

UNEMPLOYMENT IN ALBANIA: A COMPARATIVE STUDY WITH
NEIGHBOR COUNTRIES

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ABSTRACT

Unemployment is the phenomenon that has been reported everywhere recently and has affected the various layers of population around the world. The focus of this study is to treat one of the problems facing the economy of a country and human society, unemployment. The subject of the thesis is: "Unemployment and Government Policies in Albania." The purpose of this paper is to analyze the impact of unemployment or financial stability in Albania based on factual reasons taken from studies accompanied for this period and analysis of employment policies over the years that have accompanied by unemployment in our country. Over the last decade, Albania has had a steady increase in unemployment, in this context what will be considered during the thesis work is what has happened over the years, taking into consideration the period after the 90s to nowadays. Our study is an analysis, descriptive and comparative one that will follow an analytical approach to the level of unemployment in the post-90s' period until nowadays, what is the ground of it, in what level was the unemployment and what were the initiatives taken to reduce it and bring it closer to the natural unemployment rate. At the end of this study will be highlighted some points including the importance of studying and trainings to increase the level of education, the gap of salaries and efficiency between male and female gender distribution and the impacts of increasing the flexibility of the policy for jobseekers.

Key words: unemployment, Government policies, international policies , economic growth, financial stability, employment, inflation.

PAPUNESIA NE SHQIPERI: NJE STUDIM KRAHASUES ME VENDET FQINJE

ABSTRAKT

Papunësia është fenomeni për të cilin flitet kudo kohët e fundit dhe që ka prekur shtresa të ndryshme të popullsisë nëpër botë. Problemi i papunësisë sot, problem i cili do të evidentohet në këtë punim duke u shpjeguar nga fakte të së kaluarës dhe aktuale për të parashikuar se çfarë është e rekomandueshme për të ardhmen, shqetëson ekonominë shqiptare, po ashtu si dhe gjithë botën. Objekti i tezës që do të trajtoj në këtë punim është: "Papunësia dhe politikat qeveritare në Shqipëri". Si një problematikë serioze e ditëve tona, e shoh të arsyeshme që për shtrimin e kësaj teze të përqendrohem në shkaqet faktike që e gjenerojnë atë dhe në analizimin e politikave të punësimit ndër vite që kanë shoqëruar papunësinë në vendin tonë duke u bazuar në studime e publikime zyrtare. Papunësia ka ekzistuar gjithnjë si fenomen, por meqenëse gjatë dy dekadave të fundit Shqipëria ka pasur një rritje të vazhdueshme të saj, në këtë punim do të marr në shqyrtim pikërisht periudhën pas vitive '90 e deri në ditët e sotme.

Fjalë kyçe: papunësia, politikat e qeverisë, politikat ndërkombëtare, rritja ekonomike, stabiliteti financiar, punësimi, inflacioni.

DEDICATION

I would like to dedicate this thesis firstly to my family, my mother, my father and my sisters, who have supported and encouraged me with unconditional amount of love and appreciation throughout the whole writing process. Without their trust and compassion I wouldn't be what I am today. I am also thankful to my closest friends who have always been by my side. Last but not the least; I want to thank God, who has helped me through with wisdom and peace.

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I want to express my special thanks and sincere gratitude to my thesis supervisor, Assoc. Prof. Dr. Ugur Ergun for assisting me restlessly through all my research and writing of thesis. I am thankful for his motivation, patience and unreserved intellectual knowledge. His guidance have supported and encouraged me throughout the whole writing process.

Besides my Professor, I want to thank Epoka University and its entire staff for the amazing four years of studying and academic life. I am grateful for being part of it and sharing precious values with dedicated people.

DECLARATION

I hereby declare that this Master's Thesis titled "Unemployment and Government Policies in Albania" is based on my original work except quotations and citations which have been duly acknowledged. I also declare that this thesis has not been previously or concurrently submitted for the award of any degree, at Epoka University, any other University or Institution.

Sindi Doci

June 22, 2018

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LIST OF ABBREVIATIONS

(OECD)	Organization for Economic Co-operation and Development
(ILO)	International Labor Organization
(EU)	European Union
(EES)	European Employment Strategy
(ESF)	European Social Fund
(OMC)	Open Method of Co-operation
(NES)	National Employment Service
(MLSAEO)	The Ministry of Labor, Social Affairs and Equal Opportunities

CHAPTER 1

INTRODUCTION

1.1 Focus of the study

Losing the job today can be the most difficult economic event for a person's life and not just because it means a lower standard of living in the present and anxiety about the future (Mankiew N. G: 2007: 297). Unemployment is the phenomenon that has been reported everywhere recently and has affected the various layers of population around the world. Unemployment problems today concern the Albanian economy, as well as the rest of the world because of the fact that the number of unemployed persons grows year by year. Considering this, we can say that unemployment is one of the most severe macroeconomic "diseases" and analyzing the phenomenon of unemployment means that in one way or another you find "medicines", or else the relevant policies to "heal " this disease. Importance lies in the effectiveness of these policies, rather than suffice them in reducing unemployment and producing employment. Albania's experience over the period 1990-2011 has shown that unemployment has undergone significant fluctuations but is still high in figures. Despite the employment policies that are being undertaken and are planned to be implemented, the situation does not seem to have changed, making it increasingly difficult for the unemployed range of people, as well as for the economic development of the country.

Naturally the question arises: Have the policies pursued to increase employment in our country been effective and sufficient? This question is followed by this thesis: Employment Policies in Albania have been effective, but not enough to significantly reduce the level of unemployment.

For the dissemination of the thesis at the international level, will be used materials from the official website of the European Union and various materials published about it . As for

addressing the thesis regarding the data of Albania, we will rely on the relevant literature on unemployment as various studies and presentations and publications from the Former Ministry of Labor, Social Affairs and Equal Opportunities and the National Employment Service, as well as materials generated by various institutions and publications mainly of the Institute of Statistics.

The introduction of this topic is based on a theoretical background on concepts, major unemployment debates and the international level of the issue, addressing unemployment fluctuations over the years in our country and highlighting the country's reference policy premise , to come to the conclusion on the confirmation of the hypothesis raised by the presentation of factual arguments.

Initially, a theoretical background on conceptions, major unemployment debates as well as the international level of the issue will be described in advance. In the second section, the focus will be on the situation over the years in Albania, the fluctuations of unemployment over the years, and the highlighting of the reference policy premise on unemployment. The third part will be more concrete analysis of unemployment by gender and age group, total unemployment of Albania compared with inflation rate, and total unemployment of Albania, Macedonia and Italy compared to one another as a way to understand that where the focus is on the unemployment and the effectiveness of unemployment policies on which employment generation is supposed to be.

1.2 Objective of the Study

- The objective of this paper is to analyze the impact of unemployment and financial stability in Albania based on factual reasons taken from studies accompanied for this period and analysis of employment policies over the years that have accompanied by unemployment in our country.
- Identification of employment policies undertaken, which have been implemented to reduce unemployment and improve employment generation.

1.3 Motivation of the Study

I chose the topic of unemployment because Albania is one of the countries that has suffered and suffers from a high unemployment rate over the years. The topic of unemployment is a tangible and a highly discussed topic nowadays since it is directly linked to income. To build programs for unemployment, I strongly believe that it is very important initially to recognize its causes throughout the years and Albania is a country with profound changes both in government and in the economy. A key role in this context is the study and comparison with the countries of the region where our country finds positive examples (Italy) as well as negative examples or examples of countries with higher unemployment than Albania (Macedonia).

1.4 Theoretical Framework of the Study

By unemployment we understand the number of working age people who are capable and available to work with existing wage levels and who do not have a job (Hadëri.S, Kule.Dh, Mancellari.A, Qirici .S: 2007: 341). Unemployment lowers the standard of living and also causes psychological stress to people. “People who lose jobs, even if they eventually find new ones, suffer lasting damage to their earnings potential, their health and the prospects of their children. And the longer it takes to find a new job, the deeper the damage appears to be”. (Appelbaum. B., The enduring consequences of unemployment)

The social consequences of unemployment written by McClelland (1998) mentions that the personal and social costs of unemployment include severe financial hardship and poverty, debt, homelessness and housing stress, family tensions and breakdown, boredom, alienation, shame and stigma, increased social isolation, crime, erosion of confidence and self-esteem, the atrophying of work skills and ill-health. Unemployed people report that being unemployed is one of the worst things that can happen to them (White 1991).

Inflation targeting: A new framework for monetary policy is a paper written by Bernanke et al (1997). This paper describe how inflation targeting has been implemented in practice and argue that it is best understood as a broad framework for policy, which allows the central bank “constrained discretion,” rather than as an ironclad policy rule in the Friedman

sense. This paper also discusses the potential of the inflation-targeting approach for making monetary policy more coherent and transparent, and for increasing monetary policy discipline.

“Inflation and Unemployment: What is the connection?” is a paper by Cashell (2004) who is a specialist in Quantitative Economics Government and Finance Division. This paper concludes that a policy goal which can only be temporarily realized is only 20 likely to satisfy those who have relatively short time-horizons. In isolation, an unemployment rate of 4% might seem like a good thing, but if it can only be had at the cost of spiraling inflation it may not seem like much of a bargain.

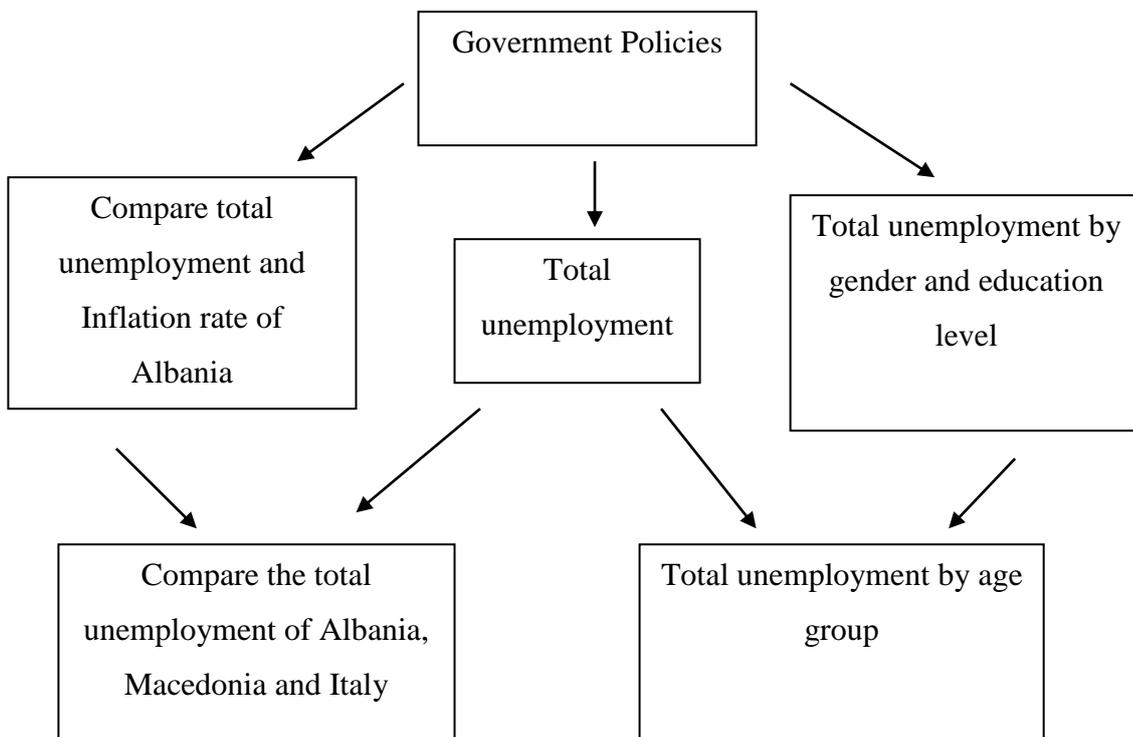
International Monetary Fund IMF Institute, Reducing inflation: Lessons from Albania’s Early Success is a paper prepared by McNeilly et al (1998). This paper states that the early success in curbing inflation is attributed to the extremely broad scope of the 19 initial price liberalization coupled with key supporting measures.

The New Palgrave: A dictionary of Economics (1987) quotes Laidler and Parkin (1975: 741) to define inflation as “a process of continuously rising prices, or equivalently, of a continuously falling value of money” (1987: 832). The Encyclopaedia Britannica states that “inflation is generally thought of as an inordinate rise in the general level of prices” (1988: 310). The current understanding of the word inflation is contrasted with its earlier meanings by Bryan, who states that “for many years, the word inflation was not a statement about prices but a condition of paper money – a specific description of a monetary policy. Today, inflation is synonymous with a rise in prices, and its connection to money is often overlooked” (Bryan, 1997: 1).

One of the articles of Vasudevan (2006) who teaches economics at Barnard College, questions the accuracy of the Philips theory relating to the relationship between inflation and unemployment. This article states that the experience of so-called stagflation in the 1970s, with simultaneously high rates of both inflation and unemployment, began to discredit the idea of a stable trade-off between the two. This article was taken from Dollars & Sense Magazine. Equilibrium unemployment, job flows and inflation Dynamics is a paper written by Antonella Trigari (2004). In order to explain the joint fluctuations of

output, inflation and the labor market, this paper first develops a general equilibrium model that integrates a theory of equilibrium unemployment into a monetary model with nominal price rigidities. Then, it estimates a set of structural parameters characterizing the dynamics of the labor market using an application of the minimum distance estimation.

1.5 Research Model



In this thesis we take under the investigation the impact of government policies in : total unemployment by gender and education level, by age group.

CHAPTER 2

LITERATURE REVIEW

3.1 Introduction

As aforementioned this topic is a very debated one. Considering this, there are many studies conducted on this issue. To start with, there is found a paper in International Monetary Fund IMF Institute, about Reducing inflation: Lessons from Albania's Early Success prepared by McNeilly et al (1998). This paper states that the early success in curbing inflation is attributed to the extremely broad scope of the 19 initial price liberalization coupled with key supporting measures.

Furthermore, in *The New Palgrave* which is a dictionary of Economics (1987) quotes Laidler and Parkin (1975: 741) to define inflation as "a process of continuously rising prices, or equivalently, of a continuously falling value of money" (1987: 832). Moreover, *The Encyclopaedia Britannica* states that "inflation is generally thought of as an inordinate rise in the general level of prices" (1988: 310). The current understanding of the word inflation is contrasted with its earlier meanings by Bryan, who states that "for many years, the word inflation was not a statement about prices but a condition of paper money – a specific description of a monetary policy. Today, inflation is synonymous with a rise in prices, and its connection to money is often overlooked" (Bryan, 1997: 1). According to Shiferaw, (2012), the goal of any developing country is to achieve sustainable development economic, which requires the achievement of a continuous economic growth. One of the main factors for economic growth are macroeconomic stability. Among the thoughts of different from the various sources related to macroeconomic stability, the main indicators of macroeconomic stability are inflation, unemployment, balance of payments and growth of production. Any deterioration of these variables leads to a lack of macroeconomic stability.

In a study conducted by Aziri (2002) it is said that after World War II in the developed Western European countries it was reached normalization of economic flows, and in conformity with it also in reducing the unemployment rate. In 1956, the unemployment rate in most developed countries was around 10%. The re-growth of unemployment in developed industrial countries is evidenced during the so-called "oil crisis" in the 1970s.

“Youth unemployment has also increased and a large number of unemployed are long-term unemployed. According to a study by the International Labor Organization, most of the jobs created in emerging markets in recent years have been in the informal, low-wage sector and lack of proper employment and benefit rights. The challenge to educate and train people, as well as to create enough jobs, remains great. Emerging markets need to increase productivity and job quality, but this will only be possible with higher investment in education along with market reforms that encourage businesses to attract more workers. Education levels remain very low and public spending on education has fallen in many markets.” (Rees 2014)

“But even dismissal means closing down the financial source for holding family, reduction of taxes and contributions, and as a result of budget revenues. Another economic aspect is that the high level of unemployment is expressed in the reduction of living standards because it takes an active part in consumption and in the secondary distribution (redistribution) of national income and thus reduces per capita income.” (Limani 2002)

According to M. Friedman (1977), the link between inflation and unemployment has gone through three steps. The first step has been the acceptance of a sustainable "cross-off" or an inverse relationship between inflation and unemployment (Philips's sustained curve). The second step was the appearance of inflation expectations as a variable that changed Philip's short-term curve and the natural unemployment rate, defining Philips's long-term vertical curve. The third step is triggered by an empirical phenomenon of a significant positive relationship between inflation and unemployment.

Snower (2015) has looked at the relationship between inflation and unemployment, which poses a rather controversial issue in macroeconomic studies. He points out that the major financial crisis of 2008-2009 has generated two major challenges in the course of thinking

of the Phillips curve. The first is the mystery of "lack of deflation", inflation has fallen far less than would be expected, on the basis of conventional thinking, dramatic increase in unemployment and lower production growth. The second is the mystery of "lack of recovery ", output remains far below its pre-crisis trend.

According to Farnham (2009), the Phillips curve is a progress of the economic cycle that consists of several stages. For example, starting a recession economy, there will be a surplus of work due to excessive workforce. As the economy enters the recovery phase, aggregate demand growth will improve the employment rate. Continued and sluggish wage growth will follow the growth of aggregate demand. Increase in wages or production costs will be transmitted to consumers in the form of higher prices. Therefore, a low unemployment rate will bring an increase in the inflation rate.

The Phillips curve relationship was maintained during the 1950s and 1960s (Griffiths and Wall, 1999). However, the presence of stagflation during 1967-1970 in Great Britain and France interrupted the reverse relationship at Phillips curve (Ormerod et al., 2009). The simultaneous appearance of economically stagnant economies and the increase in inflation undermined the theoretical applicability of the Phillips curve, although according to Friedman (1968) Phillips' long-term curve is supposed to be vertical as the unemployment rate always returns to its rate natural in the long run.

Shamloo (2011) analyzed the inflation dynamics in FYR Macedonia in 2005 and 2011, using three quantitative methods to study the dynamics of inflation Dynamic Model Factor, a Model Vector Error Correction (VECM), and using the Phillips Young Keynesian curve to evaluate their respective forecasting performance. This study found a strong interconnection link between domestic inflation, output, key interest rate, and inflation in the Eurozone and argued that this link suggests the existence of at least one monetary autonomy despite the fixed exchange rate in Macedonia.

One of the articles of Vasudevan (2006) who teaches economics at Barnard College, questions the accuracy of the Philips theory relating to the relationship between inflation and unemployment. This article states that the experience of so-called stagflation in the 1970s, with simultaneously high rates of both inflation and unemployment, began to

discredit the idea of a stable trade-off between the two. This article was taken from Dollars & Sense Magazine. Equilibrium unemployment, job flows and inflation Dynamics is a paper written by Antonella Trigari (2004). In order to explain the joint fluctuations of output, inflation and the labor market, this paper first develops a general equilibrium model that integrates a theory of equilibrium unemployment into a monetary model with nominal price rigidities. Then, it estimates a set of structural parameters characterizing the dynamics of the labor market using an application of the minimum distance estimation.

According to Economy watch in an article regarding unemployment it is stated that in modern market economy unemployment is caused of affected due to some factors as for example : Everyday changes in technology, inflation, changes in the climatic conditions, recessions, discrimination in workplace, perception and values of employees, behavior toward employers and readiness to work, rise and fall of business cycle and disability to work. Furthermore, there exists many theories on unemployment as for example, unemployment of unqualified labor in encouraged by free trade nowadays.

It can be seen that different factories chose the cheaper labor even though it may be well-qualified. Also, it is stated that another affecting factor in case of Macedonia, still in the same article, is roughness of labor market since the regulations adapted by the government may endorse a static workforce because social benefits use to rise up the cost of workers.

According to E.Nikolli in her study about unemployment and economic growth in Albania, it is claimed that Albania has not made as much progress as it should. After more than 20 years post-communism era our country has high levels of unemployment and low levels of economic growth. Regarding this, government must implement new reforms in order to create more jobs and to give more facilities for businesses to grow.

As stated in survey conducted in December 1996 in several regions by Ministry of Labour of Albania about 70% of population who works in the private sector, non-agricultural one, were not registered as legal workers. Albania counts a high urban informal sector activities such as street vending (i.e cigarettes, chocolates, fruits, drinks etc.). So, this fact indicates the final results of unemployment by not reflecting the real values of unemployment .

In the same study conducted, it is said that unemployment has a strong connection with educational level. So, persons who have a university degree are less likely to be jobless.

Furthermore , based on HLCS and LSMS surveys it results that men have a tendency to have higher wages than women. However ,recent years it is seen a improvement in this situation which looks like it is going to be no difference in wages based on gender.

CHAPTER 3

THEORETICAL BACKGROUND

3.1 Unemployment and its types.

An increasingly worrying global issue, which has been the focus of discussions and economic studies around the world, has to do with rising unemployment, which is a plague of modern times.

With unemployment we understand the number of working age people who are capable and available to work with existing wage levels and who do not have a job (Hadëri.S, Kule.Dh, Mancellari.A, Qirici .S: 2007: 341). Currently, the goal of any developing country is to achieve sustainable development economic, which requires the achievement of a continuous economic growth. One of the main factors for economic growth are macroeconomic stability.

Among the thoughts of different from the various sources related to macroeconomic stability, the main indicators of macroeconomic stability are inflation, unemployment, balance of payments and growth of production. Any deterioration of these variables leads to a lack of macroeconomic stability. (Shiferaw, 2012). In order for an economy to reach a sustainable development, it can be achieved through a low rate of unemployment and inflation, as in most studies, the unemployment rate has an oblique link with inflation and economic growth. and this is evidenced by A. W. Philips (1958), M. Friedman (1977), Gordon (1998), Karanassou, Salad and Snower (2003), Popovic (2009), Aminu and Anono (2012); Blanchard and Wolfers (2000), Bakare (2012), Khan, Khatak and Hussian (2012), Chu et al. (2013); etc.

Unemployment may appear in several forms, which are closely related to the working factor and the purpose of the person who wants to be employed. Let's get to know the basic concepts of the labor market, among which we can mention:

- *labor force* or total number of employees, including employed and unemployed;
- *Employees* include employees with salary, self-employed, employees in family businesses, with or without salaries. This category also includes those who have jobs but temporarily do not work for various reasons, such as holidays, illnesses or bad weather.
- *unemployed* or unemployed persons who are seeking employment through employment services for at least four weeks;
- *persons* outside the labor force are persons who are neither employed nor unemployed: students, pensioners, households
- *the unemployment rate*, which is calculated by dividing the number of unemployed with the labor force and multiplying the coefficient by 100;
- *The level of participation in the labor force*, which is calculated by dividing the number of working forces with the adult population and multiplying the coefficient by 100;
- *Discouraged workers* are unemployed who do not seek employment through employment services;
- *Searching for a job* is the process by which workers find a job appropriate to their tastes and abilities;
- *the natural level of unemployment* is the natural level of unemployment around which the level of unemployment in one country fluctuates;
- *unemployment insurance* is a government program that partially protects the income of workers when they become unemployed;
- *Cyclic unemployment* is the deviation of the unemployment rate from its natural level. This form is created because different branches of the economy are found in different stages of the business cycle. Such unemployment is permanent because changes in the business cycle are permanent.
- *Frictional unemployment* consists of people who are unemployed because they require a more appropriate job. This unemployment results because it takes time for employees to look for a job that best suits their tastes and abilities;
- *Structural unemployment* consists of unemployed people who are unemployed because they do not find jobs in the market, even if they are unsuitable for them. This unemployment results because the number of jobs available in some labor markets is

insufficient to provide a job for all those who want one. (Mankiew N. G: Chapter 15 Unemployment: 2007: 289-309).

- *Seasonal unemployment* is unemployment linked to the seasonal production character. This form of unemployment appears in the branches of the construction industry, agriculture, services and tourism.
- *Voluntary unemployment* appears when workers (people) do not want to work with existing salaries. They would agree to work, but with a salary higher than the existing salary. (Nellis J., Parker D., Chapter 12 Employment and Unemployment: 2004: 305-306).

3.1.2 Contemporary Debates on Unemployment.

Unemployment has long been a key problem posed by the doctrines of major economists such as Keynes, Fridman, Marx and others. Keynes¹ has developed a general theory of state intervention in support of demand, production and then the level of employment.

The essence of his theory lies in encouraging government intervention in the economy and according to Keynes when the main pillars of the economy failed - spending on consumption, investment and net exports - the only remaining pillar to support the economy was the government. Government spending should serve as a stimulus for employment growth, thus improving the functioning of the economy as a whole. Like any important theory, the Keynesian paradigm has undergone a series of attacks, has opened controversy and has given rise to various interpretations (Keynes, MD: Chapter 18 - The General Theory of Employment Re-stated: 1936: 131-136). The basic contradictory assumption of economist Milton Friedman² and his monetarist school against Keynesian views was that any state intervention ends up altering the natural equilibrium of markets and is therefore a destabilizing element.

Any deviation from this road causes the economy to move away from equilibrium, thus causing the short-term compromise between unemployment and inflation - a temporary decrease in unemployment and a steadily rising inflation. According to Fridman, the essence of social welfare is characterized by a phrase, "laissez-faire" - that shows that the

¹ John Maynard Keynes (1883-1946) represents the highest point of bourgeois economic thought. His book, published in 1936, "The general theory of employment, interest and money," became a founding force behind modern macroeconomics

² Milton Friedman, the American economist known as Keynesian's chief critic of economic policy, passed from the mid-60s to a major theoretical and methodological critic

lack of state intervention in the economy achieves an ideal situation of complete employment³.

Regarding to the unemployment problem, Peter Diamond, Dale Mortensen and Christopher Pissarides ⁴ have made a study about "analyzing markets with friction of research." According to them, the coexistence of buyers and sellers in a given market, who in principle agree on a price, may not be enough for immediate trade. This is because buyers and sellers may need to invest in a search process in order to find matching partners, and eventually agree to enter into a transaction and wait for the best trading opportunities⁵.

In the labor market, Diamond, Mortensen and Pissarides used frictions to explain the existence of unemployment and wage inequality. In business cycle models, frictions are used to explain reinforcement of the aggregate shock employment response.

Workers should spend time and resources to find suitable job opportunities and firms should spend time and resources to find job applicants. With other words, labor market firms and workers have to meet at a single pay, and any excessive labor supply will sink right away through a drop in equilibrium wage⁶.

Unemployment continues to gain ground nowadays by changing its classic concept. The unemployed do not fit the definition of government for them - those who "do not have a job, have been actively looking for work, and are currently available for work." This is because there has been a huge increase in the number of people who do not work only with their choice and this type of category can be thought of as self-employed. They include retirees, as well as young people who are in the parents' home, people who care for old parents, and others who do unpaid work.

³ Noble.H.B (2006), Milton Friedman - Free Markets Theorist, The New York Times-Business, 16 November. from: <https://www.nytimes.com/2006/11/16/business/17friedmancnd.html?pagewanted=all>

⁴ Nobel Prize winner 2010 in Economics, Peter A. Diamond, Massachusetts Institute of Technology Economics Professor (MIT), Dale T. Mortensen, Professor of Economics at North University, Illinois, and Christopher A. Pissarides, London Economics Professor School of Economics.

⁵ The Sydney Morning Herald- Business Day (2010) , *Diamond, Mortensen, Pissarides share Nobel Prize*, 12 October. From: <http://www.smh.com.au/business/world-business/diamond-mortensen-pissarides-share-nobel-prize-20101012-16gd2.html>

⁶ Marco Petriccione (2010), *Nobel per l'Economia a Diamond, Mortensen e Pissarides*: Parolibero, 1 Novembre . From : <http://www.parolibero.it/politica/nobeconomia01-11-10.htm>

Secondly, there are a number of people who are not working, who are not looking for a job in the labor market, but who actually like to find a good job.

In addition to these two explanations, recently another problem facing employers in the labor market is that they narrow the range of applicants who can be considered to be admitted to work, favoring hiring candidates who are already at work. This phenomenon has been justified by the cost reduction for review of the applicant. Yet, these employers have to pay employees at a higher price - in order to persuade them to get away from their current employers.

However, this unproductive limitation of applicants is disproportionate, as discrimination against unemployed people who are capable of work causes an increase in the unemployment rate.

So after the entry into force of the new Jersey Law, job advertisements for currently employed workers exclude it from its content, in order to stimulate employers to hire the unemployed.⁷ Employers can still give a preference to candidates who are already employed, but they simply can not notify them in an advertisement. Through a combination of repressive taxes and regulatory policies, New Jersey is good on its way to achieving this goal.⁸

3.1.3 Unemployment: International policies related to it.

The co-operation between the member states of the European Union⁹ before 1997 found in the traditional co-operation between governments in international organizations such as the Organization for Economic Co-operation and Development (OECD) and the International

⁷ Joni Hersch (2011), *Protecting "Employments Status"* : The New York Times- Room for Debate : 27 July). From: <http://www.nytimes.com/roomfordebate/2011/07/26/the-hiring-bias-against-the-unemployed/employment-status-should-be-protected>

⁸ Harry Hutchison (2011), *Bad for Employers and Employess* : The New York Times- Room for Debate : 27 July. From: <http://www.nytimes.com/roomfordebate/2011/07/26/the-hiring-bias-against-the-unemployed/bad-for-employers-and-employees>

⁹ Member States: Italy, France, Germany, Netherlands, Belgium, Luxembourg, Spain, Portugal, Ireland, Austria, Greece, Finland, Belgium, Cyprus, Czech Republic, Denmark, Estonia, Hungary, Iceland, Latvia, Lithuania.

Labor Organization (ILO). The macroeconomic difficulties and the economic problems facing some EU countries during the 1990s highlighted the need for a coordinated response at European level. Jacques Delors's "White Book" ¹⁰ published in 1993 on competitiveness, economic growth and employment has been the first step towards a genuine European-level cooperation. Based on the "White Book", the European Union in the so-called "Essen" strategy identified the five main objectives the Member States undertook to pursue, however the objectives of this strategy were difficult to achieve without a strong commitment from member states. Thus, the 1997 unemployment in Lussenburg was the cause of the European Union's commitment to the emergence of an international employment strategy. Following the introduction of the new "Employment" chapter in the European Union (EU) Treaty in 1997, the Heads of State and Government launched the European Employment Strategy (EES) for employment in Luxembourg by coordinating national policies that stimulated employment.

The goal of SEO was to significantly reduce unemployment in Europe within five years. The flow of full employment has always been one of the objectives of the European Union and the European Social Fund (ESF) was an instrument of support to promote employment and the labor movement. For that, the coordination of national employment policies was designed in such a way that EU member states align themselves with common objectives that focused on four pillars, namely Employment, Entrepreneurship, Equalization and Equal Opportunities. SEO, besides these four pillars, introduced a new "way of working", Open Method of Co-operation" (OMC) "¹¹The method (OMC) made the political debate at a different level simpler and aimed at an integrated approach of the EU Member States¹².

But in early 2000, the European Union found itself facing the new challenge of economic globalization. It was obvious that changes in every aspect of life were evolving from year to year thus causing a radical transformation of the European economy. Faced with these

¹⁰ Jacques Delors, French President of the European Union in '79 -'93, also former French Minister of Economy and Finance. He was the main architect of Western Europe to lead it to the unified market since 1992.

¹¹ Il Metodo Aperto di Cooperazione (Open Method of Co-operation)

¹² Legislazione dell'Unione Europea (2005) : La nascita della strategia Europea per l'occupazione (SEO): // processo di Lussemburgo (Novembre 1997), 15 Marzo. From:

http://europa.eu/legislation_summaries/employment_and_social_policy/community_employment_policies/c11318_it.htm

changes, it was necessary to create a new strategy leaving behind SEO, not only to keep the global economy but above all in order to exploit the new opportunities that these changes bring.

In Lisbon on 23 and 24 March 2000, heads of States and governments that are part of the EU are committed to adopt what is now known as the "Lisbon Strategy" in order to support employment, economic reforms and social cohesion in the context of a stable economy¹³. The objective set by the Lisbon Council in March 2000 was to make Europe ten years: "the economy based on the most competitive and dynamic knowledge of the world, capable of achieving sustainable economic growth with more, new and more better working conditions and greater social cohesion "¹⁴.

The level of employment was very low during this period and was characterized by insufficient participation in the labor market of older women and workers. Thus, the Lisbon strategy was designed to restore full employment and strengthen regional cohesion in the European Union.¹⁵

One fact to consider is that the EU has made progress towards the goal of sustainable development more than any other region in the world. All this was achieved by working in partnership: European institutions, governments and administrations at the national, regional and local level, as well as social partners of civil society, cooperating all towards a common goal¹⁶. In order to ensure continuity of cooperation from time to time, a European Council meeting will be held in order to determine the respective mandates.

¹³ Parlamento Europeo (2000) : *Occupazione, Riforme Economiche Sociale* : Un Obiettivo Strategico per Il Nuovo Decennio. Marrè nga: http://www.europarl.europa.eu/summits/lis1_it.htm#1

¹⁴ Legislazione dell'Unione Europea (2005) : La nascita della strategia Europea per l'occupazione (SEO): // *processo di Lussemburgo (Novembre 1997)*:15 Marzo. Marrè nga: http://europa.eu/legislation_summaries/employment_and_social_policy/community_employment_policies/c11318_it.htm

¹⁵ Parlamento Europeo (2000) : *Occupazione, Riforme Economiche Sociale* : Un Obiettivo Strategico per Il Nuovo Decennio. Marrè nga: http://www.europarl.europa.eu/summits/lis1_it.htm#1

¹⁶ Unione Europea (2005), Comunicazione al Consiglio Europeo di Primavera- *Lavorare insieme per la crescita e l'occupazione - Il rilancio della strategia di Lisbona* . Marrè nga: http://eurlex.europa.eu/smartapi/cgi/sga_doc?smartapi!celexplus!prod!DocNumber&lg=it&type_doc=CO Mfinal&an_doc=2005&nu_doc=24

Exactly four years later, in order to verify the progress of the Lisbon Strategy implementation process, the European Council is meeting in Brussels urging the European Union to establish a High Level Group, which will carry out an independent analysis of the mid-term review of the goals set out in this strategy. It should be said that the EU has benefited from the work of the High Level Group, headed by Wim Kok¹⁷, who submitted a report in November 2004, a report which did not try to rewrite the Lisbon strategy but simply identified new initiatives EU at national level. Kok's main conclusion was that "promoting growth and employment in Europe is another major European project".

The November 2004 High Level Group report by Wim Kok confirmed the need for urgent action and focus on a daunting challenge in that of global competition.

According to Kok, "The answer to this challenge for Europe should be to improve its productivity and increase the number of employees. This challenge had created a gap between results from Europe and its competitors in other parts of the world, which had invested more in research and development to achieve a faster growth in productivity. The European Council following this report proposed the reinstatement of the "Lisbon Strategy 2" by focusing on actions that promote growth and employment in line with the objective of sustainable development. Actions under this strategy should strengthen the European Union's potential to complement and further develop their environmental and social objectives.

The challenge was to focus their efforts on strengthening the two main tasks Europe has not done well so far: more sustainable growth and inadequate job creation.

Europe needed a dynamic economy to feed its wider social and environmental ambitions, and that is why the "Lisbon Strategy" was refocused by focusing on growth and employment in 2004. After the reprogramming of the "Lisbon Strategy 2", its focus was on the following objectives:

- Europe's businesses should also be open to global markets. European companies are facing a growing number of international challenges and the EU through trade policies must ensure that they have access to third markets and compete in accordance with clear rules. The opening up of international markets is a decisive

¹⁷ Former Prime Minister of the Netherlands

factor for EU countries. With the opening up of international markets and the healthy economies of newly industrialized countries, it will significantly contribute to growth and employment.

- Making Europe a more attractive place to invest and work. Encouraging growth and jobs requires increasing Europe's attractiveness as a place to invest and work.
- Increase the suitability of workers and enterprises with the flexibility of labor markets. The opening up of the services sector to the labor market for the European economy is always important for development and jobs.
- Labor markets should be enabled to work better with job incentives for job seekers and recruiters, and create more jobs and better for businesses. Increasing investment in human capital can be achieved through good education and skills that this human capital possesses.¹⁸

Growth, Productivity and Increasing Employment must go a perfect combination to achieve the European Union's objectives. But it seems that the global macroeconomic inequality and low demand in European markets had a negative impact on international economic performance in 2000-2004, making it even harder to implement the Lisbon Strategy. Therefore, the slowdown in growth prevented some governments from keeping their commitments set out in the review of the Lisbon strategy 2.¹⁹ That is why the Lisbon Strategy issue requires immediate action and there are good reasons to act together in Europe, but the management of the Lisbon Strategy needs radical improvement to make it more efficient and easier to understand. Five years after the launch of the Lisbon Strategy and its revision a year ago, the results are mixed, despite the undeniable progress again there are obvious shortcomings and delays.

¹⁸ Unione Europea (2005), Comunicazione al Consiglio Europeo di Primavera- *Lavorare insieme per la crescita e l'occupazione - Il rilancio della strategia di Lisbona* . Marrè nga: http://eurlex.europa.eu/smartapi/cgi/sga_doc?smartapi!celexplus!prod!DocNumber&lg=it&type_doc=COMfinal&an_doc=2005&nu_doc=24

¹⁹ Rapporto 2006: Il Lazio e la Strategia di Lisbona – *Innovazione, Competitività, Occupazione*, fq 10. From : <http://www.strategiadilisbonalazio.it/Archivio/Documenti/%5BPDF%5D%20Il%20Lazio%20e%20la%20Strategia%20di%20Lisbona.pdf>

To this end, it is essential to re-examine the "Lisbon Strategy" by continuing to focus and refocus on growth and employment priorities.²⁰

In the review of the "Lisbon Strategy" in March 2005, the objectives of full employment, quality and productivity at work and social cohesion will be reflected in clear and measurable priorities: making a job an opportunity realistic for everyone, attracting more people into the labor market, improving accessibility, investing in human capital, modernizing social protection, promoting equal opportunities - especially between men and women - and social inclusion.²¹ The objectives of the "Lisbon Strategy 3" set out by the European Union and the Member States also following the guidelines of the European Council are:

- effective security of special policies for the sustainable integration of youth in the labor market, in the context of encouraging young people to develop entrepreneurship and promoting the emergence of young entrepreneurs
- developing efforts to increase youth employment
- iii. Stimulate employers and businesses to show social responsibility in the field of youth integration
- development among Member States for closer cooperation on transparency and comparability of formal and informal professional qualifications.
- Europe's businesses should also be open to global markets. European companies are facing a growing number of international challenges and the EU through trade policies must ensure that they have access to third markets and compete in accordance with clear rules. The opening up of international markets is a decisive factor for EU countries. With the opening up of international markets and the healthy economies of newly industrialized countries, it will significantly contribute to growth and employment.
- vi. Expanding and deepening the internal market. Ensuring open and competitive markets within and outside Europe can reap the benefits of globalization

²⁰ Consiglio dell'Unione Europea (2005) : *Conclusioni della Presidenza – Bruxelles, 22-23 Marzo*, page 12.From: http://www.strategiadilisbonalazio.it/Archivio/Documenti/Conclusioni2_2005.pdf

²¹ Consiglio dell'Unione Europea (2005) : *Conclusioni della Presidenza – Bruxelles , 22-23 Marzo*, 10 Marrè nga : http://www.strategiadilisbonalazio.it/Archivio/Documenti/Conclusioni1_2005.pdf

- vii. Expand and improve investment in human capital by adapting education and training systems to new skills needs.²²

On March 13 and 14, 2008, the European Council meet again back with EU member states to further develop a clear and transparent methodology for monitoring and evaluating Lisbon reforms. The Council of Europe underlined the need for continued engagement during 2008-2010 at EU level to favor the development of structural, sustainable reforms and social cohesion to consolidate the progress made in the context of the "Lisbon Strategy" for development and jobs.²³

In the first cycle of the renewed Lisbon Strategy (2005-2008), member states have continued implementing structural reforms, although the pace and intensity changed. The Lisbon Strategy remains essential for the purpose of making Europe a dynamic, competitive, knowledge-based economy.

While in the second cycle of the "LSB Strategy", more emphasis is placed on the objectives of its first cycle, but with the more commitment of member states. Objectives built during the 2008-2010 period that will be followed for development and workplaces by member states are:

- Ensuring economic stability for sustainable development
- Europe's businesses should also be open to global markets. European companies are facing a growing number of international challenges and the EU through trade policies must ensure that they have access to third markets and compete in accordance with clear rules. The opening up of international markets is a decisive factor for EU countries. With the opening up of international markets and the healthy economies of newly industrialized countries, it will significantly contribute to growth and employment.
- Maintaining the sustainability of public finances and the economy as a basis

²² Consiglio dell'Unione Europea (2005) : *Conclusioni della Presidenza – Bruxelles , 22-23 Marzo*, page 32-34
From : http://www.strategiadilisbonalazio.it/Archivio/Documenti/Conclusioni1_2005.pdf

²³ Rapporto 2008: Il Lazio e la Strategia di Lisbona – *Innovazione, Competitivita, Occupazione*, page 20-22
From: http://www.strategiadilisbonalazio.it/Archivio/Documenti/ReportLisbona_2008_Completo.pdf

- for growing employment
- Promotion of an efficient resource allocation, oriented towards growth and employment
- Ensuring that wage developments contribute to economic growth and stability
- Expanding and deepening the internal market. Ensuring an open and competitive market within and outside Europe will benefit from globalization
- Creating a more competitive business environment and encouraging private initiative through promoting entrepreneurial culture and creating a supportive environment for SMEs (small and medium-sized enterprises)²⁴.

Initially, the European Union countries created the European Employment Strategy, otherwise known as EES in 1997, to engage in employment growth. While the Lisbon Strategy was established within the Council of Europe in March 2000 with a view to promoting employment, economic development and social cohesion in the context of a knowledge-based economy capable of combining an increase in more countries working and better.

The year 2005 marked the mid-year budget by regaining the strengths of the Lisbon strategy, which not only achieved a more sustainable growth and created new jobs and better but to provide in particular more attractive to invest and to work, knowledge and innovation as a European growth engine, and to develop policies that promote job creation. In March 2008, during the European Council in Brussels, the new Lisbon Program was proposed and launched the second cycle of this strategy by reaffirming the integrated development and job objectives.²⁵

The Lisbon strategy cycle ends in 2010, marking the beginning of a new decade, that of the "EU 2020" strategy, which helped the EU to withstand the storm of the recent crisis. Europe faced a moment of transformation, the crisis cleared economic and social progress,

²⁴ Rapporto 2008: Il Lazio e la Strategia di Lisbona – *Innovazione, Competitività, Occupazione*, page 25-26. From: http://www.strategiadilisbonalazio.it/Archivio/Documenti/ReportLisbona_2008_Completo.pdf

²⁵ Ministero del Lavoro e delle Politiche Sociali (2010), Europa Lavoro, *Strategia di Lisbona*. From : <http://www.lavoro.gov.it/Lavoro/Europalavoro/SezioneOperatori/PoliticheComunitarie/StrategiaLisbona/>

exposing structural weaknesses in the European economy. The EU must now assume its next responsibility, as Europe can succeed if it acts collectively, such as the Union.²⁶

The strategy of BE "EU 2020" strategy is based on the achievements so far achieved in the form of a partnership for development and employment, and differs from the agreed strategy in Lisbon in 2000 as it faces new challenges.

The European Union with the view of the "EU 2020" strategy focuses on those key areas of intervention that could improve cooperation between the Union and the Member States by making better use of the available means²⁷.

According to José Manuel Barroso²⁸, "EU 2020" should mark a new start, "Economic realities are moving faster than political realities, as we have seen with the impact of the global financial crisis", he said, so Europe should emerge strong from the crisis of economic and financial. The last two years had left millions of unemployed, so to achieve a sustainable future, the EU should look beyond the already short deadline. This was Europe's 2020 goal, more jobs and better life. The new agenda requires a coordinated response at European level, including with social partners and civil society. - "If we act together, then we can fight again and emerge from the strongest crisis.

We have new tools and new ambition. Now we need to make it happen" - continues José Manuel Barroso²⁹.

"Europe 2020" is a new agenda for Europe that will replace the Lisbon strategy and outline a vision of the European social market economy for the 21st century³⁰.

²⁶ La Strategia di Lisbona (2010) , Europa 2020 - *Una Strategia per una crescita intelligente, sostenibile e inclusiva*, page 3 From :

<http://www.strategiadilisbonalazio.it/documenti.asp?pagina=5&categoria=13&sottocategoria=51>(EUROPA 2020 - Una strategia per una crescita intelligente, sostenibile e inclusiva (841,30 Kb)

²⁷ La Strategia di Lisbona, (2010), *Che os'è La strategia Di Lisbona*. From :

<http://www.strategiadilisbonalazio.it/documenti.asp?categoria=5&sottocategoria=28>

²⁸ President of the European Union since 2004

²⁹ La Strategia di Lisbona (2010) , Europa 2020 - *Una Strategia per una crescita intelligente, sostenibile e inclusiva*, page 2-3 . From :

<http://www.strategiadilisbonalazio.it/documenti.asp?pagina=5&categoria=13&sottocategoria=51>(EUROPA 2020 - Una strategia per una crescita intelligente, sostenibile e inclusiva (841,30 Kb)

3.2 Unemployment and planned strategies (Case of Albania).

3.2.1 Strategies for Reducing Unemployment

One of the most worrying issues for Albania is unemployment, as evidenced by the low level of job creation in the private and state sectors, and the government has intervened to slow down such a major problem.

To this end, it has drafted the Sectoral Employment Strategy 2007-2013, which contains quite efficient policies. Some of the objectives of this strategy are almost the same as those already undertaken, but the Albanian Government, based on the recommendations of various international institutions, has managed to improve their involvement in this strategy.

The main objective to be achieved by the Sectoral Employment Strategy is the gradual reduction of the level of unemployment to the level of unemployment of EU countries by 2013 through the implementation of active and passive employment policies.

To achieve obvious results in the complex challenge of employment and rigorous pursuit of employment policies, the Albanian Government will co-operate with the Ministry of Labor, Social Affairs and Equal Opportunities and other partners and actors³¹.

3.2.2 Active labor market policies.

In 1995 the law no. 7995 dated 20.09.1995 "On promoting employment" by establishing the first fundamentals of a program package such as:

- intercession for work and profession,
- professional training,
- employment promotion programs.

³⁰ Ministero del Lavoro e delle Politiche Sociali (2010), Europa Lavoro, *Strategia di Lisbona*. . From : <http://www.lavoro.gov.it/Lavoro/Europalavoro/SezioneOperatori/PoliticheComunitarie/StrategiaLisbona/>

³¹ Republic of Albania, Ministry of Labor, Social Affairs and Equal Opportunities, Sectoral Employment Strategy 2007-2013, Chapter III, Tirana pp. 16-37. Retrieved from: <http://www.mpcs.gov.al/strategji-standarte>

The main objective of employment policies is to support jobseekers in finding a job that is appropriate for them.

As some of the factors in the labor market, which are linked to employment policies, are costly and require many people to implement, these policies have a limited impact on the labor market.

Employment services

The public employment service in the labor market is implemented by the National Employment Service. Services provided by NES³² include activities such as: registration of jobseekers, job mediation (matching the demand with the job offer), orientation and counseling for jobseekers, preparation of unemployment benefit documentation, orientation and placement in vocational training courses, collecting information on the labor market, implementing employment promotion programs.

However, the main objectives of the employment services program can be grouped:

- *Creating a modern and unique system of employment services throughout place.*

This policy aims to manage the existing human resources more efficiently by opening up service agencies in countries where the population is high. By focusing particularly on local employment offices, the unification of employment services will be carried out and the level of work of specialists in working with clients will be increased.

- *Building and developing partnerships with other actors in the labor market.*

Very important is the cooperation of employment offices with the business (employers), which regulates the functioning of the labor market. This is achieved by paying more attention to studies and applications in the field of labor market, capacity building, human resources development and vocational training through cooperation with universities, INSTAT, social partners, study institutions and various donors.

³² The NES(National Employment Service) is organized with a central office in Tirana and a network of twelve regional offices and twenty-four local employment offices

- *Development of information technology (IT) in employment services as one key factor for improving the quality of services.*

Creating an information technology support system in the labor market will improve the data collected from interviews with employers, as often this information is not complete and reliable.

- *Improving contacts with enterprises.*

A special achievement of the NES will be to increase the efficiency of employment in relation to its relations with enterprises using the method of grouping the unemployed.

In this way, the flow of jobseekers and job offers can be structured in the Employment Offices.

To get the information needed for job vacancies and market forecasts, NES will intensify, best documentation and interviews made through company visits.

Private employment services

Since 1999, the Albanian legislation has allowed the establishment and functioning of Private Employment Agencies. This is an important step, as these agencies provide:

- services evaluation of claims and the applications for employment within and outside the country;
- services related to job search;
- employment services for workers, to become available for a third party, a natural or legal person, who assigns tasks and controls their implementation.

The main goals of private employment agencies in the labor market are to increase their cooperation with public employment services and to cooperate with the ILO(International Labour Organization) project on migrants.

Employment incentive Programs

Employment incentive programs are state-run programs that work directly in the group of unemployed jobseekers to encourage them to find longer-term employment. The programs currently applied to promote employment are:

- Employment incentive Program for Unemployed Jobseekers
- Employment incentive Program through Job Training

- Employment incentive program for unemployed jobseekers who have completed higher education in and out of the country
- Employment incentive Program through Institutional Formation
- The employment incentive program of unemployed female jobseekers aims to integrate women in the labor market identified as formerly trafficked women, elderly women and disabled women³³.

- Gender Equality and Equal Chances

Gender discrimination is reflected in the highest level of unemployment for the female category compared to that of men, and another important policy is the reduction of gender inequality. Women's employment and their non-discrimination in the labor market would lead to an increase in social welfare, reduction of women trafficking and assistance to divorced mothers. Another priority of the Albanian Government is the programs and support services for non-discriminatory social policies which have a significant impact on strengthening the role of women in society³³.

- Employment and vocational training for children who work informally

It is indispensable to apply vocational training programs for working children who are major against reduced or free tariffs in public vocational training centers.

- Encourage employment of young people and special groups of unemployed people.

Employment of young people in the sectors where they are professionalized to guarantee a future with a healthy economy of the country emerges as a priority, as this would bring a significant reduction in current and long-term unemployment³⁴.

- Policies for returned migrants (potential migrants)

As emigrants with their work have earned a capital abroad, it is important for the Albanian Government to attract them in order to promote private investment. For the Albanian Government, the return of migrants is considered as potential for increasing employment.

³³ Ministry of Foreign Affairs (2008), 3rd National Periodical Report, Chapter III, Tirana, pp. 62-76. Retrieved from: www.raporti-i-III-te-Periodik-CEDAW_ahornuar.pdf

³⁴ Republic of Albania, Ministry of Labor, Social Affairs and Equal Opportunities, Sectoral Employment Strategy 2007-2013, Chapter III, Tirana pp. 16-37. Taken from: <http://www.mpcs.gov.al/strategji-standarte>

- Improving the business climate and the SME sector

Through the reduction of profit tax for both companies, as well as for small businesses, and the abolition of VAT(value added tax) for some specific sectors, would help to improve and develop businesses as a whole. Also, reducing the fiscal burden on social security taxes for employers will boost job supply growth.

- Development of tourism as a source for reducing unemployment.

As in many developed countries with a consolidated economy already and in our country, tourism development means more jobs. Since there is no lack of tourist environmental resources in Albania, tourism development would be highly lucrative for the country, and would also reduce the high unemployment rate³⁵.

3.2.3 Passive employment policies.

- Unemployment payment

All persons who have paid contributions for at least 12 months have the right to receive unemployment benefits up to one year later. In order to stimulate training during the unemployment period, this policy expects to postpone this payment up to 18 months, provided that no salary or other benefit is received during this period.

- Professional Training

With the development of technology, in modern times, the labor market demands more and more specialists in certain areas. This is one of the most important policies since job seekers should not only possess basic skills (such as writing, singing, etc.) but also skills that help them to be professionalized and adapt to current technological progress, which would increase employment opportunities.

- Improving the situation in the informal market

Labor market informality has negative implications such as encouragement of illegal work, distortion of market functioning, revenue cuts in the state budget and so on is aimed at

³⁵ Noti E (2009), Strategic Tourism Development Policies in Albania, "Economicus 4", UET PRESS, Tirana, pg. 5-8

minimizing black market labor and massive formalization by minimizing opportunities of illegal employment and promoting fairness.

1. Protection and health at work

Employees must provide their work through the skills they possess in response to the job position conditions offered.

A basic condition that the employer has to provide to its employees is the protection of occupational health, which constitutes a fundamental policy. Improving the capacity for control and protection of services as well as the harmonization of safety and health legislation at work with EU legislation will be two priorities in which the implementation of this policy will be supported.

The Albanian Government, in cooperation with the Ministry of Labor, Social Affairs and Equal Opportunities, has developed an action plan for the implementation of the Sector Strategy 2007-2013, which contains twelve objectives. In addition to the objectives that support the Sector Strategy 2007-2013, this plan also reflects the information on the indicators, responsibilities, deadlines and sources of funds on which the implementation of this strategy depends.³⁶

Also Mr. Spiro Ksera³⁷ expressed during the presentation of the four-year platform that the Ministry of Labor, Social Affairs and Equal Opportunities drafts and implements through the National Employment Service, Employment Offices and Vocational Training Centers, active and passive labor market policies, through which it aims at integrating and reintegrating the unemployed into the labor market. According to him, the opening of new jobs will mainly be realized through the economic development of the country as a whole, and the Government's economic program orientates a strong employment trait as a result of the expected economic developments.

As important factors that will contribute to economic growth and consequently to the opening of new jobs are the anticipated reforms in the fiscal system to improve the business environment, the large investments in infrastructure and the use of energy, mining

³⁶ Republic of Albania, Ministry of Labor, Social Affairs and Equal Opportunities, Sectoral Employment Strategy 2007-2013, Chapter III, Tirana pp. 16-37. Taken from: <http://www.mpcs.gov.al/strategji-standarte>

³⁷ Current Minister of the Ministry of Labor, Social Affairs and Equal Opportunities

and environmental resources , tourism development, subsidies in agriculture and agro-industry, and the promotion of foreign investment³⁸.

The government in cooperation with the ILO³⁹ has developed a youth employment plan, which includes active policies and passive policies for their employment. This strategy includes four strategic objectives which are:

- Strengthen the labor market (youth) control through the engagement of the MLSAEO(Ministry of Labor, Social Affairs and Equal Opportunities) Employment Policy Department to manage the employment policy cycle, including the National Employment Service reform at all local employment offices, and the creation of local partnerships for youth employment.
- Supporting the labor market prospects for young people by increasing their employability, adapting the education system to the labor market requirements.
- Encouraging the role of the private sector in creating appropriate jobs for young people through supporting investment that significantly influences youth employment⁴⁰.

3.3 Analysis of employment policies. Have the policies undertaken for employment been effective and sufficient?

3.3.1 Unemployment in Albania since 1990-2016

The unemployment phenomenon has had significant impacts on the development of the Albanian economy. The first step to analyze it is to understand the causes from which it came from. If we go back in time, the beginning of unemployment in Albania results in the period of transforming the economy from a centralized economy into a free-market economy.

³⁸ MLSAEO Program 2009-2013, Tirana. Taken from: <http://www.mpcs.gov.al/zedhenesi/34-fjalime-opinione-te-ministrit-spiro-ksera/207-prezantimi-i-ministrit-te-punes-ceshtjeve-sociale-dhe-shanseve-te-barabarta-spiro-ksera-ne-komisionin-parlamentar-te-punes>

³⁹ International Labour Organization

⁴⁰ ILO (2010), International Employment Office, Albania: Youth Employment Action Plan 2010-2013, PEGI, Tirana, pg. 8-9

Table 3.1

Balance of labor force (1990-2016)

years	total unemployment	female	male	total employers	female	male
1990	7.3	10.9	8.4			
1991	9.5	10.5	7.8	1.14	0.23	1.72
1992	9.1	28.3	24.8	1.35	0.28	2.06
1993	26.5	24.2	20.9	1.53	0.37	2.33
1994	22.3	19.9	17.3	1.62	0.39	2.46
1995	18.4	14.8	11.6	1.67	0.43	2.52
1996	12.9	13.6	11.4	2.63	0.41	4.09
1997	12.3	16.6	13.8	2.22	0.31	3.47
1998	14.9	20.9	15.8	2.59	0.40	3.97
1999	17.7	21.4	16.4	2.77	0.46	4.18
2000	18.4	19.3	14.9	2.70	0.46	4.06
2001	16.8	28.4	18.8	2.80	0.49	4.18
2002	22.7	19.1	13.6	2.71	0.49	4.09
2003	15.8	18.2	12.9	2.72	0.51	4.14
2004	15.0	17.5	12.4	2.73	0.54	4.19
2005	14.4	17.2	12.1	2.70	0.56	4.17
2006	14.1	16.8	11.8	2.69	0.58	4.19
2007	13.8	12.2	14.4	2.68	0.61	4.21
2008	13.5	13.7	12.5	1.82	0.61	2.71
2009	13.1	15.6	12.1	1.50	0.37	2.26
2010	13.7	15.8	12.7	1.60	0.51	2.41
2011	14.1	13.8	13.3	1.91	1.20	2.45
2012	13.5	11.5	14.8	1.57	1.06	1.96
2013	13.4	13.4	17.8	1.76	1.04	2.30
2014	15.9	15.2	19.2	1.98	0.56	3.02
2015	17.5	17.1	17.1	2.40	0.98	3.43
2016	17.1			2.43	1.02	3.47

tot LF participation	female LF	male LF	total population	female	male
48.07	53.59	50.78	3,286,542	1,603,298	1,683,244
47.36	55.78	50.11	3,266,790	1,604,803	1,661,987
46.69	56.10	49.21	3,247,039	1,610,619	1,636,420
42.51	55.28	48.61	3,227,287	1,617,772	1,609,515
41.05	54.53		3,207,536	1,621,629	1,585,907
40.29	53.50	48.20	3,187,784	1,618,647	1,569,137
38.81	52.91	47.04	3,168,033	1,607,089	1,560,944
58.40	53.56	74.40	3,148,281	1,588,481	1,559,800
58.40	52.98	73.90	3,128,530	1,566,199	1,562,331
57.20	52.17	72.00	3,108,778	1,544,994	1,563,784
55.60	51.72	67.80	3,089,027	1,528,046	1,560,981
62.07	51.10	74.81	3,060,173	1,511,707	1,548,466
59.61	50.68	71.18	3,051,010	1,509,000	1,542,010
35.00	49.76	42.88	3,039,616	1,507,666	1,531,950
34.79	48.88	42.35	3,026,939	1,505,935	1,521,004
34.50	48.05	41.80	3,011,487	1,501,423	1,510,064
34.45	47.39	41.56	2,992,547	1,493,529	1,499,018
90.59	46.80	94.03	2,970,017	1,482,744	1,487,273
53.19	46.27	61.45	2,947,314	1,470,945	1,476,369
54.99	44.94	64.70	2,927,519	1,460,006	1,467,513
55.20	45.69	63.97	2,913,021	1,451,422	1,461,599
59.94	47.10	67.54	2,905,195	1,445,814	1,459,381
56.99	48.81	65.28	2,900,401	1,441,287	1,459,114
52.42	44.65	61.66	2,895,092	1,436,444	1,458,648
53.72	44.79	63.54	2,889,104	1,431,651	1,457,453
55.66	47.68	64.28	2,880,703	1,426,369	1,454,334
57.49	47.44		2,876,101	1,423,809	1,452,292

Source : World Bank , <https://data.worldbank.org/indicator/SL.UEM.TOTL.NE.ZS>

The above data show that the Albanian labor market in the 1990s was accompanied by low levels of employment, characteristic of transition countries, and the reduction of

employment levels during these years came as a result of the decline of employment in the state sector.⁴¹

This has led to an increase in the level of unemployment even more than in the previous period. Studies of the situation during the 1990s show that drastic reduction in industry output is also a factor that has led to rising unemployment rates. This was due to the lack of raw materials in one of the branches of the economy, which brought about a reduction until the closure of a series of activities. As a result of this problems have come to the exclusion of undesirable workforce (Telo.I: 1997: 3-27). Also, macroeconomic reforms and restructuring of the early 1990s reduced the demand for jobs in Albania, as well as in other countries in economic transition, so there was a decline in the rate of participation in the labor force. The mass privatization of state-owned enterprises closed, as well as the increase in competition for a reduced number of jobs, forced many people to withdraw from the labor force. According to various studies, the significant decline in the labor force participation rate may have different causes, such as a significant number of people working in the informal sector, others may be discouraged from the labor market situation and are removed from the workforce.⁴²

In addition, another important indicator is the mass emigration that accompanied the transition period as a significant part of the country's population emigrated outside the Albanian borders, thus further reducing the workforce in our country, which again reflects deepening unemployment.

It can not be left without mentioning another factor that had a relatively significant impact on the growth of unemployment in our country, which is the failure of the enterprises and the delays in the privatization process. The latter began to largely remove the workforce as private employers had no interest in maintaining excessive labor force due to new conditions that highlighted competition in the market economy (Telo.I: 1997: 3-27). In order to understand the unemployment rate, official data published by the Institute of Statistics help us, although in most cases they do not fully reflect the Albanian reality. This

⁴¹ Ministry of Labor, Social Affairs and Equal Opportunities (2007), Employment Strategy 2007-2013, pg 5. Taken by: www.strategjia_punesim_2007-2013

⁴² Hobdari, B (1998), Labor Market and Regional Unemployment Unemployment in Albania, East European Series No.53. Institute for Advanced Studies, Vienna

is because our country has not yet established the habit of enrolling the unemployed in the labor offices, but there are also many people in our country who, although declared unemployed, are employed or working in the private sector. As we look at all the above-mentioned reasons, during the first years of transition we have a high and very unstable unemployment rate.

The industrial sector - mining, metallurgy, fabrication of equipment and spare parts, chemical industry, and paper and textiles - were the most hurt. Reducing annual revenues led to a reduction in the number of job positions in state structures.

As well as reflecting official data, this increase in unemployment continues until the year 2002, because this period is also accompanied by a highly sensitive demographic movement. During the communist period, Albania was very isolated and the phenomenon of migration almost did not exist, but according to studies it is estimated that in the last 12 years Albanian has migrated to the main cities.

Referring to the data recorded before the 1990s, where the population was about 2,458,526, the population in the capital until the last census has gradually increased to 3,286,542. These massive flows of the demographic movement are explained to have come as a result of difficult economic conditions - particularly in some areas where the basic conditions are largely lacking - and as a result of reforms in the Albanian economy after the collapse of communism.

According to statistics, the situation appears to have improved after 2004, with a slight decline in unemployment, but again remains a high figure in the effort to approach the ideal unemployment rate. This is because labor forces began to adapt to the requirements of professional job supply training, the labor market over the years began to adapt to changes by adapting the conditions of competition. Also policies planned for these years have yielded their results contributing to a slight decrease in unemployment, which aimed at:

- Stabilizing the labor market to reduce the level of unemployment as close to the natural borders, by trying the European countries' objectives in the labor market

- Adapting the vocational training system in line with the requirements of restructuring the Albanian economy, European integration and globalization.
- Development of incentive measures to increase the level of employment
- Institutionalization and formalization of the labor market. Quantitative and qualitative development of the vocational training system in accordance with market needs⁴³

Based on the presentations of the The Ministry of Labor, Social Affairs and Equal Opportunities it seems that the policies have been effective, but not until the foreseen period, as during 2007-2008 this optimistic situation comes to an end because of the economic crisis since affected the economy worldwide as well as the Albanian economy.

During these two years the unemployment rate, as shown in Table, revolves around the 13.5% figure because the crisis was at its beginnings and the Albanian economy had not yet felt the consequences of the crisis.

Aid to maintain a low unemployment rate during 2008 was the activity of the Ministry of Labor, Social Affairs and Equal Opportunities, which included the development of the labor market, the provision of an efficient labor market, the promotion of gender equality in the labor market and a number of other initiatives

3.3.2 Analysis of employment policies. Have the policies undertaken for employment been effective and sufficient?

The viewpoint from which the employment policies in general are viewed, also defines the position that can be held in a particular case. Thus, the premises from which we start, serve as arguments over which our attitudes are placed and further shaped. Moreover, the way policymakers perceive employment policies and how their implementation implements them determines to some extent what is valid or not, upgradable or sufficient. Thus, the

⁴³ MLSAEO Program (2005-2009), Tirana. Taken from: <http://www.mpcs.gov.al/archiva/46-programi-i-mpcsshb-2005-2009>

theory behind the analysis of a particular phenomenon, namely employment policies, becomes determinative for the viewpoint of the phenomenon studied. The arguing attitude to addressing the effectiveness of employment policies will be addressed on the analysis of some of the employment policies, given the commitment of the Albanian Government and other relevant institutions in achieving employment objectives. According to the classical division that is divided into the unemployed in several different categories, the concentration of the highest unemployment figures resembles a trinomial, classifying the unemployed by gender, level of education and age. Taking into consideration these three categories, the thesis will continue to focus on the policies undertaken for them and on the results obtained from applying the respective policies for each of the categories to reach a conclusion on the hypothesis attitude.

From a plain view of the number of unemployed people, the big gap is noticed between male gender unemployment and the female gender. Increasingly, there is an increasing trend of gender differentiation when it comes to unemployment figures.

Tabela 3.2 :

Unemployment rate by gender

year	total unemployment	female	male
1990	7.3	10.9	8.4
1991	9.5	10.5	7.8
1992	9.1	28.3	24.8
1993	26.5	24.2	20.9
1994	22.3	19.9	17.3
1995	18.4	14.8	11.6
1996	12.9	13.6	11.4
1997	12.3	16.6	13.8
1998	14.9	20.9	15.8
1999	17.7	21.4	16.4
2000	18.4	19.3	14.9
2001	16.8	28.4	18.8
2002	22.7	19.1	13.6
2003	15.8	18.2	12.9
2004	15.0	17.5	12.4

2005	14.4	17.2	12.1
2006	14.1	16.8	11.8
2007	13.8	12.2	14.4
2008	13.5	13.7	12.5
2009	13.1	15.6	12.1
2010	13.7	15.8	12.7
2011	14.1	13.8	13.3
2012	13.5	11.5	14.8
2013	13.4	13.4	17.8
2014	15.9	15.2	19.2
2015	17.5	17.1	17.1
2016			

Source : World Bank, total unemployment, unemployment male and female, <https://data.worldbank.org/>

As the data from the former Ministry of Labor, Social Affairs and Equal Opportunities show, female unemployment is higher than that of male gender. The analysis of the level of employment over the years shows that throughout the 1993-2006 period the employment rate of female continues to be significantly lower than that of men. Women employed account for about 37 percent of total employment.

Due to this relatively apparent change, the Albanian Government during the drafting of the Sectoral Employment Strategy puts emphasis on the employment promotion program, where one of the main policies is gender equality and equal chances. Through this policy, as we have mentioned in the second part of the paper, the government aims to reduce gender inequality and discrimination against women.

Table 3.3

Expenditure on employment incentive program (1998 -2016)

YEAR	TOTAL	EMPLOYMENT INCENTIVE(million leke)
1998	2,874	
1999	2,275	280
2000	2,228	549
2001	2,225	388
2002	1,854	303
2003	1,565	150
2004	1,595	200

2005	1,408	134
2006	1,513	120
2007	1,431	119
2008	1,623	212
2009	1,527	182
2010	1,572	133
2011	1,421	130
2012	1,530	90
2013	1,400	90
2014	1,713	271
2015	1,826	450
2016	2,158	490

Source : National Employment Service, statistika ne vite. <http://www.kerkojpune.gov.al/>

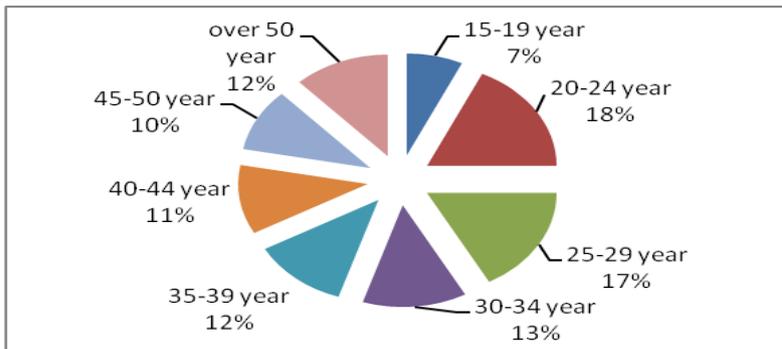
These are spending over the years for the employment promotion program, part of which is gender equality policy and equal opportunities. According to the action plan for the implementation of the Sector Strategy 2007-2013, during 2007 the state budget funds for the employment promotion program were 120 million lekë, while for the year 2008 the defined fund was about 200 million lekë, while expenditures for Gender Equality and Equal Opportunities were respectively at 11.4 million.

The Ministry of Labor, Social Affairs and Equal Opportunities together with the National Employment Service have undertaken two main objectives. Undertaking a set of measures for women's employment and reorientating women to the most sought after professions including women in rural areas are the main objectives of this policy, which are expected to have had an effect on women's employment.

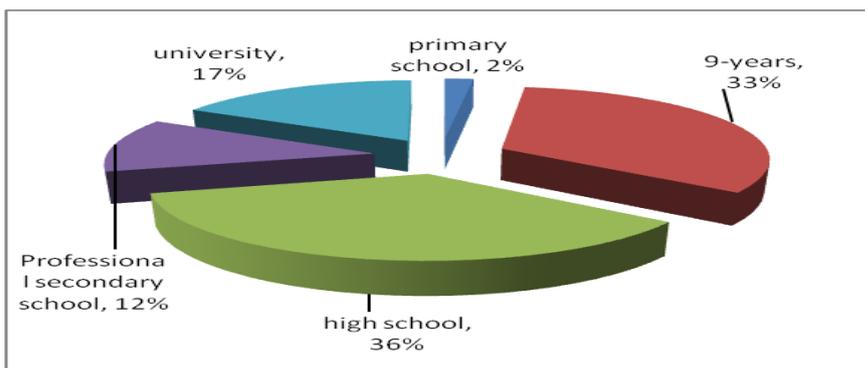
Over the last years, the realization of these objectives has been based on the activation of several programs such as: Opening and providing vocational training courses for various non-agricultural activities for women in rural areas, organization of seminars and publications for women and girls at risk, special policies of women in need and free vocational training for women head of household, planning a gender equality strategy and domestic violence, and stimulating progress in involving as many women as possible in social aspects.

These programs have also been implemented with the help of donors such as UNDP and UNIFEM and given the years-long monitoring of these programs, the result is that they

have been accomplished almost, around 95% of the forecast. Women's employment in relation to men has increased following the commitment of the above-mentioned programs, but not creating a full and sensitive equality in the labor market. Reducing gender equality could also reduce unemployment as a whole, but due to the failure to fully realize this policy, it seems that they have not been enough to boost employment.



Source : National Employment Service, Statistics in year. <http://www.kerkojpune.gov.al/>

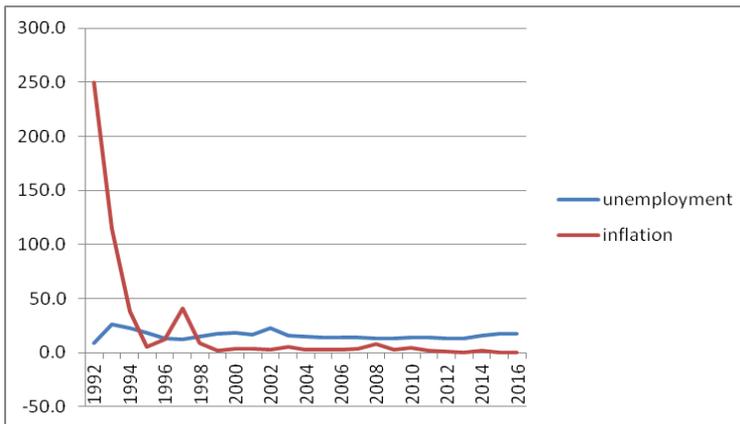


Source : National Employment Service, statistics in year. <http://www.kerkojpune.gov.al/>

Figure 3.4 Graphic presentation of unemployment by age groups and education level for 2016.

Referring to the age, it is noticed that 42% of the total number of employed jobseekers are young until 29 years. While smaller chances in employment appears to have the older age groups over 45 years, which accounted for only 22% of total employees.

Businesses where most young people are employed are: Call Center, Processing Industry and Services. In Vlora, Tirana, Durres, these are the most developed ones, have the highest level of employability for this age group. While ages over 45 are mainly employed in elementary occupations, Women in the processing industry branches while Men in Construction and Mining.

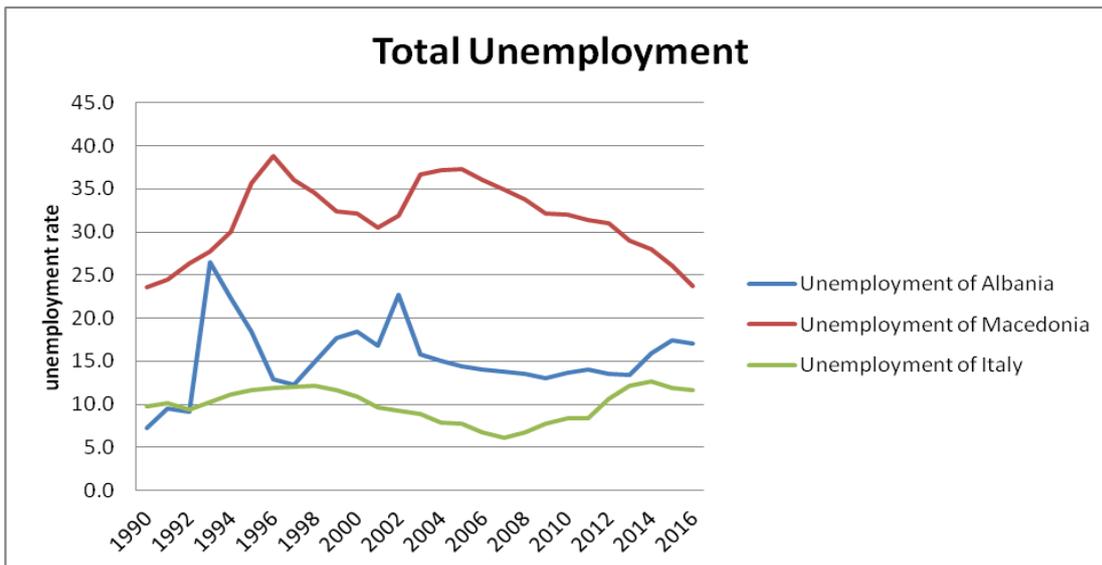


Source : World bank, <https://data.worldbank.org/>

Figure 3.4 Unemployment and inflation rate for Albania

In 1993, the highest unemployment figure was registered as a result of the transition of the economy from a centralized economy to a market economy. In this year, the Employment Office is mainly committed in paying unemployment, addressing over 300,000 people who lost their jobs. In the years 95-96 there is a decline of unemployment, as many of the unemployed ended the one-year term of unemployment benefit and did not register as jobseekers. Also in this period it became necessary to concretize the unemployment registers by sub-registering those persons who were not unemployed. After 2000 until 2016, there has been little fluctuation in unemployment with very small movements.

Before the 1990s, the inflation rate was negative or 0, due to the centralized economy. In 1991-1998, with very high rates and in some years with hyperinflation. After 1999, inflation was low, under control. The year with the highest inflation results in 1992 with 249.68%. Also, the 1997 crisis year was characterized by a large rise in the price level, with 41.28%.



Source : World bank, <https://data.worldbank.org/>

Figure 3.5 Total unemployment of Albania, Macedonia and Italy

This graph shows changes of unemployment in considered countries for the given years. As seen in the aforementioned graph, the highest values of unemployment are in Macedonia, which is followed by Albania and Italy. These states have something in common, they are all countries in development. Furthermore, Macedonia and Albania have a significant volatility among the years while the Italy stands more stable. This comes as a result of political situations i.e the way these countries have performed after post-communism. In addition, case of Albania shows a drastic increase of unemployment from 1992 to 1993 as a consequence of changes in economic system, from centralized economic system to free trade economic system.

On the other hand, Macedonia seems to have been the smallest country regarding the unemployment. For many years Macedonia has been part of Soviet Union where this small country had no political and economic support. Moreover, even after it was promulgated it always faced political problem mostly with neighboring countries i.e Greece. As a result of internal problems, Macedonia did not use to implement successful reforms in order to improve its economic situation.

CHAPTER 4

DATA AND METHODOLOGY

4.1 Data

Our study is an analysis, descriptive and comparative one that will follow an analytical approach to the level of unemployment in the post-90s' period until nowadays, what is the ground of it, in what level was the unemployment and what were the initiatives taken to reduce it and bring it closer to the natural unemployment rate.

The data will be collected from various sources, World Bank, National Employment Service. I will collect data for the unemployment by gender, education level and age group, inflation-unemployment for Albania, also a total unemployment of Albania, Macedonia and Italy. For the part within Albania, the analysis will be based on existing data, which presupposes the materials generated by various institutions and publications mainly of the Statistical Institute, several important sources and publications of the Albanian Government, the Ministry of Labor, Social Issues and Equal Opportunities, the International Labor Organisation (ILO), which has drafted an action plan in cooperation with the International Labor Office on youth employment in Albania, as well as other institutions and agencies or alternative resources addressing problems of employment.

4.2 Methodology

To analyze the issue and further the criticisms and suggestions related to it, I see it reasonable to divide the study into three main chapters, initially describing a theoretical background on concepts, major unemployment debates as well as the point of view at the international level of this issue. In the second section, the focus will be on the situation over the years in Albania, the fluctuations of unemployment over the years, and the premises of the unemployment policy. The third part will analyze more specifically three

categories of unemployed: by gender, education level and age group, inflation-unemployment comparison for Albania, also a comparison of total unemployment of Albania, Macedonia and Italy, as a way of understanding where the focus is on unemployment and the effectiveness of unemployment policies on which employment production is supposed.

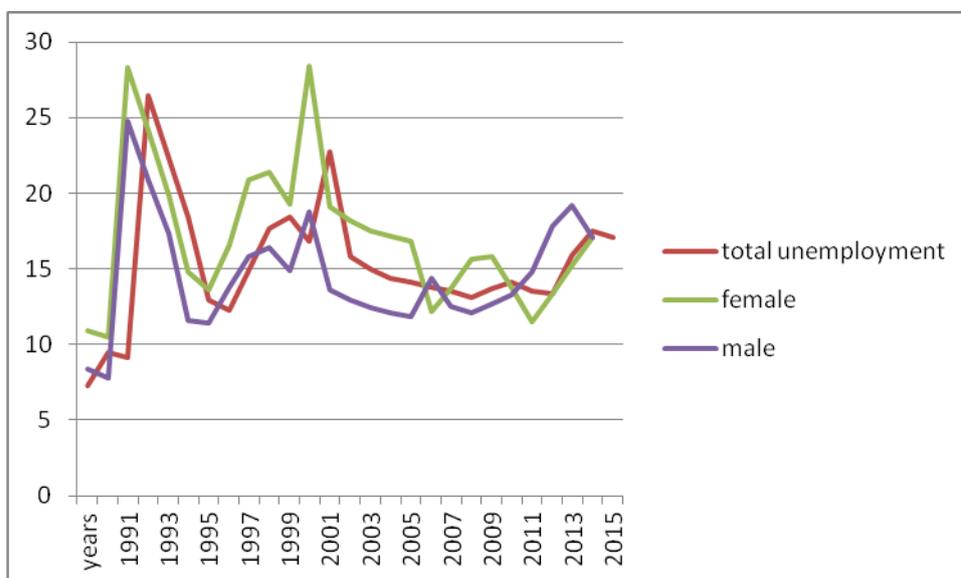
CHAPTER 5

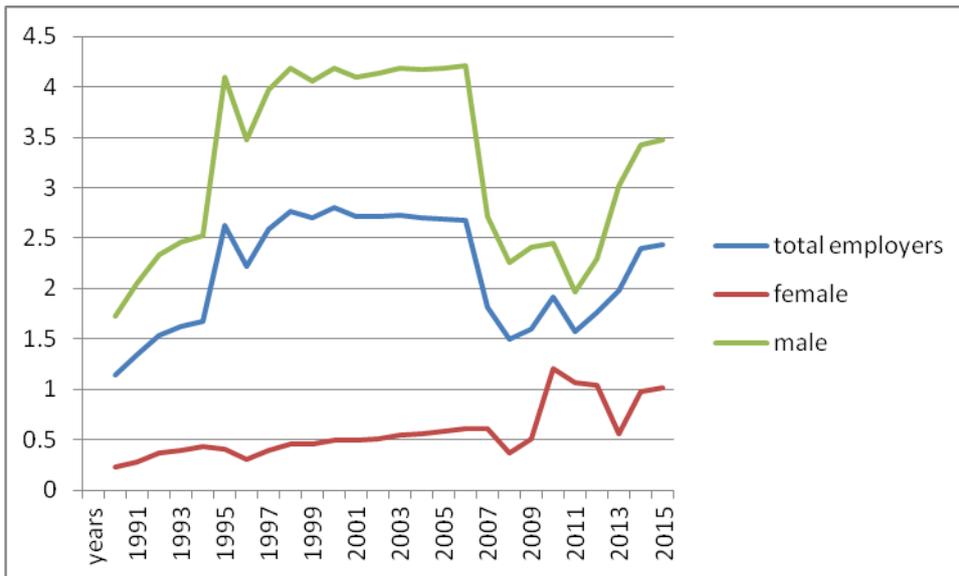
EMPIRICAL ANALYSIS

The unemployment phenomenon has had significant impacts on the development of the Albanian economy. The first step to analyze it is to understand the causes from which it came from. If we go back in time, the beginning of unemployment in Albania results in the period of transforming the economy from a centralized economy into a free-market economy.

Table 5.1

Balance of labor force (1990-2016)

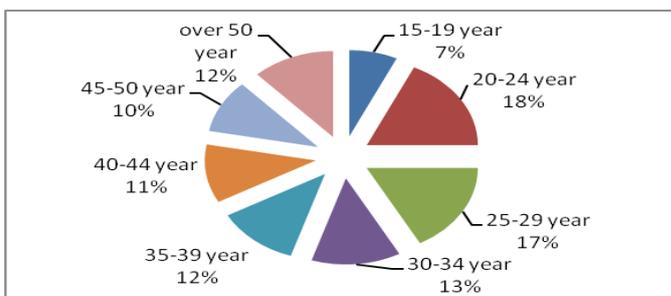


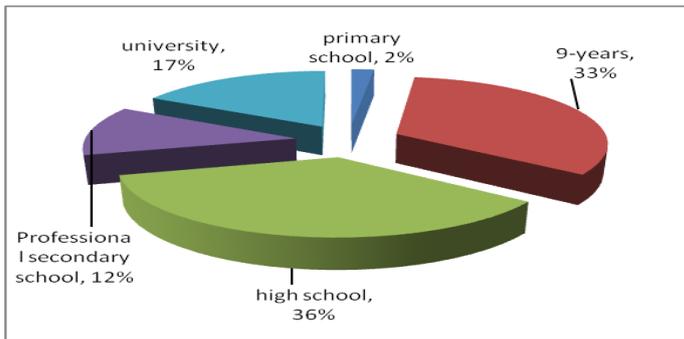


Source : World Bank , <https://data.worldbank.org/indicator/SL.UEM.TOTL.NE.ZS>

The above data show that the Albanian labor market in the 1990s was accompanied by low levels of employment, characteristic of transition countries, and the reduction of employment levels during these years came as a result of the decline of employment in the state sector. Based on the presentations of the The Ministry of Labor, Social Affairs and Equal Opportunities it seems that the policies have been effective, but not until the foreseen period, as during 2007-2008 this optimistic situation comes to an end because of the economic crisis since affected the economy worldwide as well as the Albanian economy.

During these two years the unemployment rate, as shown in Table, revolves around the 13.5% figure because the crisis was at its beginnings and the Albanian economy had not yet felt the consequences of the crisis.



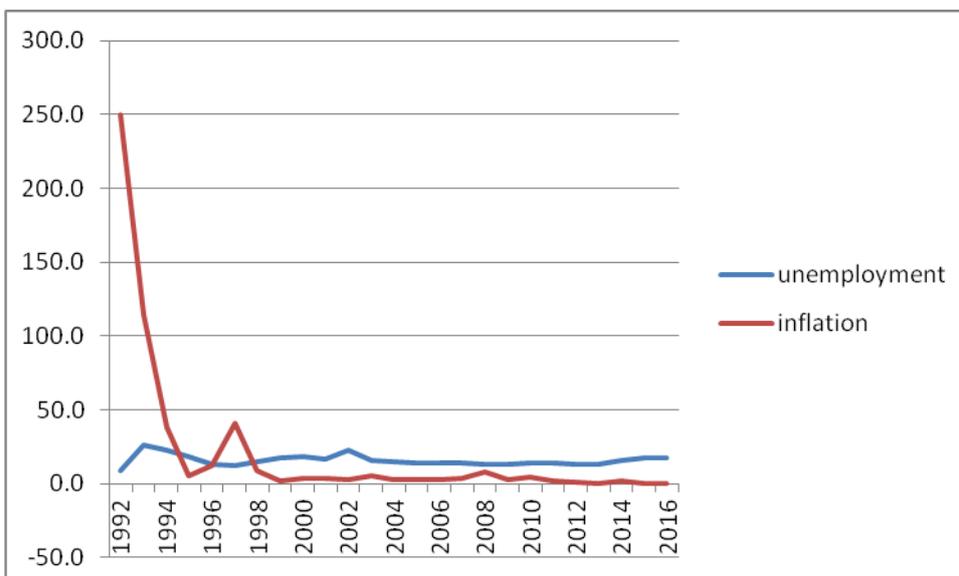


Source : National Employment Service, statistics in year. <http://www.kerkojpune.gov.al/>

Figure 5.3 Graphic presentation of unemployment by age groups and education level 2016

Referring to the age, it is noticed that 42% of the total number of employed jobseekers are young until 29 years. While smaller chances in employment appears to have the older age groups over 45 years, which accounted for only 22% of total employees.

Businesses where most young people are employed are: Call Center, Processing Industry and Services. In Vlora, Tirana, Durres, these are the most developed ones, have the highest level of employability for this age group. While ages over 45 are mainly employed in elementary occupations, Women in the processing industry branches while Men in Construction and Mining.

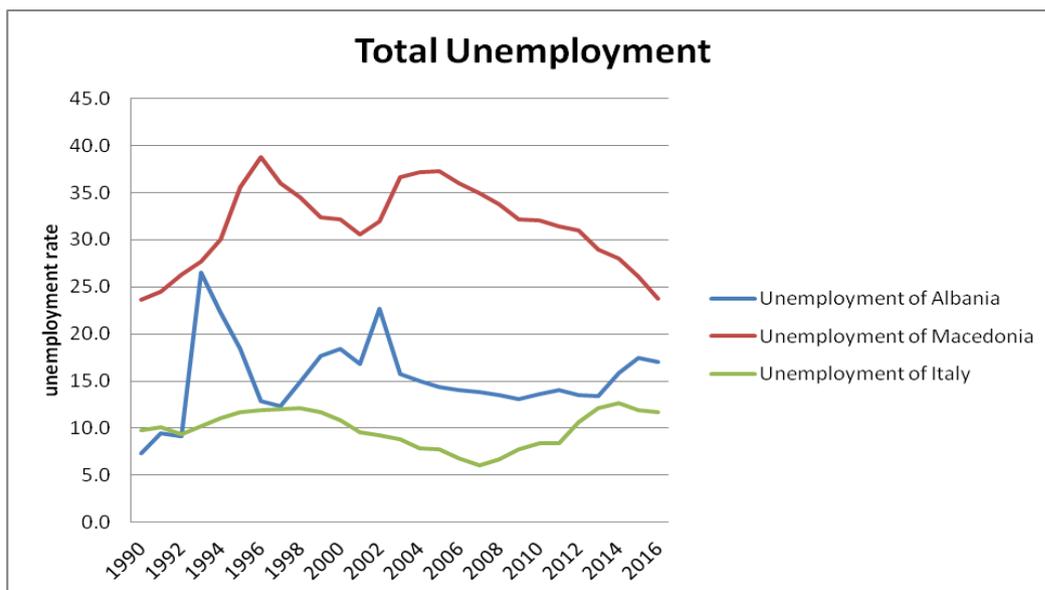


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Figure 5.5 Total unemployment of Albania, Macedonia and Italy

This graph shows changes of unemployment in considered countries for the given years. As seen in the aforementioned graph, the highest values of unemployment are in Macedonia, which is followed by Albania and Italy. These states have something in common, they are all countries in development. Furthermore, Macedonia and Albania have a significant volatility among the years while the Italy stands more stable. This comes as a

result of political situations i.e the way these countries have performed after post-communism. In addition, case of Albania shows a drastic increase of unemployment from 1992 to 1993 as a consequence of changes in economic system, from centralized economic system to free trade economic system.

On the other hand, Macedonia seems to have been the smallest country regarding the unemployment. For many years Macedonia has been part of Soviet Union where this small country had no political and economic support. Moreover, even after it was promulgated it always faced political problem mostly with neighboring countries i.e Greece. As a result of internal problems, Macedonia did not use to implement successful reforms in order to improve its economic situation.

CHAPTER 6

CONCLUSION

6.1 Overall conclusion

During the years of transition until the last years it has been evidenced that unemployment in Albania has suffered from fluctuations in the earliest times, standing in figures of a high degree - taking into consideration the ideal rate of unemployment.

The situation created in the first years of transition from a centralized economy to an open economy has been the beginning of a challenge for Albania - employment generation - which continues in the years to come, making it increasingly difficult for an economy successful.

The ever-increasing tendencies of demographic movements have been a factor influencing the growth and instability of unemployment.

According to sources from the Ministry of Labor, Social Affairs and Equal Opportunities, most unemployed job seekers are about 35%, have primary or elementary education, about 48% have secondary education and vocational secondary education and only 17% registered unemployed are with higher education.

In the territorial perspective, unemployment concentration is in areas where the population is higher and unqualified.

The most prominent current unemployment trends in Albania are the high unemployment rate, unsustainable and with no downward tendencies. Gender inequality and Equal Opportunities that accompany the Albanian labor market have had a high degree of exclusion from the labor market of women and girls.

The high level of youth unemployment in relation to the level of education has increasingly complicated the decline in unemployment, considering that this age group is considered the motor power of economic development.

High unemployment, which posed the urgent need to develop active and passive employment policies in order to reduce unemployment, although these policies have not significantly reduced.

Because unemployment results to remain relatively high, the policy initiatives undertaken for employment have been effective - reducing unemployment at a very low rate - but insufficient to produce employment in the foreseen objectives.

Moreover, this study gives a clear comparison of Albania with its neighboring countries Macedonia and Italy regarding the unemployment rates among post-communism regime period of time. Macedonia resulted to have the highest unemployment rates, followed by Albania and at the end by Italy because of aforementioned indicators.

6.2 Implications of the Study

Implications of the study could be a topic interest to the policymakers, government and investors. Firstly, in order to ensure the best functioning of education - university, vocational secondary education, including vocational courses or training - with the currently existing requirements in the labor market there should be taken some measures. This would not only bring a reduction in unemployment but also an increase in the qualification of the labor force.

In addition, in terms of the economic assistance program, it would be good to rely on the gender distribution. Given that there is a relatively sensitive gap between female and male employment, it would be more efficient to support more women's economic aid.

It would be very important if the vocational training programs were revised once more. These programs would yield more results if they become more attractive and acceptable to both women and men. Taking into account the gender perspective, it will be possible to identify what favors the unemployed, because the market itself is more favorable to qualified workers.

Also, the review of gender pay policies would contribute to the redistribution of the labor force. The distribution of wages should be neutral, as only so could the gap be reduced between the employment of women and men. To continue with the Government should undertake joint programs with the Ministry of Labor, the Ministry of Finance and the Ministry of Agriculture for agricultural economic development. Stimulating businesses in the agricultural and non-agricultural sector through taxation policies on these businesses would not only generate employment but would help develop the economy as a whole. Moreover, withdrawal of labor forces towards unpaid work but also black work conceals its real participation, as these jobs do not appear and consequently do not appear in statistics as well. What is worrying is that INSTAT often does not reflect real unemployment due to the lack of full disclosure of information from the unemployed, thus finding fictitious unemployment.

Increasing the flexibility of policies - both active and passive - would be highly productive for reducing unemployment currently in our country. The suitability of the job-seeking offer is one of the main references where the activities of the Government together with other relevant institutions in this mission should be supported.

6.3 Contributions of the study

This study has as a major contribution as an added academic value based on a proper analysis of unemployment in Albania and the government's behavior over the years towards this factor. There are only a few studies conducted on this topic in a detailed and academic form for Albania case of study, taking into account this I found it quite interesting to enhance this type of subject.

6.4 Limitations of the study

First of all, the purpose of this study is to pinpoint and analyze unemployment and government's policy of Albania. However, to achieve this goal, data collection has been a challenge because not every source is trustworthy. Moreover, it should be emphasized that the informal economy has a great negative impact on the results of the data and consequently the study.

Another difficulty encountered during this study was the summary of government structures, regulations and reforms to reduce unemployment since there are a great number of aforementioned documents to be summarized.

6.5 Further Studies

Data and methodology, graphs and tables in this paper are suggested to be used for further studies in order to achieve other results regarding the association of unemployment, gender differences and educational level.

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