

The Framework of Economic Factors in Albania

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Abstract

Considering social and economic factors and their effects on the global economy this study has singled to present one of the most important macroeconomic factors such as unemployment. Unemployment is a disturbing factor of society. The purpose of this research is the study of unemployment in the macroeconomic framework, particularly in nowadays where feel the signs the economic crisis, in the social and economic perspective. To reduce unemployment the economic policy responsible persons often seek to give an impulse in the social economic system to approach full use of the abilities and the labor market starts to be exhausted. Unemployment includes the percentage of unemployed from the entire workforce capable of working, in the economy of a country. Also, based on the impact of the global crisis, this study aimed to highlight the impact of the crisis on the level of unemployment. Recently in our country is working to improve the legal framework which aims to activating the population capable of working, both in the private system as well as in the public system. According to the studies conducted economic losses caused by unemployment are greater than the losses expected by the company from the non-functioning of monopolies.

Keywords: *Unemployment, Employment, Economic recession, The global crisis, The economy, Economic factors.*

Introduction

The start point of the study of the phenomenon of unemployment is submitted by the concept of labor force. From an economic point of view a higher unemployment perspective means actual GDP decline. In different studies made for economic losses caused by the unemployment estimated to be greater than the losses experienced by the company from the inefficiency of monopolies or losses caused by tariffs and quotas. The economic cost is expressed as the difference between actual and potential product. So in an unemployment situation this value is negative.

The full working occupancy and the price stability are the two central macroeconomic goals of the government. A large number of enterprises has trouble to find qualified workers and in the conditions of a high competition, the salary started to increase. Thus, a low unemployment

levels leads to increase the wage which through inflationary spiral generates an increase in the prices themselves. Any financial system is sensitive in terms of age composition of its active members. If age ratio is high, then the number of them that you are eligible for benefits will be great. The existing tax burden compared to other countries is judged high. In our opinion it is considered as one of the serious cause's large-scale evasion in the collection of contributions in favor of Social Insurance System. This system has been completely mandatory and state based on redistribution. It was developed in two parallel schemes one for public sector employees and on the other one for the private sector employees.

Precisely when unemployment began to threaten the stability of society or the state, various activities were organized with assistance character. The intervention of state in economic flow through economic policies is justified by the adjustments made in terms of eliminating the phenomena that become an obstacle to maintaining the general welfare of society. These occurrences are associated with imperfect market operation in shielding the poorest layers of society, creating jobs, elimination of monopolies and the growth of genuine competition.

2. Research method

The economic interpretation of unemployment represents the sharpest issue and the contradictory macroeconomic theory. Generally is recognized that in the conduct of working factor, a determining role have wages. Economic cost is expressed as a difference between the current product and potential product. Periodic financial crises motivate each question to the rationality of markets and seek to know how it is possible that rational actors and occasionally gripped by greed or modes of mania for large amounts of investment, when almost anytime finish in panic situations about the financial crisis. Or, if the question is made differently if economic actors are reasonable, as economists assume that they are, then how can explain here after early outbreak of irrational financial markets?

According Charles Kindleberger during the last few centuries the world economy has undergone a series of collapses of finance that have shaken international capitalism. Also, there are some other ideas that have even argued that the economic and institutional changes have made the impossible repetition of serious financial crisis and that if the crisis will occur; they will be caused by specific historical circumstances and will not be the result of internal factors action and functioning of the capitalist system itself.

For the long term periods, if we take into consideration the inflationist forecasts there is no relationship to be able to guide the level of unemployment below the natural norm. Every individual which is not included in the working scheme and unemployed is considered outside the labour force that includes retirees, students and children.

The unemployed considered the person who is not at work but actively seeking employment. the employed and the unemployed constitute the labor force. Employed can consider each individual who takes salary.

Because of its special the problem of unemployment and efficient choice of economic policy, the accuracy of estimating unemployment takes a special importance. Thus, changes in unemployment are measured by the unemployment rate, which represents the percentage ratio of the number of unemployed and the labor force represented below by the graphs.

Table1. Labour force participation rate – 2007 – 2014 (INSTAT A. , 2015)

Age group	2007	2008	2009	2010	2011	2012	2013	2014
15-29	50.1	41.6	45.6	44.3	54.8	46.6	38.7	41.9
30-64	75.6	71.8	73.2	74.4	76.7	73.8	71.1	72.3
15-64	65.4	62.1	62.1	62.3	68.5	64.9	59.6	61.5
15+	58.0	53.3	55.1	55.2	60.3	57.3	52.4	53.7

Graph.1 Labour force participation rate – 2007 – 2014 (INSTAT A. , 2015)

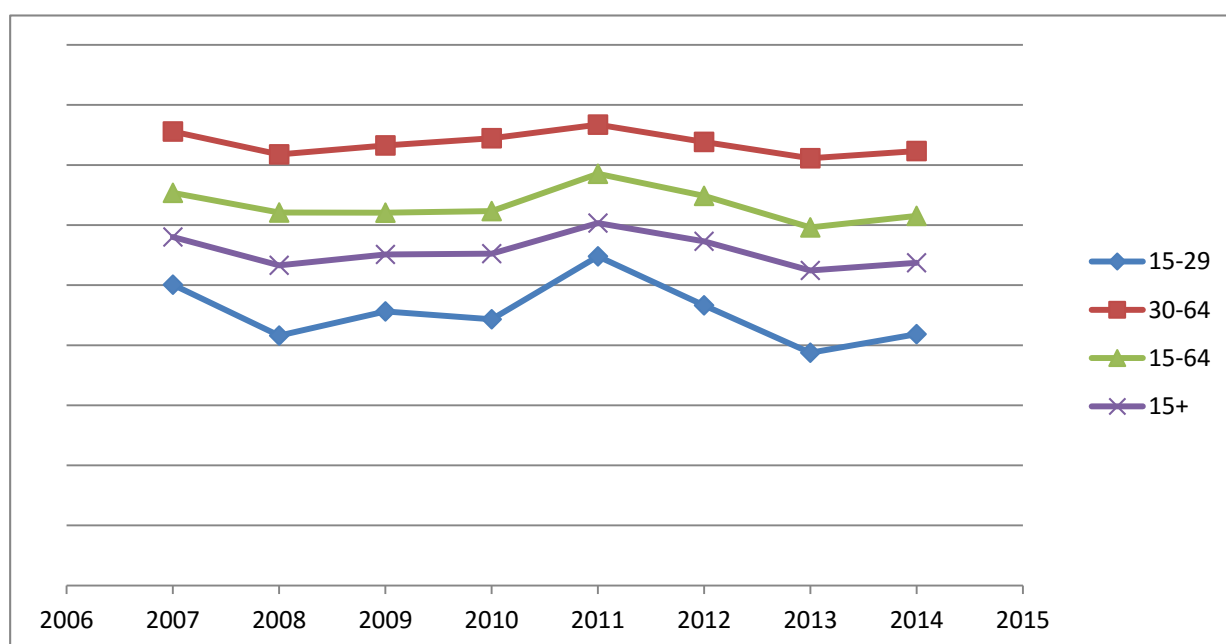
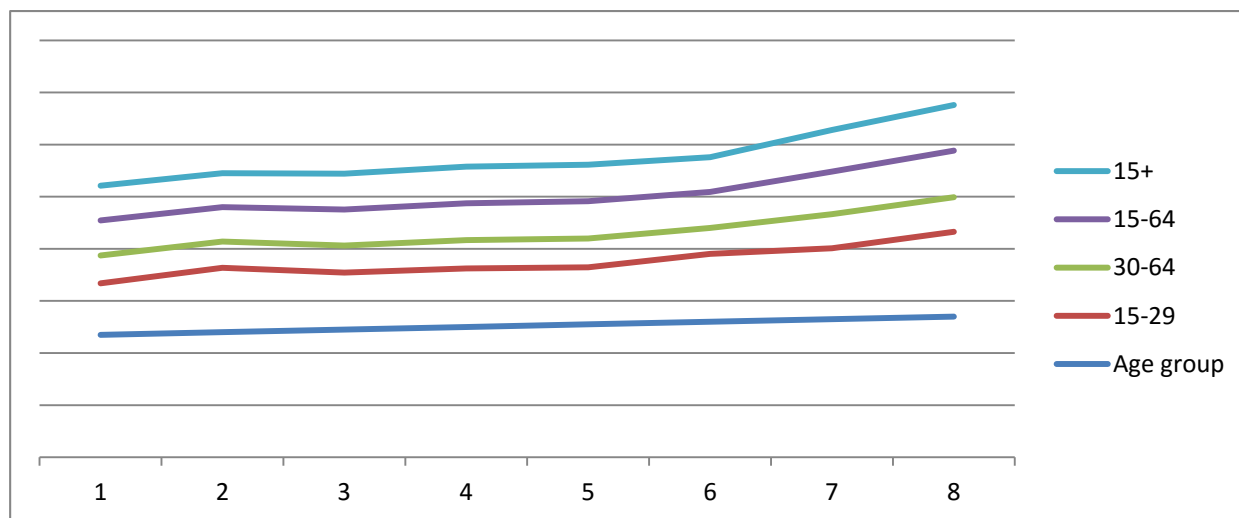


Table 2: Unemployment rate 200-2014 (INSTAT, 2015)

Age group	2007	2008	2009	2010	2011	2012	2013	2014
15-29	19.8	24.7	21.9	22.5	21.9	26.0	27.2	32.5
30-64	10.7	10.0	10.4	10.8	11.1	10.0	13.1	13.3
15-64	13.5	13.2	13.8	14.2	14.3	13.8	16.4	17.9
15+	13.4	13.1	13.8	14.0	14.0	13.4	15.9	17.5

Graph.2 Unemployment rate – 2007 – 2014 (INSTAT A., 2015)

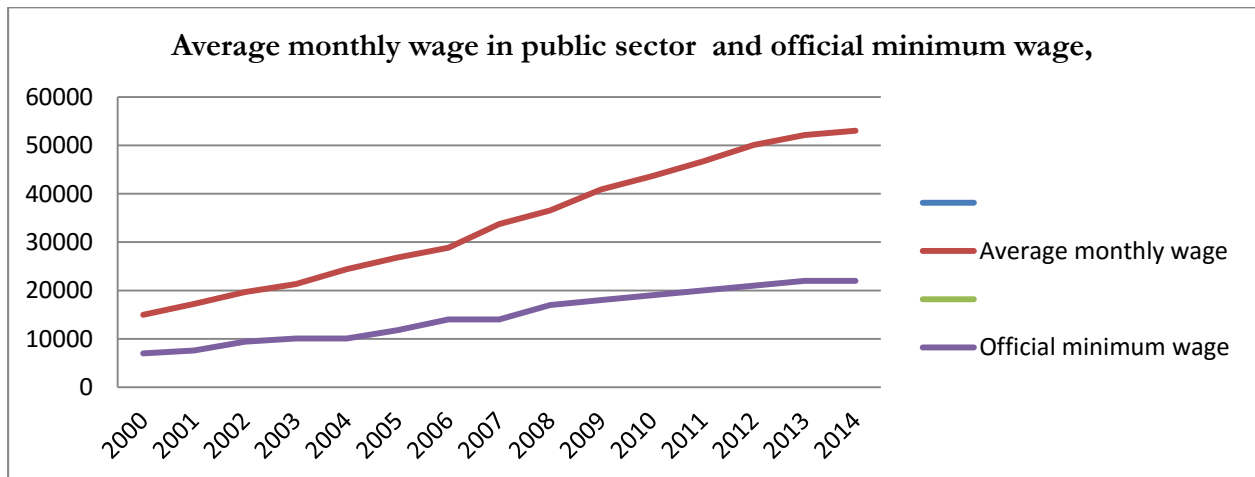


3. Results

The globalization of finance remains a reality and it has a profound influence on the international economy. Financial crises are a periodic feature of International Economics. To maximize absolute profits at the financial markets has been increased significantly fragility of emerging the international financial system and the world economy in general. Different economic experts define the various forms of unemployment, on the basis of which also recommend the appropriate tools.

In another point of view the wages are flexible and unemployment in these conditions cannot be considered binding, but it is a non voluntary unemployment.

Graph.3 Average monthly wage in public sector and official minimum wage, (ALBANIA I. , 2015)



Focusing on the graph above is noted that administrative reforms are required to support the government on the employment strategy. Starting from 2000 the initial strategic objectives aimed to analysis of the consequences of the socio-political changes and adverse effects and to choosing an efficient employment system that will withstand not only the urgent problems of the period, but would resist time's serve future generations. An important role has played even the experience obtained from various countries adopting these experiences with economic and political conditions in which our country has passed. The development of the Society, the civilization of Individuals, the ratio between youth and old age, can change the 'economic balance, influenced directly in any state institution, play an important role in their formation and development. The form of economic activity, not only stipulates the lifestyle of members employed in the company, but also to those who are unemployed.

4. Conclusions

One of the fundamental laws of capitalism is the free competition, where different companies achieve through competition to produce goods more and better in quality but cheaper that the people can choose these companies and to prolong life. It must be properly enforced the legislation on free competition as one of the strongest instruments not supposed to be allowed businesses or individuals who have sufficient income to cooperate among themselves and to maintain high prices in the market if there is overproduction and minimizing the consumption

of their goods. According the conclusion achieved by this study a labor market characterized by a completely flexible wage cannot obtain an unemployment forced.

Full Employment and price stability are two of the central macroeconomic objectives of each government. To fight unemployment person's responsible economic policy often requires providing economic impetus. With this reduction of unemployment, economic system approaching full use of his skills and the labor market begins to have problems. A large number of enterprises have trouble finding qualified workers and the conditions of high competition, the starting salaries rise. The enterprises administer their salaries for the employees by fixed tariffs, generally for one year (labor contracts), which even if modified, regulation becomes more or less proportional to all kinds of wages. International capital flows increases the instability of the international economy, international financial system itself by its intrinsic nature, is unsustainable and subject to serious crisis. Despite its importance, the nature and size of the global integration of financial relations are very little understood by communities that do not belong to the economic and financial sciences.

Even though internationalization of finance has become an important feature of the global economy, international financial system continues to be in a great measure on a national basis and consists of separate national financial systems, closely interconnected between them.

However, it should be noted that the trend of so-called "home bias" has been reduced, even though the world is still characterized by the presence of national financial markets.

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