“Society is indeed a contract. It is a partnership in all science; a partnership in all art; a partnership in every virtue, and in all perfection. As the ends of such a partnership cannot be obtained in many generations, it becomes a partnership not only between those who are living, but between those who are living, those who are dead, and those who are to be born.”

Edmund Burke
British Statesman and Philosopher, 1729-1797
### TABLE OF CONTENTS

**In Lieu of an Introduction** ........................................................................................................... 4

**I. SOCIO-ECONOMIC CLIMATE** ................................................................................................. 6

  - Macro-Economic Perspective .................................................................................................. 6
  - Social Context ...................................................................................................................... 7
  - Fiscal Policies and the Private Sector ................................................................................... 7

**II. YOUTH EMPLOYMENT TRENDS AND CHARACTERISTICS** .................................................. 9

  - Labour market characteristics according to LSMS 2005 .................................................... 12
  - Socio-demographic characteristics of young people .......................................................... 12
  - Trends in education .............................................................................................................. 13
  - Young people participation in the workforce ....................................................................... 13
  - Youth employment trends .................................................................................................. 14
  - Young workers and informal employment ......................................................................... 17
  - Working conditions of young workers .............................................................................. 18
  - Youth unemployment ........................................................................................................... 19

**III. ENHANCING POLICIES FOR YOUTH EMPLOYMENT - RECOMMENDATIONS** .................. 20

  - Albanian Government’s Employment Strategy .................................................................... 21
  - Making the Transition from School to Work ....................................................................... 22
  - Vocational Training ............................................................................................................. 26
  - Youth Entrepreneurship and its Role in Business ............................................................... 27
  - Employment Agencies and Career Counseling Centers ....................................................... 29
  - Governmental Initiatives and Public Employment .............................................................. 30
  - Direct Fiscal Incentives ......................................................................................................... 31

**BIBLIOGRAPHY** .......................................................................................................................... 33
TABLES AND FIGURES

Table 1  Macroeconomic Indicators ................................................................................. 6
Table 2  Indicators and estimations for 2015 ................................................................. 7
Table 3  Regional young population data ....................................................................... 9
Table 4  Percentage of age group 18-24 that have not finished high school ............... 10
Table 5  Main labor market characteristics .................................................................... 12
Table 6  Marital status by gender and age .................................................................... 12
Table 7  Educational attainment of young people by labour market ......................... 13
Table 8  Employment for age group of 15-24 ............................................................... 14
Table 9  Activity status by gender and age, in percentage ............................................. 14
Table 10 Labour force status of respondents by education attainment of parents ....... 15
Table 11 Young people employed by economic sector .................................................. 15
Table 12 Young people employed by occupational groups ......................................... 16
Table 13 Weekly hours worked by young employees ..................................................... 17
Table 14 Self-employed and unpaid family members in percentage ............................ 17
Table 15 Decent work benefits - As a share of total youth employed ......................... 18
Table 16 Unemployment rate - Strict and relaxed definitions ...................................... 19
Table 17 Inactive youth by gender and age, in percentage of total ............................... 19
Figure 1  Methods of securing employment ................................................................. 25
In Lieu of an Introduction…

A society’s youth plays a decisive role in molding the identity and determining the position of each individual in their community. This can only come about through achieving educational and occupational goals, which then lead to professional fulfillment, financial independence, and pave therefore an optimistic prospective for the future of the society as a hole.

Some policy analysts believe that successful youth employment is key to a nation’s steady socio-economic development. Young professionals who are capable of securing decent jobs make an invaluable contribution to a nation’s total economic productivity. Beyond their role as representatives of the most vital part of the labor force, the youth also possess the ability to increase a society’s developmental and technological capacities, to further its comparative advantages, as well as to advance community integration and cohesion.

In order to achieve high youth employment rates all players of the society must surmount the challenges of successful collaboration. Universities, businesses, public institutions, investors and especially the government itself must cooperate in order to create circumstances conducive to noticeable reduction of youth unemployment.

This paper is divided into three chapters. First, a general overview of the Albanian macroeconomic and social climate is presented, complemented by a synopsis of fiscal policies and private sector developments in the recent years. In the following chapter the analysis focuses on Albanian labor market developments, and the main employment trends are presented with an emphasis placed on youth employment. In the third chapter concrete policy recommendations and potential interventions regarding the key aspects of youth employment in Albania are offered.

This study is based on a wide range of significant data that have been published by respected national and international institutions. Most of the data has been gleaned by the Albanian Statistical Institute (INSTAT) reports. The last National Census was conducted in 2001, while the Living Standards Measurement Survey (LSMS) 2005 describes the most recent conditions in the Albanian labour market. Although LSMS is not a survey instrument designed specifically for studying labour markets, it was considered by the authors as the most recent source of accurate statistical data relevant for the selected field of study.
Statistics reveal that Albania is currently facing a severe youth unemployment crisis. The present-day youth employment rates fall approximately 20% below the national average. Moreover, during the years 2002-2005, employment rates have dropped for the age bracket of 15-32 years old. Statistics regarding education do not fare much better as 62% of young people (ages 18-24) do not graduate from high school nor do they pursue alternative forms of education or vocational training. In an attempt to overcome occupational obstacles young people oftentimes exploit nepotistic routes by turning to their relatives or friends for employment solutions.

The successful transition of youngsters from school to the labor market is considered an issue of utmost importance that policymakers must prioritize. The focal objective of this paper is to present relevant facts and analyses related to the employment opportunities for the young generation in Albania, as well as to suggest some recommendations regarding how to optimally overcome the contemporary challenges in this regard.
I. SOCIO-ECONOMIC CLIMATE

Macro-Economic Perspective

Over the past few years, the Albanian economy has experienced an average economic growth rate of 5-6%, followed by price stabilization, which is reflected in a 2-4% average inflation rate. These indicators, coupled with a stable exchange rate, have resulted in a slight but steady increase in savings and investment levels. General aggregate consumption is chiefly supported by emigrant remittances as well as by increased access to loans from second-level banks.

Albania’s economic growth can be mainly attributed to agricultural production, which accounted for 21% of the GDP in 2006, as well as to the following sectors: industrial production, construction, and services. Commerce, a key indicator for economic growth, generates Albania’s highest sales. Imports and exports have enjoyed a steady annual increase: in the year 2006, annual exports increased by 19%, while imports increased by 15%.

<table>
<thead>
<tr>
<th>TABLE 1: Macroeconomic Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>Economic growth</td>
</tr>
<tr>
<td>Nominal GDP in Lek (Mld)</td>
</tr>
<tr>
<td>Nominal GDP in USD (Mld)</td>
</tr>
<tr>
<td>Nominal GDP per capita (USD)</td>
</tr>
<tr>
<td>Growth rate (%)</td>
</tr>
<tr>
<td>Real GDP</td>
</tr>
<tr>
<td>Inflation (average)</td>
</tr>
<tr>
<td>Inflation (mid period)</td>
</tr>
<tr>
<td>Investments--Savings Balance (as % of GDP)</td>
</tr>
<tr>
<td>Foreign savings</td>
</tr>
<tr>
<td>Domestic savings</td>
</tr>
<tr>
<td>-Public</td>
</tr>
<tr>
<td>-Private</td>
</tr>
<tr>
<td>Investments</td>
</tr>
<tr>
<td>-Public</td>
</tr>
<tr>
<td>-Private</td>
</tr>
</tbody>
</table>

Source: IMF and Bank of Albania
Social Context

According to the UNDP’s 2006 Human Development Report, Albania is a middle-income nation with a Human Development Index of 0.784. The number of people living below the absolute poverty line dropped from 25.4% in 2002 to 18.5% in 2005. The percentage of the population that lives in extreme poverty, defined as those who experience difficulties meeting basic nutritional needs, has decreased from 5% to 3.5%. These growth patterns have succeeded in pulling about 235,000 individuals out of poverty. Poverty reduction has been more significant in Tirana and other urban areas compared to rural areas, and in coastal and central areas compared to mountainous and remote areas.

<table>
<thead>
<tr>
<th>TABLE 2: Indicators and estimations for 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indicators</td>
</tr>
<tr>
<td>Absolute poverty (%)</td>
</tr>
<tr>
<td>Absolute poverty (%)</td>
</tr>
<tr>
<td>The poorest 20% of the population in total national consumption (%)</td>
</tr>
<tr>
<td>Unemployment rates (%)</td>
</tr>
</tbody>
</table>


During 2006 the expenditures for social insurance reached a total of 16.2 million Lek, or almost 5.8% of the GDP, while expenditures for health insurance reached 2.8 million Lek, or almost 0.7% of the GDP. Unemployment benefits and economic assistance made up for 0.1% and 1.1% of the GDP, respectively.

Fiscal Policies and the Private Sector

The private sector is estimated to have contributed generating 75% of the total GDP\(^1\) and to have employed over 80% of the total employment\(^2\). Hence, it is the main driving force of the nation’s economic growth. Small and medium enterprises (SMEs) constitute a significant portion of the private sector and produce 64% of the GDP. The SME sector has consistently developed throughout Albania’s transitional phase. According to INSTAT, the number of active private entities reached 64,710 by the end of 2005, reflecting a 15% increase since 2004. In regards to the organizational structure of these small and medium enterprises, entities employing up to 80 workers make up for more than 99% of all active enterprises nationwide.

In an effort to augment business development, fiscal policies over the past two years have attempted to reduce the tax burden placed on the business operators. Below is a more detailed list of the policy provisions:

---

– Reduction of companies’ income tax from 23% to 20%. Since January 2008 the corporate tax applied is at the level of 10%.
– Reduction of the simplified business income tax from 3% to 1.5% as well as the consolidation of the two taxes. The local government institutions are responsible for the collection of this unified tax. However, a new piece of legislation demands for some small businesses to pay an additional 10% income tax starting from 2008.
– Decreased social security contributions for employees from 29% to 20%.
– Annulment of the yearly re-registration fee for businesses.

Despite this optimistic “de jure” picture, the business sector in Albania still faces serious problems, mostly related to the deficient enforcement of these policies, unpredictability of fiscal policies and practices, as well as the high levels of informality and corruption.
II. YOUTH EMPLOYMENT TRENDS AND CHARACTERISTICS

The majority of young people in Central and Eastern Europe today were born between the years 1985 and 1995, a period associated with profound political and economic upheaval throughout the region. These revolutionary changes were ushered in by the fall of the Berlin Wall, a historic event that marked the beginning of an arduous transitional period; countries that had been ruled by the iron fist of centralized authority for decades began to move towards a market economy and a more open political system.

The creation of new job placements is a complicated challenge that requires stimulating macroeconomic policies, a favorable climate for business development as well as vigorous and consistent educational policies. INSTAT predicts that the working age population in Albania will increase 5% annually over the course of this decade and, in 2015, it will represent two-thirds of the total population. In order to accommodate and harness this potential, the country’s economic capacity must be tangibly improved. If incentives and policies for opening new work places are not crafted, the situation could become counterproductive.

The May 2007 publication “Young People in Southeastern Europe and Central Asia: From Policies to Action” concludes that in 1989 the ratio of Albania’s young population to the total population reached an all-time high. The country possesses a high human potential for building up a productive workforce from this optimal demographic. Taking into account the average population increase rates that transpired over the following decades, it can be inferred that Albania will continue to hold a comparative advantage over its neighbors in regards to its youth population. It is, therefore, expected to proffer superior productivity if the necessary incentives to effectively channel this workforce are put in place.

<table>
<thead>
<tr>
<th>SEE Countries</th>
<th>The peak year of young population’s relative weight</th>
<th>Yearly average growth rates 2005-2015</th>
<th>Yearly average growth rates 2025-2050</th>
</tr>
</thead>
<tbody>
<tr>
<td>Albania</td>
<td>1989</td>
<td>-0.5</td>
<td>0.1</td>
</tr>
<tr>
<td>Bosnia &amp; Herzegovina</td>
<td>1978</td>
<td>-1.8</td>
<td>-0.7</td>
</tr>
<tr>
<td>Croatia</td>
<td>1950</td>
<td>-1.7</td>
<td>-0.3</td>
</tr>
<tr>
<td>Macedonia</td>
<td>1979</td>
<td>-1.7</td>
<td>-0.2</td>
</tr>
<tr>
<td>Serbia &amp; Montenegro</td>
<td>1998</td>
<td>-1.8</td>
<td>-0.5</td>
</tr>
<tr>
<td>Turkey</td>
<td>2020</td>
<td>0.4</td>
<td>-0.3</td>
</tr>
</tbody>
</table>

Source: World Bank

Transitioning towards a functioning market economy, being in and of itself a favorable catalyst for entrepreneurial activity, offers to the workforce of these countries new

---

opportunities for development. On the other hand, these conditions placed a disadvantageous employment burden upon people in general and specifically upon the young population. The education system, including opportunities for vocational training, was unable to develop alongside the rapidly changing economic environment. Moreover, the supporting political policies necessary to efficiently upgrade this system were completely non-existent. This time period was characterized by a noticeable increase in school drop-out rates and the widespread phenomenon of emigration, both of which were trends driven by economic need.

Albania is considered to be one of the nations that suffered most severely from the consequences of transition and, in comparison with its neighbors, it endured some of the gravest blows to youth employment.

### TABLE 4: Percentage of age group 18-24 that have not finished high school and do not follow any other educational or training process

<table>
<thead>
<tr>
<th>Year 2005</th>
<th>Education of 18-24 age group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lisbone’s Objective for 2010</td>
<td>10</td>
</tr>
<tr>
<td>EU-(15 countries) average</td>
<td>17.3</td>
</tr>
<tr>
<td><strong>Albania</strong></td>
<td><strong>61.9</strong></td>
</tr>
<tr>
<td>Kroatia</td>
<td>5.4</td>
</tr>
<tr>
<td>Macedonia</td>
<td>36.2</td>
</tr>
<tr>
<td>Serbia</td>
<td>11.4</td>
</tr>
<tr>
<td>Turkey</td>
<td>51.5</td>
</tr>
</tbody>
</table>

*Source: European Commission*

The fact that approximately 62% of Albania’s youth (aged 18 to 24) has not completed secondary education and is not currently enrolled in any alternative educational or training program is a clear indicator that the policymakers have failed to utilize the proper channels and to harness the right tools to solve the dilemma of youth unemployment.

Such a statistic also brings to light the fact that Albania currently holds an unexploited resource in its hands – the youth workforce potential is vast and, if harnessed, could exert positive effects upon the nation’s economic situation. “It is high time to pay attention to policies regarding young people otherwise Albania risks losing a generation of its economy, mainly composed of the people born in the 70s,” concludes INSTAT’s 2004 study, “People and work in Albania”.

The labour market is a relatively recent establishment in Albania that has come to replace the total control of the communist state over the supply and demand of labour, including the number of jobs and their varieties. This new market is ill-established and lacks proper rules. Like in most former socialist countries, it performs based on mixed free-market liberalism with some necessary state protection. Older generations occupy

---


a considerable number of public administration jobs, making access to these posts difficult for newcomers. The older employees keep their positions, not only because they have preserved their previous jobs, but also because of their lack of upgraded skills required for new jobs in the private sector. Therefore, most job opportunities offered to young people is mainly in the private sector.

However the development of the private sector in transitioning economies poses its own particularities and challenges. Most positions in industry were lost after ‘90s, while other emerging sectors, like the service sector, have not made up for those lost employment capacities yet. The agricultural sector has been devastated and, with all the private incentives, it keeps its familiar appearance with small farms, improper for the creation of new jobs.

The peculiar characteristics of youth employment illustrate the constraints presented by the labour market. A disproportionate number of young people find employment in agriculture, especially in rural parts of the country, not because it is a dynamic sector that creates jobs but rather because it accommodates easily forms of informal employment, and also because the other economic sectors have failed to offer better opportunities. Albania is one of the few countries where unemployment rates are higher in urban settings, and in particular in the capital, than in the rest of the country.

This results in a paradox. Since most of the employment offered by agriculture requires little qualification, young people with low levels of education are more likely to be employed than those with secondary level diplomas. While young migrants who left their rural environment to settle in urban areas are less likely to be employed than those who remain at home.

**Box 1 – The Living Standards Measurement Survey (LSMS) 2005**

The Living Standards Measurement Surveys has decisively improved the pool of data available, allowing for thorough analyses of labour market trends for young people. Since a labour force survey (LFS) for the Albanian labour market is absent, the only sources of labour data that remains are the National Census and LSMS. The last Census was performed in 2001, while the LSMS 2005 describes the most recent conditions in the Albanian labour market. In addition to providing cross-sectional estimates for the three survey years, the LSMS 2002-2005 is a panel with the same households followed throughout the period. Although LSMS is not a survey instrument designed specifically for studying labour markets, is the best available source of accurate statistical data.

Analysis of the LSMS data has followed standard internationally-used (i.e., ILO) definitions but has also included estimates of “relaxed” unemployment and labour force participation. Under the conventional ILO definition, adults who are not employed must report evidence of active job search to be classified as in the labour force and unemployed. Under this relaxed definition, individuals without jobs are considered to be unemployed and included in the labour force if they have either searched for work in the last four weeks or have not searched but would be willing to take a job in the next two weeks. In other words, including estimates based on the relaxed definition recognizes the validity of the “discouraged worker” effect in Albania.
**Labour market characteristics according to LSMS 2005**

LSMS 2005 data shows that the overall Albanian labour market characteristic differ according to gender, while both sexes are trying to be active in the labour market. The job creation ratio is about 0.31 and this doesn’t promise well. The ratio is lower for females than for males (respectively 0.28 and 0.35).

<table>
<thead>
<tr>
<th>Year 2005</th>
<th>Total</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>LFPR (relaxed)</td>
<td>43,7</td>
<td>49,8</td>
<td>38,1</td>
</tr>
<tr>
<td>LFPR (standard)</td>
<td>36,6</td>
<td>41,5</td>
<td>32,1</td>
</tr>
<tr>
<td>Unemployment rate (relaxed)</td>
<td>27,0</td>
<td>28,7</td>
<td>25,0</td>
</tr>
<tr>
<td>Unemployment rate (standard)</td>
<td>12,8</td>
<td>14,4</td>
<td>11,0</td>
</tr>
<tr>
<td>Employment rate</td>
<td>31,9</td>
<td>33,5</td>
<td>28,6</td>
</tr>
<tr>
<td>Long term unemployment</td>
<td>80,5</td>
<td>79,9</td>
<td>81,3</td>
</tr>
</tbody>
</table>

*Source: LSMS 2005, elaborated by the authors*

**Socio-demographic characteristics of young people**

The data of LSMS 2005 shows that the Albanian young generation accounts for 1’122’135 individuals representing 35.9% of the total population of the country. The young people aged between 15 and 24 years old present a gender structure where females correspond to 52.5%.

About 57% of the young people live in families with 3 or 4 members, while about 26% live in families with 6 or more members. These data reveal the weakening family ties in the country. The LSMS data also shows that only 2.5% of the early young population aged between 15 to 19 years old are married. The marriages are more frequent for the females than for males at this age group. The situation differs for the more matured youngsters aged 20 to 24 years old. The married young person represents 22.8% of that target population.

**Table 6: Marital status by gender and age**

<table>
<thead>
<tr>
<th>Marital status</th>
<th>Gender</th>
<th>Age group</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male</td>
<td>Female</td>
<td>15 - 19</td>
</tr>
<tr>
<td>Married</td>
<td>3,1</td>
<td>17,6</td>
<td>2,5</td>
</tr>
<tr>
<td>Divorced /Separated</td>
<td>0,0</td>
<td>0,1</td>
<td>0,1</td>
</tr>
<tr>
<td>Living together</td>
<td>0,0</td>
<td>0,1</td>
<td>0,0</td>
</tr>
<tr>
<td>Single</td>
<td>96,9</td>
<td>82,2</td>
<td>97,5</td>
</tr>
<tr>
<td>Total</td>
<td>100,0</td>
<td>100,0</td>
<td>100,0</td>
</tr>
</tbody>
</table>

*Source: LSMS 2005, elaborated by the authors*
**Trends in education**

Also according to LSMS 2005 data, it results that 19.3% of young people by labor market status had completed secondary education, and 70% of them had completed primary education. During this last decade, vocational training has played an ever decreasing role in Albania.

More than 71% of the youngsters that have completed university studies are employed or self-employed, but there is still a considerable number of them unemployed. The time frame when LSMS was conducted was May–July 2005 and it also includes the freshly graduated students that had less than one year that had completed their university studies. This means that 18.9% of university graduates do not find a job after completing their studies.

### Table 7: Educational attainment of young people by labour market

<table>
<thead>
<tr>
<th>Highest diploma</th>
<th>Employed</th>
<th>Self-employed and unpaid family worker</th>
<th>Unemployed (standard)</th>
<th>Not in the labour force</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>9.7</td>
<td>22.2</td>
<td>4.7</td>
<td>63.4</td>
<td>100.0</td>
</tr>
<tr>
<td>None</td>
<td>2.4</td>
<td>27.0</td>
<td>0.0</td>
<td>70.5</td>
<td>100.0</td>
</tr>
<tr>
<td>Primary 4 years</td>
<td>7.2</td>
<td>29.6</td>
<td>3.3</td>
<td>59.9</td>
<td>100.0</td>
</tr>
<tr>
<td>Primary 8-9 years</td>
<td>8.1</td>
<td>24.1</td>
<td>3.9</td>
<td>63.8</td>
<td>100.0</td>
</tr>
<tr>
<td>Secondary general</td>
<td>10.5</td>
<td>15.9</td>
<td>6.1</td>
<td>67.5</td>
<td>100.0</td>
</tr>
<tr>
<td>Vocational 2-3 years</td>
<td>44.5</td>
<td>9.8</td>
<td>0.0</td>
<td>45.7</td>
<td>100.0</td>
</tr>
<tr>
<td>Vocational 4/5 years</td>
<td>14.5</td>
<td>8.0</td>
<td>16.4</td>
<td>61.1</td>
<td>100.0</td>
</tr>
<tr>
<td>University - Albania</td>
<td>68.1</td>
<td>3.1</td>
<td>18.9</td>
<td>9.9</td>
<td>100.0</td>
</tr>
<tr>
<td>University - Abroad</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Post-Grad Albania</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Post-Grad Abroad</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
</tbody>
</table>

*Source: LSMS 2005, elaborated by the authors*

**Young people participation in the workforce**

In 2005, Albanian young people aged 15 to 24 accounted for 43.7% of the total labour force (43.7% according to the relaxed definition and 36.6% according to the standard definition). The participation rate varies by age and gender, teenager involvement (15 to 19 years old) was 32.8%, while that of young adults (aged 20-24) was 59.7%. The male participation was higher at 49.8% than the female participation at 38.1%.
**Table 8: Employment for age group of 15-24**

<table>
<thead>
<tr>
<th></th>
<th>Standard</th>
<th>Relaxed</th>
<th>Longterm Unemployment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labour force</td>
<td>582,637</td>
<td>582,637</td>
<td>582,637</td>
</tr>
<tr>
<td>Employed</td>
<td>185,737</td>
<td>185,737</td>
<td>185,737</td>
</tr>
<tr>
<td>Unemployed</td>
<td>27,308</td>
<td>68,662</td>
<td>21,975</td>
</tr>
<tr>
<td>Economic active population</td>
<td>213,044</td>
<td>254,399</td>
<td></td>
</tr>
<tr>
<td>Labour force participation rate</td>
<td>36.6</td>
<td>43.7</td>
<td></td>
</tr>
<tr>
<td>Unemployment rate</td>
<td>12.8</td>
<td>27.0</td>
<td></td>
</tr>
<tr>
<td>Employment rate</td>
<td>31.9</td>
<td>31.9</td>
<td>80.5</td>
</tr>
</tbody>
</table>

*Source: LSMS 2005, elaborated by the authors*

**Youth employment trends**

The LSMS data reports overall youth employment amounting to 185,737 individuals out of 582,637 individuals which constitute the total young population, aged 15 to 24 years. When employers decide to increase their working staff, they prefer workers to have at least a secondary education or a vocational diploma. The data on educational attainment by labor status are also analyzed using standard and relax unemployment. Long term unemployment appears to be high among the youngsters.

The data also shows that there are some gender differences by activity status. Young women that are not part of the labor force make 30.4% of the total female young population, while for young men that figure is only 17.2%. Although employer would appear to prefer young men to young women, when it comes to self-employment young women are quite equally represented with the young men. This tendency has not so much changed in Albania. Along the years it seems that the young women face more difficulties to be employed compared with young men.

**Table 9: Activity status by gender and age, in percentage**

<table>
<thead>
<tr>
<th></th>
<th>Employed</th>
<th>Self-employed</th>
<th>Unemployed</th>
<th>In School</th>
<th>Not in labor force</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>3,30</td>
<td>28,58</td>
<td>4,69</td>
<td>39,31</td>
<td>24,13</td>
</tr>
<tr>
<td>Gender</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>4,98</td>
<td>30,52</td>
<td>5,96</td>
<td>41,30</td>
<td>17,24</td>
</tr>
<tr>
<td>Female</td>
<td>1,78</td>
<td>26,82</td>
<td>3,53</td>
<td>37,50</td>
<td>30,36</td>
</tr>
<tr>
<td>Age</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15 – 19</td>
<td>1,58</td>
<td>21,56</td>
<td>3,86</td>
<td>53,38</td>
<td>19,62</td>
</tr>
<tr>
<td>20 – 24</td>
<td>5,82</td>
<td>38,91</td>
<td>5,90</td>
<td>18,60</td>
<td>30,77</td>
</tr>
</tbody>
</table>

*Source: LSMS 2005, elaborated by the authors*

One interesting aspect that the LSMS data indicates is that there is a direct correlation between the level of education of parents and the activity status of their children.
Apparently parents that had only completed primary education do not have strong ambitions towards their children education, encouraging them to aim for the labor market rather than schooling. That’s why in Table 10 the most frequent young persons in the self-employed or in the employed column are from families where parents had only completed primary education. Another influencing factor in this aspect might be the fact that most of the young persons are working in non-skill-intensive sectors, like agriculture.

### Table 10: Labour force status of respondents by education attainment of parents

<table>
<thead>
<tr>
<th>Highest diploma</th>
<th>Employed</th>
<th>Self-employed and unpaid family worker</th>
<th>Unemployed (standard)</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>0,1</td>
<td>0,3</td>
<td>0,0</td>
</tr>
<tr>
<td>Primary 4 years</td>
<td>5,1</td>
<td>9,0</td>
<td>3,3</td>
</tr>
<tr>
<td>Primary 8-9 years</td>
<td>59,8</td>
<td>75,0</td>
<td>58,4</td>
</tr>
<tr>
<td>Secondary general</td>
<td>20,2</td>
<td>14,4</td>
<td>25,5</td>
</tr>
<tr>
<td>Vocational</td>
<td>5,7</td>
<td>1,1</td>
<td>7,5</td>
</tr>
<tr>
<td>University</td>
<td>9,1</td>
<td>0,2</td>
<td>5,3</td>
</tr>
</tbody>
</table>

**Source:** LSMS 2005, elaborated by the authors

The agriculture, forestry and fishing sectors accounted for 65% of youth employment, followed by the construction sector which employed about 10% and manufacturing for another 6%.

### Table 11: Young people employed by economic sector

<table>
<thead>
<tr>
<th>Economic Activity</th>
<th>Total</th>
<th>Gender</th>
<th>Age</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>15 - 19</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Male</td>
<td>Female</td>
</tr>
<tr>
<td>Agriculture, Forestry and Fishing</td>
<td>64,9</td>
<td>54,5</td>
<td>76,5</td>
</tr>
<tr>
<td>Mining Industry</td>
<td>0,4</td>
<td>0,8</td>
<td>0,0</td>
</tr>
<tr>
<td>Manufacturing Industry</td>
<td>6,2</td>
<td>2,9</td>
<td>9,8</td>
</tr>
<tr>
<td>Electricity, gas and water supply</td>
<td>0,1</td>
<td>0,1</td>
<td>0,0</td>
</tr>
<tr>
<td>Construction</td>
<td>9,6</td>
<td>17,8</td>
<td>0,4</td>
</tr>
<tr>
<td>Wholesale and retail trade</td>
<td>6,1</td>
<td>8,4</td>
<td>3,7</td>
</tr>
<tr>
<td>Hotels</td>
<td>3,7</td>
<td>5,6</td>
<td>1,5</td>
</tr>
<tr>
<td>Transport and communication</td>
<td>1,9</td>
<td>3,2</td>
<td>0,6</td>
</tr>
<tr>
<td>Services</td>
<td>0,5</td>
<td>0,3</td>
<td>0,8</td>
</tr>
<tr>
<td>Education</td>
<td>1,7</td>
<td>0,2</td>
<td>3,4</td>
</tr>
</tbody>
</table>
Distribution by gender in economic activities shows that young women are equally present with young men in the agricultural sector, while they are less present in the construction sector. The presence of young women predominates in manufacturing and the education sector. If these data are cross-examined the data on occupational duties, it can be concluded that this young workforce is not being hired to perform qualified or skill-intensive jobs. This conclusion can also help explain the situation of employment for the freshly graduated from university studies. Attempting to understand the causes for these trends, it can be said that it is influenced on two levels. On one side lays the lack of demand from the labor market for skilled labor which is conditioned by the current stage of development of its productivity and by the lack of competitive pressures. On the other side lays the quality and performance of education institutions in the country where most of these institutions are still operating based on the outdated communist model that is founded on basic knowledge as opposed to innovation and R&D.

Another interesting aspect that the LSMS data help us understand is linked to some gender differences amongst young employees according to occupational duties. Young men are the ones who have the manager positions, while young women are slightly more in charge of supervisory positions.

The survey questionnaire did not include specific questions on full- and part-time employment. However, this information can be extrapolated from the data on weekly hours of work, which shows that more than 67% of employed young people worked full-time, while 19% of them worked less than 25 hours a week. These data can be also processed in view of gender statistics. Young women are more present in part-time employment (44% ) than young men (22.5%).

### Table 12: Young people employed by occupational groups

<table>
<thead>
<tr>
<th>Managerial duties</th>
<th>Total</th>
<th>Gender</th>
<th>Age</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Male</td>
<td>Female</td>
<td>15 - 19</td>
<td>20 - 24</td>
</tr>
<tr>
<td>Manager</td>
<td>0,5</td>
<td>0,8</td>
<td>0,0</td>
<td>0,0</td>
<td>0,8</td>
</tr>
<tr>
<td>Supervisor</td>
<td>4,5</td>
<td>3,1</td>
<td>7,6</td>
<td>1,4</td>
<td>6,1</td>
</tr>
<tr>
<td>Not manager or supervisor</td>
<td>95,0</td>
<td>96,1</td>
<td>92,4</td>
<td>98,6</td>
<td>93,1</td>
</tr>
<tr>
<td>Total</td>
<td>100,0</td>
<td>100,0</td>
<td>100,0</td>
<td>100,0</td>
<td>100,0</td>
</tr>
</tbody>
</table>

Source: LSMS 2005, elaborated by the authors
In 2005, 22.2% of young people were either self-employed or a paid family worker. The data indicate a strong correlation between self-employment and educational achievement. More 53% of the youngsters in this labor category have only completed primary education. Perhaps this situation is also a result of the fact that most Albanian families have little financial opportunities to support their children’s educational advancement and any schemes of state-subsidized educational loans are completely inexistent in the country.

While almost 57% of young people are working as unpaid family members, young women are contributing more than young men in family activities.

Youth self-employment is generally concentrated in marginal activities, mostly small trade and street vendors, or cafes and restaurants. Although the level of financing through loans is increasing overall in the Albanian market, the young entrepreneurs can hardly profit from these kinds of facilities.

### Young workers and informal employment

Informal employment covers forms of work that are outside the formal system of labor protection and the formal social insurance system. For the purposes of this report, "informal employment” will refer to wage employees with no entitlement to social
security benefits and self-employed individuals and unpaid workers who have not completed university education. The number of young Albanian workers that met these conditions according to LSMS 2005 is 127,695 persons and they represent about 68.8% of the total youth employed. The phenomenon of “informal employment” is more present in the case of young workers that in the total working population. Still according to LSMS 2005, the “informal employment” rate in the overall Albanian labour market is at the level of 42%, while for the young employees it is at as high a level as almost 70%.

Within the wage-employed, the probability of being informal is correlated with being male, less educated, and young. The LSMS data suggest that women have a low preference for informal wage employment relative to men. LSMS data only allow us to analyze the complex phenomenon of informal employment this far. Unfortunately there are no available data related to types of contract and their length or data on enterprises operational procedures.

Informal employment and its specific implications, is not a phenomenon restricted only to Albania. Young people encounter more employment obstacles than adults because, in most cases, they possess less knowledge about their rights as employees and, therefore, fall victim to the shortage of legitimate employment opportunities more easily. As the International Labor Organization observes in one of its studies, young people are more vulnerable to the informal job market.  

**Working conditions of young workers**

Working hours can be used as a factor to determine the level of working conditions. Almost 16% of respondents worked 40 hours per week, 25% worked between 41 and 50 hours, and 26% exceeded 50 hours per week. Many young people can work eight hours per day, although they are enrolled in school classes. This is more frequent for young people employed in the retail sub-sector, where opening hours are discretionary and often very long.

The young workers are excluded from entitlements. The complete analysis on this situation is not possible only based on LSMS, but can still provide some basic information to help us describe broadly the motivational situation for young workers. When we previously presented the relation between youth employment and informal employment, we took into consideration the lack of social security benefits for young workers. But the young workers were also lacking bonuses and other form of benefits, like bus tickets, thirteenth salary, etc. However, it must be mentioned that these kinds of instruments are not very commonly used in the Albanian labour market even when it comes to other categories.

<table>
<thead>
<tr>
<th>Table 15: Decent work benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>As a share of total youth employed</td>
</tr>
<tr>
<td>Entitlement</td>
</tr>
<tr>
<td>-------------------------</td>
</tr>
<tr>
<td>Social security benefits</td>
</tr>
<tr>
<td>Bonuses</td>
</tr>
<tr>
<td>Other forms of payment</td>
</tr>
</tbody>
</table>

*Source: LSMS 2005, elaborated by the authors*

---

Youth unemployment

This indicator is often used to measure the difficulties that young people face in their search for work. Furthermore, given that young people are not a homogeneous group, each indicator should be analyzed on the basis of additional characteristics like sex, age group, educational level, and household composition, any of which can intensify young people’s disadvantages in the labor market.

The data of LSMS 2005 measure the unemployment ratio using both relax and standard unemployment definitions. The results show high rates of unemployment for the young population in comparison with the overall unemployment at country level. Both indicators appear to be twice as high as those of the total working population. There are some differences between the unemployment ratios for young men and young women, 14.4% and 11% respectively, and this might be due to the differences in economic status of the two sexes.

Table 16: Unemployment rate - Strict and relaxed definitions

<table>
<thead>
<tr>
<th></th>
<th>Unemployment rate standard definition</th>
<th>Unemployment rate relaxed definition (including discouraged workers)</th>
<th>Difference (percentage points)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>12.8</td>
<td>27.0</td>
<td>14.2</td>
</tr>
<tr>
<td>Gender</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>14.4</td>
<td>28.7</td>
<td>14.3</td>
</tr>
<tr>
<td>Female</td>
<td>11.0</td>
<td>25.0</td>
<td>14.0</td>
</tr>
<tr>
<td>Age</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15-19</td>
<td>14.3</td>
<td>29.4</td>
<td>15.1</td>
</tr>
<tr>
<td>20-24</td>
<td>11.6</td>
<td>25.0</td>
<td>13.4</td>
</tr>
</tbody>
</table>

Source: LSMS 2005, elaborated by the authors

Inactive young people, excluding students, accounted for 24.1%. Table 33 illustrates the share of young people in school and not present in the labor market, by age and sex. More young women are inactive than men by a mere 23 percentage points, while their enrollment rate appears to be less than that of young men. These trends can find justification in the gender discriminatory patterns inherited from the patriarchal attitude of some Albanian families, where young women are brought up with an education that their future role in the society is limited to maternity and housekeeping.

Table 17: Inactive youth by gender and age, in percentage of total

<table>
<thead>
<tr>
<th></th>
<th>In School</th>
<th>Not in labor force</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>39.3</td>
<td>24.1</td>
<td>63.4</td>
</tr>
<tr>
<td>Gender</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>41.2</td>
<td>17.2</td>
<td>58.5</td>
</tr>
<tr>
<td>Female</td>
<td>37.5</td>
<td>30.3</td>
<td>67.8</td>
</tr>
<tr>
<td>Age</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15 - 19</td>
<td>53.3</td>
<td>19.6</td>
<td>72.9</td>
</tr>
<tr>
<td>20 - 24</td>
<td>18.6</td>
<td>30.7</td>
<td>49.3</td>
</tr>
</tbody>
</table>

Source: LSMS 2005, elaborated by the authors
III. ENHANCING POLICIES FOR YOUTH EMPLOYMENT
- RECOMMENDATIONS -

The young generation is perhaps the most valuable asset that a country possesses for its steady development in regards to both economic productivity and social cohesion, which are two of the prerequisites necessary for political stability. In this context, it is of utmost importance that a special emphasis be placed on this generation’s comprehensive inclusion into the job market. Can a nation truly experience sustainable development if it is unable to offer secure employment to all levels of society? In the face of an unemployment crisis that most harshly affects the youth, it is impossible to expect that this demographic will contribute to society’s development in terms of culture and politics.

The importance of youth employment and entrepreneurship does not only lie within the sphere of stable economic development. It stretches beyond economy by presenting a constructive example for the whole of society. Finding and implementing optimal solutions to the problem of youth unemployment will not only fulfill each individual’s personal and financial needs; it will also offer advantages to the entire community by ensuring social cohesion, sound economic development and a better standard of living.

**Box 2: Economic consequences of youth unemployment**

The underemployment of young people represents a missed opportunity for economic development on both the national and global scale. It is estimated that reducing the current youth unemployment rate by half (from 14.4% to 7.2%), and thus bringing it closer to the adult unemployment rate, would add 4.4-7% to the global GDP. Studies show that the highest potential gains would be in sub-Saharan Africa, with an estimated 12-19% increase in GDP.

*Source: “ILO starting right: Decent work for young people” 2004*

The vicious cycle of deprivation and social exclusion that currently plagues young people as they transition into the workforce can exert damaging effects upon societies and economies. Unemployed or underemployed youth are less able to effectively contribute to national development and have few opportunities to exercise their rights as citizens. They have less to spend as customers, less to invest as savers, and often are less prone to bringing about changes in their lives and communities. In order to convert economic growth into positive results for the general market as well as for individual citizens, employment should be made the main focus of socio-economic policies.

Underemployed youth deprive businesses and the economy at-large of the opportunity to utilize advanced innovations. Such modernization, which is based upon making investments in human capital, is indispensable for fostering competitive advantages on the market. Hence, neglecting the young generation’s potential is akin to deliberately stunting economic growth.

It is clear that the issue of youth unemployment is a matter of collective responsibility, falling upon the shoulders of individuals, communities, and institutions; that is, guilt
Albanian youth challenges toward employment - Recommendations

Investing in the youth is making a sound investment in a nation’s future. High youth unemployment translates into lost, unexploited, or undermined socio-economic potential. Developing potential interventions to increase employment could span a wide array of theoretical policies. However, the implementation of a tangible and successful intervention presents a unique task because only a policy that possesses a comprehensive and all-contributive dimension could possibly resolve the dilemma of youth unemployment.

**Albanian Government’s Employment Strategy**

The Albanian Government’s national employment strategy 2007-2013 anticipates higher public expenditures on education, including pre-university and university education. This sector is projected to take a priority position in the 2009 budget expenditures, foreseen to reach 5% of the GDP.

This Employment Strategy also focuses upon the reintegration of emigrants into the domestic job market. According to this document, emigrants have gained valuable professional skills and experience abroad and their inclusion in the Albanian job market will be encouraged through a temporary tax break for their businesses.

However, this political approach may prove to be counterproductive because it may fail to respond to the Albanian job market’s intrinsic problems by glossing over them with a quick fix. This market suffers from a lack of employment and this is the main reason for which many members of the active work force initially decide to seek work abroad. A more effective policymaking approach would include policies that discourage emigration from the outset by prioritizing the youth’s problems and thereby steering them towards homeland employment rather than emigration.

The Employment Strategy also anticipates the development of partnerships with other players on the job market such as businesses, universities, research institutes and civil society, and various donors. Although this objective has been conceived of accurately and identifies essential actors on the job market, the Strategy does not set out concrete steps for achieving its goal and does not include a concrete proposal regarding how to foster this cooperation.
Box 3: Indicators of a National Youth Policy

**Informal Education** – encourages active education that skirts the formal education system through the opening of clubs for youth inclusion and through NGOs

**Youth Training Policies** – promotes further education for the most qualified youth, which is necessary for the development of effective youth NGOs

**Youth Legislation** – supports legislation that recognizes and accepts the role that young people and youth organizations should hold in decision-making and assures the government’s efficiency in dealing with youth cases

**Youth Budget** – allocates grants for individual projects and youth organizations

**Youth Information Policy** – aims (1) to inform the youth about the opportunities available to them, and (2) to maintain open communication lines between the youth and the policymakers to ensure the transparency of the conceptualization and implementation process of all youth-related policies

**Multidimensional Policy** – emphasizes that youth policies should be implemented at the national level as well as the local one

**Youth Research** – regularly identifies the essential issues related to youth welfare, the best practices to use for addressing these issues, as well as the role of youth organizations in the development of society.

**Participation** – supports active participation of youth organizations in youth policymaking and implementation

**Partnerships between Ministries** – implements youth policies in an inter-sector way, which hence ensures a common ministry responsibility. In the best case an agency for youth coordination would contribute to and monitor the implementation process.

**Other Innovations** – stimulates innovative and creative alternative solutions for addressing problems that face the youth

**Advisory Youth Organizations** – determines a structure (i.e., Consulting Committees) with a mandate to influence the government about youth issues

*Source: European Youth Foundation (2002)*

---

**Making the Transition from School to Work**

*Everything we have learned from formal environments (schools, colleges, training centers, etc.) only represents a fraction of the skills we have gained. We have also learned from informal environments such as youth associations, sports clubs, family life and political engagement.*


Executing a successful jump into the labor market from the world of academia is one of the most critical trials that people face during the course of their lives. Logically, the
more prepared they are for their debut onto the job market, the easier this transition will be. Overcoming the challenge of this transition depends on the general state of the job market, especially workforce demand levels, but in most cases the failure to make this climactic jump rests upon the lack of information or supporting tools (i.e., employment offices, job training courses, relevant policy implementation) available to the young people.

One of the chief reasons why this transition proves to be very complex in Albania lies in the deep-seated faults of the nation’s inefficient educational system, which is still far from fulfilling its necessary role as a catalyst linking the educated, potential workforce to the local, national or even regional market. Career service centers, which should be included as intrinsic bodies at every university, are practically almost non-existent.

Moreover, formal cooperation between educational institutions and society’s relevant key players is still a utopian dream that has not even begun to take form – it is starkly absent from the present-day education national strategies. Currently, the gap of communication between the youth and potential employers is filled by private businesses’ initiatives and youth organizations. However, this activity is sporadic because it relies upon continuous outside funding, which renders it unsustainable. A healthy school-to-work transition requires not only a versatile job market but also a well-qualified young generation that is provided with guidance towards career development.

All of these deficiencies spawn a faulty workforce “production system” and simply add to the other school-to-work transitional obstacles.

The method most commonly used to secure job placements is another serious school-to-work transitional problem that young people are forced to confront. According to INSTAT statistics approximately two-thirds of young people use their relatives or friends as intermediaries to find employment. Even though we currently live in the internet age and the services industry is booming, Albanians continue to rely upon personal relationships to find jobs. Such a trend indicates that there is lack of respect for professional merit since employment can be provided through nepotism rather than through the normal interview process, which purportedly judges candidates based on skill, education level, and experience rather than by who they know.
Box 4: Career Counseling Simplifies the School-to-Work Transition  
(Experience from the United States)

Career service centers render the transition from academia to the labor market a much smoother one in the United States. Beginning at the high school level, the education system already orientates itself in a professional direction. The philosophy behind this method is that learning should not be exclusively focused upon theoretical academic knowledge; the practical aspect of skills development is treated with equal importance. This system functions on the principle of establishing decentralized partnerships between schools, employers and trade unions at the community level. The three main components are:

1. School-oriented Learning:
   - The implementation of a nationally standardized high school curriculum
   - Career counseling
   - Pre-career selection
   - Classes include a combination of academic and hands-on learning
   - Combination of formal education and complementary training classes
   - The provision of continuous feedback on students’ progress taking into account their personal objectives and requests for extracurricular activities and classes

2. Professionally-oriented Learning
   - The provision of professional trainings and recognized, certified work experience
   - The provision of information regarding all the various employment sectors
   - Work sites provide counseling and direction to employees

3. Related Activities:
   - Activities that encourage employer and union participation in the educational system
   - Providing students with internship opportunities throughout their academic career that could then lead to suitable job opportunities upon their graduation
   - Stimulating cooperation between students, parents, employers and employment offices
   - Assisting recent graduates in their job hunt
   - Extracurricular activities that empower youth to enter the job market (i.e., work fairs)

Source: ILO – Employment counseling and career guidance: A trainer’s guide for employment services personnel

Only 7% of young people find a job through direct employment contacts, while 25% of them find work through employment agencies. The contribution of employment agencies is limited from a qualitative standpoint because they mainly concentrate upon the market for manual labor rather than including a wider array of employment opportunities.
In addition to the aforementioned problems in regards to methods of securing employment, there exists a need to forge a formal cooperation between governmental institutions, businesses, and civil society. This cooperation could then be wielded as an efficient instrument for raising living standards and for ensuring sustainable development. In line with this idea as well as the desire to channel job market avenues away from personal contacts, the World Bank Office in Tirana has funded an important initiative – the “I Work” project.

**Box 5: “I Work” Project**

The Mjaft! Foundation’s “I Work” project, which is both financed and supported by the World Bank, has assisted in creating a more transparent employment process in Albania by providing jobseekers with the tools necessary to avoid the use of informal channels. The project’s main activity, a virtual employment office, is a comprehensive service that offers all societal groups, including the Diaspora, a wide array of information ranging from scholarship and internship announcements to part-time and full-time job postings. This free service also allows its users to complete all applications online.

This project was implemented through the following two phases:

**Phase I:** conceptualization, creation, and launching of the unepunoko.com website

**Phase II:** ensuring that this virtual employment office would function on a practical level and that it would be sustainable over time; the second phase of the project included activities such as job fairs in two of Albania’s largest cities (Korca and Vlora) as well as a career week that was held in the capital.

This project’s tangible results proved to be well-aligned with its original objectives:

1) Creation of a transparent link between employers and jobseekers
2) Capacity-building for jobseekers through trainings and career counseling (career week)
3) Cultivation of a work culture that contributes to the transparency of the employment process (job fairs)
Over the period March 2006-August 2007, unepunoj’s website has posted approximately 480 job vacancies and 282 scholarship and training opportunities. In addition, a total of 350 employers (governmental institutions, NGOs, and private companies) and 4210 jobseekers have registered on this website. Unepunoj has also forged a number of partnerships with institutions such as national employment offices, the national Department of Public Administration, international organizations, and universities.

**Vocational Training**

Vocational training is one of the methods that young people employ in order to better their skills and adapt to the job market faster. According to official data, approximately 41% of those who partake in vocational training remain unemployed. Vocational schools in Albania have yet to undergo the proper reforms necessary to adapt to the nation’s new economic realities. This fact is sustained by the government itself. The following statement can be found in the Employment Sector Strategy 2007-2013: “The current vocational training system in Albania is weak both from the quantitative and qualitative perspectives. In general there is a lack of adequate infrastructure, insufficient financing, low levels of human resources, outdated school curricula and obsolete management methods.”

A qualitative upgrade of human capital is closely tied to the increased demand for pertinent education. Therefore, it is inextricably linked to reforming the educational system and curricula to fit the market’s realities as well as to establish a more direct bond between education and employment.

In Albania there are approximately 40 vocational schools that span across 22 cities. Countrywide there exist only 9 public centers for vocational training and they are located in the Albania’s biggest cities: Vlora, Shkodra, Tirana, Durres, Elbasan, Korca, Tepelena and Fier. Meanwhile, only 3 vocational schools, focusing on both agricultural and non-agricultural fields, function in the rural areas. Lastly, there are 120 licensed private vocational centers spread throughout the nation.

In 2006, 72% of vocational school graduates specialized in computers or foreign languages while the rest specialized in one of the 17 remaining technical professions. About 63% of the people attending vocational training courses in public centers are 24 years old and younger. In Albania, “the quality of vocational training is regarded poorly and a very low percentage of students, young people or adults, attend vocational schools. Even the private sector for vocational schools is weak and possesses characteristics similar to the public one,” states the Employment Sector Strategy 2007-2013.

It becomes clear, when specifically taking the Albanian market into consideration, that there exists an exigent need to reform the vocational education system to meet the nation’s economic priorities. Vocational schools should focus upon fields, such as agribusiness, gastronomy and tourism, which are currently in need of a workforce that possesses hands-on experience rather than theoretical knowledge. These sectors should also be focused upon because they are able to offer a competitive advantage at the international and national level. Within this context, a research study should be

---

7 Sectorial Employment Strategy 2007-2013
conducted to demarcate all of the industries, based on their regional location, in Albania that enjoy a competitive advantage on the market. The ensuing results, which could be summarized in thematic local maps, could then be utilized as the basis for exacting structural changes in the vocational schooling system. These changes should be applied nationwide in an effort to open the appropriate vocational schools in regions where the curricula could include hands-on training (i.e., if the district of Lushnje possesses a competitive advantage for agriculture and has many agricultural businesses, a vocational school specializing in this field could be established there and the students would then be exposed to hands-on training combined with the knowledge they would acquire in school).

This reconstruction of the vocational school system would also stimulate rural and local development by creating specific vocational centers that would prepare students for specific technical professions in sectors where this specific workforce is needed, thus fueling the cycle of employment and steering it into the appropriate vocational areas that would spawn the most economic productivity. Similar undertakings have only peppered Albania’s vocational landscape. In addition to the positive effect that such schools could exert upon employment opportunities, they would also contribute to eliminating migratory pressures through the creation of appropriate vocational centers in the nation’s less preferred zones.

Over the past years a growing trend to open new universities in less metropolitan areas has been noted. However, these universities generally fail to adapt their curricula to the needs and priorities of the areas in which they are built. In most cases, it seems as if alternative routes of study are essentially blocked and traditional curricula are “cloned” – the only novelty offered is the fact that universities are migrating beyond Tirana’s borders. To build a bridge between these new institutions and the local job market, it is crucial that the school curricula be linked to the specialties of the region or district in which they are located as well as to the specific priorities of development for these places.

For example, in Saranda, it would be advantageous to develop school and vocational training curricula that are in line with the city’s employment sectors: tourism, gastronomy, diving, craftsmanship, archaeology, foreign languages, agrobusiness, aquaculture, specialist of oysters and fish cultivation, wood processing, etc. On the other hand, in a mountainous region such as Kukes potential priorities for schools could be mountainous or rural tourism, alpine geography, wood processing, agrobusiness, veterinary techniques, gastronomy and culinary services, environment, etc.

Youth Entrepreneurship and its Role in Business

Although programs to promote youth entrepreneurship are still rare in Southeastern Europe, a recent study reveals that such programs can offer very positive results. Given that there exists a relatively small number of such endeavors it is impossible to derive certain and general conclusions about their effectiveness. However, one thing is clear: Policies that strive to reduce the extra barriers young people face when developing their own innovative businesses have been successful and have clearly won the support of the youth. One of the key ingredients necessary for successful youth entrepreneurship endeavors is a favorable business climate that is specifically conducive

---

to opening SMEs. The World Bank’s 2004 report, “Albania: Maintaining a Steady Growth Even Beyond Transition,” observes that ensuring a successful employment process is rooted in both an increase in human capital as well as an improvement in the quality of this capital.

In Albania’s case, youth entrepreneurship possesses a vast potential, characterized by creativity and dynamism. Given this fact it is imperative that the government place a policy-based emphasis upon introducing incentives that will encourage youth entrepreneurship. One potential strategy that could be employed to further this goal is the allocation of an annual governmental fund that will financially support some of the nation’s best youth business plans. In addition to local and national resources, the international community could also contribute funding for such an initiative. These funds could then be managed by central or local governmental institutions or by youth organizations themselves.

**BOX 6: YAPS, the model of a successful social business**

Youth Albania Professional Services YAPS is a model of social business that operates under the market rules, but driven from social objectives and not from the earnings perspective. All the employees come from marginalized and risky groups.

YAPS deals with Post and Packages Distribution. It is one of the five licensed post and packages distributive services which operate under the market rules in Albania. Its direct competitors are the national post services (Express Post Service) and ACS Albania. TNT, DHL and Federal Express are mainly focused on the international level. YAPS have gained around 1/3 of the whole Albanian market and the direct post distribution. YAPS service has started in the capital with the aim to expand in other regions. The number of total employees has increased from 32, in June 2002 to 80 in November 2003. Its 70 clients include YAPS Foundation, embassies and many promising international companies.

*Source: “Youth and transition: issues confronting Albania’s key resource” Social Research Centre, INSTAT, November 2003*

Another tentative initiative could include the involvement of the nation’s financial institutions, especially in light of the fact that the Albanian people have recently begun to enjoy increased access to loans from second-level banks. Within this context, a fixed entity that gleans the benefits of being closely tied to the association of Albanian banks could be established with the aim of promoting prioritized allocation of subsidized loans to finance youth business plans. This institutional intervention would eliminate the high interest rates that often accompany youth loans, which is a necessary step towards ensuring successful youth entrepreneurial endeavors. The establishment of such a framework should also include an educational focus whereby young people are trained in business development so that they can successfully transform creative business ideas into fully functional enterprises. Financial institutions have a substantial stake in supporting such initiatives because they will improve the banks’ corporate social responsibility profile and will contribute to the nation’s economic stability, a factor that is fundamentally salient for the banks long-term interests in the country.

Furthermore, specific schemes could be crafted to guide the business community from traditional corporate philanthropy into the more complex work of community development. Private businesses play a key role in the provision of youth employment...
opportunities as well as internships. However, they can also participate in ameliorating
the problem of youth unemployment by cooperating with educational institutions and
NGOs in an effort to design and implement suitable preparatory programs for the youth.
These programs would prove to be very effective if they focus on providing the youth
with the skills necessary to actively partake in the current job market.

Employment Agencies and Career Counseling Centers

The National Employment Service (NES) provides various services for jobseekers
including registering them, providing them with consultancy, playing the role of
mediator between them and potential employers, helping them complete the application
for receiving unemployment benefits, registering them for vocational school, and
providing them with information about the job market according to each sector. It also
implements various programs to increase employment. The NES has 36 branches across
the nation and employs a total staff of 372. One of the issues central to scope of their
work is to improve the job market situation.

The Albanian legislation system has provided for the creation of private employment
agencies since 1999. These agencies provide services evaluating market demands,
applications for jobs both nationally and internationally, as well as services for the
employed workforce (provided by a third party). There are currently 14 private
employment agencies functioning in Albania. Although this number seems promising
from a quantitative perspective, in reality these agencies provide employment
opportunities for a limited group of jobseekers; in most cases they offer Albanians
temporary contracts to work abroad. After conducting some research by contacting such
employment agencies it was discovered that jobseekers and employers alike have yet to
establish the trust necessary to approach those private employment agencies.

The lack of information and public awareness about the services that these employment
agencies have to offer is a problem that must be faced if these intermediary agencies are
to gain the trust of all interested parties and to play their role successfully. Within this
context it is crucial that governmental institutions and youth employment institutions
alike take on an important role in addressing this problem by employing tactics to bring
the key players together through promoting the services that these agencies offer. In this
way, the aforementioned institutions could function as mediators between the job
seekers and employment agencies as well as between the employers and employment
agencies.

One element that is starkly absent from the current employment spectrum is the
existence of career counseling centers, which should function as intrinsic entities under
the umbrella of the university system. They should serve as a bridge for students by
guiding them out of academia and preparing them for their debut onto the job market.
Such structures would (1) provide students with consultation about job market trends
and how to match their personal interests to these trends, (2) offer students contacts with
businesses and/or recruiting departments of other institutions, (3) provide students with
updates about job and internship postings, and (4) offer students constructive help with
the job application process including C.V. writing, mock interviews and general tips
about how to approach the employment process.

Lately, a positive trend in the number of job fairs occurring in Albania has been noted,
but the success rate of this tool has yet to be determined. Another move in the right
direction for promoting youth employment has been the increased frequency of internships offered by public institutions. However, both of these optimistic developments are unique examples of success because as long as these tangible efforts are not supported in an institutional manner their existence remains a moot point. For example, mechanisms must be put in place to ensure that internships are taken seriously by the institutions that are offering them, that an intern’s duties are clearly delineated and that they receive constructive feedback about their performance. Financial resources must be allocated to internship programs so that they draw worthy applicants and are accessible to all students. Moreover, since Albania is currently in the embryonic phase of transforming the concept of an internship from an isolated instance into a mainstream occurrence, the value of partaking in one must be emphasized – for example, success stories of internships that have turned into long-term employment should be publicized.

**Governmental Initiatives and Public Employment**

Engaging the youth in public employment programs is a tactic utilized in many countries globally and it is mainly directed at youth groups that arise from backgrounds of poverty and marginalization. In addition to providing these youth with employment opportunities, such programs can also contribute to the development, both infrastructural and economic, of their local communities.

**Box 7: Youth Corps in the United States**

“Youth Corps” is a specific public initiative that falls under the umbrella of community service programs. Its chief target group is unmotivated youth (i.e., high school dropouts, long-term unemployed youth). The program combines paid work with education and training, work preparatory classes, as well as leadership and life skills training. Young people are divided into work teams in order to enhance peer support structures and to offer the participants a positive model of cooperation and mutual respect.

The programs are managed at the local level and are financed by various sources, including federal and state grants, as well as funds generated from other programs. In 1997, approximately 120 such programs, which covered 30,000 members, existed in America. An evaluation of these programs concluded that they are successful in improving long-term employment opportunities for at-risk youth. For example, a pilot study comparing a group of Afro-Americans engaged in “Youth Corps” with a control group found that the former has a higher employment rate (91% versus 61%), higher incomes by 50%, and fared better in regards to level of education. Furthermore, the societal value of their engagements with education as well as their individual output exceeded the cost of each member’s participation in the program by 600 USD.


Similar programs are implemented in many countries, especially in situations concerning a community’s emergent infrastructural development or in the face of post-disaster crises. Such a mechanism creates a way for the state budget to directly contribute to the establishment of new job placements and to further expound upon this employment initiative by funneling it into wider-reaching local development programs for marginalized areas. The program “My First Job” in Poland aimed to create new job
vacancies specifically for school drop-outs by cooperating directly with existing businesses. Great Britain has implemented similar initiatives, but they go beyond merely offering job vacancies by providing supplementary services including trainings and consultancy sessions.

However, these programs suffer from one chief weakness: they cannot ensure long-term employment and do not necessarily offer re-employment opportunities to their participants. Regardless of this weakness, these initiatives serve an important purpose because they (1) increase the productivity levels of employees who possess relatively limited qualifications, and (2) offer public sector job experience to first-time employees (especially at-risk youth) in an incubator form, hence introducing them to the job market under the best possible circumstances.

The existence of many infrastructural projects in Albania spawns encouraging possibilities for applying the aforementioned techniques to the creation of public programs for the youth. The public sector is in dire need of huge infrastructural interventions such as the creation of roads, ports, and hydroelectric and thermal power plants. Moreover, there exists a severe lack of programs on both the national and local level including, but not limited to, fire prevention, disease prevention and treatment in certain areas, as well as environmental interventions. It is very important that policymakers focus some of their attention on setting up employment incubators of this kind and creating successful models that emphasize the inclusion of the youth.

Ensuring the effective flow of information is one of the keys to securing a healthy national employment sector. Methods must be employed to effectively publicize employment opportunities for young people, statistics about the job market, employment success stories, information about career development, average wage levels according to sector, etc. In an ideal situation every person should be endowed with all of the pertinent information related to each profession, including statistics that predict each sector’s future, before embarking upon career choices.

**Direct Fiscal Incentives**

In the case of youth unemployment, the school-to-work transition can be rendered smoother and more effective through governmental interventions in the form of direct fiscal incentives. For example, policies of partial wage reimbursement (for unpaid internships), elimination of social security contributions (only during the initial working period), and/or fully or partially paying for vocational training could be employed. These supportive tactics serve to compensate for the disadvantages that first-time jobseekers face on the market. Within this framework, however, it is imperative to craft an efficient monitoring system that will control for potential abuses.

As presented in the previous Chapter, although the job market in general has brought about more employment, the young people’s employment has been neglected and they are at a disadvantage when compared to other age groups. The aforementioned fiscal incentives could serve as a mechanism to compensate for these trends by assisting the youth in debunking the current belief that young people lack the necessary experience to be offered employment.

In some transitional countries, strategies that offer the youth financial subsidies equal to the national minimum wage have been employed. Lithuania limits this subsidy when it
comes to youth who have secured long-term work contracts, in an effort to ensure sustainability in youth employment. It also offers an attractive work environment that could draw youngsters who have gone abroad to study or work back home.

Work contracts and internships have been used in many countries as a tool to facilitate the school-to-work transition. In the Czech Republic entering the job market is facilitated by an annual wage that the government provides and this aims to finance on-the-job training. Such incentives are also utilized in other nations such as Belgium, France and Italy, where employers are offered financial incentives to hire young workers.

In all modern and developing economies, especially comparing to countries that are economically similar to Albania, such subsidization is being used. These countries spend a considerable amount of the public funds to implement policies that aim to integrate youth within the national production cycle. Employment and youth entrepreneurship are directly linked with a nation’s stable economy and overall societal prosperity.

Securing suitable employment that meets a young person’s individual expectations leads to personal and occupational fulfillment, but at the same time it offers benefits to the community, ensures social cohesion, promotes economic development, and better living standards. The realities of living within Albanian society should not crush such aspirations. Nevertheless, the current unemployment crisis calls for an immediate and efficient reaction from all key societal players.
BIBLIOGRAPHY


European Training Foundation, Albania Country Plan 2007

European Training Foundation, Labor Market Reviw of Albania

INSTAT, People and work in Albania – Work force, Employment and unemploymnet, 2004

INSTAT, Albania in figures 2006

INSTAT, Feeling an adult in Albania, 2006

INSTAT, Job Market 2006


International Labor Organization (ILO), Creating Decent Work for Young People: Policy Recommendations of the UN Secretary-General’s Youth Employment Network.


International Labor Organization (ILO), Global Employment Trends 2006-07

International Labor Organization (ILO), Global Employment Trends for Women 2006-07

International Labor Organization (ILO), Global Employment Trends for Youth 2006-07


International Labor Organization (ILO), World Employment Report 2004-05

International Labor Organization (ILO), YLMKT Indicators


The World Bank, World Development Indicators - Youth Development Indicators.


UNECE, The Statistical Yearbook of the Economic Commission of Europe 2005, “Trends in Europe and North America - Employment Rate, Unemployment Rate and Youth Unemployment Rate”.


Vallai’ Carbanese and Giani Rosas, Employment Policy Papers, “Young people’s transition to decent work: Evidence form Kosovo, 2007

www.iло.org International Labor Organization

www.instat.gov.al Institute of Statistics