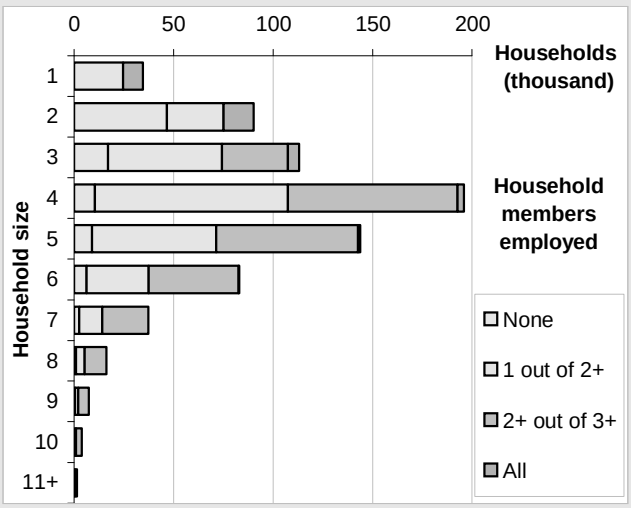
Source: own elaboration on 2001 Census data.

Table 4.2 - Labour-force participation, gross employment and unemployment rates by household size:Albania, 2001

Household size	Labour-force participation rate		Gross employment rate		Unemployment rate
	% 15-64	% 15+	% 15-64	% 15+	% active
1	59.7	30.6	56.8	29.2	4.8
2	56.2	38.6	48.7	33.3	13.5
3	69.6	63.6	54.5	49.8	21.6
4	72.9	69.9	57.1	54.8	21.6
5	70.2	64.6	54.3	49.9	22.7
6	69.0	60.4	52.3	45.8	24.2
7	68.5	60.8	50.8	45.0	25.8
8	68.7	62.7	49.2	44.9	28.3
9	69.7	64.1	48.2	44.3	30.8
10	71.9	65.2	47.9	43.4	33.7
11+	75.6	64.1	49.6	42.0	36.4
Total	69.5	62.1	53.8	48.0	22.7

Source: own elaboration on 2001 Census data.

Graph 4.25 - Households by the number of their members employed: Albania, 2001



Source: own elaboration on 2001 Census data.

household members per each employed member, either in all households classified by their size or excluding those households with no employed members (Table 4.1, third group of columns). On the average, it was calculated that there were two idle household members per employed member of the household. When households with no employed member are removed for these calculations, the dependency ratio is positively related to the household size, going from less than 0.5 in the two-person households to near 2.5 in the largest ones.

The gross employment rate is related to the household size less clearly (Table 4.2, second group of columns), singles being obliged to earn their living by work if they are not old enough to enjoy a pension, while couples can afford to live with only one breadwinner in a large extent, and the households with three or more members having a gross employment rate between 48 and 57 percent. We find the highest value in the most diffused households of four members, the lowest in the few ten-person households.

In the 2001 Census, one third of the Albanian households suffered from the effects of unemployment of one or more of their members (when households comprising only elderly people are excluded). This quota was clearly related to the household size, being obviously lower in the smallest households of one (3 percent) or two (12 percent) members, around one third in the most diffused households sized 3-5 members, and up to two thirds in the largest households (Graph 4.26). The number of households with all members unemployed was negligible (787), but there were 56 thousand households (7.7 percent) with more than one of their members who were unemployed, and more than 36 thousand households (5.0 percent) where all the active members were seeking a job.

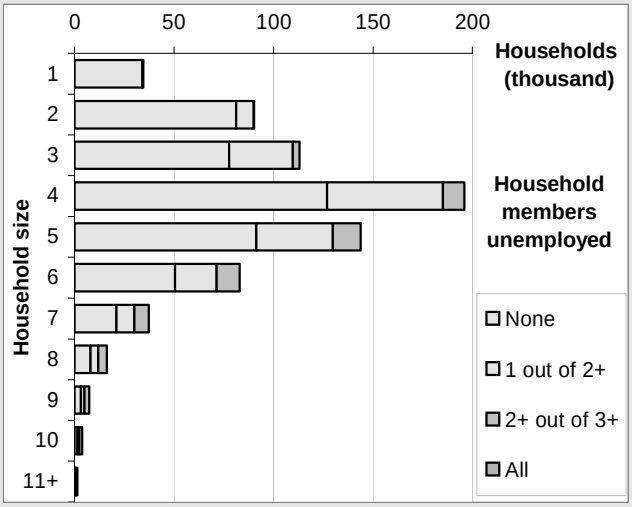
The unemployment rate, as a percentage of unemployed members out of the total active members, follows the same positive-related schedule by household size (Table 4.2, last column). It is between 20 and 25 percent in the households with 3-6 members and it reaches 36 percent in the largest ones, while it is significantly lower than the average 22.7 in the one-person households, which could hardly survive in case of long unemployment of their only member. Two-person households suffer an intermediate unemployment rate of 13.5 percent.

In summary, by processing the results of the labour activity by the household size two sides of the coin can be drawn; On one side, it can be seen that Albanian households are going through a difficult process. From the other side the data shows how large Albanian households often succeed in cushioning these difficulties.

In Table 4.3 it can be seen that, when approximately 35 thousand households (5 percent of the total) formed only by elderly people are removed from calculations, 6.7 percent (about 82 thousand) of the remaining households have no economically active members, and 12 percent (approximately 118 thousand) have no employed members. Though concentrated in the smallest households, this last condition of no earning from work is present in all the household sizes, at minimum at 5.3 percent of the most diffused four-person households. The possibility of benefiting from a pension before 65 years old or – more probably – the remittances from members emigrated abroad may have alleviated the economic conditions of some of those household which declared at the 2001 Cen-sus to have no one working at home.

The data show that unemployment was quite diffused. One third of households with one or more labour-age members suffered from unemployment, which, however, was present in less than 3 percent of the one-person households and climbed progressively to more than 66 percent in the largest households. So, the really critical situation in this respect was limited probably to the 36 thousand households (5.0 percent) where the economically active members were all seeking work. In all the other cases, though extremely diffused among the households, unemployment could be cushioned by the employment of other household members.

Graph 4.26 - Households by the number of their members unemployed: Albania, 2001



Source: own elaboration on 2001 Census data.

There were 305 thousand households (or 44 percent of total households) with at least one member of labour age that could rely only on one breadwinner. Households with only one breadwinner were consequently at risk of returning to the critical situations described above if the soul breadwinner suffered any set-back in his/her labour activity. Having a soul breadwinner was quite diffused in household up to the five members. Obviously, it decreases in the larger ones according to their size, though remaining as diffused as one out of seven even in the largest households. We find the mirror condition of two or more employed members in about the same number of households (304 thousand), or 48 percent of the households with at least two of their members in labour age. This quota is related positively with the household size, but it is nearly one third already in the two-person households, maybe the two-income couples numbering about 15 thousand. It must be noted that number of households are engaged entirely in farming, so that the labour activity of their members is linked to a single source of work and income, the failure of which might cause the same or even harder problems than in urban unemployment.

Table 4.3 – Households by size and labour condition: Albania, 2001

Household size	No 15-64 year-old member (a)	No active member (b)	No employed member (b)	One or more unemployed member(s) (b)	Only one employed member (b)	Two or more employed members (c)
1	49.0	40.3	43.2	2.9	56.8	-
2	19.9	33.6	39.5	12.4	39.5	31.1
3	0.3	6.8	14.8	31.4	50.9	37.8
4	0.0	1.8	5.3	35.3	49.5	45.9
5	0.0	1.5	6.3	36.4	43.4	50.7
6	0.0	1.2	7.5	39.1	37.5	55.2
7	0.0	1.0	6.9	43.5	31.3	62.0
8	0.0	0.9	5.6	50.0	26.8	67.7
9	0.0	0.9	5.7	56.2	22.5	71.9
10	0.0	0.4	5.8	63.6	18.7	75.5
11+	0.0	0.4	6.1	66.9	16.1	77.9
Total	4.9	6.7	12.0	33.3	44.1	47.8

Source: own elaboration on 2001 Census data.

Legend:

(a) Out of total households

(b) Out of the households with 15-64 year-old members

(c) Out of the households with two or more 15-64 year-old members

6. Conclusions

Following the twofold aims of this chapter, firstly it can be evaluated whether the analyses carried out on labour-force participation, employment and unemployment by selected demographic and socio-economic variables has made the situation concerning the Albanian labour market more clear. Secondly, is it possible to draw out any recommendations from these analyses to help policy makers and administrators in planning their interventions to improve the situation?

Though distorted due to some misreporting mainly due to specific rules on youngsters labour activity or on pension schemes the age shape of labour participation and employment highlighted the presence of a traditional, double-market structure, with a core workforce mainly comprising of men in their middle age and a peripheral job market which includes women and men younger than 30 years or older than 55. This is the obvious result of the shrinking process which affected the Albanian productive system in connection with the democratisation of the country, the following chaotic events, and the transition to a market economy, but the symptoms of which were deeply rooted in the autarchic and backward economy of the past regime [World Bank, 2002]. Households' needs may have favoured the middle-aged male breadwinner to maintain their occupation or to get a new one. This has happened to the expense of the fe-male and young employment, as it is shown by the relevant high unemployment rates and even by the low labour-force participation rate of women at every age, who probably renounced to enter or reenter the labour market because of its discouraging situation.

The following impression is that a huge labour potential is wasted, which includes young people, whose wait to enter employment in a satisfying way takes too long, so strengthening the motivation to migrate abroad. It could be stated that labour supply and demand do not match at those ages because of the differences in quality offered and asked and the longings cultivated by young people. Teachers and policy makers should ask themselves whether the education offered by the school

system really responds to the present labour market needs and whether it is sufficiently updated in view of the innovations in employment sectors and production processes.

In fact, the level of education proved to be a pivotal variable in driving labour-force participation and employment, especially for women. A university degree creates a certain advantage in getting and maintaining a job in Albania. It must be realised that, though limited in extension and population, an independent nation needs to have its administrative structure and ruling intelligentsia. People with a university degree were numbered less than 150 thousand (80 thousand males and 55 thousand females) in the 2001 Census: More than 70 percent of them were employed, both men and women. Approximately 600 thousand people had an upper-secondary class diploma, which is almost balanced in terms of gender, but their employment rate was only slightly higher than the respective averages for men and women. University degree and upper-secondary diplomas guarantee more steady jobs in work status, kind and place of work, and working hours.

The problem is that the new cohorts seem to have lower proportions of university degrees and upper-secondary diplomas. Be this fact the effect of selective migration abroad or of reduced possibility of going on studying, this is a negative basis for the future economic development of the country.

The relation between work and demographic variables is quite normal, but they seem exacerbated by the difficult steps that the Albanian economy is facing. As noted above, the shrinking of the labour demand has privileged the breadwinners so that the heads of household, either men or women, are employed much more and suffer unemployment much less than the other members. The same happens for the currently married men and unmarried women. Women without children obtain occupation in at least three times more than other women.

Those facts can be interpreted as the natural reaction of society in order to distribute the reduced labour demand on the population through the households and family network. In fact, an equilibrium was found with respect to employment and unemployment. The large size of Albanian households is probably helping to cushion the job shortages the country is suffering. However, this positive effect is counterbalanced by the long period of job seeking or unemployment suffered by many dependent members of the household.

Though it is dangerous to touch such equilibriums, policy makers should consider whether the time is right to favour the employment of the young cohorts, possibly in new branches of activity and modes of employment. The employment of the young could modernize both the economic structure and the family network in the country, as well as that part of the society which still has still difficulties in accepting the necessary changes.

Annex 4.1

Oddness in the single-age specific rates

The single-age-specific rates reported in Graph 4.1 show at least two peculiarities that demand further analysis and explanation.

In the age group 19 to age 20 employment rates suddenly decrease (Table 4A.1). This is particularly evident in the male curve, but it is also present in the female one. Note that the labour-force participation rate does not follow this decline. In particular for men the participation rate climbs as expected in this entry-age into the labour market.

It should be ascertained what happens between the ages of 19 and 20 to justify the "firing" of about 9 thousand employed men and 3 thousand employed women, who consequently join the *new-job* seekers, while the number of first job seekers slightly decreases. Mandatory military service for men (which lasts for 12 months and normally occurs at 18) seems unable to explain such a decrease as the number of conscripted soldiers was only approximately 2,700 at age 19 and 1,850 at age 20. Nor is the number of students leaving their studies particularly important at this age (about 500, both for males and women), which should normally increment the number of the first-job seekers, not the new-job seekers.

In fact, the possible reasons for the high employment rate of the 15-19 year age-group should be investigated, as these reasons seem to disappear starting from age 20 years old. New entry into the job market actually begins almost regularly during this age, but it is far from the parallel process of the entering into the labour market, which begins much earlier.

Table 4A.1 - Single-age changes in specific rates from age 18 to age 22, by sex and condition: Albania, 2001 (differences in percent points out of the relevant population by sex)

Age (years)	Males			Females		
	1st job seekers	Employed	New-job seekers	1st job seekers	Employed	New-job seekers
From 18 to 19	–0.5	+1.2	–0.1	+0.6	+4.0	0.0
From 19 to 20	–0.2	–32.8	+37.2	–0.6	–9.4	+9.5
From 20 to 21	–0.5	+3.7	+1.3	–0.6	+0.3	+1.6
From 21 to 22	–0.2	+3.0	+1.1	–0.4	0.0	+2.6

Source: own elaboration on 2001 Census data.

Table 4A.2 - Some characteristics of the young employed people by sex and age-group: Albania, 2001 (percentage out of the relevant employed population)

Characteristics	Males		Females	
	15-19	20-24	15-19	20-24
Residence: rural	71.6	80.0	69.7	65.0
Activity sector: Agriculture	65.4	66.3	65.3	58.8
Work status: Employee	15.9	17.7	17.5	27.8
Work status: Contributing family worker	28.1	15.4	26.8	19.2
Place of work: Fixed premises outside home	23.5	23.8	25.3	34.1
Place of work: Farm, which is home	61.0	67.2	63.0	58.4
Kind of work: Permanent job	58.1	61.4	58.4	63.2
Kind of work: Occasional job	6.7	3.6	5.4	3.2
Work-hour: Full-time (35 hours or more)	42.1	51.2	39.0	44.0
Work-hour: Short part-time (less than 15 hours)	4.3	9.1	6.8	8.1

Source: own elaboration on 2001 Census data.

The characteristics of those individuals employed belonging to the two age-groups 15-19 and 20-24 are compared in Table 4A.2, showing important changes in the relevant patterns.

The largest decreases in employment are reported among the residents in rural areas, working in agriculture as own-account workers or contributing family-workers, and in long part-time working hours (15-34 hours a week). These characteristics are more emphasized for women who, passing from age 15-19 to 20-24, lose the labour activities carried out as seasonal jobs in their home farm. In comparing the changes between those two age-groups in respect to the break-down by specific characteristics of the relevant employed males and females we also notice a decreasing ratio among young men residing in urban areas and working in the service sector, characterized by occasional jobs and long part-time hours.

It is clear that in the 15-19 year age-group the 2001 Census has collected a number of boys and girls who are *underemployed* in the agricultural or service sectors. For some reason, which is to be further investigated, these kinds of employment were not fully considered after age 20, thus producing a sudden decrease in the employment rate of those aged between 19 and 20 years old, and an increase in the unemployment rate.

The second peculiar observation can be seen in the age 46 to 54 years, and seems to affect the female rates only (Table 4A.3). In this age group women's labour-force participation rate and employment rate increase respectively by 23 and 24 percent points. If the cross-sectional data is read in a cohort approach this increase would add about 4 thousand female workers when the cohort's dimension reduces by one thousand and the number of the job seekers remains almost constant, at a little more than 3 thousand. In fact, the increase in the female employment does not reduce the corresponding overall unemployment. The "new" female workers seem to come directly from the inactive women in the previous ages, and this group actually reduces by about 5 thousand through ages 45 to 46.

There are different reasons as to why the female employment rates in the 46-54 age group increased, provided that the census data was correct. The data seems to be validated by the extension that the phenomenon had in the country, with higher discrepancies between age-group 40-45 and 46-49 in rural districts. However, from the census results it can only be affirmed that the women aged 46-54 years declared that they were employed at the cen-sus time in a higher proportion than those in previous and following age-groups. There is no way of verifying that declaration, nor the reasons for the discrepancy.

In theory, the phenomenon of high female employment in the 46-54 age group could be due to a "cohort effect", women aged 46 years and over being in their thirties – in the middle of their working life – at the time when the female employment was much more diffused:

Table 4A.3 - Single-age changes in specific rates from age 18 to age 22, by sex and condition:Albania, 2001 (differences in percent points out of the relevant population by sex)

Age (years)	Males		Females	
	Labour-force participation	Employment	Labour-force participation	Employment
From:				
44 to 45	–0.2	0.0	+0.4	+1.0
45 to 46	–0.1	+0.5	0.9	+23.8
46 to 47	–0.3	0.0	–0.3	+0.6
47 to 48	0.0	+0.3	–0.6	–0.5
48 to 49	–0.5	–0.5	–1.3	–0.8
49 to 50	+0.1	+0.5	+0.5	+1.3
50 to 51	–0.3	–0.3	–0.5	+1.4
51 to 52	–0.4	–0.2	0.0	+1.6
52 to 53	–0.1	+0.3	–0.4	+1.0
53 to 54	–0.6	–0.7	+0.7	+2.5
54 to 55	–14.1	–14.1	–56.9	–52.7
55 to 56	–2.7	–2.6	–6.4	–4.8

Source: own elaboration on 2001 Census data.

Thus, if we admit that those women succeeded in keeping their labour activity, their employment rate could be higher in respect to the following cohorts, who have experienced a much worse situation facing the transitional labour market. Also an "age effect" could be the reason, either because of the usual release from the most impeding family engagements or because of a selection by employers in favouring experienced female workers in foreign investors' factories. Anyway, no such explanation can explain the sudden jump of the labour-force participation and employment rates from age 45 years to age 46, nor the corresponding sharp decrease at age 54 years, when actually women's retirement occurs, following the current retirement rules.

Also, in this case, the comparison of the characteristics in the adjacent age-groups can help in determining the group of women who found employment later in life. However, since the discrepancy occurs at age 46, it is preferable to form an age-group from 46-49 years to be compared to the previous age group of 40-45 age group and the following 50-54 age group. This approach highlights the relevant age differentials in the characteristics for the ages most affected by the phenomenon (Table 4A.4). It seems quite evident that the "newly" employed women mainly live in rural areas, are currently married, and have a low level of education.

Table 4A.4 - Some characteristics of the employed women aged 40-59, by age-group:Albania 2001 (percentage out of the relevant employed women)

Woman or work characteristics	40-45	46-49	50-54	55-59
Residence: Rural	48.2	57.8	62.9	88.8
Marital status: Currently married	88.3	90.7	89.9	93.5
Education level: Lower-secondary diploma or lower	45.9	56.9	72.9	91.6
Activity sector: Agriculture	41.5	52.2	60.9	87.5
Work status: Employee	45.1	38	26.7	8.2
Work status: Contributing family worker	10.2	18.1	24.7	32.1
Place of work: Fixed premises outside home	53.7	45.5	35	15.3
Place of work: Farm, which is home	41.9	44.4	50.7	66.5
Kind of work: Permanent job	76	71.5	64.4	57.7
Kind of work: Occasional job	1.5	4.1	6.2	7.4
Work-hour: Full-time (35 hours or more)	58.9	57.2	48.8	47.7
Work-hour: Short part-time (less than 15 hours)	6.7	3.9	2.8	4.3

Source : own elaboration on 2001 Census data.

From the point of view of the labour activity they carry out it seems to be prevalently or exclusively in agriculture, mainly in their home farm or with no fixed place, as a self employed or contributing family worker. Also the ways in which the activity was performed suggests a limited commitment from them: Occasional and seasonal jobs increase from age 40-45 to age 46-49, while the steadier working ways, both in type and working-hours, decrease in percentage.

It is clear that 46-54 year-old women residing in the countryside had some convenience or advantage, to be further investigated, in declaring to be employed as farm workers, either in the farm they lived in or as occasional workers somewhere else. In fact, the jobs carried out in non-fixed places of employment increased as well. This latter means of employment seems particularly unlikely when the current structure and condition of the agricultural sector in Albania is analysed. In short, no socio-economic explanation is possible for the sharp division between the younger and older women in relation to the 46 years age group. This gap needs to be researched within the context of some specific law or measure in the field of social security.

One of the most likely explanations for such a declaration of increased employment from the part of the women aged 46-54 years probably relates to the rules related to social insurance which were approved in 1993 and were extended in 1994 specifically to the employers of the ex-agricultural enterprises and to the members of their families. Further more, to enjoy a pension starting at age 55, women must have been employed for at least a ten-year period. Therefore, the given information to the census surveyor from the low-educated people living in the countryside might have been considered as potentially beneficial in gaining a pension.

Main findings

· The considerable discrepancy between the employment and the active male curves proves the level of difficulty for young men to enter the labour market successfully.

· The female gaps in labour participation shows the great difficulty that women encountered in finding employment or maintaining it at the time of the 2001 Census.

· "New-entries" into the labour market occur until the age of 30, both for men and women. After that age, the gap existing between "labour supply" and "labour demand" is almost exclusively due to the new job seekers.

· A large decrease in employment has occurred from 1989 to 2001. Men of older age (40-49; over 50) and women over 50 kept the former values of occupation. However, in the younger age group (15-19), male occupation has increased everywhere, while the female one has only done so in the urban areas.

· About 70-80 percent of the male labour force at age 20-24 were seeking jobs in urban areas, where the female unemployment rate is about 40-60 percent.

· The mean age at which men enter labour market rests at 17.8 years, while their median and modal ages are both 15, notionally. Men's average exit age from the labour market is 59.6 years while their median and modal age at exit are respectively 59.2 and 59.5. The average length of work in the labour market can be estimated at 41.8 years.

·Unmarried men suffer higher unemployment rates (persons inadequate to work are found more often among unmarried men), while the opposite happens to unmarried women up to old age (fewer engagements in the house, child rearing, and their need to earn their living by work). Currently married women suffer higher unemployment rates especially in urban areas.

· The household's reference person's central role is emphasized by his/her low level of unemployment.

· The female labour-force participation rate seems not to be largely affected by the number of children, but the gross employment rate is significantly higher for childless women.

· People with no diplomas have serious difficulties in getting a job. 60 percent of employed men and women with no lower-secondary diplomas have a permanent job. This share is near 70 percent for an upper-secondary level diploma and is 85 percent for men having a university degree.

· Employed people with a lower educational level are mainly occupied in the agricultural sector, while the workers with a university degree are employed in the service sector. One third of men with no diploma and one quarter of women in a similar position are employed in the service sector (e.g., road sweepers, guardians, servants, etc.). Workers with university degrees are largely present in the main branches of industry, in educational services, in public administration and in healthcare and social work.

· Comparing the labour force participation rates of people who migrated after January 1990 with those who migrated before 1990's (or who never migrated), it clearly appears that no significant differences are reported concerning men's participation. However, there is a significantly lower labour force participation for women who migrated after January 1990.

· The average size of Albanian households is 4.2 members. The household seems to be almost in equilibrium in its internal structure. About one third of the members are under 15

years of age. The labour age group (15-64 years) makes up approximately 60 percent of the total members, and elderly members represent 4-8 percent. Almost half of the single-person households are composed of elderly people, and about one fifth of the two-person households are in the same situation.

·The composition of the households with respect to the presence of members of the labour age group (15-64 years) is characterized by the following facts: Less than 5 percent of total households have no members of labour age (half of these are single-person households and half are two-person households), and are formed by elderly people; Less than one fourth of total households are composed only by members in the labour age group, who are more concentrated in the small-sized households.

· Apart from the smallest households (one or two members) where the rate is lowered by the presence of elderly people, the labour-force participation rate by size of household shows that the participation in the labour market is almost constant in respect with the size of the household, with only very large households (eleven or more members) having a rate significantly higher than the average.

· In the 2001 Census there were about 47 thousand households with unemployed members, and 295 thousand households with only one breadwinner, which were at risk of falling back into a critical situation if their soul employed member suffered any setbacks in his/her labour activity. These consisted of 43 percent of the total households when we exclude the single-person households.

· Unemployment was quite diffused. One third of the households with one or more labour-age group members suffered from this condition, which increased progressively to more than 66 percent in the larger households. The number of households with all of their members unemployed was negligible (787), but there were 56 thousand households (7.7 percent) with more than one of their members unemployed, and more than 36 thousand households (5.0 percent) where all the active members were seeking jobs.

c h a p t e r

5

Concluding remarks and policy implications

1. Introduction

In this concluding chapter, instead of summarizing the principal findings that were obtained by the elaborations of the data collected in the 2001 and 1989 censuses and the 2002 Living Standard Measurement Survey it is preferable to draw some general remarks that are deemed useful in understanding the present situation in the Albanian labour market, as well as in planning interventions to tackle the relevant problems. Therefore, the structure of the workforce will be analysed both from a demographic and an educational point of view. Then, the productive structure of the country will be discussed, though only from a demographic perspective. The analysis will conclude with suggestions for the near future, which are derived from a rough forecast based on the present situation.

2. Young population vs. elderly workers

Albania has a young age structure in front of the European standards. More than half of the population is under 29 years of age. The population between 0-14 years represents 29 percent of the total population, while the population between 15-29 years represents 24 percent. The elderly population, 65 years and over, is still a minority of the total population, 7.5 percent. The consequence is that there were 0.58 persons of non-working age (0-14 years plus 65 and over) per one person of working age (15-64 years) in the 2001 Census, i.e. a favourable demographic dependency ratio, which is not likely to significantly change over the next years. The dependency ratio will probably decrease, even, due to the past and present decreases in birth rates.

This fact is regarded as favourable by the *2003 State of the world population* by the UNFPA, which claim that a "demographic window" is open when the proportion of the population of working age (15 to 60) increases in relation to that of the "dependent" ages (0 to 15 and 60 and over). According to the UNFPA, "With appropriate investments in health and education and conducive economic policies and governance, countries can mobilize their young people's potential, and launch an economic and social transformation. The demographic window will close as populations age and dependency increases once more." [UNFPA, 2003: 5].

Also in the labour-age group, between 15-64 years, the ratio of young people of working-

age (15-39 year-old) to each senior potential worker (40-64 year-old) is 1.5. This ratio is probably going to quickly decline in upcoming years both because of the entering of smaller cohorts into the labour age group and the transition of the larger ones into the 40-64 age group, thus causing an ageing of the labour potential. However, the effect of present and future emigration cannot be guessed nor whether the present migrants will remain abroad or return home.

Notwithstanding the significant "deficits" produced by a decade of selective emigration, and the ongoing ageing of the potential labour force, Albania still has a large young demographic potential in future years for its economic development, provided that a sufficient labour demand, in quantity and quality, is generated locally, to avoid further emigration.

The young population structure is not entirely mirrored by the labour force in the country and, especially, by the employed population, which contributes to the national product and earns through its economic activity a better living for the whole population. As shown in Table 5.1, the mean age of the employed population is older than the total populations considered there, but in the 15 year-and-over approach. When the age-span is limited to the real presence in the labour market (20-59 years for men and 20-54 years for women), and we disregard the fuzzy labour condition of most of the teenagers, we can fully see the age shift that the employed labour force experiences in respect to the population to which it belongs.

As discussed in Chapter 4, this is probably the consequence of a cohort effect, which keeps employed the workers belonging to the older cohorts, who succeeded in maintaining their job in a shrinking labour market against the entrance of the new cohorts. More over, though not explicitly, the senior male breadwinners may have been favoured for being employed, as it is confirmed indirectly by the significant exit of women from their occupations, either to become unemployed (note the high mean age of the female new-job seekers) or inactive. A third reason for the ageing of the employed population is to be found in the backward structure of the Albanian economy, where subsistence farming largely prevails, which leads to considering the elderly people who cannot yet enjoy the pensions provided for their category, as employed.

These choices, along with emigration, probably allowed the Albanian households and population to survive. But the problem is that a great labour potential is wasted, mainly in young people, who wait to enter into a satisfactory employment for too long a time, thus strengthening the initiative for further emigration abroad.

Since this trend has been lasting for more than ten years an important number of people who are underemployed, unemployed, or even out of the labour market has accumulated in the young cohorts, which for that reason may find it difficult to become independent and to form their own family nucleus. The time has proba-

Table 5.1 - Mean age of adult population by work condition: Albania, 2001

Work condition	Males			Females			Total		
	15+	15-64	20-59	15+	15-64	20-54	15+	15-64	20-59/20-54
Employed	37.9	37.8	40.0	35.6	35.5	37.7	37.1	36.9	39.2
New-job seeker	27.8	27.8	27.8	35.4	35.4	35.2	31.9	31.9	31.8
First-job seeker	21.3	21.3	24.7	21.1	21.1	24.2	21.2	21.2	24.5
Total population	39.7	36.0	37.7	39.6	35.4	35.4	39.7	35.7	36.6

Source: own elaboration on 2001 Census data.

bly come to focus policy attention on those cohorts, otherwise Albania risks creating a "lost generation" in its economy, mainly formed by people born in the 1970s.

Because of the profound changes necessary in the productive structure, such policies cannot be achieved by favouring the turnover between younger and older cohorts in existing jobs. Rather, innovation in sectors, products, and processes should be pursued by supporting home and foreign new initiative, which could involve the young cohorts as well the youngest ones, which are now appearing in the labour market.

Table 5.2 - University and upper-secondary diplomas by sex, residence and age-group: Albania, 2001 (percentages out of the relevant population)

Age-group	Country			Urban areas		
	Males	Females	Total	Males	Females	Total
15-19	13.5	14.7	14.1	20.2	25.1	22.7
20-24	32.0	35.7	33.9	52.1	60.8	56.8
25-29	42.9	45.5	44.2	60.6	68.0	64.7
30-34	46.5	43.9	45.2	64.2	68.1	66.3
35-39	49.1	42.2	45.6	66.3	66.9	66.6
40-44	52.3	42.5	47.4	69.5	67.5	68.5
45-49	53.1	40.9	47.1	71.7	63.6	67.7
50-54	46.2	27.5	37.1	67.1	49.2	58.4
55-59	33.9	15.7	25.1	56.5	31.5	44.2
60 years and over	22.9	7.1	14.7	42.1	14.9	28.0
15 years and over	37.2	30.1	33.6	55.3	49.6	52.4

Source: own elaboration on 2001 Census data.

3. A wasted and worsening human capital

Albania has a good educational level in its population. One third of the population over 14 years of age (i.e. the present exit age from compulsory education), has a university degree or an upper-secondary class diploma (Table 5.2). This quota is over 50 percent among men born in the 1950s, and reaches 45 percent among women born in the early 1970s. In the urban areas this proportion is near two thirds in most of the cohorts born between 1950 and 1975, both for men and women, thus assuring a potentially high-level supply to the local labour market. The slightly lower proportion in the male cohorts born in the late 1960s and early 1970s probably comes from the selective migration process that they have undergone in the 1990s.

As noted in Chapter 4, while having a university degree guarantees both men and women an occupation, upper-secondary diplomas only give some chances in finding a job with respect to lower educational levels. As well, the gap existing between the kind, quality and upgrading of the attained diplomas and the request for the present labour demand should be noted. Some obsolete or overly humanistic qualifications, mainly linked to the political and/or productive structures of the former regime, might even turn out to be an obstacle in accepting jobs inadquate to the level or requiring a technical knowledge.

A large potential of human capital seems to be wasted, since there are more than 200 thousand people of labour age, or one third of those having a high-level education (university or upper-secondary diploma), who are unemployed or even out of the labour market. This quota is higher in the younger cohorts for both genders, and it exceeds 50 percent in the female cohorts born since 1965.

Moreover, from Table 5.2 it can be seen that the cohorts in the 20-24 age group in the 2001 Census seem to have attained high-level education in significantly lower proportions than preceding cohorts (about 10 percent points for both men and women). The economic and public order problems that took place in the 1990s must have impacted on the course of their studies. The downfall of the labour market could have induced people to find immediate employment instead of devoting time to studying and specialisation, which might have been useless in finding an occupation. Last

but not least, household needs could have demanded an early earning contribution, including the contribution of younger members, thus limiting their chance of going on studying.

The lower educational levels of the cohorts born in the late 1970s, and probably the following ones, risks impacting on the Albanian labour force, thus making these individuals educational levels inadequate in front of the challenges that the labour market faces. It would be appropriate to invest money in training courses specifically to target those cohorts, to provide them with the relevant preparation to be employed in the sectors and jobs needed for growth in the country. Such initiatives should come partly from policy makers, international organisations present in the country, NGOs, and local or foreign employers. The educational curricula should be reconsidered in this perspective in order to prepare the next generations to face a profoundly transformed economic pattern.

4. A productive structure to be modernised

Albania has a productive structure that falls in between that of a transition country and a developing one. Half the workforce is still in the agricultural sector, and the work is carried out mainly in small farms. An almost negligible one seventh of the workforce is in the industrial sector, largely in construction or in the former industrial activities that survived during the economic crisis. More than one third is in the service sector, which contains high-level and modern services, as well as low-level and obsolete activities. The informal sector is said to account for about one third of the total employment, though there are no specific studies in this field yet.

If the present situation of the Albanian economic structure, as outlined by the employment configuration, is compared to the Eastern European countries one must return to the period before 1950 to find a similar large presence of the labour force in the agricultural sector, while when compared to the quota of the employed population in services is nearly the one registered there in the early nineties. As a prognosis for the future, the modernisation process which should affect Albania in

Table 5.3 - Employed population by sex, age-group and sector of activity: Albania 2001(percent share of the employed population by sex and age-group)

Age-group	Males			Females			Total		
	Agricult.	Industry	Services	Agricult.	Industry	Services	Agricult.	Industry	Services
15-19	65.4	10.0	24.6	65.3	11.4	23.3	65.4	10.6	24.0
20-24	66.3	10.9	22.8	58.8	12.2	29.0	62.2	11.6	26.2
25-29	55.5	13.0	31.5	48.8	11.3	39.9	52.7	12.3	34.9
30-34	48.2	14.9	37.0	46.0	12.2	41.7	47.4	14.0	38.6
35-39	44.7	16.7	38.6	45.2	13.0	41.8	44.9	15.5	39.6
40-44	41.3	18.2	40.6	41.5	12.6	45.9	41.4	16.4	42.2
45-49	38.9	19.0	42.1	52.2	8.2	39.7	44.1	14.8	41.1
50-54	41.1	17.3	41.7	60.9	7.9	31.2	49.4	13.3	37.3
55-59	49.3	15.4	35.4	87.5	2.1	10.4	56.0	13.0	30.9
60-64	63.3	10.4	26.2	92.1	1.6	6.3	72.7	7.6	19.7
65+ years	68.2	8.3	23.5	69.5	8.3	22.2	68.6	8.3	23.1
15+ years	48.5	15.5	36.0	54.0	10.7	35.3	50.6	13.7	35.7

Source: own elaboration on 2001 Census data.

the following years should reduce employment in agriculture by half, double the number of individuals employment in industry, and make the service sector expand without inflation. With these changes, the Albanian productive structures would approach the average of the Eastern European countries in the 1980s, but with a shift of about one seventh of the workforce from the industrial sector to the service sector.

However, if the future economic structure of a country is mainly based on the activity of its young cohorts, what can be read in Table 5.3 weakens this prognosis completely. In fact, the young cohorts result to be employed in the agricultural sector in a significantly higher percentage than their preceding cohorts. These cohorts are also present in both "modern" sectors at a lower percentage, thus demonstrating a regressive process, which also took place in the 1990s. Facing job shortages, such as those suffered during the political transition, these individuals were obliged to find employment in the agricultural sector, which can bear underemployment more easily than other economic sectors.

These facts heavily limit the hopes for swift structural changes in the Albanian productive system. Unless we consider that the young workforce is temporarily active in farming activities and, both from the psychological and qualification points of view, that this workforce is ready to switch to other more demanding labour activities, it is more easy to predict that the young underemployed population in the less vital agricultural sector are the best candidates for new mass migration abroad. Again, further focus and intervention should be reserved for the young cohorts in case their plans are to use the unavoidable chain of migration as a work stage abroad, to be used profitably at their return home, within a rapidly changing productive pattern. International agreements for that should be ratified with the countries that receive the migrant population.

5. Fears and hopes for the future

The cohort perspective found in the analysis above highlights the profound crisis that affects the young Albanian generation with regard to their economic activity and employment. The perspective also makes it possible to roughly project the situation in the near future, thus pointing out challenges and possible successful outcomes.

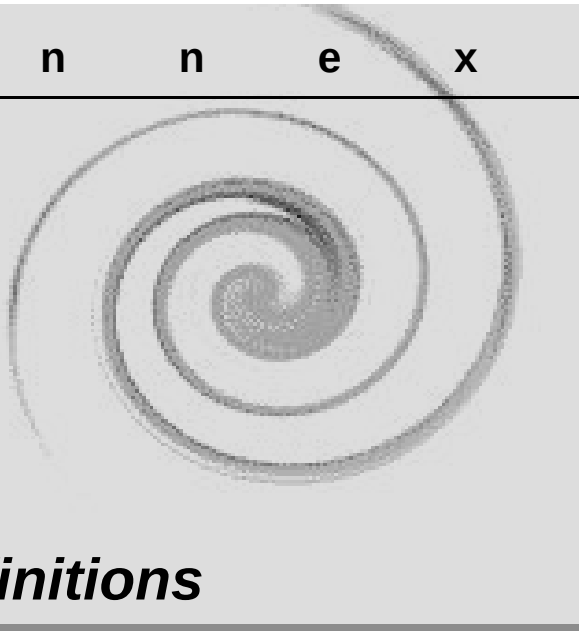
As noted in Chapter 3, the labour-age population will increase in the next ten years due to the entering into the labour market of the rather populated cohorts born in the 1980s and the permanence of the large cohorts born after the Second World War. However, an ageing process will occur, both in the general population and in the labour age population. Problems in the sustainability of the pension scheme will lead to trim welfare policies, while the cohort turnover in the most demanded jobs will be hindered by the permanence of the older generations.

The "demographic bonus" created by the simultaneous transit in labour age of the largest cohorts risks to multiply their employment problems instead of spurring the Albanian economy towards greater modernisation and development. Only many multifaceted initiatives in labour-intensive branches could alleviate these problems.

However, these problems do not originate simply from demographics. If it is judged necessary that the Albanian labour market should employ about 300 thousand people seeking employment and, probably, another 100 thousand potential workers, that the agricultural sector should lay off at least 250 thousand workers, it is clear that a completely new labour market should arise. This new labour market would be able to create some 500-700 thousand jobs, i.e. to increase by one and a half the present labour demand.

The challenge of new job creation may seem overwhelming, and it will probably be so if left only to the free-market. Adding to that challenge is that the available young workforce is rapidly degrading in quality, both in labour experience and educational level. Only very large differentials in wages could encourage foreign investors to locate their economic initiatives in Albania, but they might be dissuaded by the low quality of the workforce and the lack of infrastructure in the country.

All in all, this situation cannot last any longer, and important changes in the labour market are to be undertaken. This demands a careful monitoring of the situation from the statistical point of view, as well. The establishment of a labour force survey to be run annually becomes necessary to follow the occurring changes, as well as to direct the formulation of suitable labour policies.



Definitions

Economically active population: Refers to the number of all employed and unemployed people (including first time job seekers). It covers employers; self-employed workers; salaried employees; wage earners; unpaid workers assisting families, farm or business activities; members of producers cooperatives; and members of the armed forces. The economically active population is also called the labour force.

Inactive population: Comprises of young people still engaged in studies, the elderly who have retired from economic activity, housekeepers, people in compulsory military service, people who are not employed and are not looking for a job, and the handicapped. The inactive population are all the people who are not part of the labour force.

Labour force: People who actually work and those who are seeking employment either for the first time or because they have lost it, therefore it includes all individuals classified as employed or unemployed.

Employed: Individuals who do any work for payment or profit or have a job but are absent for some reason. It includes employees and self-employed people as well as unpaid family members working in a family business.

Unemployed: People who are without work and are available to work and are searching a new work or for the first time.

Employment rate: Represents the number of employed people as a percentage of the relevant population, e.g. by sex and age group.

Unemployment rate: Represents the number of unemployed individuals as a percentage of the relevant labour force, e.g. by sex and age group.

Labour force participation rate: Represents the active population (employed and unemployed) as a percent of the relevant population, e.g. by sex and age group.

Gross employment rate: Number employed persons as a share of the population of 15 and over.

Gross (economic) dependency ratio: Number of the inactive population out of total of active population (labour force = employed plus unemployed population).

Net (economic) dependency ratio: Number of non-employed population out of the total employed population.

Peripheral/Core employment ratio: It is the number of employed people aged between 15-24 years, plus those employed aged 50 years and over, out of employed people aged between 25-49 years old.

Young dependency ratio: Number of people aged between 0 to 14 years per one hundred persons aged between 15 to 64 years.

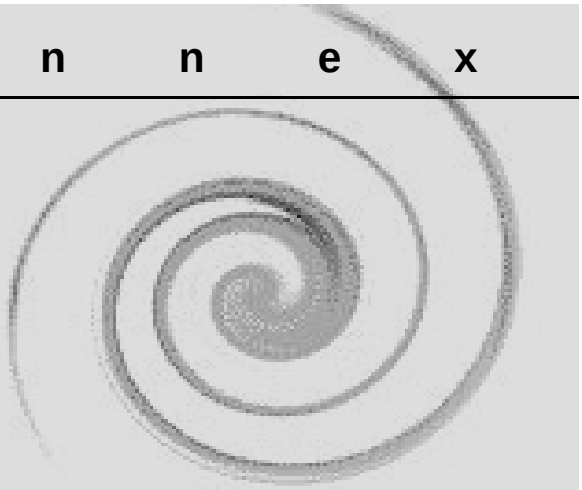
Elderly dependency ratio: Number of individuals aged 65 years and over per one hundred individuals aged between15 to 64 years.

Total (demographic) dependency ratio: Number of individuals under 15 years old, plus individuals aged 65 years and over per one hundred persons aged between15 to 64 years. It is the sum of the youth dependency ratio and the elder dependency ratio.

Full-time working hours: usual working hours for 35 or more hours per week.

Long-part-time working hours: usual working hours between 15 and 34 hours per week.

Short part-time working hours: usual working hours less than 15 hours a week.



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