



Western Balkans Labor Market Trends 2018

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Motivation

- Provide comparable labor market data for the Western Balkans for national policy makers in the region, national and international institutions/organisations and the academic community
- produce an annual report on labour market trends in the Western Balkans
- create a repository for high-quality research on labour market issues in the region

Outline

- Western Balkan Labor Market Trends 2018 Report
- SEE Jobs Gateway Database

Western Balkans Labor Market Trends 2018

REPORT

A summary of labor market trends in the Western Balkans and four peer countries (Austria, Bulgaria, Croatia, Hungary) between 2016 Q2 and 2017 Q2

Part I

- Population (activity)
- Employment
- Focus on
 - atypical forms of employment
 - informal sector employment
- Unemployment
 - NEETs

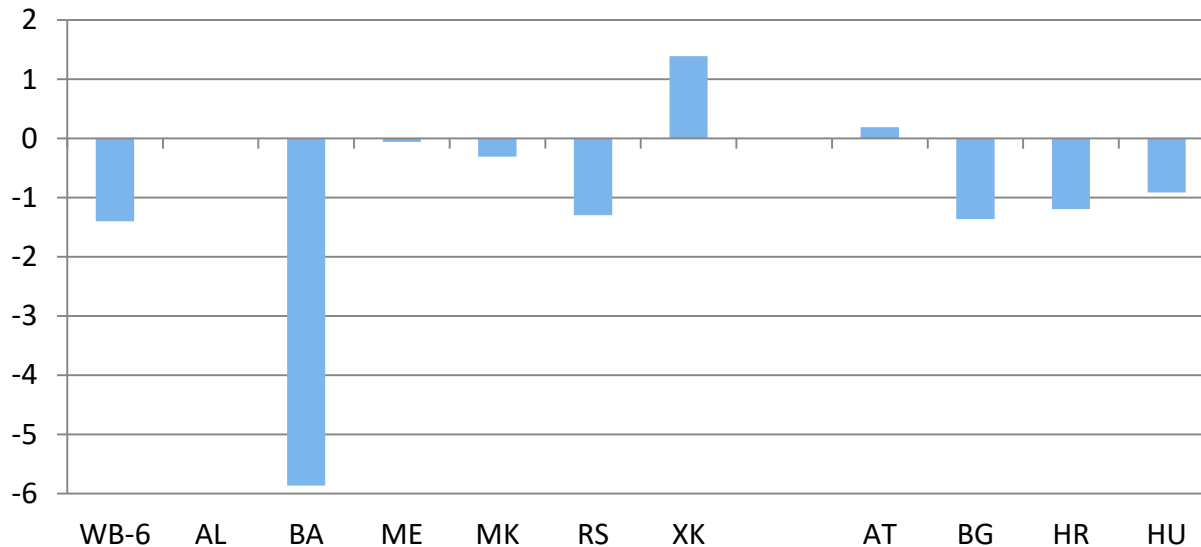
Part II

- Special topic: Improving data on labor mobility in the Western Balkans

Statistical annex

Shrinking working-age population in most Western Balkan countries

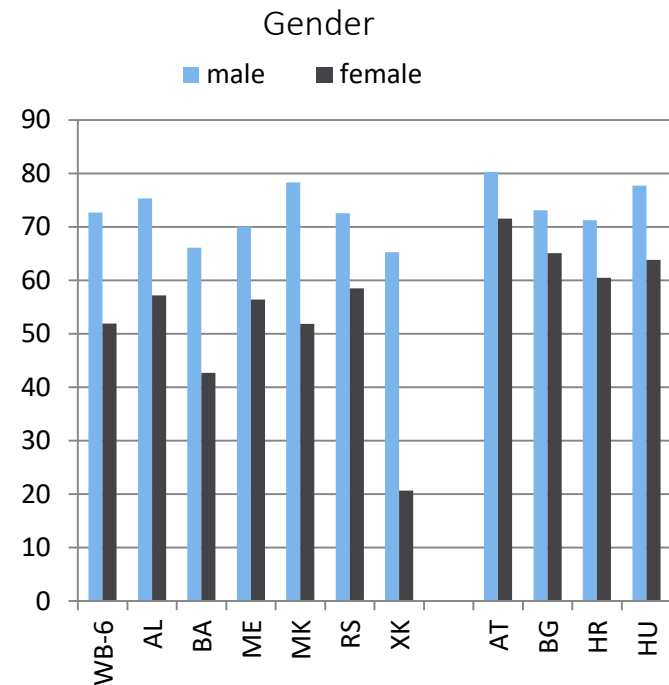
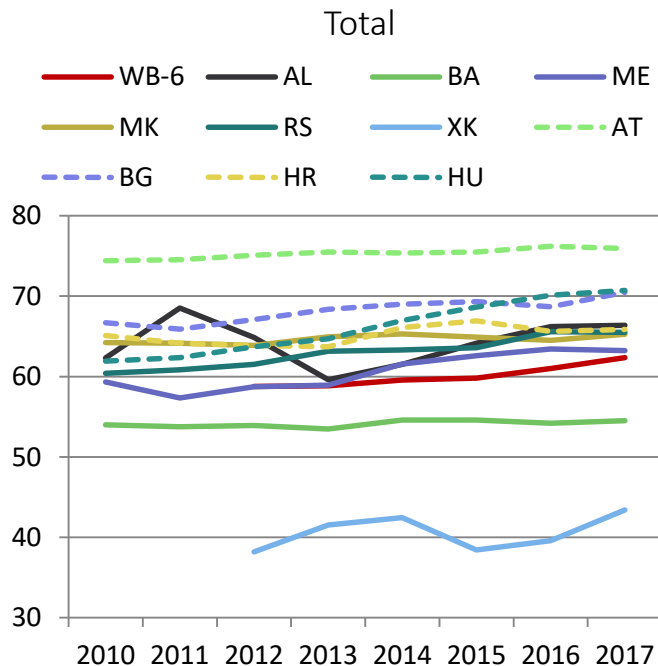
Working-age population (15–64 years), 2016 Q2–2017 Q2, change in %



Source: SEE Jobs Gateway Database, based on data provided by national statistical offices and Eurostat.

Continued increase in activity rates – but female rates are (very) low compared to peer countries

Activity rates (15–64 years), in %



Source: SEE Jobs Gateway Database, based on data provided by national statistical offices and Eurostat.

Gender differences in labor market outcomes

- Traditional roles assigned to women, such as care taking responsibilities (children and older family members)
- Religious and cultural reasons
- Labor taxation and social benefit systems, due to potential disincentive effects for those seeking employment (Koettl, 2012)
- Reliance on remittances
 - ➔ ample amount of human potential unused

Inactivity

- **Gender:** Primarily a phenomenon of women
- **Age:** Lack of participation is most acute among the young people (2015: total - 71%; women – 78%, men – 64%)
- **Education:** more likely for the low educated
- **Explanations**
 - Lower growth as for example in the EU-CEE
 - Early retirement
 - Rising enrolment rates in universities – young people longer in education
 - Labour taxation, social benefits, remittances

Employment growth highest for females and the highly educated

Employment growth, 2016 Q2–2017 Q2, in %

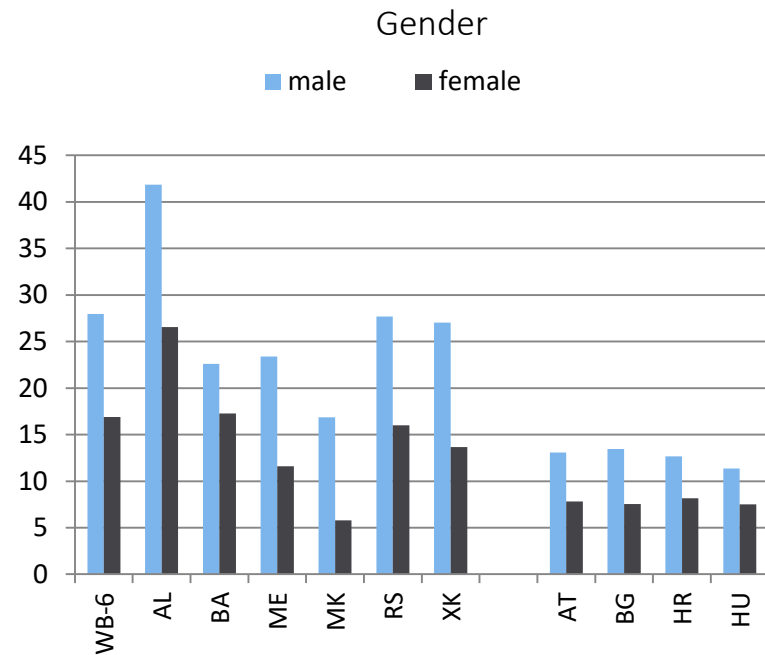
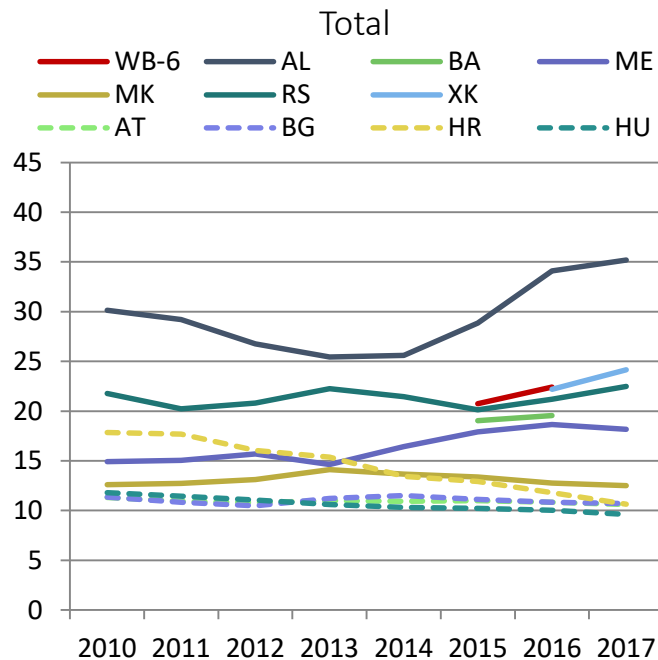
	Gender			Age			Education		
	Total	Male	Female	15–24	25–54	55–64	Low	Medium	High
Albania	3.4	5.6	0.8	13.4	3.0	1.4	2.4	1.2	10.8
Bosnia and Herzegovina	1.9	-0.9	6.8	17.2	.	.	5.7	2.5	-4.1
Kosovo	9.2	11.0	2.8	18.2	5.7	18.7	3.5	9.4	13.1
Montenegro	3.5	4.8	1.9	4.9	1.9	9.5	20.1	3.2	-1.0
FYR Macedonia	2.7	1.4	4.7	13.2	3.2	0.1	-6.0	3.9	6.5
Serbia	4.3	2.9	6.2	3.0	2.9	8.9	1.2	4.9	5.4
Western Balkans	3.9	3.3	4.7	9.8	.	.	1.8	4.1	5.4
Austria	1.2	1.1	1.3	-1.3	0.8	6.5	-2.2	0.1	4.2
Bulgaria	4.5	4.5	4.5	5.1	3.6	5.7	8.8	4.5	3.0
Croatia	1.7	3.4	-0.2	7.2	1.3	2.4	-18.5	5.2	1.4
Hungary	1.8	2.5	0.9	3.0	1.6	0.6	1.2	1.5	2.6

Note: BA: no employment data by age groups above 24 years.

Source: SEE Jobs Gateway Database, based on data provided by national statistical offices and Eurostat.

High share of self-employment signaling large informal sector

Self-employment, share in total employment (15–64 years), in %

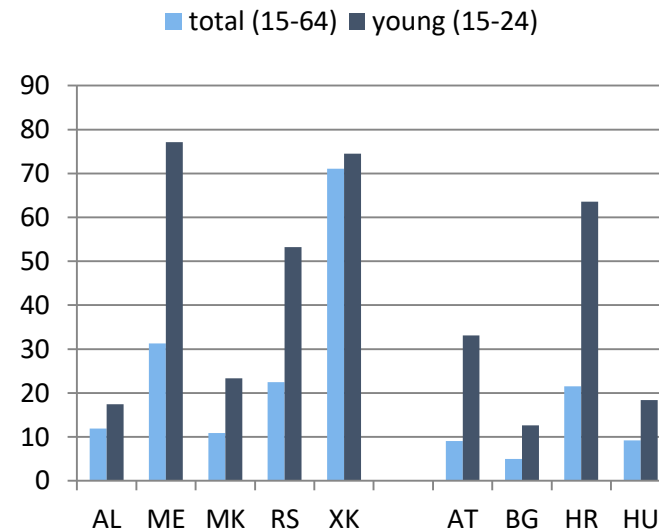
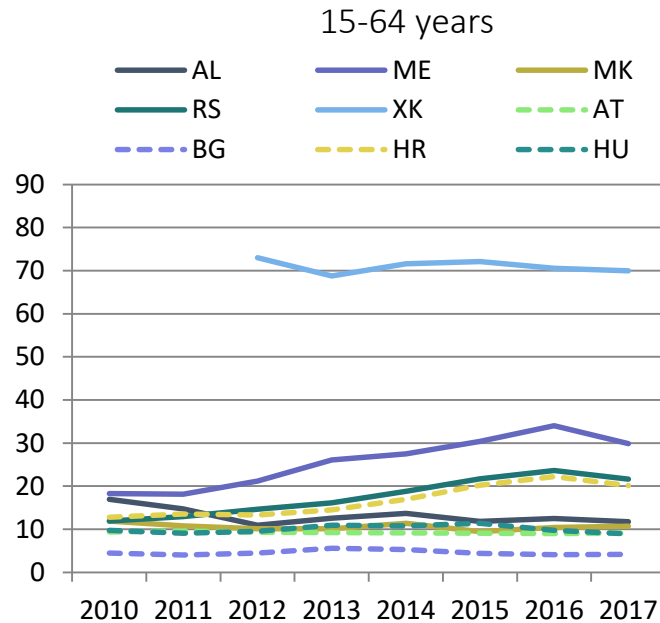


Note: Data for 2017 refer to the first two quarters. Data for BA refer to the working-age population 15+.

Source: SEE Jobs Gateway Database, based on data provided by national statistical offices and Eurostat.

Temporary employment highest among young people

Temporary employees, share in total employees (15–64 years), in %

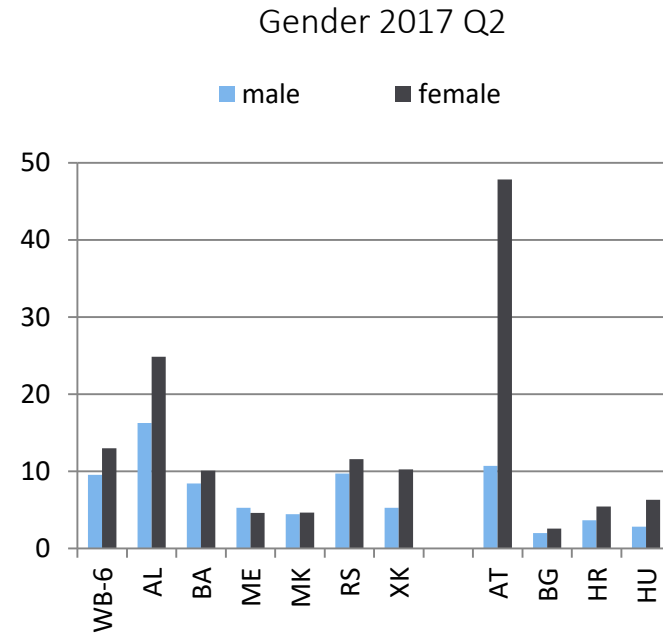
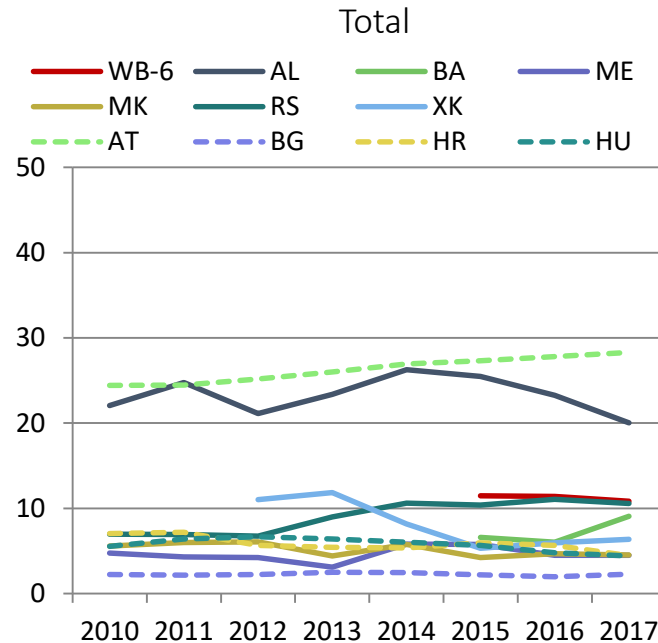


Note: Data for 2017 refer to the first two quarters. Data are not available for Bosnia and Herzegovina.

Source: SEE Jobs Gateway Database, based on data provided by national statistical offices and Eurostat.

Part-time employment less common in the Western Balkans than in EU countries

Part-time employment, share in total employment (15–64 years), in %

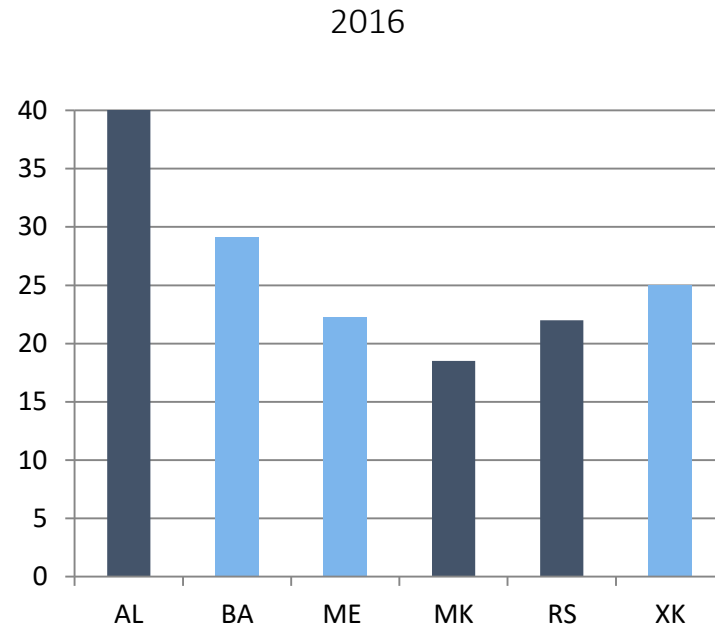
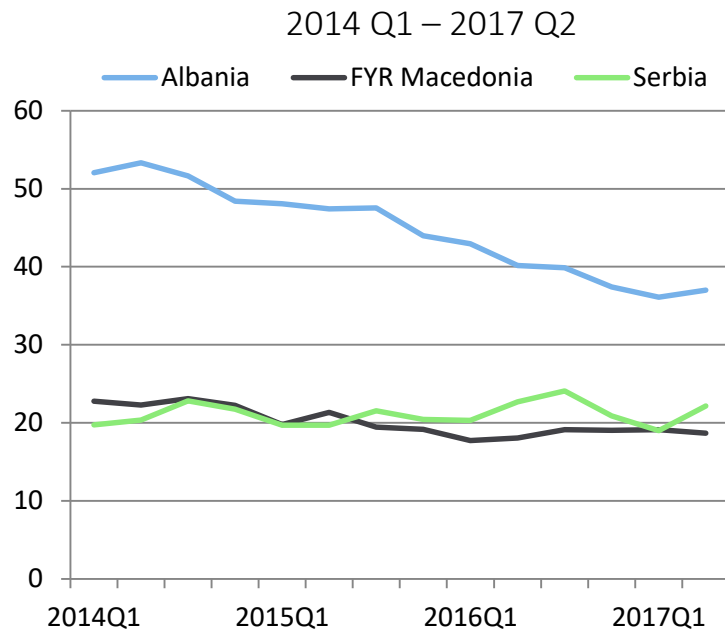


Note: Data for 2017 refer to the first two quarters. Data for Bosnia and Herzegovina refer to the population aged 15+.

Source: SEE Jobs Gateway Database, based on data provided by national statistical offices and Eurostat.

Despite declining, informal sector employment remains at high levels

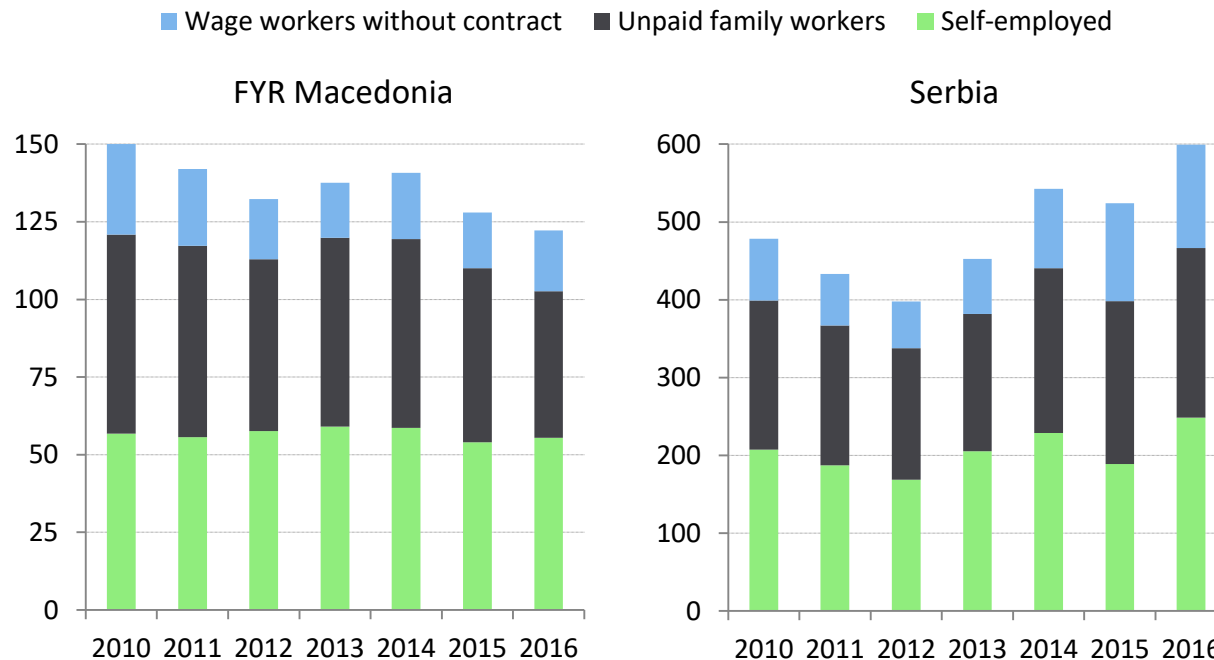
Share of informal employment in total employment, in %



Source: SEE Jobs Gateway Database, based on data provided by national statistical offices and Eurostat. For BA, ME Krstic and Gashi (2016), for XK Cojocar (2017).

Self-employed in unregistered businesses now represent the majority of informal sector employment

Structure of informal employment by individual categories, in 1000 persons



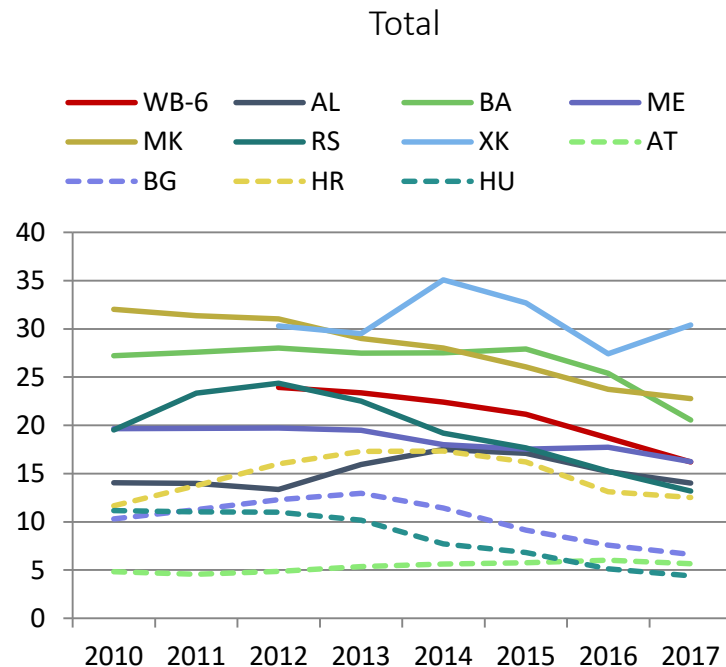
Source: SEE Jobs Gateway Database, based on data provided by national statistical offices and Eurostat.

Informal employment – characteristics

- Men are more likely to work in the informal sector than women; the only exception being Serbia
- Young people (young men in particular) account for the highest share of informal employment in Albania, FYR Macedonia and Serbia
- Low-educated constitute the majority of informal workers in Albania and FYR Macedonia, and medium-educated that in Serbia
- About two thirds of informal work is concentrated in agriculture in FYR Macedonia and Serbia (the only countries providing detailed data)

Unemployment decreasing in most countries, but levels remain high

Unemployment rates, in %



Unemployment rates fell faster than average (2016 Q2 -2017 Q2) for

- females
- young people (15-24 years)
- Low- and medium-educated

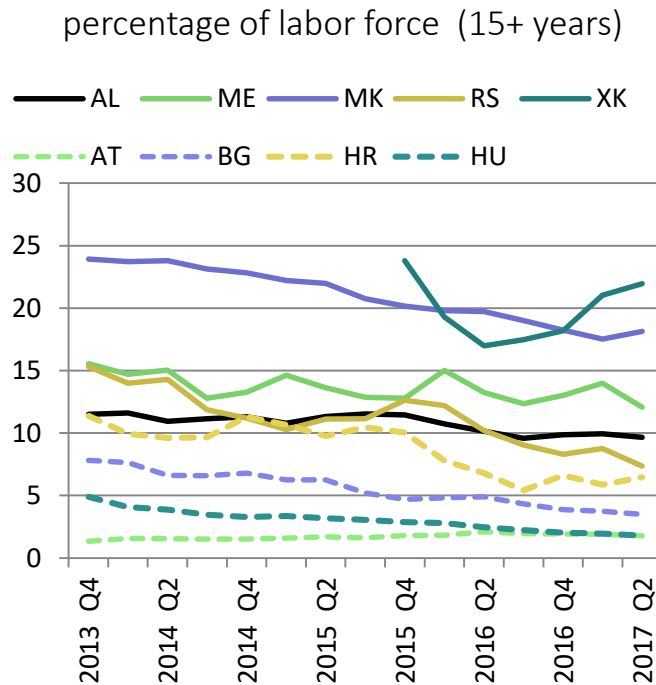
Unemployment rates in WB-6 in 2017 Q2 were

- equal for men and women
- double the overall rate for the young
- highest for the medium-educated

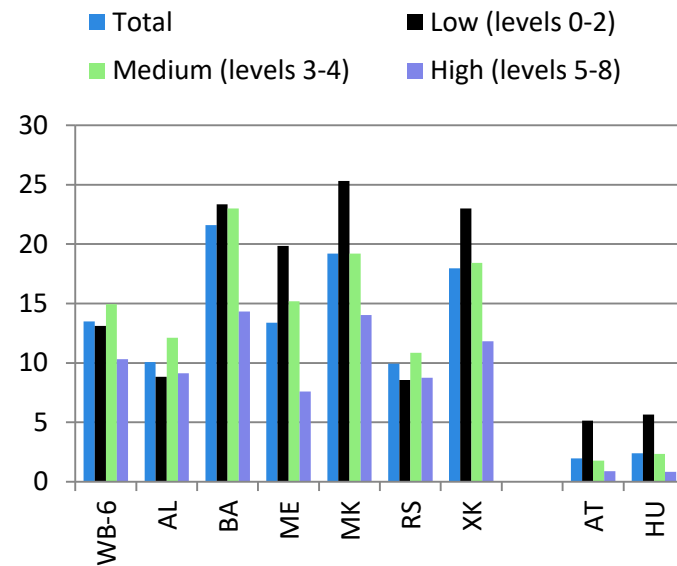
Source: SEE Jobs Gateway Database, based on data provided by national statistical offices and Eurostat.

Despite declining, long-term unemployment remains a major concern for the Western Balkans

Long-term unemployment rate, in %



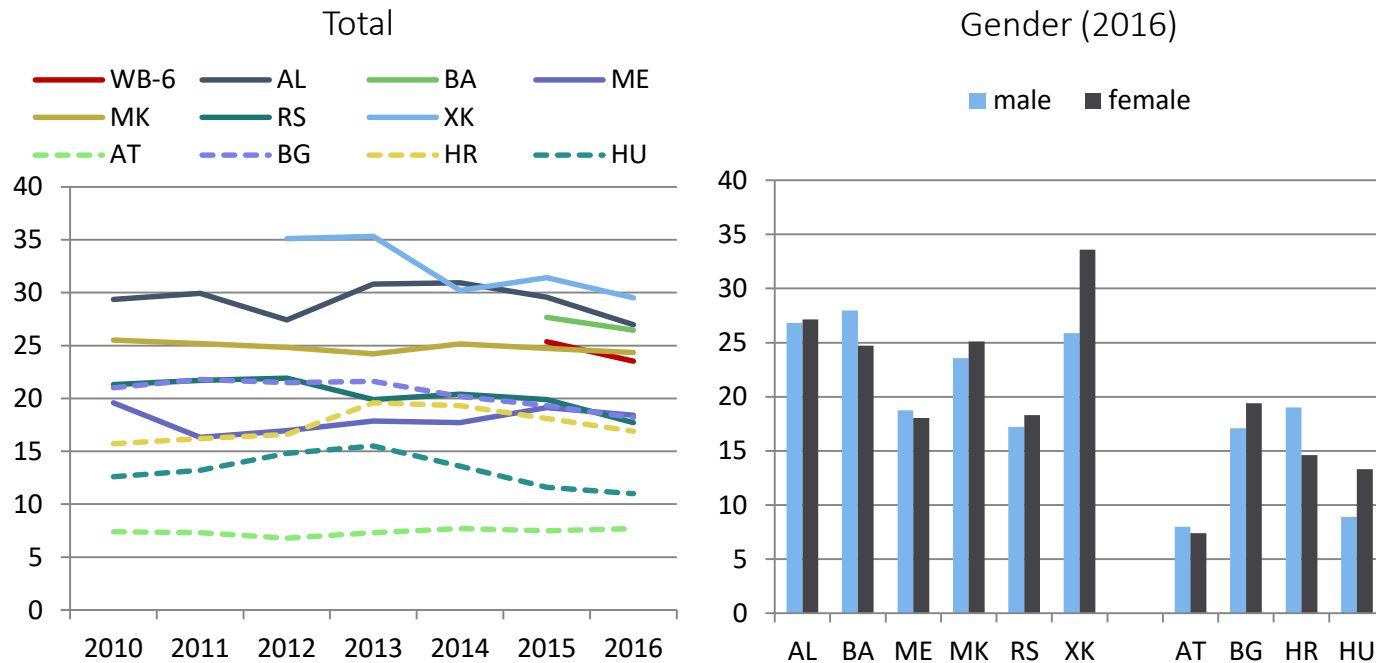
Educational attainment, 2016



Source: SEE Jobs Gateway Database, based on data provided by national statistical offices and Eurostat.

Probability of young people becoming a NEET (neither in employment nor in education or training) is high

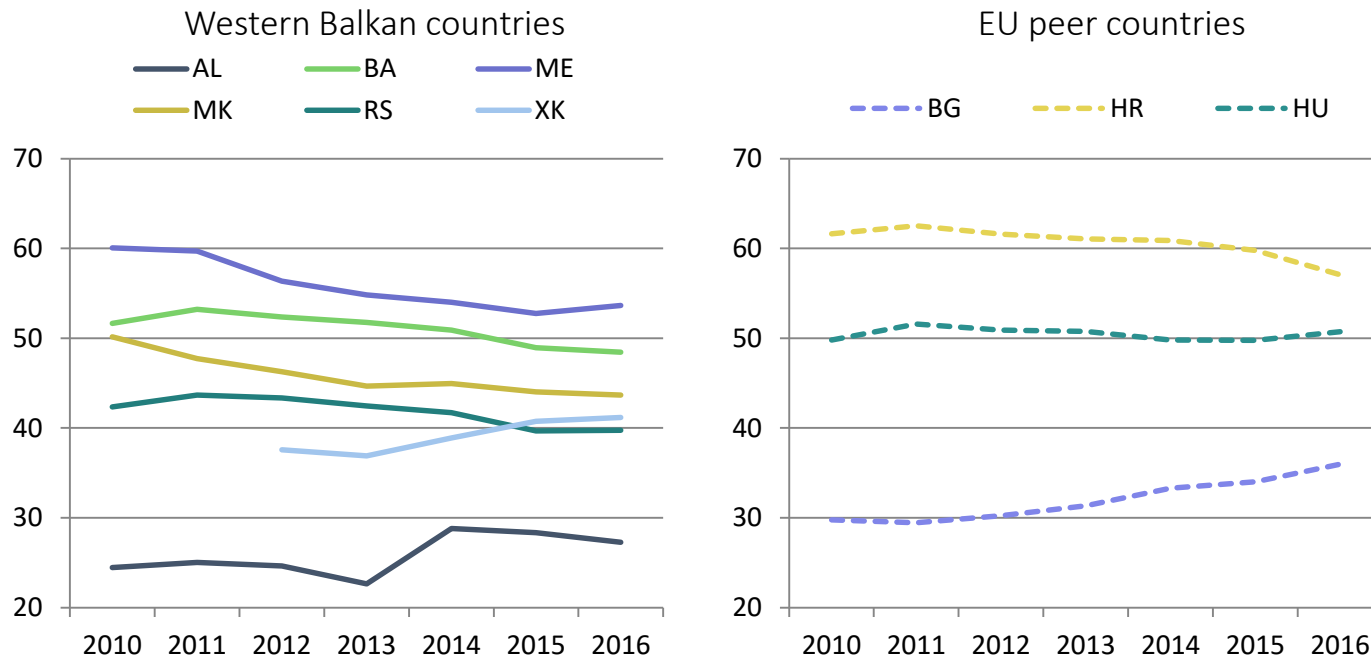
NEET rates (15–24 years), in % of the respective population



Source: SEE Jobs Gateway Database, based on data provided by national statistical offices and Eurostat.

Wage levels differ within the region and in comparison to the peer countries

Average monthly gross wages, Austria=100 (PPP EUR based)



Note: Wage data refer to register-based survey data for the Western Balkans and peer countries, except Austria and EU-28 which are based on gross wages of National Accounts. Albania: methodological break 2013/2014.

Source: SEE Jobs Gateway Database, based on data provided by national statistical offices and Eurostat, own calculations.

Main findings

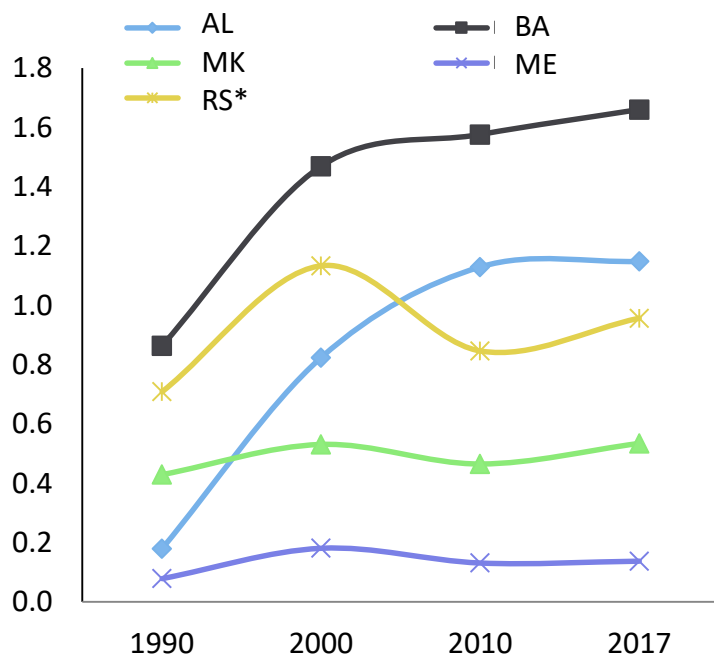
- 231,000 jobs created between 2016 Q2 and 2017 Q2, largest share due to increasing self-employment
- Unemployment decreased by 169,000 (from 18.6 to 16.2 percent of the labor force), reaching historical lows in some countries
- Activity remains low especially among women; long-term unemployment is high and persistent
- Youth unemployment fell faster than overall unemployment, but remained high compared to EU countries; NEETs account for almost one quarter
- Improvements in the labor market were not sufficient to prevent young, educated people from continuing to emigrate

Special topic: Improving data on labor mobility in the Western Balkans

- Emigration from WB-6 in figures
- Main implications
- Data and knowledge gap
- Future direction for research and policy intervention

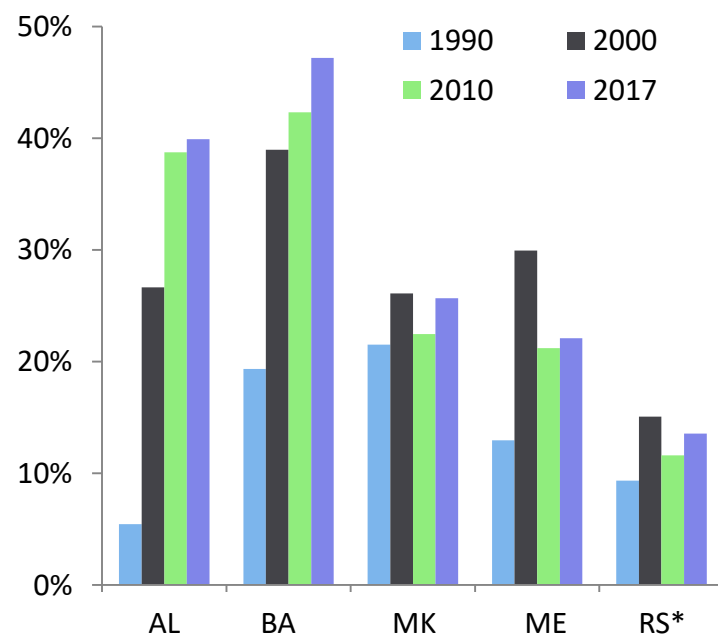
Emigration from the WB-6 in figures

Stock of emigrants from the Western Balkan region, million persons, 1990–2017



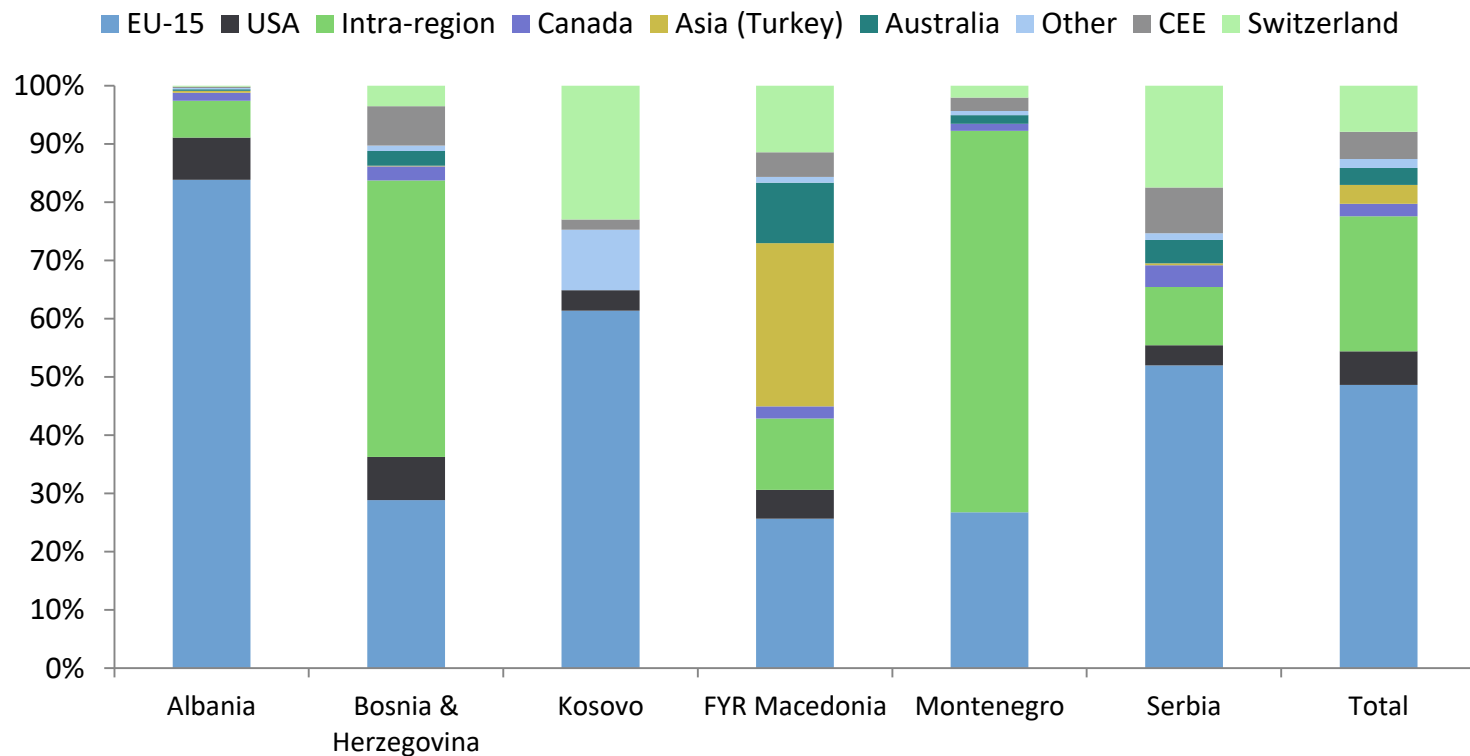
Note: * 1990–2000 including Kosovo.
Source: UN Statistics (2018).

Emigration share in resident population, 1990-2017



Note: The stock of migrants as a share of resident population does not include intra-regional migration in the Western Balkans.
Source: Stocks of migrants and resident population: UN Statistics (2018).

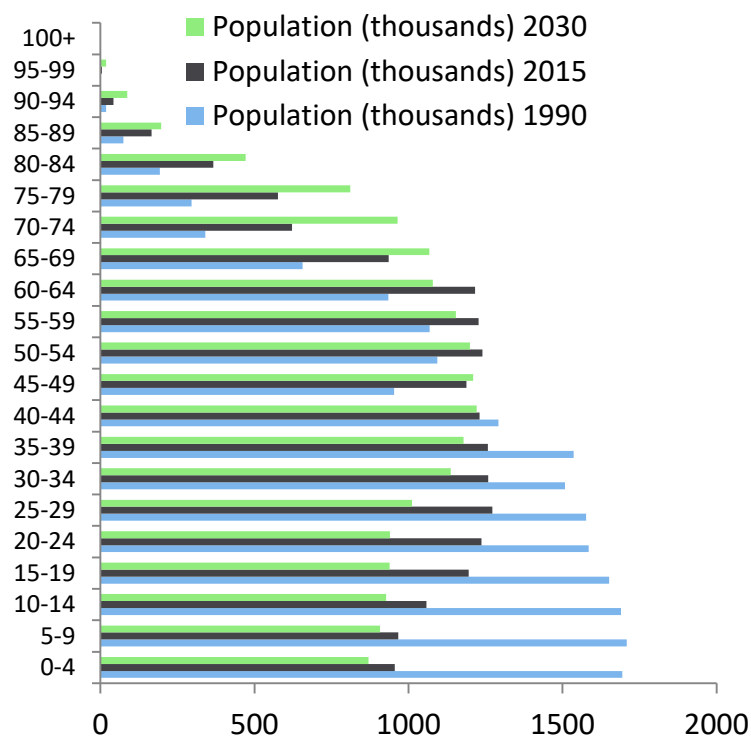
Main destination countries for Western Balkan emigrants, share in %, 2015



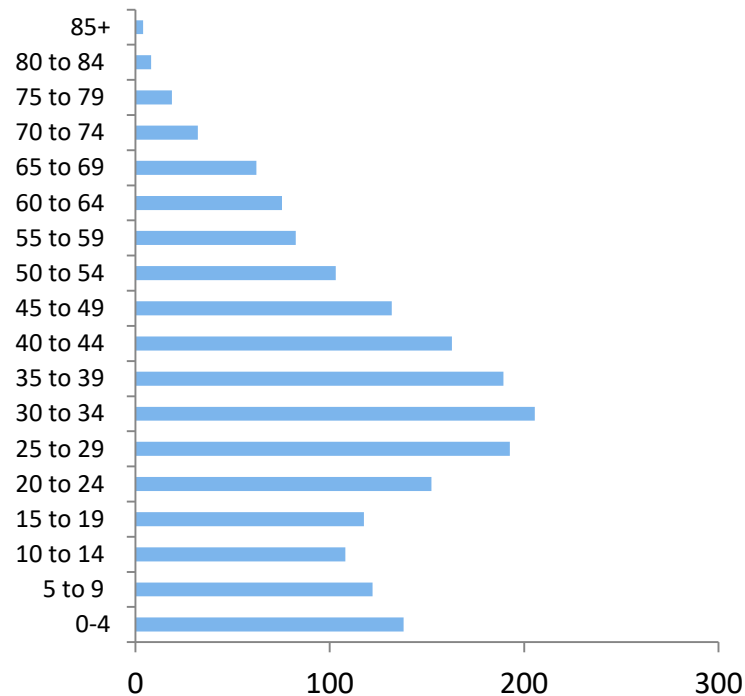
Source: UN Statistics (2017).

Emigration and demography nexus

Age structure of WB-6 population
1990-2015-2030



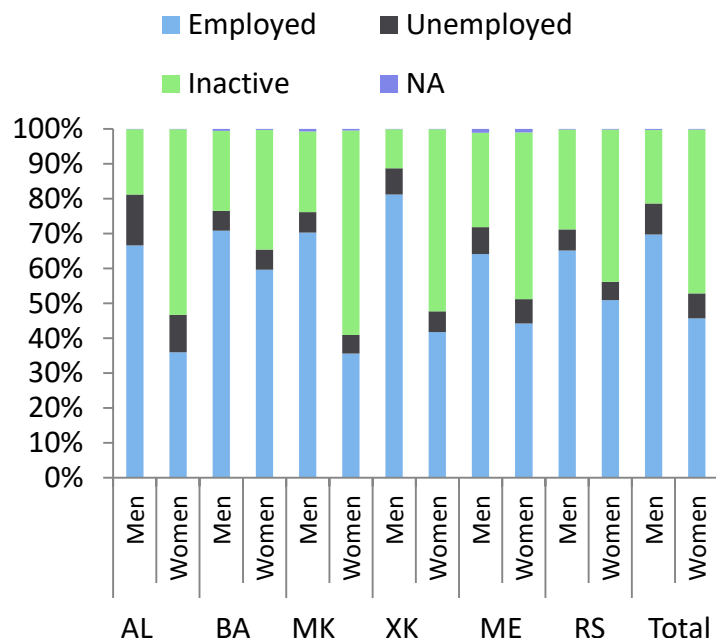
Age structure of WB-6 emigrants
to EU-28 & EFTA, 2015, in thousands



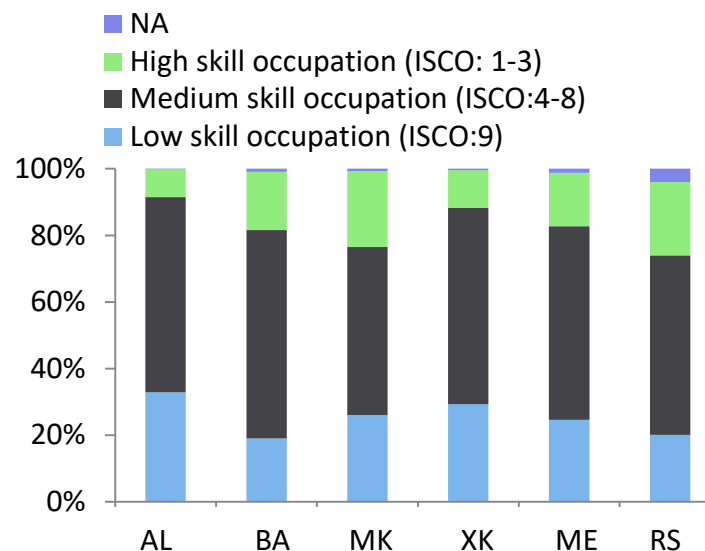
Source: Eurostat (2017) and United Nations, Department of Economic and Social Affairs, Population Division (2017). World Population Prospects: The 2017 Revision.

Emigration and labor market nexus

Labor force status of emigrants in the OECD countries, share in %, 2011



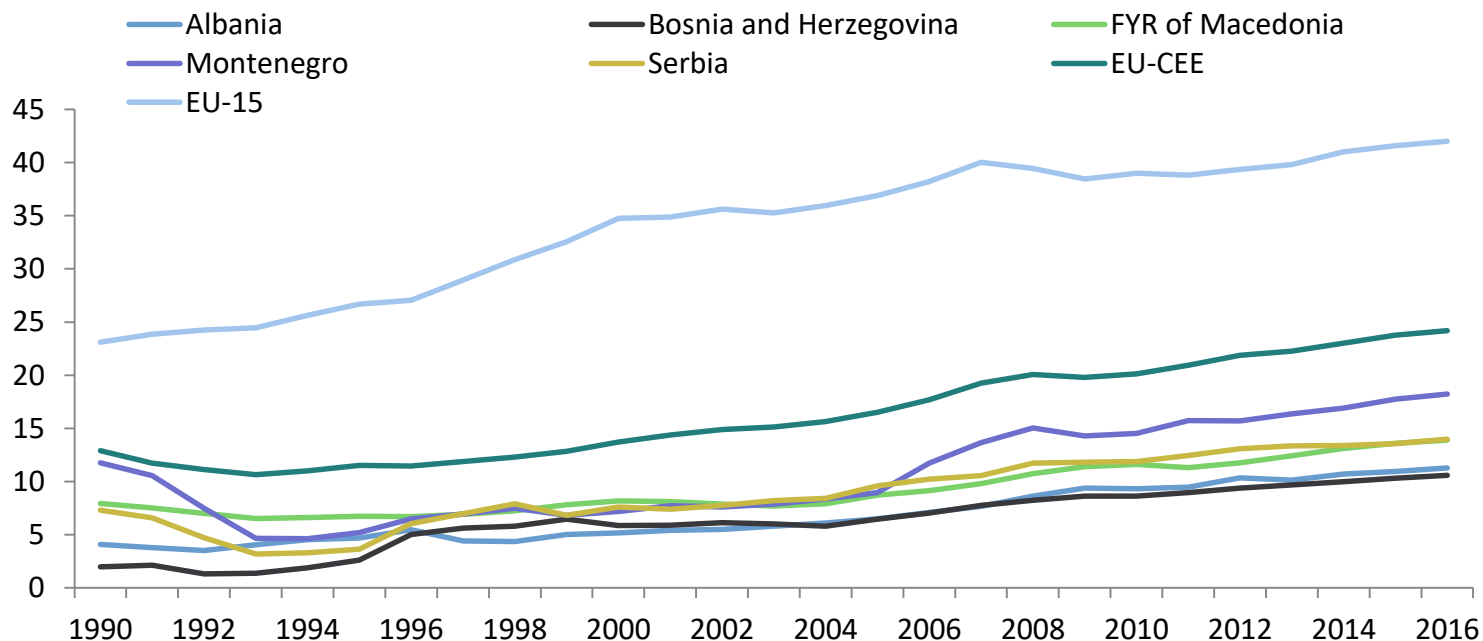
Employed emigrants by occupational skill level, share in %, 2011



Source: DIOC Database 2010-2011.

Emigration and development nexus

GDP per capita, Western Balkan countries versus other countries, 1990–2016, in thousand US dollar



Note: Real GDP per capita in US dollar at 2011 prices.

Source: Maddison Project Database (2018).

Main implications

- Large **gap in income** levels still a strong **pull** factor
- **Youth unemployment** is a strong **push** factor for migration
- High level of emigration among highly educated – **loss of human capital**
- Employment of emigrants below their skill level:
 - **brain waste**
 - signal of **mismatch** between skills acquired at home and those in demand
- **Brain gain** in the form of return migration and transfer of know-how has been **less tangible in the region**
- High level of remittances, but **channeling into investment** – with the goal of generating employment – remains of **low significance**

Main data challenges and gaps

- **Recording:** different rules for registration on arrival and deregistration on departure
- **Reaching of target group:** from the perspective of origin, emigrants not directly or easily reachable
- **Measurement** is a complex task due to the many dimensions of labor migration and the target groups involved
- Internationally agreed **definition** of “migrant worker” is not available
 - **Duration of stay** – intended or actual – is critical in measuring the scale and type of migration, e.g. permanent or temporary
 - **Motivation** for leaving the country of origin is different from the motivation for moving to a particular destination country
 - **Residence permit** registration statistics are too narrow for capturing the variety of migration reasons, different forms of short-term migration, e.g. circular, seasonal.
- There is a lack of consistent statistics on **work experience** prior to and during the migration, on the recognition of qualifications, and on the acquisition of new skills
- **Limitation of resources:** infrastructure, financial, and human resources

How to address data gaps

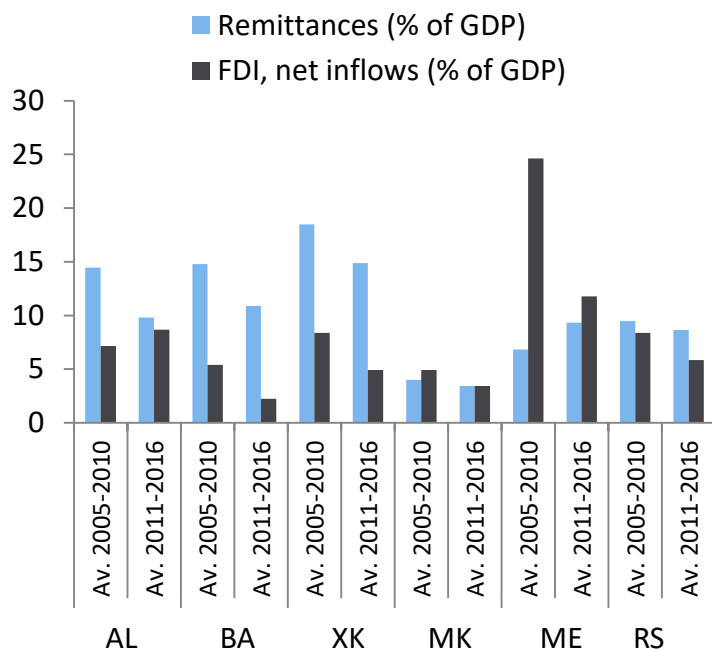
- **Institutional setting** surrounding the collection of migration statistics is work in progress
- **Adjusting** and **harmonizing** indicators to meet international standards, so that a wider spectrum of push and pull factors can be measured, is of utmost importance for the study of migration
- **Increasing the reliability and quality of data** in line with international standards on workforce composition at home and on migrants living abroad is necessary for accurate analysis of labor market dynamics
- **A special module on labor migration** measurement within existing household labor force surveys in the countries of origin could help tackle challenges associated with the comparability of data at a regional and international level

Policy response and steps forward

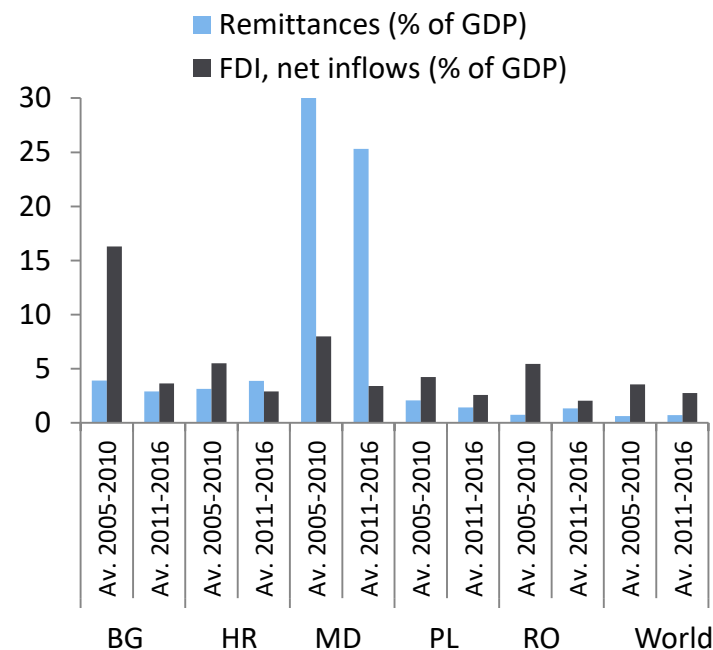
- Migration from the region has not lost momentum, **potential for leaving is high**
- **Governments** have largely taken a **passive approach** in the past, but it is time to step in.
- The potential for highly educated migrants to return, knowledge transfer, involvement of **the diaspora** should be a **top priority** in the policy agenda
- Maximizing gains but also minimizing losses from massive emigration requires
 - a bottom-up approach – building a **bridge of communication** with migrants
 - a top-down approach: e.g. **sound empirical data** and knowledge on the relationship between emigration and its impact
 - explore **new venues**, initiatives and programs, offer incentives and consultancy for guiding the diaspora/migrants to become more involved in investment and funding activities at home

Example: direction for future research and policy

Remittances vs. FDI, WB-6
2005-2010, 2011-2016, average



Remittances vs. FDI, peer countries
2005-2010, 2011-2016, average



Source: World Bank Open Data (2018).

- Massive emigration generates high inflow of remittances
- Remittances inflows are much higher than FDI inflows in most of the WB-6
- High-skilled migration has contributed to a higher inflow of FDI
- Channeling remittances, more into sectors that generate employment, but also high-quality jobs, would be more beneficial than simply smoothing consumption

SEE Jobs Gateway Database – Content

- **Key economic indicators:** GDP, CPI
- **Labor market**
 - Population, activity, employment, unemployment, inactivity
 - Informal employment
 - Non-standard forms of employment (temporary, part-time, self-employment)
 - Long-term unemployment
 - Youth not in employment, education, or training (NEET)
- **Labor market – sub-national data**
 - Population, activity, employment, unemployment, inactivity
- **Earnings and unit labor costs**
 - Average monthly gross wages, monthly gross minimum wages
 - Unit labor costs

SEE Jobs Gateway Database – Content

- **Basis for labor market data:** Labor Force surveys
- **Countries covered:**
 - 6 Western Balkans: Albania, Bosnia and Herzegovina, FYR Macedonia, Kosovo, Montenegro, Serbia
 - Western Balkans-6: Aggregate 6 countries (only if data are available for countries)
 - 4 EU peer countries: Austria, Bulgaria, Croatia, Hungary
- **Availability:**
 - Annual and quarterly data – 2010 to 2017 (Q2)
 - About 19350 time series
- **Excellent support from the Statistical Offices of the region**
- Available at <https://www.seejobsgateway.net>



SEJobsGateway.worldbank.org

Thank you for your attention!