

PROBLEMS OF YOUTH UNEMPLOYMENT IN ALBANIA

Alma Zisi¹
Flora Merko²

ABSTRACT

This paper intends to analyze the problems of unemployment, in particular Albanian youth unemployment. It is widely accepted that unemployment is a big problem for economy of any country, especially when unemployment comprises youth. Different authors stress the problems young people face when they are unemployed. Due to lack of experience, they find obstacles to enter the labor market compared to other group-ages.

This paper presents a general view of unemployment rate by group-age and unemployed jobseekers registered by gender and educational level for 2006-2015³. Young people, who have just finished school, face these problems: difficulty of finding work, lack of incomes, lack of work experience, social issues, loss of confidence, etc. Unfortunately, a lot of young people want to migrate to other countries for a better life.

Here are listed a number of factors influencing effectiveness of youth employment policy. It is very important to minimize the problems of youth unemployment because their contribution to the economy could be beneficial.

Keywords: *unemployment, problems of youth unemployment, labor market and migration*

JEL Classification: *E24, J01, J11*

1. Introduction

The phenomenon of unemployment is extensively studied by many leading economists, because of the problems unemployment brings. In this paper, we are focusing on the problems of youth unemployment. In the last years, the statistical data indicate that number of unemployed youth⁴ is huge. After terminating their studies, young people enter the labour market to find a job, however they do not usually find a job fitting their education background or vocational skills. Therefore they are constantly in search for a permanent job. During this period, they can work, continue their postgraduate studies or continue training to be better qualified for the work position they are applying.

2. Literature review

Many scholars have referred to the problems of unemployment and, in particular, to the problems of youth unemployment. So, Lippman and Mc Call (1976) analysed a model on the duration of

¹Aleksandër Moisiu University, Department of Economics, Durrës, E-mail: alma_zisi@yahoo.com

²Aleksandër Moisiu University, Department of Economics, Durrës, E-mail: floramerko@yahoo.it

³INSAT

⁴Youth means aged 15-29 years old

unemployment when people were not employed. The expected duration of unemployment depends on various offers individuals receive during this period of time, which indicates that the employment supply depends on factors such as education, professional experience, skills, and all such factors effect on employer. In addition, the model assumes the probability an individual accepts a job depends on the minimum wage which he/she agrees.

In the study of Blanch flower and Freeman (2000), the authors noticed that youth unemployment is related with business cycles. Youth unemployment is more sensitive and has the tendency to increase more during the recession period, compared with adult unemployment, and to the contrary, it decreases more during economic growth phase. Sackey and Osei (2006) argued that youth unemployment happens as young people have fewer skills in the labour market than adults. According to the International Labour Organization (ILO, 2011), the countries with a low rate of economic development and in which businesses are not stimulated, an increase of youth unemployed is noticed.

Anyanwu (2013) lists a number of factors prejudicing young persons in the labour market. Regarding the dismissal (being fired) from the job, it is noticed that employers have the tendency to dismiss more easily young workers compared to employees with a longer experience in the job. This happens because firing young workers has lower cost than the dismissing more skilled workers or who those have more working time.

In her study Buckley. P (2015), analyses the effects of youth unemployment. If young people enter late in the labour market, it may be translated into lower lifetime incomes. In addition, the author stresses that such situation is observed in countries with developed economy. Therefore such countries should focus more on appropriate policies to promote employment and benefit from the potential of young employees.

3. Youth unemployment in Albania

Albania has mainly faced with the problem of unemployment after '90s, but what is becoming a constant concern nowadays is youth unemployment. According to a recent study of European Commission, economic growth in Albania has brought some improvements in the labour market, but no significant benefits in employment outcomes⁵. Albania still continues to face low participation in the labour market, in particular *in women* and *youth*. High levels of informality are an obstacle both to economic growth and full participation in the labour market.

How is the situation of the Albanian labour market? Based on Labour Force Survey 2007-2015 (INSTAT), youth unemployment rate (aged 15-29 years old) is increasing compared to other group ages. The unemployment rate 015 for young people aged 15-29 years old is 33.2% (32.3% for males and 34.7% for women). Compared with 2014, youth unemployment rate has increased by 0.7 percentage points⁶.

⁵ Commission's Overview and Country Assessments. Institutional Paper, July 2016

⁶INSTAT. Labour Market 2015

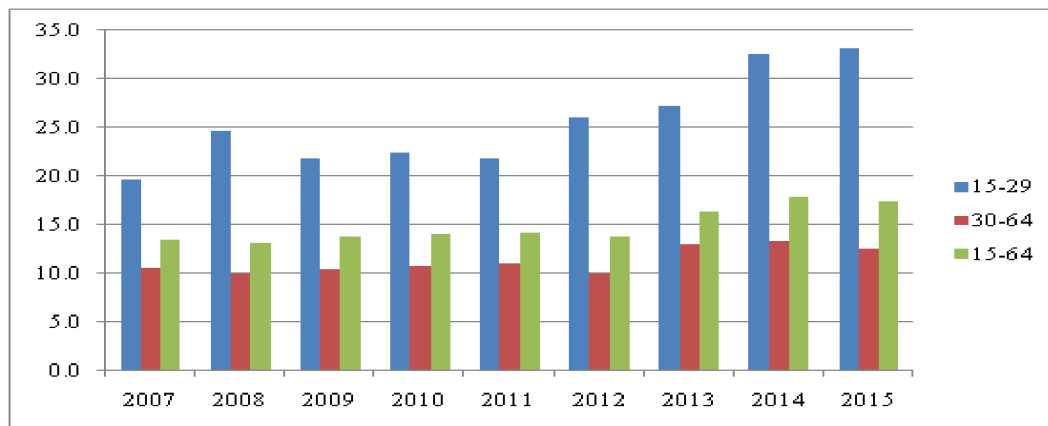


Fig 1. Unemployment rate by age group

Source: Labour Force Surveys 2007-2015 INSTAT

The table below gives information on job seekers registered as unemployed by gender and education level for 2006-2015. Based on a study conducted by the Economy, M. and Filipi, Gj., they noticed children activity is directly proportional to the level of parents' education. Thus, parents who had completed primary education had no great ambitions for the education of their children. They encouraged them to enter the labour market than to continue the studies. It is noticed that the work performed by these young people is work that does not require intensive skills, such as agricultural sector.

Table 1: Registered jobseekers by sex and education level 2006-2015

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Registered jobseekers	149.794	142.871	140.599	142.068	143.876	142.484	142.530	142.648	141.998	149.148
Male	77.643	73.050	71.279	70.817	71.019	69.541	69.240	68.952	69.531	73.184
Female	72.151	69.821	69.320	71.251	72.857	72.943	73.289	73.696	72.467	75.964
With primary education	81.273	77.009	74.962	76.056	77.503	77.749	77.870	77.816	76.929	78.400
With secondary education	65.148	62.531	62.046	62.249	61.284	59.558	59.025	58.885	56.926	59.001
With university education	3.373	3.331	3.591	3.763	5.089	5.177	5.635	5.947	8.143	11.747
16-19 years old	11.250	10.616	10.220	9.074	8.146	7.105	6.548	6.745	6.860	6.707
20-34 years old	60.111	55.940	52.590	52.560	50.045	49.249	48.478	48.915	47.860	51.258
35 years old and over	78.433	76.315	77.789	80.434	85.685	86.130	87.504	86.988	87.278	91.183

Source: Ministry of Social Welfare and Youth

The table/ graph, also, indicate that the largest number of job seekers in the labour market has lower secondary education and upper secondary education. But, it is also note that the number of graduated jobseekers has increased compared with previous years. The next section addresses the main issues faced by young people entering the labour market.

4. Problems of unemployed Albanian youth

Youth unemployment brings serious problems. The main problems such young persons, who have just finished school, mainly, are facing : difficulty in finding a job, lack of incomes, lack of work experience, social issues, loss of confidence, in case they do not find a job for a long period of time or as per their education background, etc.

The main obstacle young persons are facing is lack of experience, making it even more difficulty for them to find a job. If young persons do not find a job for a long period of time, there is no doubt that they will lose confidence in themselves, may fall into depression, and lose hope that in the future they may find a job.

Sometimes, not-finding the job young person want, discourages them, making them accept other jobs, which, in many cases, do not fit with their education background and with the skills they possess. Young people accept to take such jobs, notwithstanding lower salaries, until they find a better job. During this time, they try to be trained or get qualified, or continue undergraduate and graduate studies to create more opportunities to find a better job.

The impossibility of finding a better job or finding an underpaid job makes youth take wrong decisions entering into crimes, drugs, alcohol and gambling. These are social costs, which not only youth but all the society of our country has to face.

Theoretical studies have always analysed the negative effect of unemployment in economic growth. There is no doubt that the rate of youth unemployment has a negative impact on economic growth, as the maximum physical potential and professional all these young person's cannot be exploited. The difficulty of finding a better job is often associated with youth migration abroad.

According to a study of ILO⁷ the main factors affecting youth Albanian emigration are: employment, economic status and education level. In general, economic reasons make young Albanians to opt for migration in search of a better life. Young persons, mainly, with lower-secondary education are more likely to migrate (about 55%) than young persons with a higher education (34%). In addition, the category of unemployed persons are more likely to emigrate than those employed. The possibility for a better education motivates nearly 16% of young persons to emigrate.

5. Conclusions

Youth unemployment remains one of the main problems of our economy. Different studies reveal that the main obstacles of young persons to enter the labour market are compatibility of skills with the market needs and lack of experience. In discussed above thesis analysed the main problems of unemployed youth as the difficulty of finding work, lack of income, lack of work experience, problems in social circles, loss of confidence, etc.

⁷Youth employment and migration brief Country: Albania

Considering the vital strength, potential and talent of youth, it is indispensable to develop and implement incentive policies to integrate young persons in the labour market. In the National Strategy for Development and Integration, for example,⁸ strategic objectives⁹ promoting employment of youth are:

1. Promoting decent employment opportunities through more effective labour market policies
2. Ensure the provision of quality vocational education and training (VET) to youth and adults
3. Reducing the opportunities for informal employment and informal employment rate in non-agricultural sectors

For young persons to integrate more easily into the labour market, it is important to be trained or to have vocational traineeships during their education. For example, Bank of Albania provides internships opportunities supporting and assisting students' future.

In this regard, an indispensable role is played by businesses providing traineeships and employment for young persons, because of youth potential. By increasing the entrepreneurial skills of youth, their ideas and creativity will be brought to light.

In conclusion, developing strategies, policies of the government, minimization of informal markets, education and training of youth adapting to labour market needs and employers will make it easier for youth to transition from school to the labour market.

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⁸ National Strategy for Development and Integration 2015-2020

⁹ Part of indicators for development objectives established in the National Strategy for Employment and Skills 2014-2020

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