



# Labor Markets in Southeast Europe

**Stefanie Brodmann**

6<sup>th</sup> Economic Development Days – May 2018

Vienna University of Economics and Business (WU Wien)

The views and interpretations expressed in this presentation are entirely those of the author. They do not necessarily represent the views of – and should not be attributed to – any former or current employer.

# What is Social Protection?

1.2bn

People in extreme poverty below \$1.25/day

75 m.

Unemployed youth



2 x

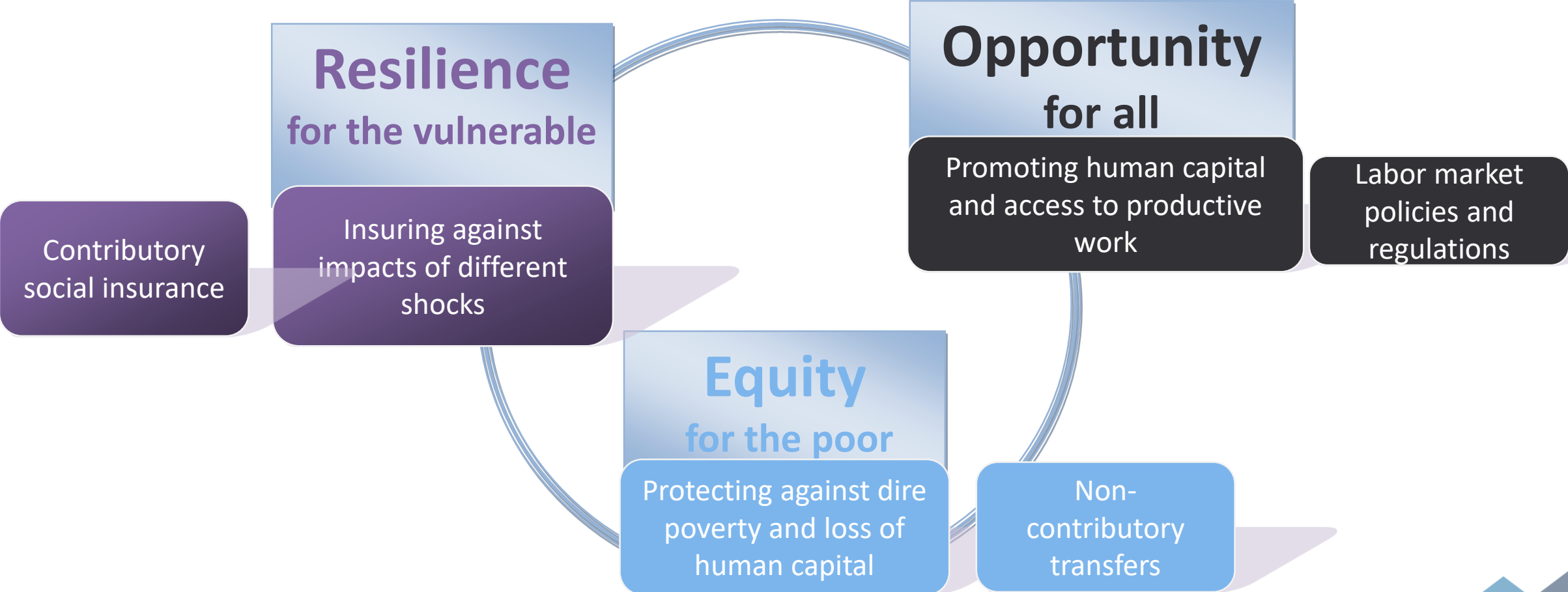
Number of elderly (over 60) in 2050 (compared to 2010)

674

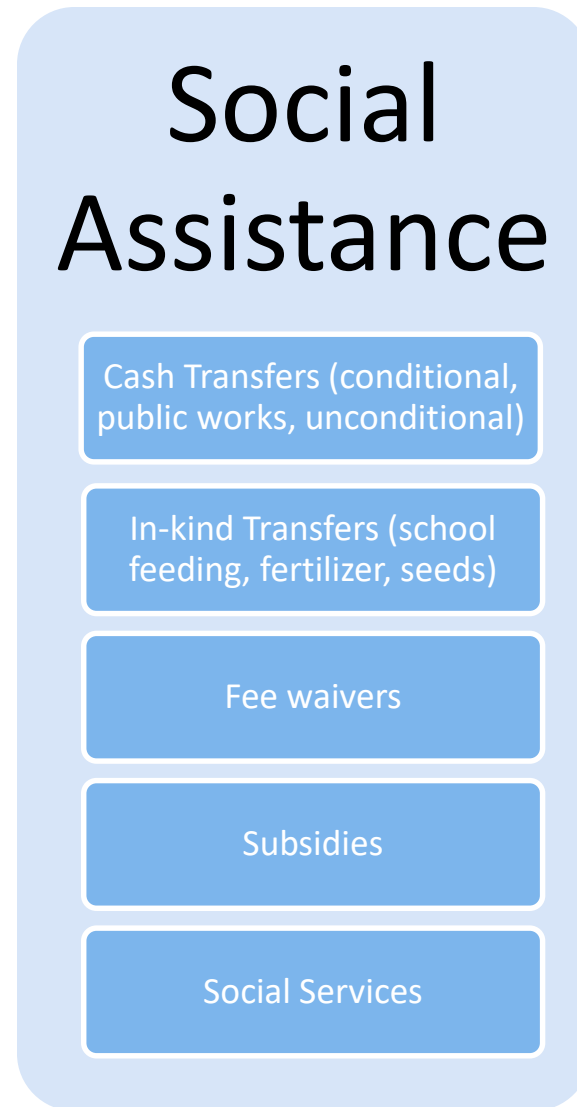
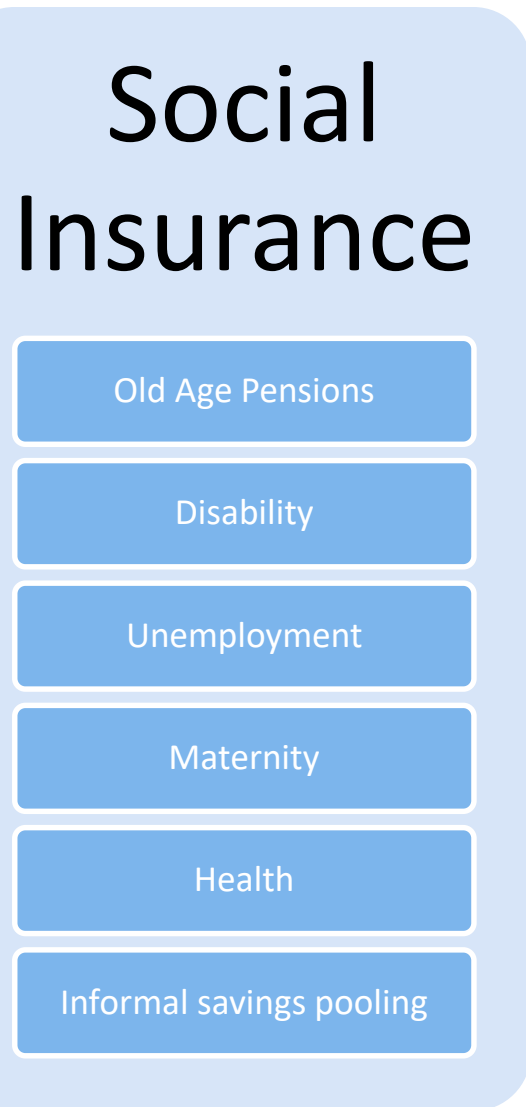
Average number of natural disasters

Risks that, when they materialize, diminish our assets and hence income opportunities  
Assets like land, capital, housing and, most importantly, **human capital**

**World Bank definition:** Social protection and labor systems, policies, and programs help individuals and societies manage risk and volatility and protect them from poverty and destitution—through instruments that improve.....



# Core elements of social protection





# Western Balkans Labor Market Trends 2018



# The South-East Europe Jobs Gateway

- Community of Practice
- A harmonized database on key labor market indicators
  - Population, activity, employment, unemployment
  - Non-standard forms of employment (temporary, part-time, informal)
  - Youth not in employment, education, or training (NEET), wages
  - Across six western Balkan countries
  - 4 comparator countries: Croatia, Bulgaria, Hungary and Austria
  - Annual and quarterly data - 2010 to 2017 (Q2)
- Available at <http://SEEJobsGateway.net>

# Western Balkan Labor Market Trends 2018

- A summary of labor market trends in the Western Balkan region between second quarter (Q2) of 2016 and Q2 2017
  - Population (activity)
  - Employment (self-employment, atypical forms of employment, informal sector employment)
  - Unemployment (long-term, youth unemployment, NEET)
  - Wages
  - Sub-regional labor market developments
- Special topic: Improving data about labor mobility in the Western Balkans
- Statistical annex

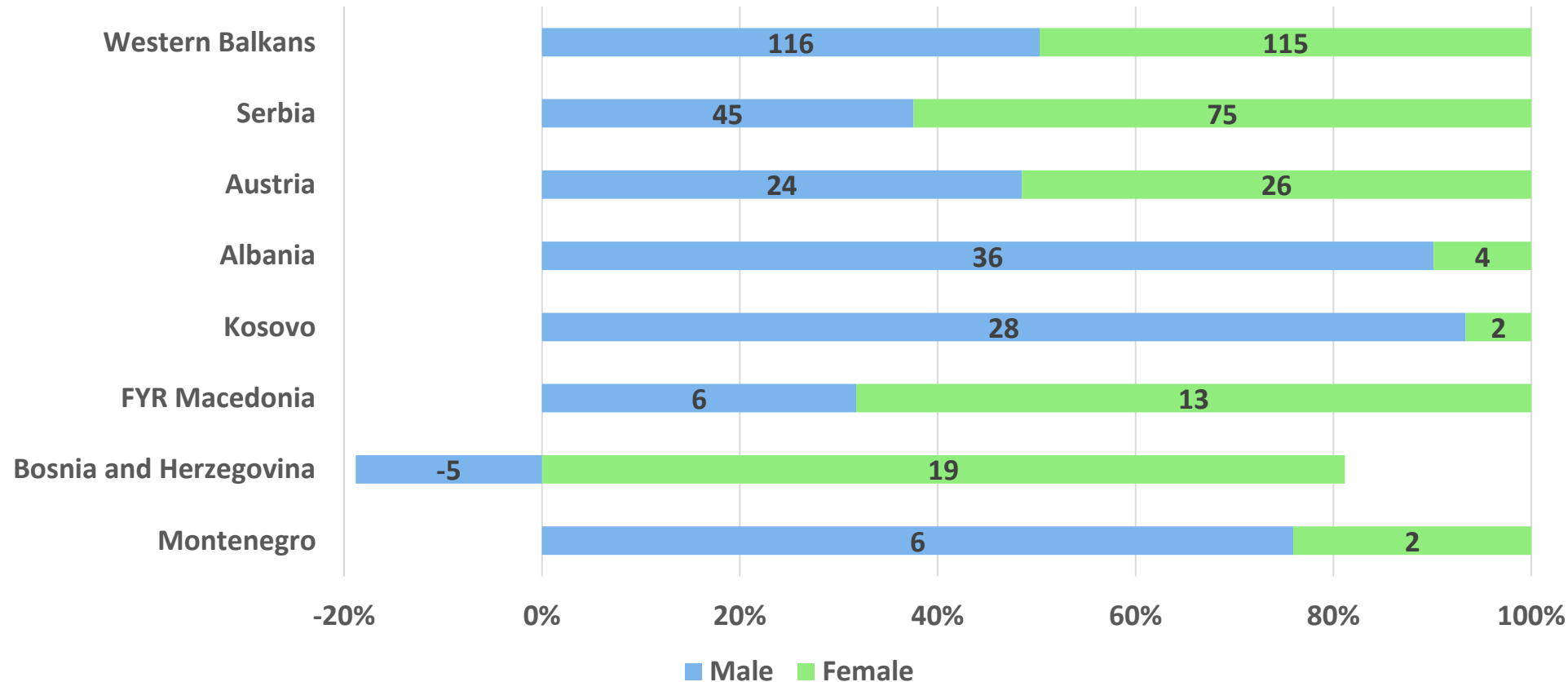
## 231,000 increase in net employment

- Significant acceleration of job creation
  - Between 2010 and Q2 2016, net 300,000 jobs created
- Mostly carried by considerable increase in self-employment
  - 60 percent of net jobs created were self-employment
  - + 9.2 percent growth in self-employment
- Women, youth, and highly educated continue to benefit most
  - + 4.7 percent increase among women
  - + 9.7 percent increase among youth (15-24 years)
  - + 5.4 percent among highly educated



In total, men and women benefitted equally from new jobs;  
in Albania, Kosovo and Montenegro, men benefited more

Composition of net employment gain by gender (100 percent total; numbers are in thousand persons)

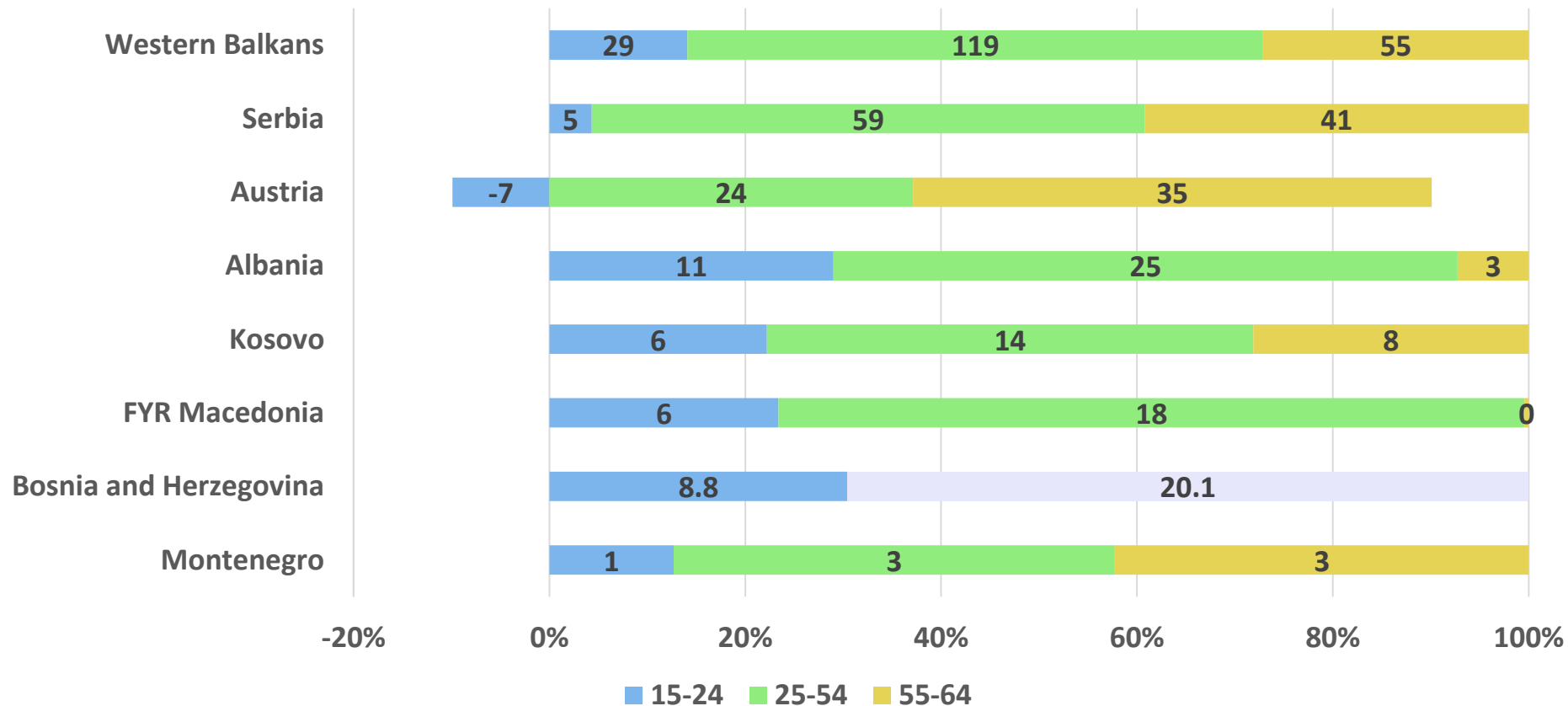


Note: Ranking by total number of net employment gain

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

# Jobs for youth grew most in relative term, with exception of Serbia and Montenegro (and Austria)

Composition of net employment gain by age (100 percent total; numbers are in thousand persons)

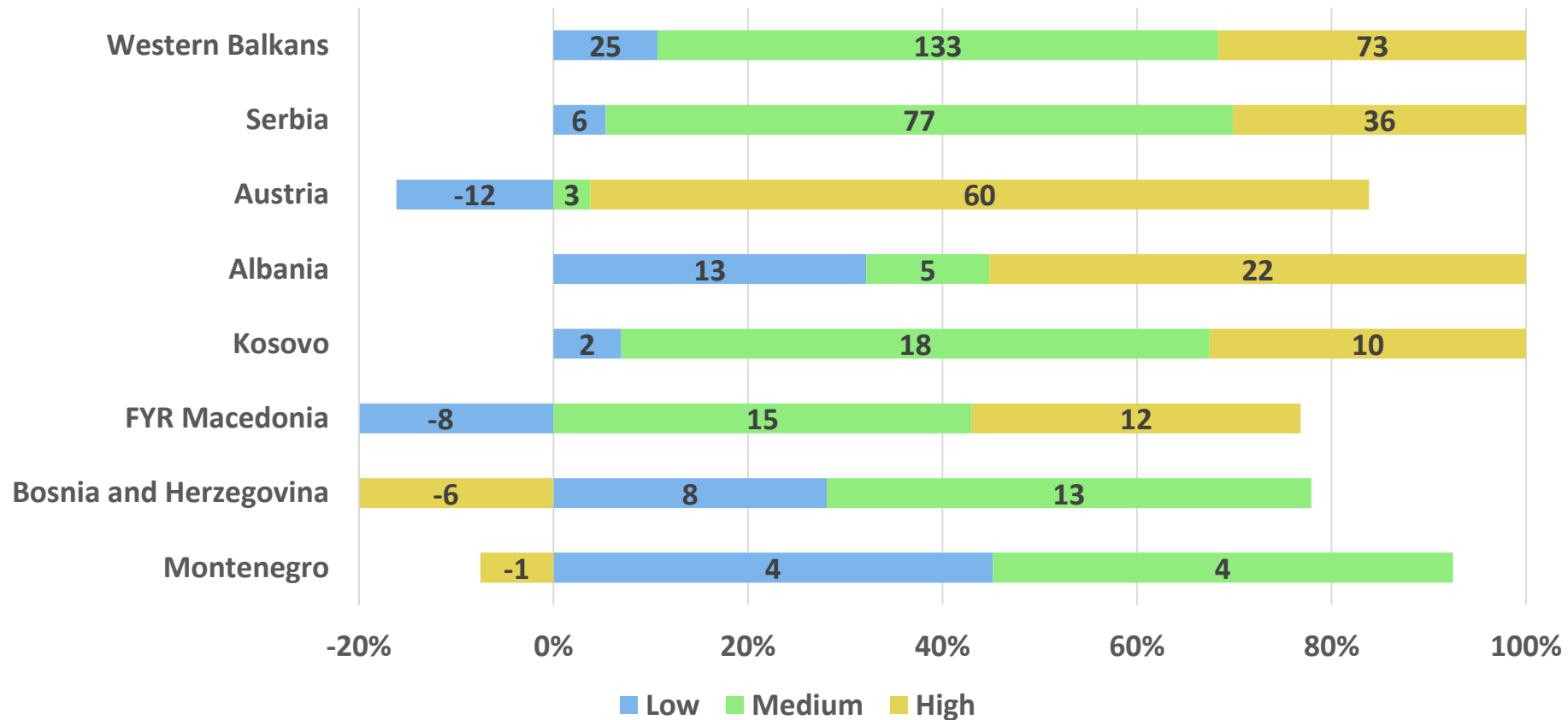


Note: Ranking by total number of net employment gain; Bosnia and Herzegovina data for 25-64. Total for Western Balkan without Bosnia and Herzegovina.

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

# Jobs for highly educated grew most in relative terms, with exception of Bosnia and Herzegovina and Montenegro

Composition of net employment gain by education (100 percent total; numbers are in thousand persons)



Note: Ranking by total number of net employment gain

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

# Employment growth highest for females, youth and the highly educated

Employment growth, 2016 Q2–2017 Q2, in %

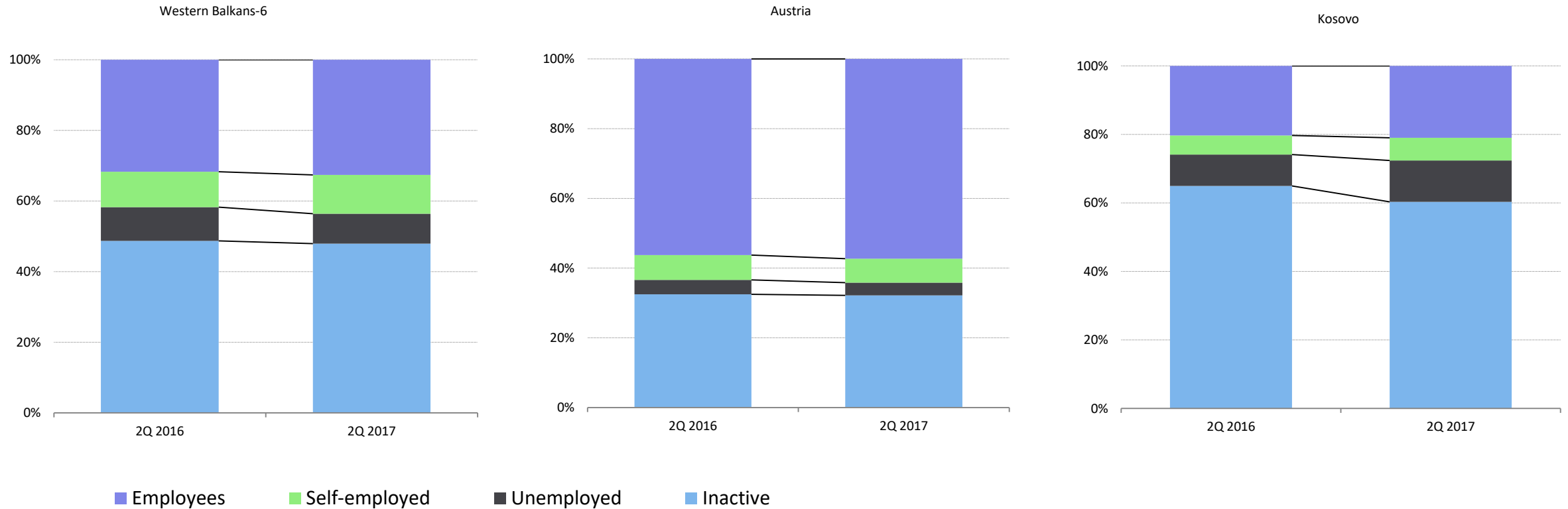
	Gender			Age			Education		
	Total	Male	Female	15–24	25–54	55–64	Low	Medium	High
Albania	3.4	5.6	0.8	13.4	3.0	1.4	2.4	1.2	10.8
Bosnia and Herzegovina	1.9	-0.9	6.8	17.2	.	.	5.7	2.5	-4.1
Kosovo	9.2	11.0	2.8	18.2	5.7	18.7	3.5	9.4	13.1
Montenegro	3.5	4.8	1.9	4.9	1.9	9.5	20.1	3.2	-1.0
FYR Macedonia	2.7	1.4	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
<b>Western Balkans</b>	<b>3.9</b>	<b>3.3</b>	<b>4.7</b>	<b>9.8</b>	.	.	<b>1.8</b>	<b>4.1</b>	<b>5.4</b>
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.

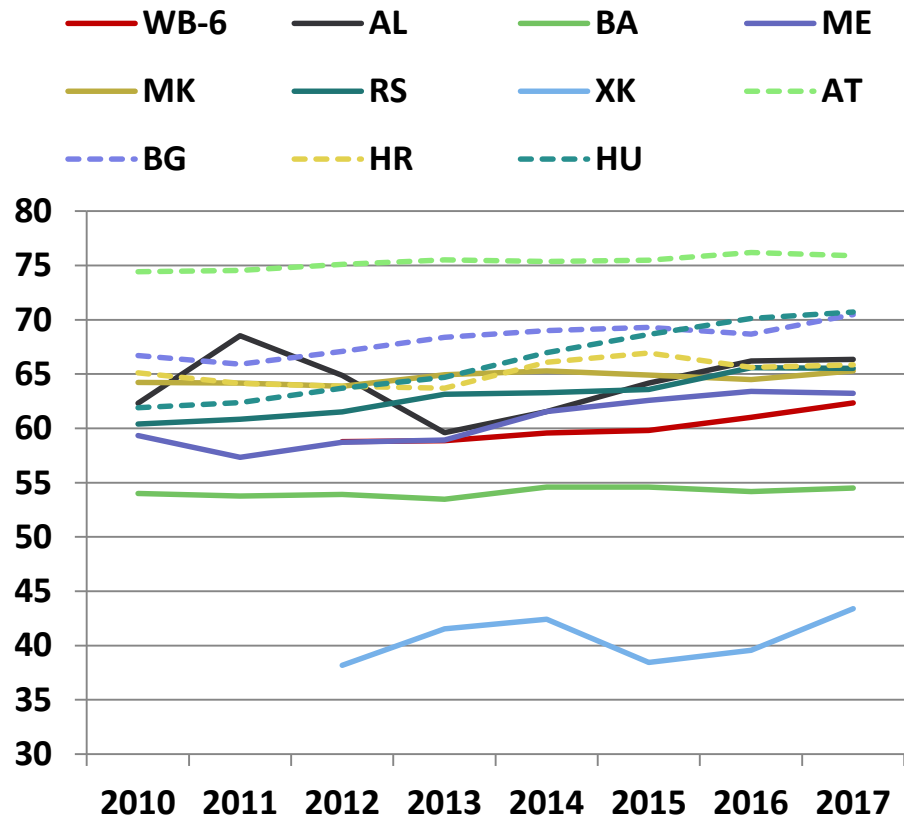
# Key challenges remain: low activity rates, large share of (long-term) unemployed, high degree of informality

Structure of the working-age population (15+ years), 2016 Q2–2017 Q2, in %

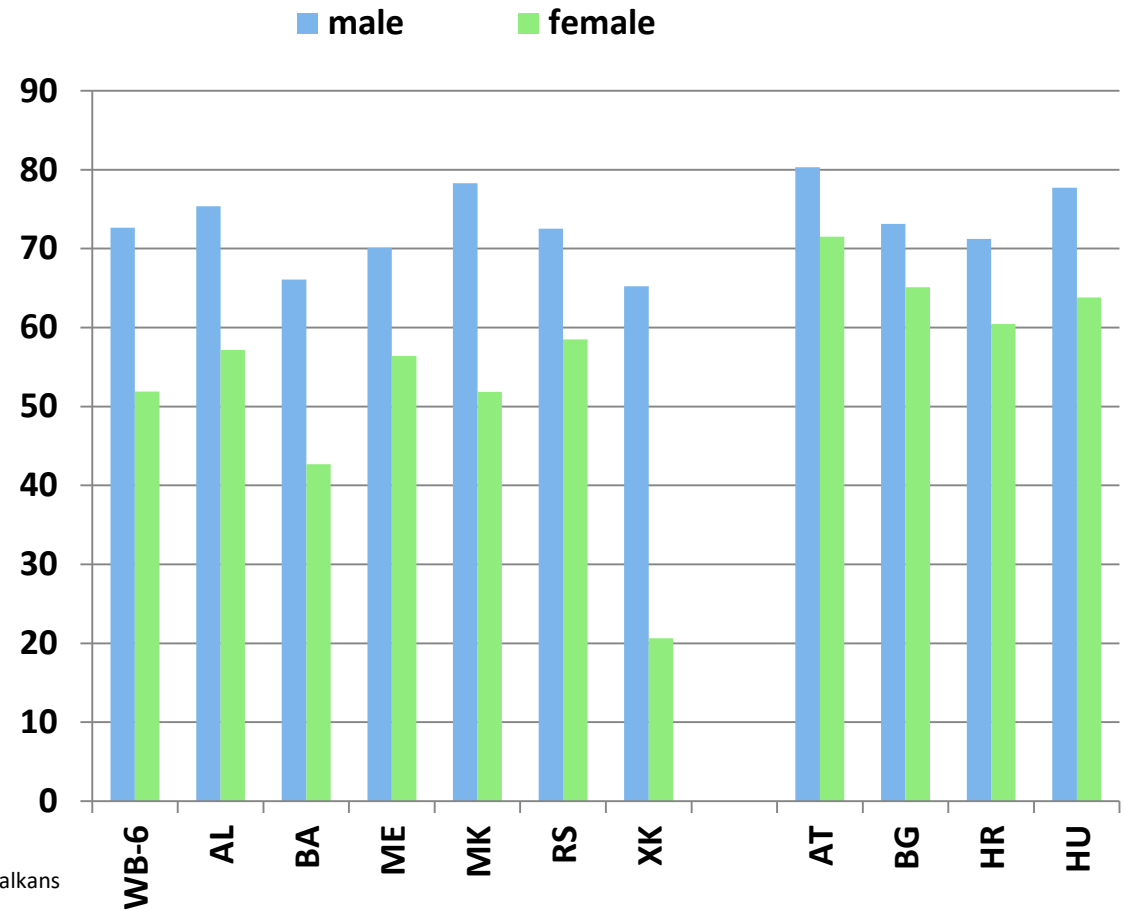


Source: SEE Jobs Gateway Database, based on data provided by national statistical offices and Eurostat.

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



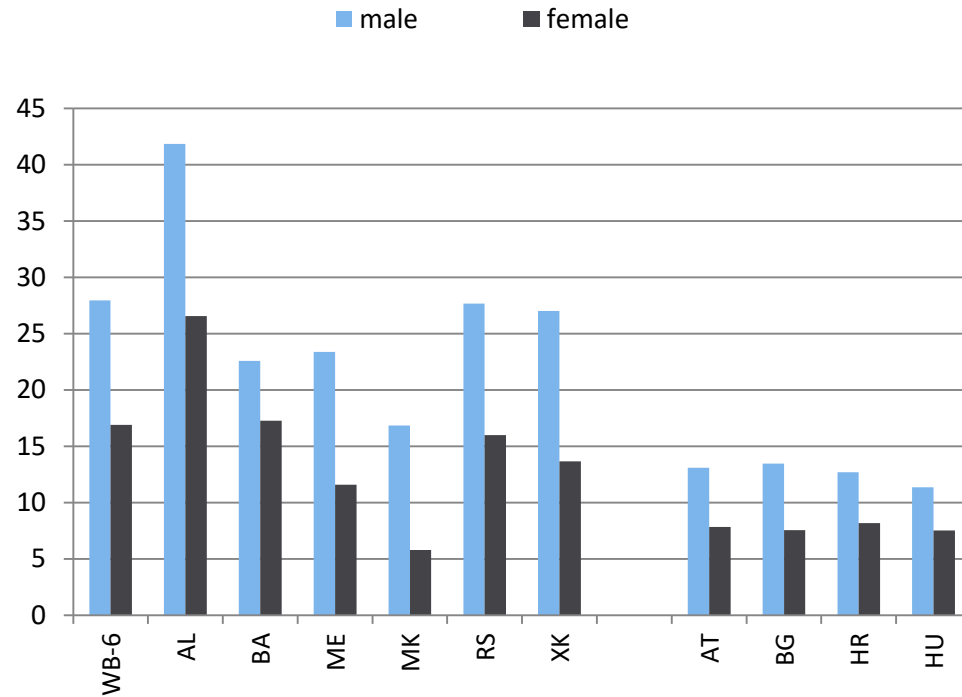
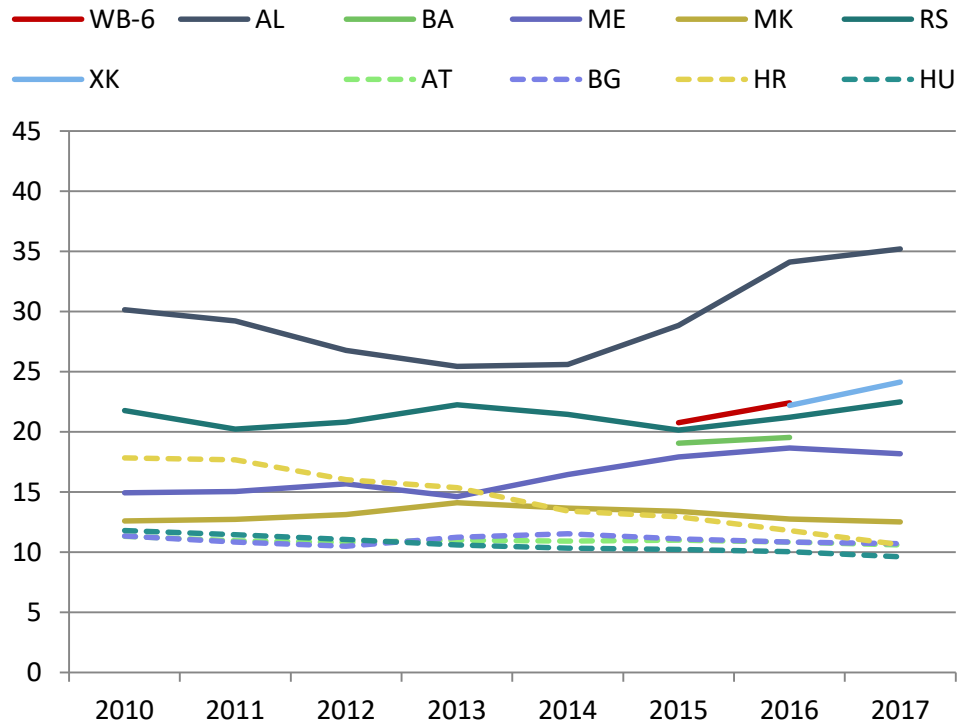
AL: Albania BA: Bosnia & Herzegovina ME: Montenegro MK: FYR Macedonia RS: Serbia XK: Kosovo WB: Western Balkans  
 AT: Austria BG: Bulgaria HR: Croatia HU: Hungary



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

# High share of self-employment (24%, 2-3 times rate in peer countries) 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.

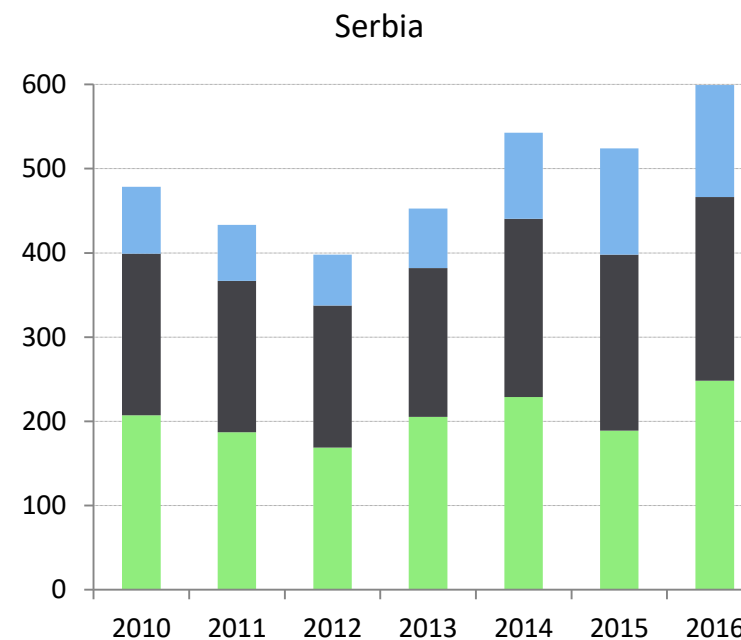
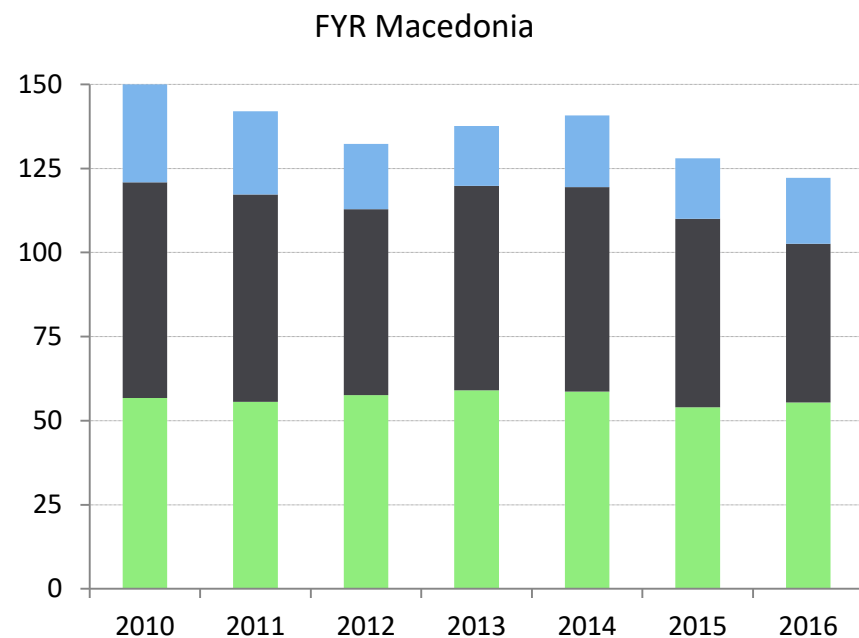
AL: Albania BA: Bosnia & Herzegovina ME: Montenegro MK: FYR Macedonia RS: Serbia XK: Kosovo WB: Western Balkans

AT: Austria BG: Bulgaria HR: Croatia HU: Hungary

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

Structure of informal employment by individual categories, in 1000 persons

■ Wage workers without contract ■ Unpaid family workers ■ Self-employed



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

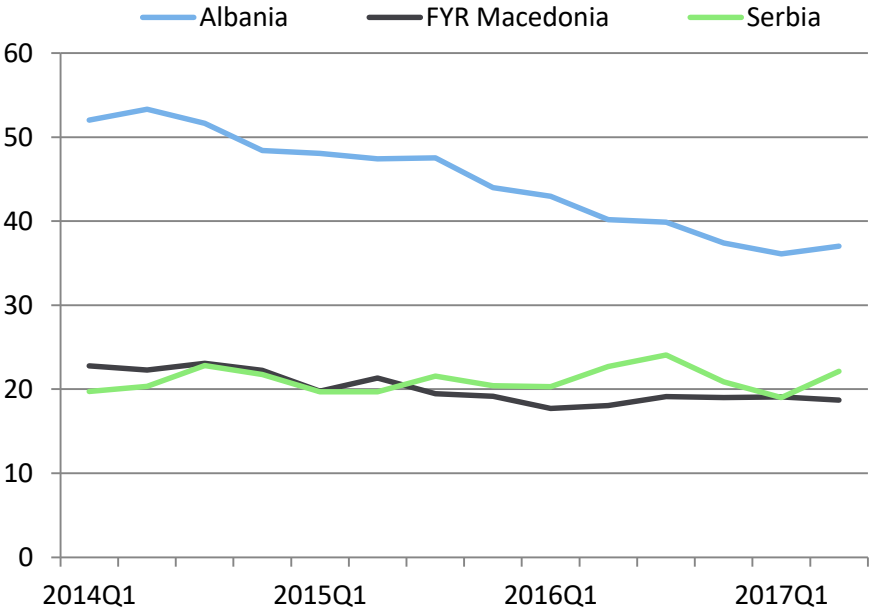


# Despite declining, informal sector employment remains at high levels

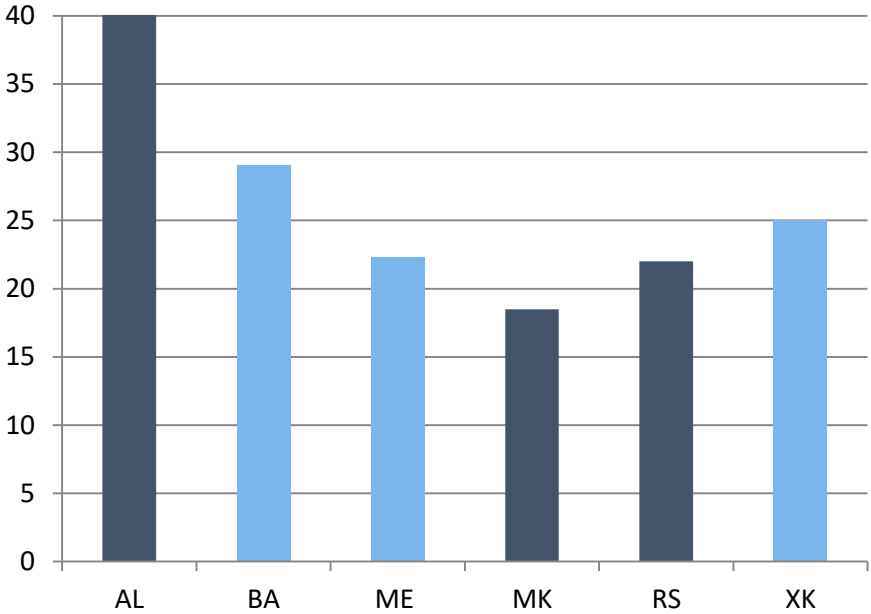
## Share of informal employment in total employment, in %

AL: Albania BA: Bosnia & Herzegovina ME: Montenegro MK: FYR Macedonia RS: Serbia XK: Kosovo WB: Western Balkan

2014 Q1 – 2017 Q2



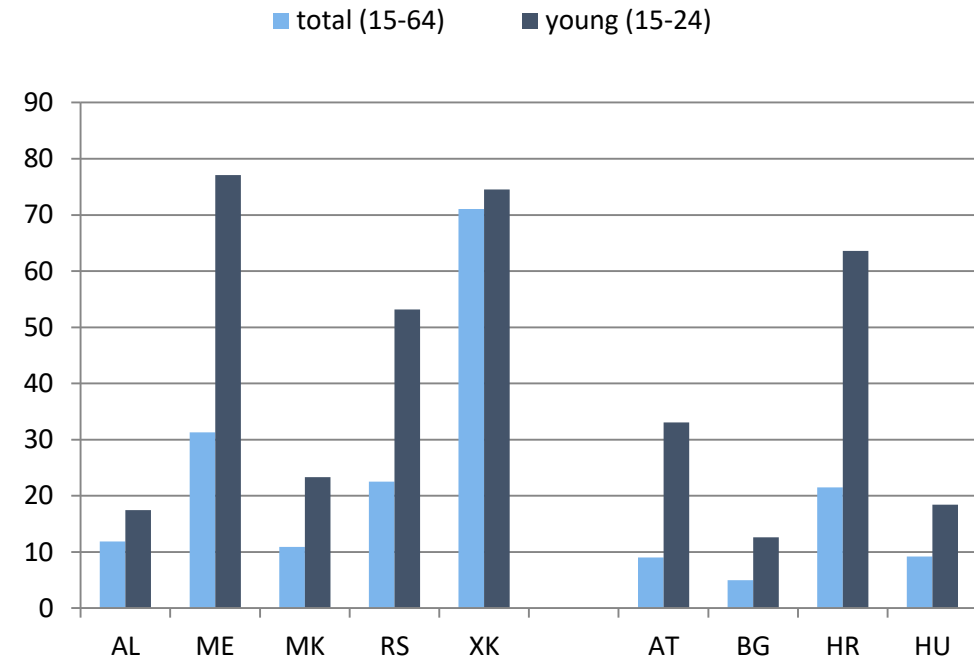
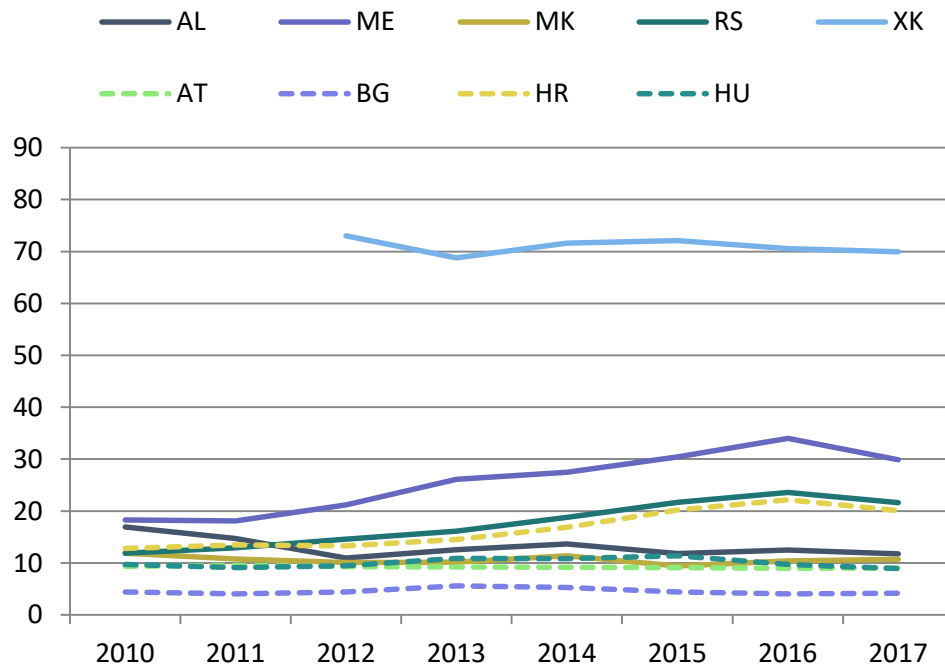
2016



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

# Temporary employment highest among young people

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



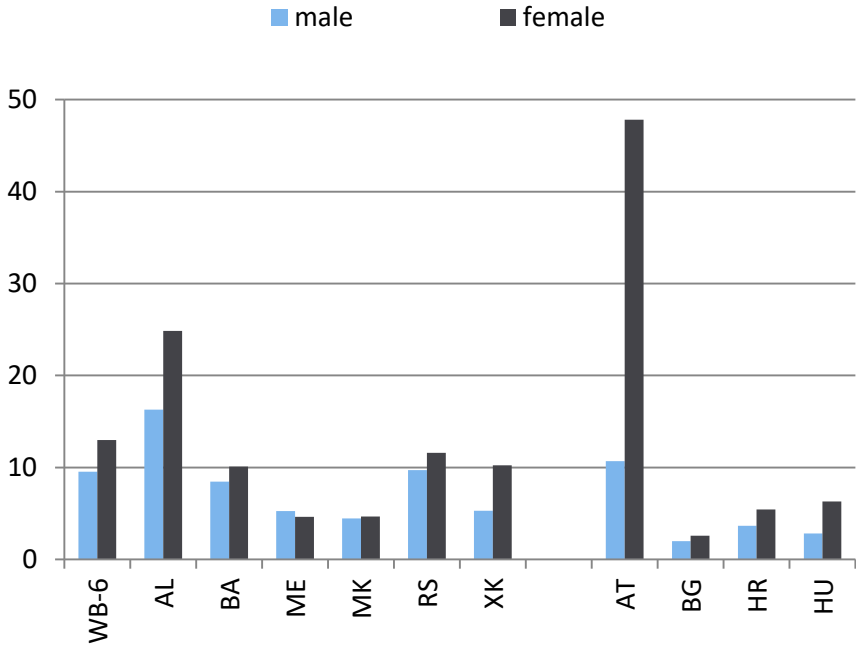
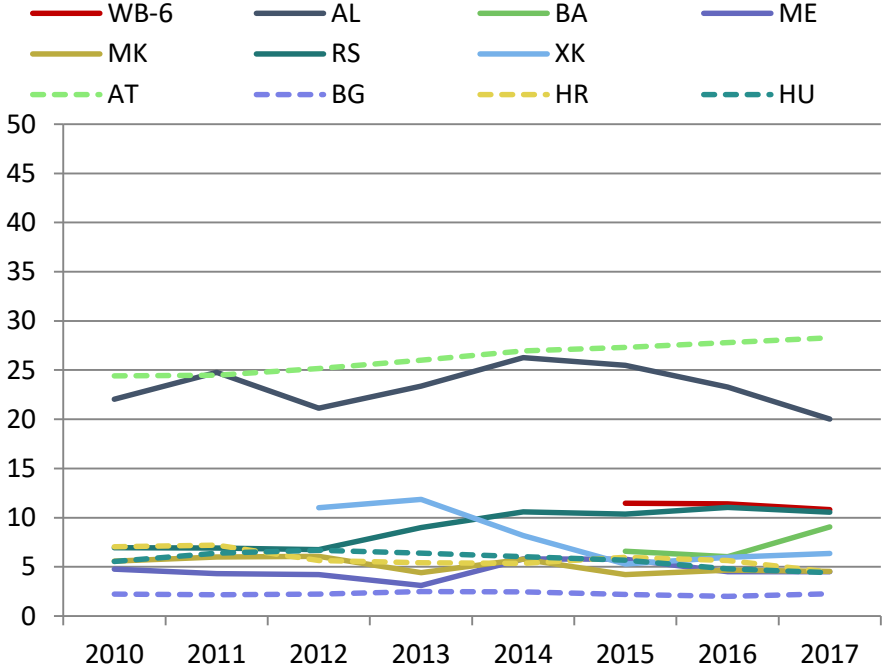
Note: Data for 2017 refer to the first two quarters. Data are not available for Bosnia and Herzegovina.

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

AL: Albania BA: Bosnia & Herzegovina ME: Montenegro MK: FYR Macedonia RS: Serbia XK: Kosovo WB: Western Balkans  
 AT: Austria BG: Bulgaria HR: Croatia HU: Hungary

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

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



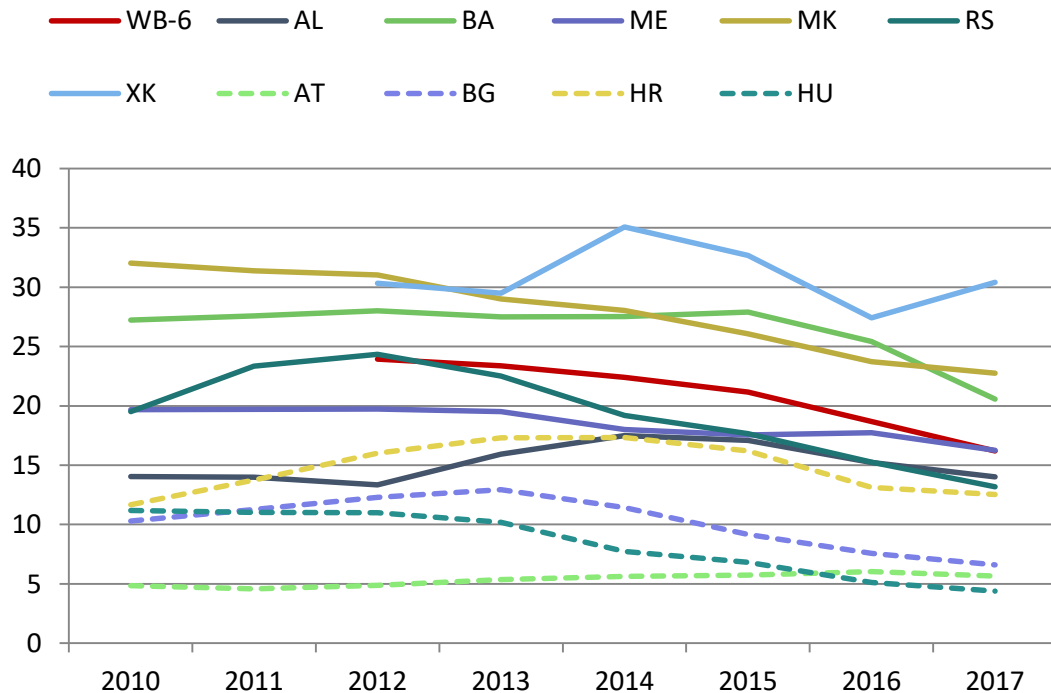
Note: Data for 2017 refer to the first two quarters. Data for Bosnia and Herzegovina refer to the population aged 15+.

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

AL: Albania BA: Bosnia & Herzegovina ME: Montenegro MK: FYR Macedonia RS: Serbia XK: Kosovo WB: Western Balkans  
 AT: Austria BG: Bulgaria HR: Croatia HU: Hungary

# 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.

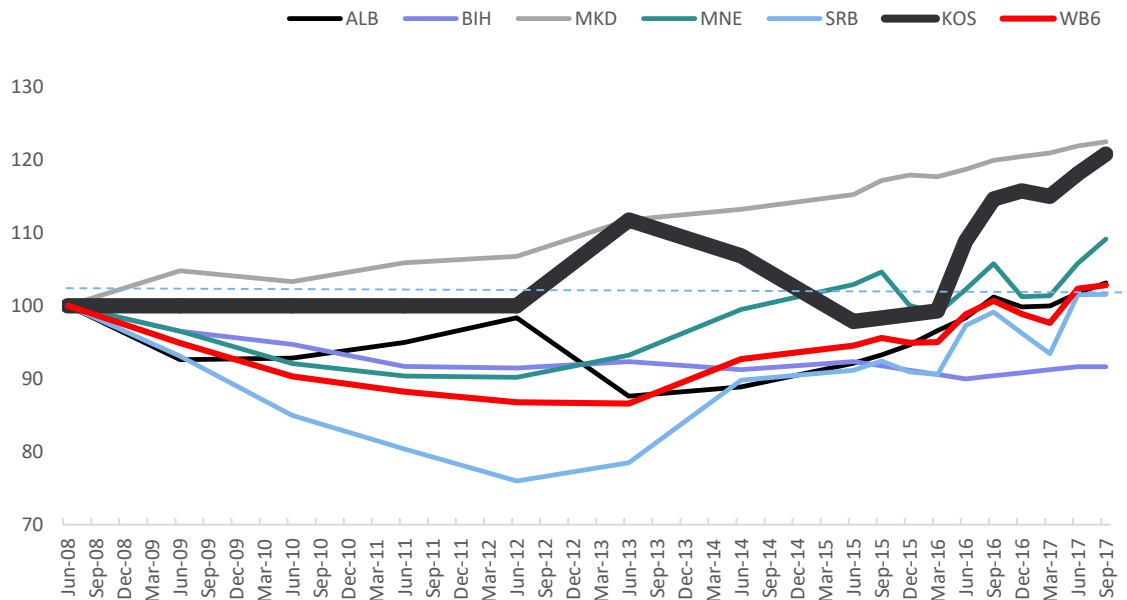
AL: Albania BA: Bosnia & Herzegovina ME: Montenegro MK: FYR Macedonia RS: Serbia XK: Kosovo WB: Western Balkans  
 AT: Austria BG: Bulgaria HR: Croatia HU: Hungary

# Employment recovered to pre-2008 levels in almost all Western Balkan countries

**Kosovo: More jobs were created in 2017, but there were also more people actively seeking jobs. As a result, both employment and unemployment increased.**

Employment index, Q2 2008=100

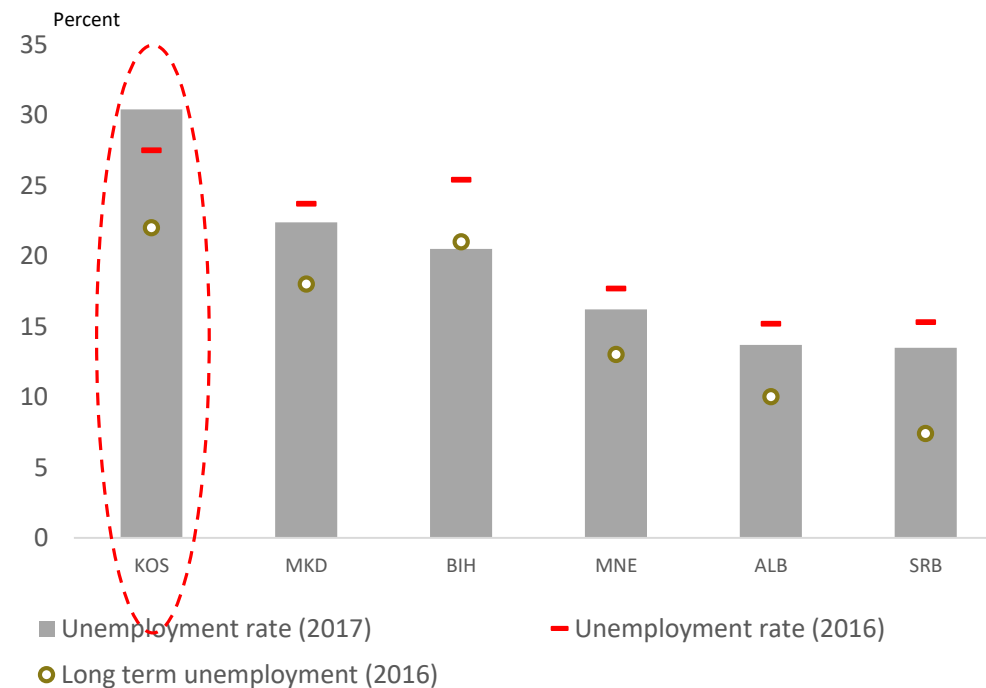
INDEX, Q2 2008 = 100



Source: World Bank WESTERN BALKANS Regular Economic Report No. 13 (Spring 2018)

Note: The regional total excludes Kosovo.

Unemployment rate, 2016 and 2017 percent

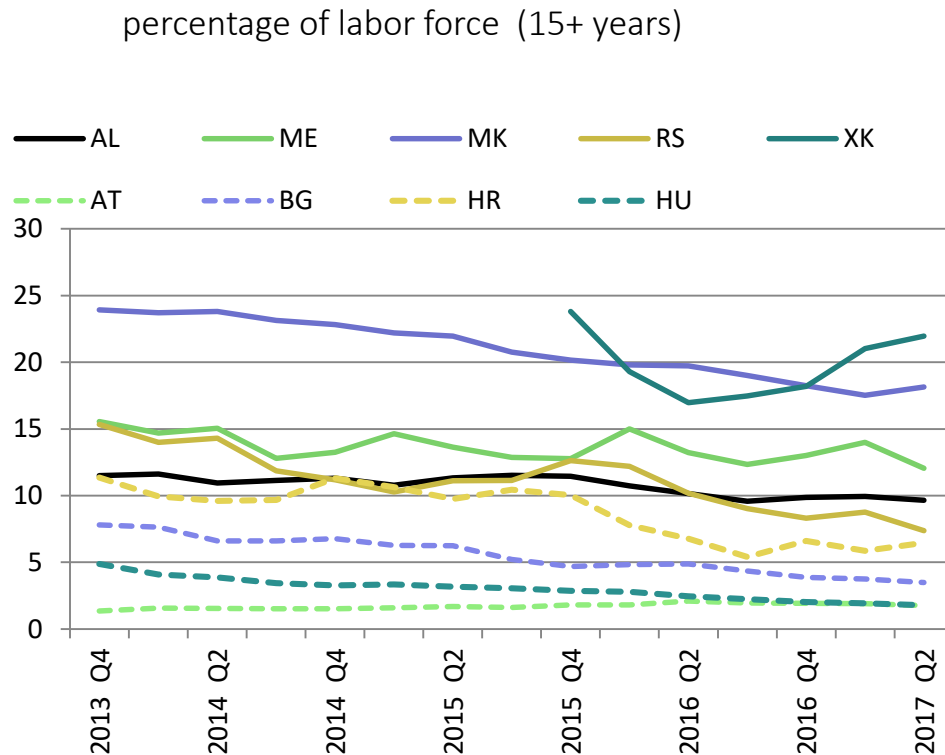


Source: World Bank WESTERN BALKANS Regular Economic Report No. 13 (Spring 2018)

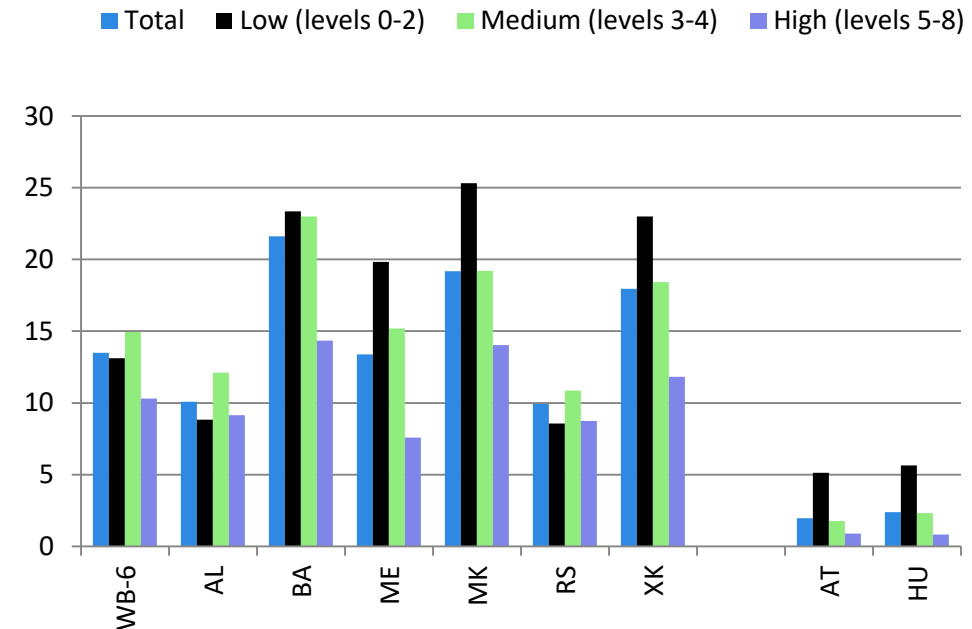
Note: Long-term Unemployment is presented as percentage of the labor force, instead of the conventional percentage of the unemployed.

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

Long-term unemployment rate, in %



Educational attainment, 2016

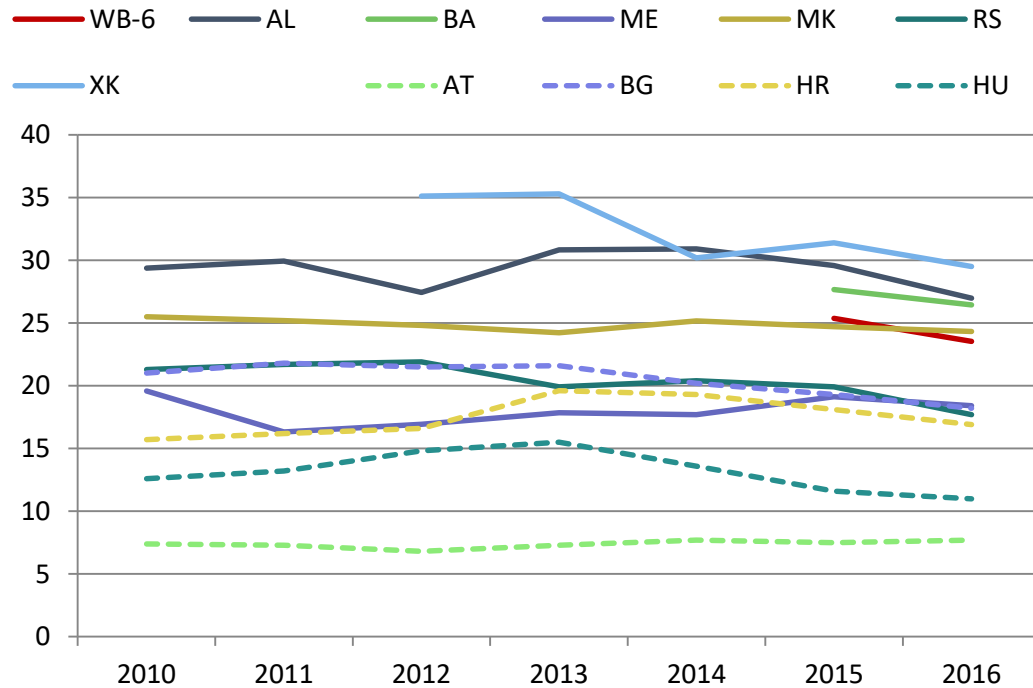


Source: SEE Jobs Gateway Database, based on data provided by national statistical offices and Eurostat.

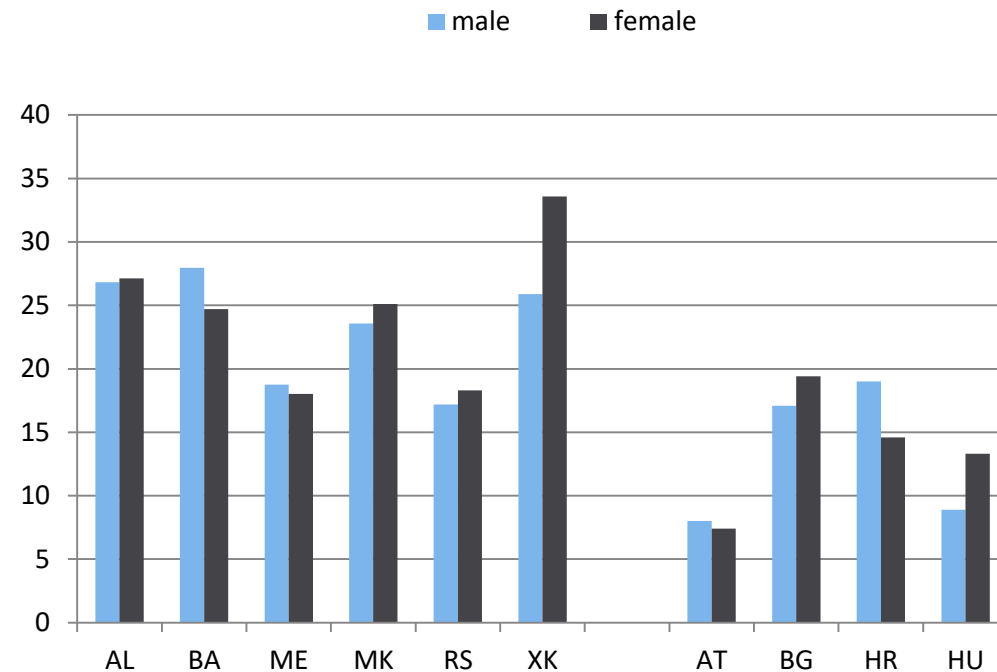
AL: Albania BA: Bosnia & Herzegovina ME: Montenegro MK: FYR Macedonia RS: Serbia XK: Kosovo WB: Western Balkans  
 AT: Austria BG: Bulgaria HR: Croatia HU: Hungary

# Probability of young people becoming a NEET (neither in employment, education or training) is high (24%)

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



Gender (2016)

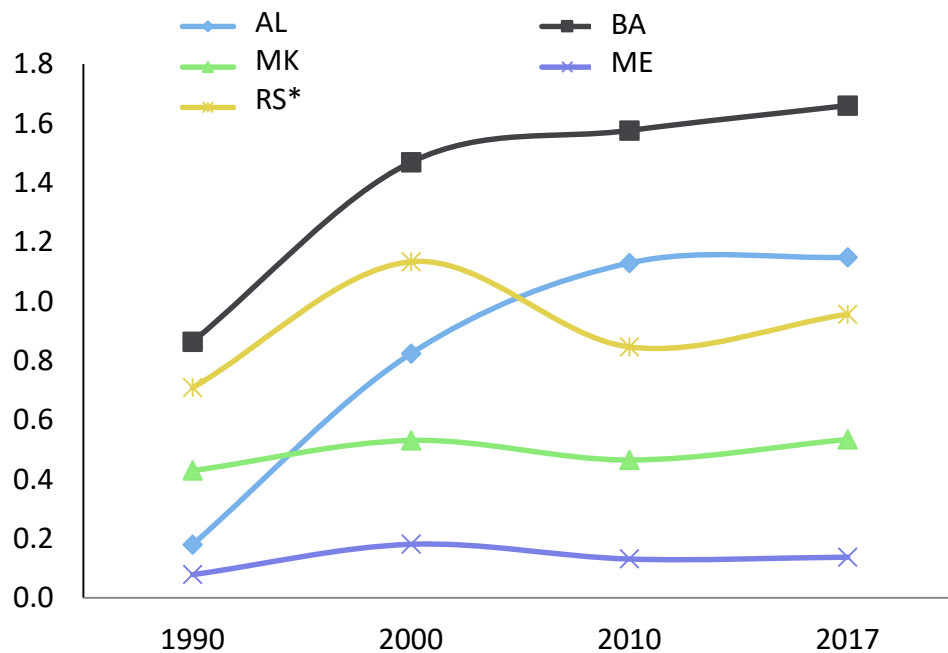


Source: SEE Jobs Gateway Database, based on data provided by national statistical offices and Eurostat.

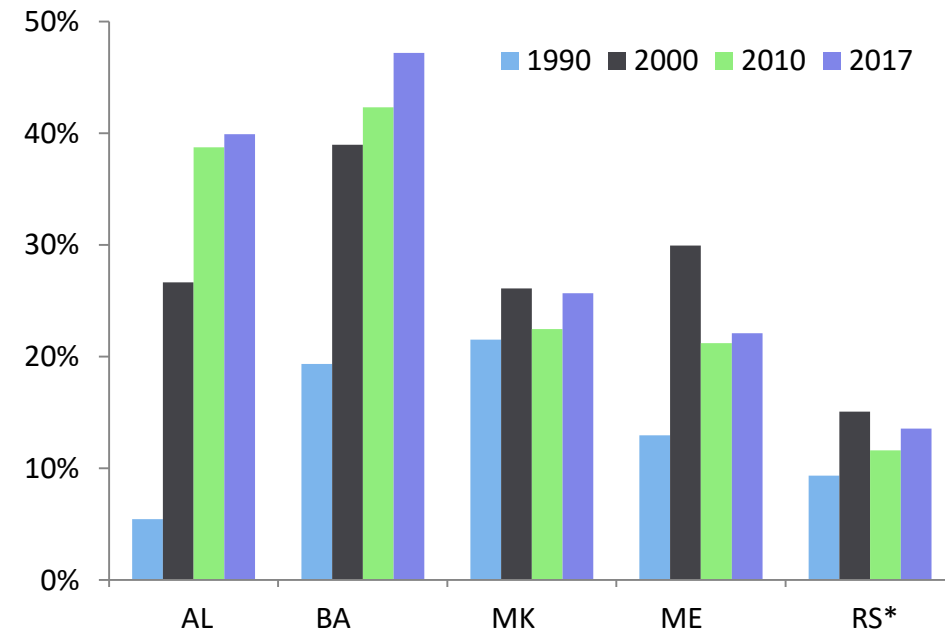
AL: Albania BA: Bosnia & Herzegovina ME: Montenegro MK: FYR Macedonia RS: Serbia XK: Kosovo WB: Western Balkans  
AT: Austria BG: Bulgaria HR: Croatia HU: Hungary

# High levels of outward migration, stock of emigrants from region more than doubled between 1990 and 2015, reaching 4.4 million, about 1/3 of population lives outside region

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



Emigration share of resident population, 1990-2017



AL: Albania BA: Bosnia & Herzegovina ME: Montenegro MK: FYR Macedonia RS: Serbia XK: Kosovo WB: Western Balkan

Note: \* 1990–2000 including Kosovo.

Source: UN Statistics (2018).

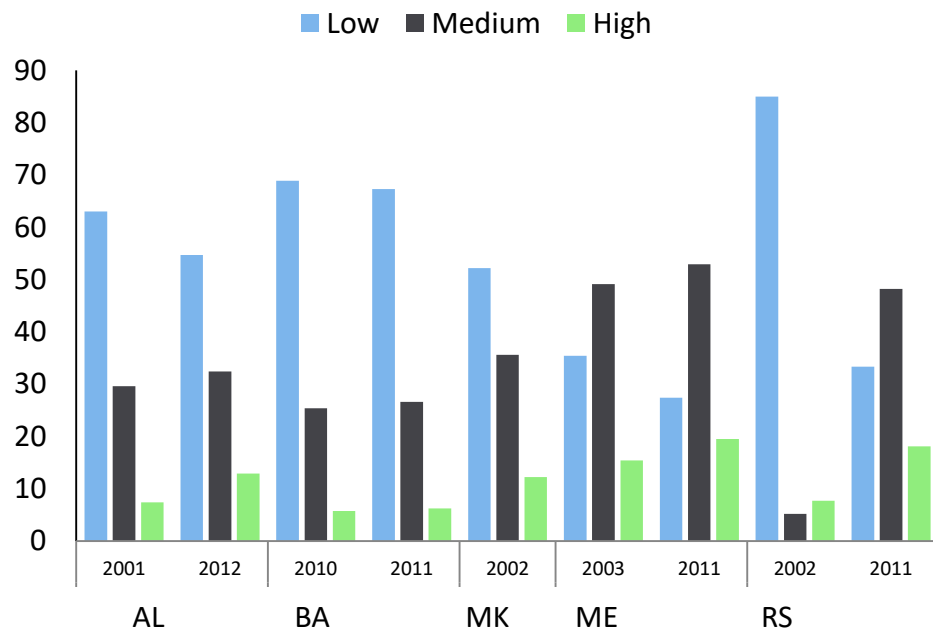
Note: The stock of migrants as a share of resident population does not include intra-regional migration in the Western Balkans.

Source: Stocks of migrants and resident population: UN Statistics (2018).

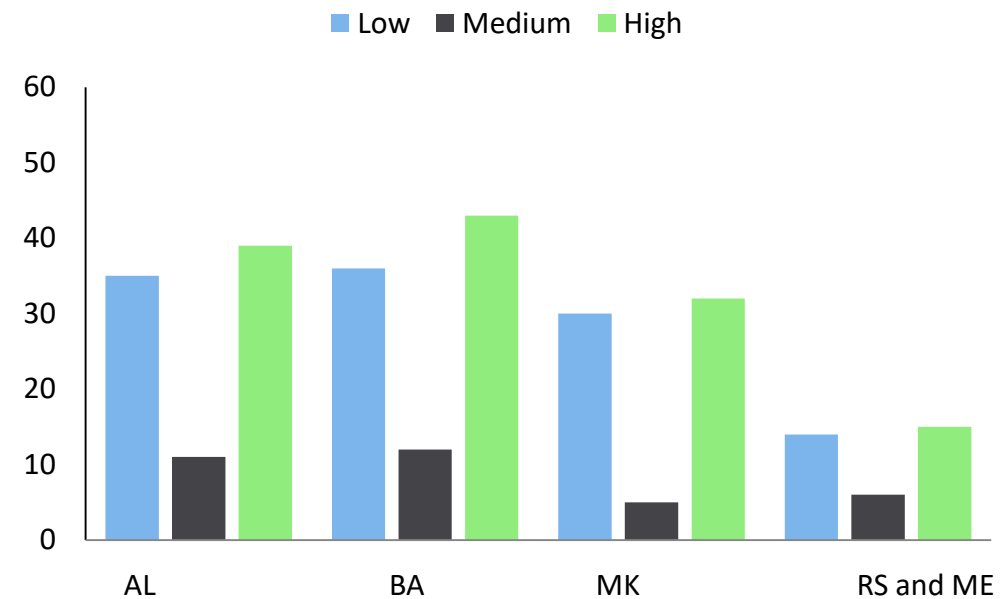


# High level of emigration among the highly educated

Educational attainment of population, 25+, in %



Emigration rates by education level, 25+, in %, 2010

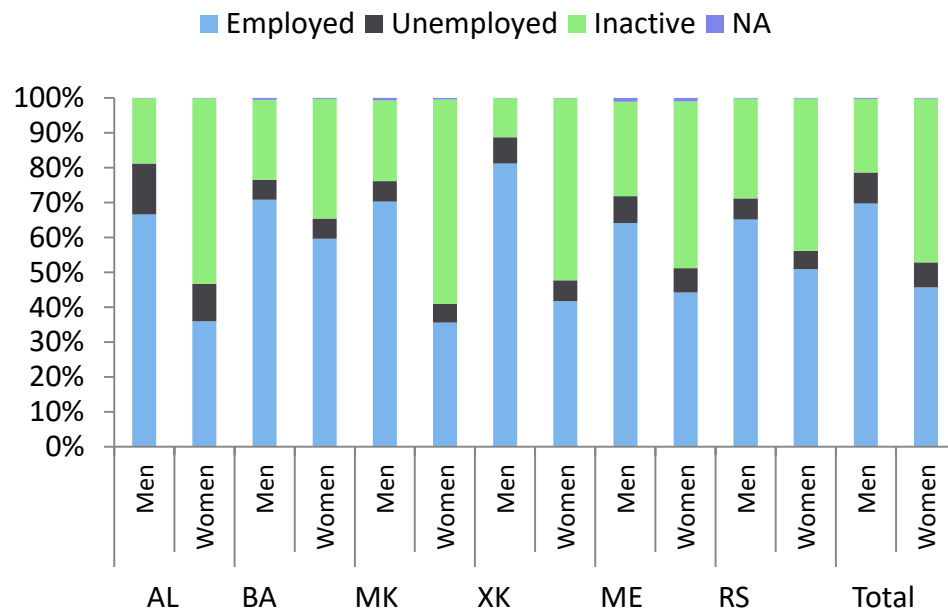


Source: IAB Brain Drain Database (Brücker et al., 2013) and UNESCO.

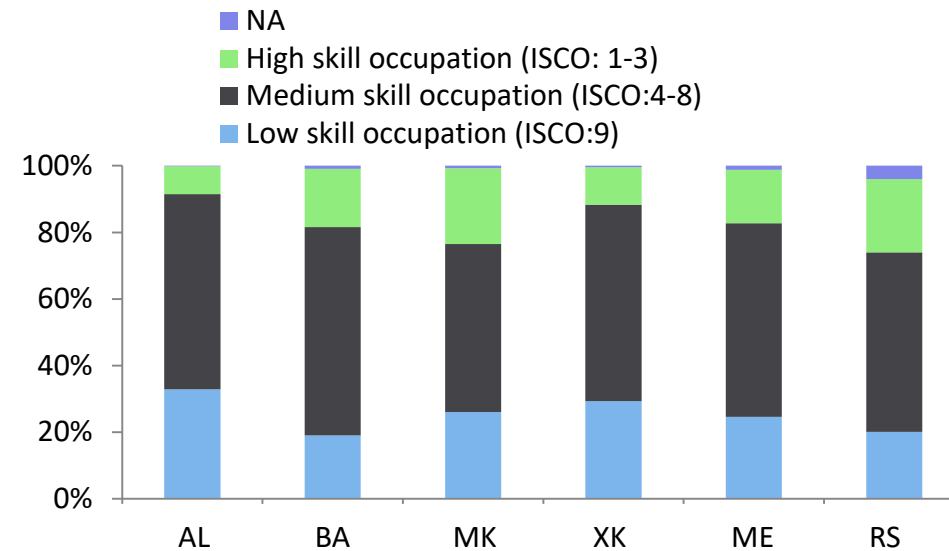
Note: Low level of education includes: no schooling, incomplete primary, primary (ISCED 1), lower secondary (ISCED 2); medium level of education includes: upper secondary (ISCED 3), post-secondary non-tertiary (ISCED 4); high level of education includes short cycle tertiary (ISCED 5), Bachelor's or equivalent (ISCED 6), Master's or equivalent (ISCED 7), Doctoral or equivalent (ISCED 8).

# Employment of emigrants below their skill level

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.

## 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 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 of the youth population
- Improvements in the labor market were not sufficient to prevent young, educated people from continuing to emigrate

# Supply-side policies to improve the functioning of the labor market

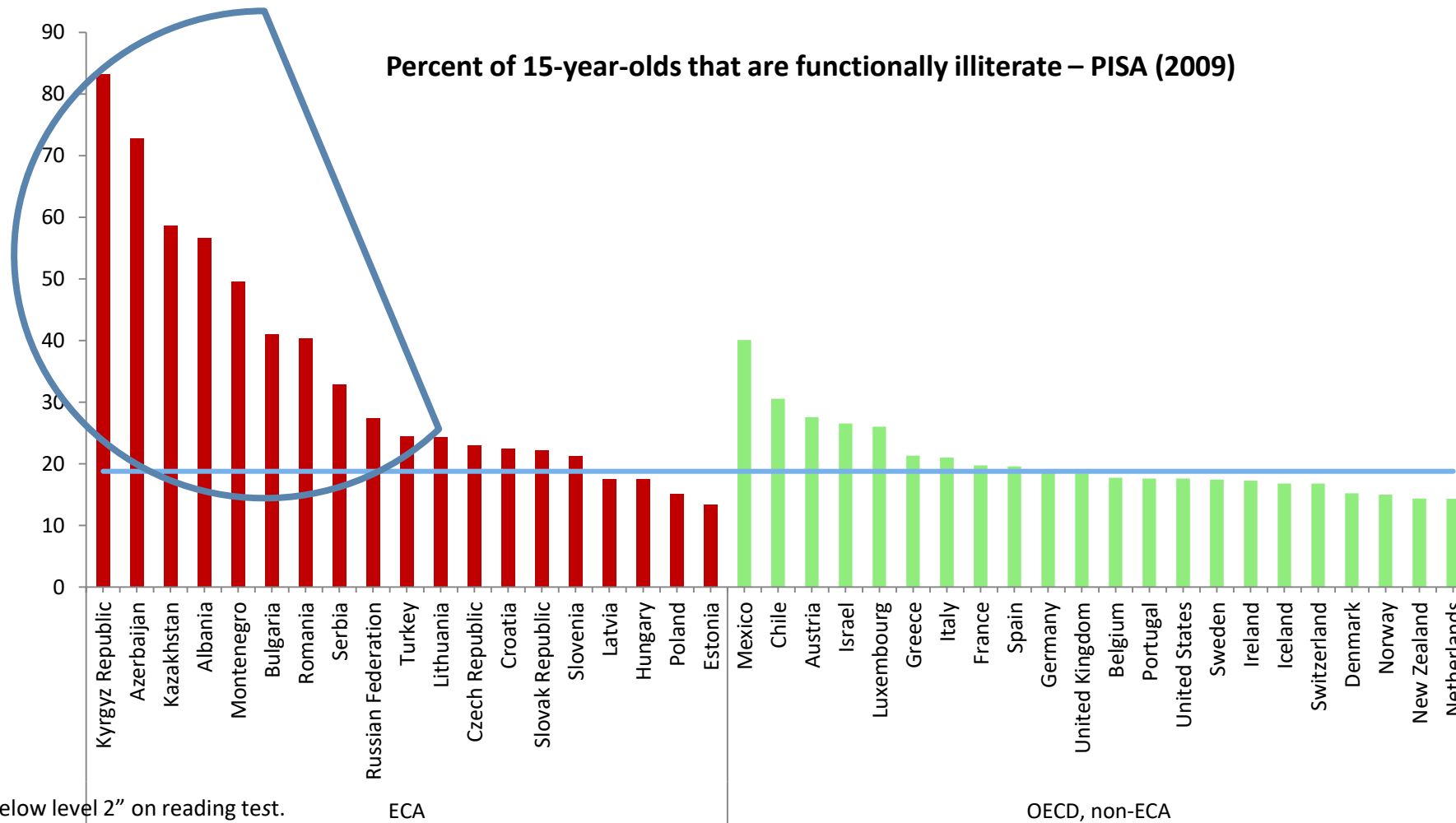
Tax and benefit  
design

Labor  
regulations

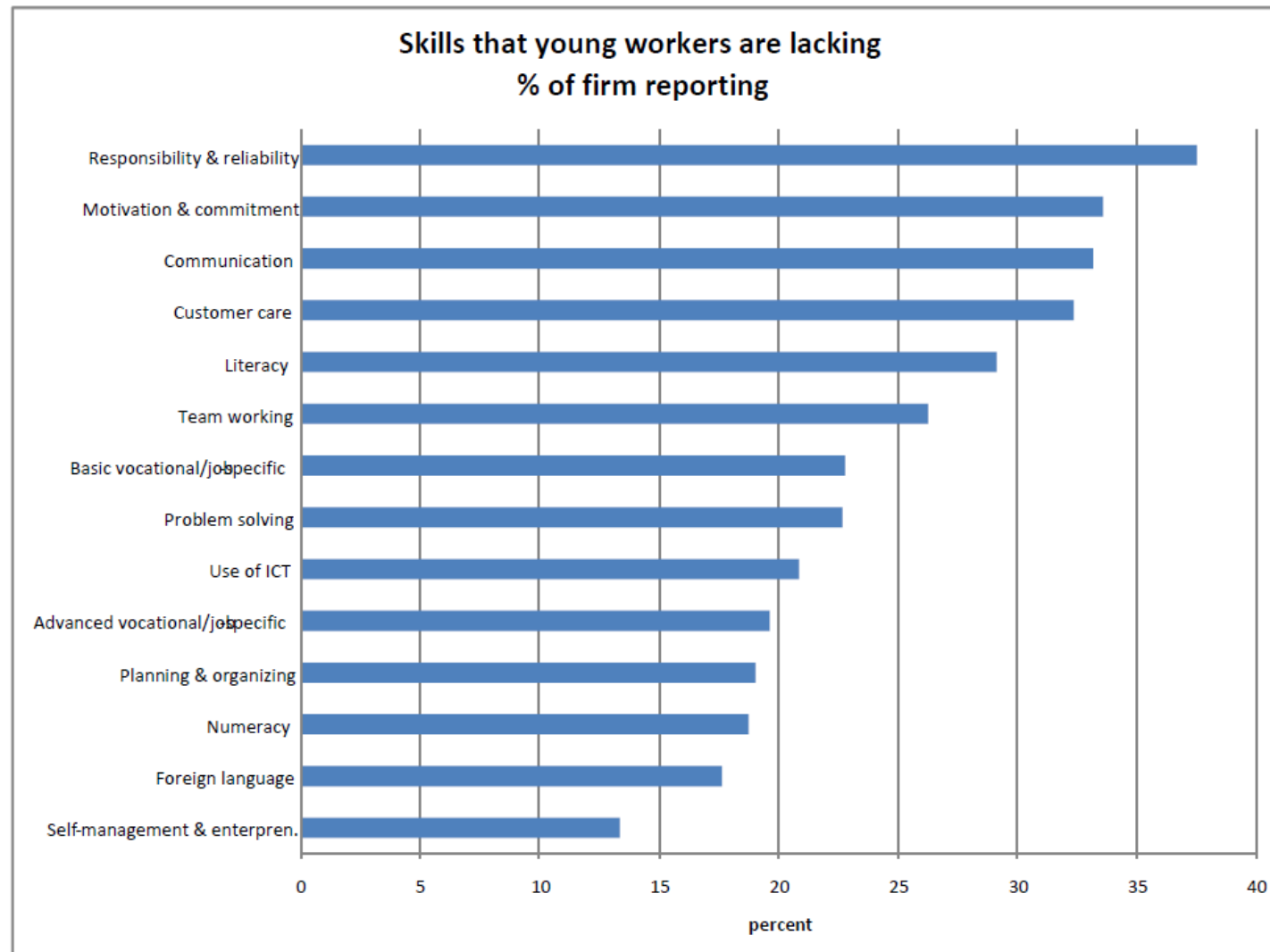
Barriers to  
employability  
(e.g., childcare)

Skills

# Many young students in Southeast Europe lack basic foundational skills...



# Many firms report that young workers miss these socio-emotional skills



Source: World Bank (2010) Macedonia Labor Demand Study.

# Way forward: More focus on job strategies

## Creation

Firm entry and growth  
Less churning (turnover)

## Quality

Productivity  
Earnings  
Working Conditions  
Access to social insurance

**JOB STRATEGIES**

## Access

Information  
Incentives  
Skills  
Mobility



Thank you

6<sup>th</sup> Economic Development Days – May 2018

Vienna University of Economics and Business (WU Wien)