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Labor Market and Regional Differences in Unemployment in Albania

Bersant Hobdari

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Abstract

This paper deals with one important problem that all transition economies, Albania included, are facing in the way of transforming their economies towards market oriented one, i.e. unemployment and regional differences in it. As elsewhere in transition countries, in Albania unemployment displays a regional pattern. In the paper several questions are addressed as, which is the evolution of unemployment and long-term unemployment, which role does the geographical position of regions play in unemployment differentials, which role does sectoral specialization of regions play in unemployment differentials, which path has long-term unemployment followed in regional level?

Keywords

Unemployment, long-term unemployment, regional differentials

JEL-Classifications

J00, J58, J61, J30, J10

Introduction

Disbalances in the labor market were one of the immediate effects of the transition process in all CEE countries, Albania included. Prior to the start of transition labor market was centralized, with low levels of unemployment and with no big disparities among districts mainly because of the fact that there were no wage differentials, there were administrative obstacles to mobility and there was an intensive income distribution process among districts. The start of transition was followed by a collapse of old economic structures, which led to massive lay offs from the public sector. This accompanied by the non-existence of private sector, caused a sharp rise in the number of unemployed in all the country. But as elsewhere even in Albania unemployment has a regional pattern, showing disparities and stability in disparities among different districts. Another specific pattern for Albania could be said to be the high percentage of long-term unemployment over total unemployment. In outlining the proper policy responses to unemployment certain questions must be asked as how have the regional disparities in unemployment evolved, what role does the geographical distribution of regions play in unemployment differentials, what role does the sectoral distribution of regions play in unemployment differentials, is the pattern of long-term unemployment the same in all regions or it differs?

This paper tries to give an explanation to the above questions. The paper is organised as follows. Section 1 presents a general macroeconomic picture of Albania, outlining major developments prior to and after the start of transition. Section 2 gives an overview of the labor market situation. Section 3 focuses on regional unemployment where at first a typology of regions is developed based on criteria chosen, then regional differences in unemployment and some possible causes of them are briefly discussed. In the conclusions part a summary of the main findings of the paper is made. In the appendix part all tables are listed.

Section 1. Macroeconomic development

The development made during the transition can not be understood without reference to the macroeconomic picture of the country specially for the years 1985-1995. The crisis that Albania found itself at the beginning of the 90s was a result of the policy followed by the communist system, specially during the 80s when Albania remained even without international help as a result of total isolation and self-reliance policy that its leadership adopted. Economic situation during the 80s can be characterized by the continuous fall in production, lack of investments, plans for developing a multi branches economy, almost outdated technology and a rising unemployment as a result of the population boom of the 60s. As a summary of the main lines of economic policy of the 80s the first thing that could be noticed is the stick to central planning more than before. (refer to Sjöberg "Economic change

in the Balkan States", 1991) The branch which suffered more was agriculture, which at the time occupied roughly 70% of the population. The policies in agriculture culminated in 1981 with the complete collectivization of private livestock and the limiting of private household plots, measures that had serious repercussions for the population as a whole in terms of food shortages. From the data is noticed that except from the year 1986, in all other years the growth in agricultural production has been lower than population growth or even recessions have been registered. Investment policy during this period was marked by subsidizing state enterprises and farms, specially the big ones in industrial sector which failed to boost growth. Measures taken at the end of the 80s in order to prepare a gradual transition from central planning to market oriented economy resulted in the aggravation of the situation. In 1990 the budget deficit was 13% of GDP while the foreign debt was 500 million USD, isolating the country from the assistance of world financial institutions. The peak of the crisis was the period 1991-1992, when economic crisis was accompanied by political turmoil. These years were marked by the collapse of institutional structures, supply constraints which resulted in food shortages and dependence on humanitarian aid from outside, production stoppages and lack of financial means for importing inputs and a rising demand, stimulated specially by wage increases. Sharp declines of production were registered in food and light industry as well as in some areas of heavy industry such as cement, machinery and equipment and the production of spare parts.

It was this time that the government began to design measures for transforming the economy towards a market oriented one. One of the first initiatives was the move in August 1990 towards trade and exchange liberalization. At that time all state enterprises were given freedom in conducting foreign trade operations directly, which was extended in April 1991 to private enterprises and individuals. In the domestic sector an important step was the permission of private ownership (except land initially) in March-April 1991, which was given full legal protection in relation to other forms of ownership. Privatization was seen as the main driving force for pulling the economy out of crisis and several measures were envisaged with respect to it. In agricultural field in August 1991 were set the criteria for distributing the land and other properties of cooperatives to their members. In July 1991 the legislation stipulated that land given free of charge could be inherited by descendants but not sold. In non-agricultural field in April 1991 started the privatization of trade and services and the preparation for large scale privatization. Also measures were introduced in giving enterprises some financial autonomy and in price liberalization. A partial price liberalization started in November 1991, excluding a basket of commodities with a weight of 40% which remained controlled even during 1992. In financial autonomy of enterprises the state was trying to release the budget from the burden of being responsible for every investment decision for the enterprises. Although some measures were taken the fall in production didn't stop, where in 1992 the gross domestic production was 40% lower than its level in 1989 and if it is taken into account the negative rate of growth in late 80s then in comparison with 1986 Albania experienced a decrease of more than 50% in output, while at the same time the population grew by roughly 20%. Also during that time an increase in consumption is noticed associated

by the sharp decrease in output making so Albania dependent on foreign aid. The consumption price index reached 104% in 1991 and 237% in 1992 compared to December 1990, unemployment was rising as a result of shutting down of state enterprises, mainly as a result of elimination of state subsidies to them and of abolishment of labor hoarding (expressed in 80% rule explained below), budget deficit in 1991 was about 34% of GDP before grants, financial liberalization caused interest rates to go up and velocity of money to decrease from 2,7 in last quarter of 1990 to 1,9 in second quarter of 1992. In the external account the transformation process in other CEE countries caused the loss of market in those countries, with whom trade was mainly carried out through barter. For the whole years 1990-1994 Albania results with a trade account deficit, which shows a three digit figure. In 1992 the government which took office after the elections announced a shock therapy to stabilize the economy and establish the market economy. In broad macroeconomic context the results of this shock therapy were seen within a short period. In 1993 GDP increased by 11%, in 1994 by 7% and in 1995 by roughly 14%. Inflation, after three digit figures of 1992 decreased to 31% in 1993, 16% in 1994 and only 6% in 1995. Unemployment reached its maximum in 1993 by 30% then decreased to 18% in 1994 and reached 11% of the labor force at the end of 1995. Budget deficit was decreased in 13,7% of GDP in 1994 and in 1995 the deficit financed by internal sources was 7,2% of GDP. It is worth mentioning that during 1995 government succeeded in solving the problem of foreign debt of 500 million USD, excluding arrears, by an immediate payment of 96,4 million USD, 25 million of which were paid as a grant by World Bank. In external relations an increase in exports is noticed specially towards Greece and Italy substituting for a part of the market lost in CEE countries, but also an increase in imports is noticed leaving the current account still in deficit.

In giving a better understanding of the macroeconomic development of Albania a table concerning some main macroeconomic indicators for the years 1990-1993 as well as a table giving the main reform steps undertaken after the starting of transition are presented below:

Main Macroeconomic indicators

	1990	1991	1992	1993
Gross national production	16811	12156	10974	12170
Real change (%)	-10	-27,7	-9,7	11
Difference in percentage				
Gross industrial production	-19,6	-36,9	-60	-10
Gross agricultural production	-4,4	-36,9	18	14,4
Growth of population	1,8	-0,9	-1,1	-0,7
Increase of employees	0,2	-19,2	17,4	11,2
Percentage of unemployed	10	9	27	22
CPI 1990 = 100	100	204	687	899
Annual change	0	104,1	236,6	30,9
In million USD				
Balance of current account	-95,1	-250	-31,6	20,6
Trade balance	-109,6	-209	-453	-454,6
Exports	123	72	70	105,3
Imports	232,6	281	523	559,9
Broad money (end of period)	5570	11384	28771	50186

Source: Institute of Statistics, Bank of Albania and IMF estimates

Main reform steps taken during 1990-1996

Price liberalization:	<ul style="list-style-type: none"> - Partial price liberalization in November 1991 excluding a basket of goods. - Extended price liberalization at the end of 1992 keeping a very limited number of prices as bread or fuel under limits
Trade and exchange rate liberalization:	<ul style="list-style-type: none"> - In August 1990 enterprises were given more freedom in conducting foreign trade operations - In April 1991 the rules were extended for private enterprises and individuals
Privatization:	<ul style="list-style-type: none"> - In August 1991 were set the criteria for land distribution - In April 1991 the privatization of trade and services started - In May 1993 Government issued a decree that regulated the privatization of small and medium enterprises - At the end of 1995 the privatization of large enterprises started by adopting the voucher scheme
Property rights:	<ul style="list-style-type: none"> - In April 1993 the law on property restitution to ex-owners was enacted - During 1995 several laws and decrees have regulated property claims of ex-owners on agricultural land and pastures and forests. - By law foreign investments is given full legal protection

Section 2. Labor market overview

Starting of transition had immediate effects on the labor market, which could be summarized as a massive job losing, a sharp decrease in labor hoarding (which has been quite important in the last years of communist system), closure of a number of already outdated enterprises, a large increase in the number of unemployed, pressure for wages not to go up and a fall in the real wage as a result of price liberalization.

In the past labor market in Albania was totally centralized. One of its basic characteristics was the high rates of population growth, which for years 1975-1990 averaged to 2% per year. Along with population growth an increase in working age population as well as labor force, which averaged to 3,2% per year, were noticed.(refer to table 1 in the appendix) With regard to employment the policy of communist governments was expressed even in the Constitution where it was stated that the right for work was guaranteed. The result of this was that in 1990 approximately 1,4 million people or 44% of the total population were employed. From them 2/3 were employed in the state sector and the rest in cooperativist sector. From the general number of employed people only 17% of them were employed in the service sector or the so called non-material sphere. Although the right for work was guaranteed, the inability of the economy to absorb the labor force made the unemployment rate to increase from one year to the other, reaching 8,5% in 1990. (again referring to table 1) But because of the bad working conditions in state enterprises and lack of unemployment benefits, people had no incentive to register as unemployed so the number of unemployed should have been higher than reported. A characteristic of Albanian labor market, which contributed to hide unemployment, was the so called "80% rule". According to this rule an enterprise in case of not having possibility to use a certain number of employees, because of raw materials and spare parts lacking, was obliged not to fire them but to pay to them 80% of their salary, while staying home. Of course except from hiding unemployment this measure put a hard burden on state budget which paid the salaries. In terms of wages and salaries they were fixed by law for five-year plans. Wage policy was based on the principle of narrowing the gap between physical and intellectual work, between sectors and between workers with different qualifications. Differences among wages were regulated both across sectors as well as within sectors. By law wage differentiation was fixed to be to the ratio 1:2 between the average wage of all blue-collar workers in the economy and the highest wage of the managers. Although by law was stipulated a minimum wage a large part of working population, specially in the cooperativist sector, received wages below this level. The narrow gap in wages, the income distribution process as well as administrative obstacles are supposed to be the main factors to prevent labor mobility.

The starting of transition accompanied by the collapse of state enterprises and non-existence of private sector caused the rate of employment to fall rapidly or the rate of unemployment to increase. In the following table is given the total number of registered unemployed people

and the percentage of unemployed for the period 1989-1994, calculated as the situation at the end of the year:

Total registered unemployed and unemployment rate
(in thousands and in percent)

	1989	1990	1991	1992	1993	1994	1995
Total registered unemployed	113	151	140	394	301	262	171
Male	52	72	65	194	160	141	92
Female	62	78	75	200	141	121	80
Unemployment rate	7	10	9	27	22	18	11

Source: Institute of Statistics

As it is seen from the table unemployment reached its peak in 1992 and since then has shown a steady decline. In order to understand who is counted as unemployed must be known the definition of unemployed. According to this definition unemployed is considered the individual who is economically active and who during the referred period has no job, is available for job and is looking for job, where as a reference period is taken a one month period. The increase in unemployment was accompanied by a decrease in participation rate at work, which showed a sharp decline during 1992, when it reached the lowest level at almost 59% as compared to the highest one in 1989 when it was roughly 78%.(as it is shown below)

Participation rate	1989	1990	1991	1992	1993	1994
at work	77.4	75.3	72.9	59.2	59.3	65

The large decrease in participation rate by roughly 18% during 1989-1992 period can have different causes. For example a considerable number of people may be engaged in "grey and black economy", other may be discouraged and fell out of labor force.

Another feature of Albanian labor market is long-term unemployment, which in 1993 totalled about 65% of total unemployment, while by the end of 1994 it reached 81%. According to the definition an unemployed is classified as long-term one if he/she is registered and is searching for a job for more than a year. The large share of long-term unemployed clearly displays a mismatch between skills supplied and demanded in market.

In the tables 2, 3 and 4 at the appendix is shown the pattern of unemployment, inflows in unemployment and outflows from unemployment in monthly data for years 1993-1995 for unemployment and 1994-1995 for inflows and outflows. In analysing the table on monthly unemployment it is seen the high number registered during 1993, although after April this number tended to decline, mainly because of the exit from unemployment of members of

agricultural enterprises and state farms who profited from land distribution. During 1994 and 1995 a steady decrease in the number of unemployed is noticed. Is this a result of low inflows in unemployment or of high outflows from unemployment?

In having a look at the inflows and outflows data it is noticed that for all the period the data are available outflows from unemployment are higher than inflows in unemployment. Also it should be stressed that the number of outflows should be an underestimate of real number of outflows because here only the number of people who have started work during month is counted, while the number of them who have decided to go out of labor force is not counted. In general can be said that job creation, seen by larger number of outflows, can be counted as a prime factor for reduction of unemployment. Possible factors which might have contributed to this pattern might be increasing share of private sector, relatively fast privatisation of small and medium enterprises and restructuring of public sector.

Other points to focus are the behaviour of vacancies and wages. Since the beginning it should be mentioned that the reported number of vacancies is an underreport of the real number firstly because there exist other ways of job finding, formal and informal, so the employers do not report all job vacancies and secondly it depends on how good are the relations between labor offices and employers. In tables 5 and 6 in the appendix the data on vacancies for the last quarter of 1995 and the first quarter of 1996 are shown. The low number of vacancies reported should have as a factor the still going on restructuring process in the industrial sector, reflected in the low demand for some of the professions listed in the tables. On the wage side of the labor market two were the basic strategies followed. The first was the creation of a wage system which would reflect the new economic environment, while the second was wage increases.

Section 3. Regional disparities in unemployment and possible causes of them

As elsewhere in transition countries even in Albania unemployment displays a regional dimension so now the focus is on regional disparities of unemployment and explanation of the observed trend in regional labor market as well as some possible factors which account for these disparities.

The whole section will be divided into three subsections: at the first a typology of the regions will be developed, where regions are constructed on the basis of some criteria such as sectoral structure, proximity to the border, which of them has a large city, etc., at the second the pattern of regional unemployment and disparities among and within regions will be described and at the third possible causes of these disparities will be analysed.

3.1 Typology of regions in Albania

By looking at the table 7 in the appendix it can be seen that districts in Albania differ a lot from each other in terms of unemployment percentages. Before going on in developing the regional typology an analysis of the trend of unemployment in districts level by grouping districts according to their unemployment percentages will be done. Seeing that unemployment percentages range from as low as 2% to as high as 32%, several groups are constructed with a span of 6%, as in the following table:

Number of regions according to the percentage of unemployment for 1993-1995

	1993	1994	1995
Group 1 (2% - 8%)	4	5	18
Group 2 (9% - 15%)	4	11	14
Group 3 (16% - 22%)	10	11	3
Group 4 (22% - 28%)	13	6	1
Group 5 (29% and over)	5	3	0
Total number	36	36	36

The general trend seen in the table is a steady decrease in the number of districts in groups 3, 4 and 5 and a steady increase in the number of those in groups 1 and 2. If making a comparison between 1993 and 1995 it is seen that in 1995 only the district of Lac is in group 4, the only one remained there all three years. From analyzing table 7 and the above table it is also seen that majority of districts have moved from a lower group to a higher one, just a few of them have stayed in the same group and only one, district of Kolonja, has moved from group 1 to group 2. From the table follows the conclusion that unemployment during three years has steadily decreased. For seeing the behavior of unemployment in regional level the division of regions is developed first.

As shown in the map in the appendix Albania has 36 administrative districts. Taking into consideration the size and population of each district they constitute a good basis for a micro analysis. But depending on the aim of the study of patterns of unemployment some so called macro regions will be constructed by grouping micro regions together based on criteria chosen. In this study two different types of regions are constructed based on two criteria.

The first criterion used is geography where 36 districts of Albania are collected in 6 regions as follows:

1. Northwestern region (in this region districts of Malesi e Madhe, Shkoder, Lezhe, Lac, Mirdite, Mat and Kruje are classified)

2. Northeastern region (in this region districts of Tropoje, Puke, Has, Kukes, Diber, Bulqize are classified)
3. Southwestern region in which border districts in the west are classified (Durrës, Kavajë, Lushnjë, Fier, Vlorë, Sarandë)
4. Southeastern region in which border districts in the east are classified (Librazhd, Pogradec, Korce, Devoll, Permet, Kolonjë, Gjirokastër)
5. Southcentral region in which all non border districts in the central and southern part of Albania are classified (Peqin, Elbasan, Kucovë, Gramsh, Berat, Skrapar, Mallakastër, Tepelenë, Delvinë)
6. Tirana district, as having the capital and the largest city in the country, is classified as a separate region.

Northern regions are mainly positioned in the mountainous part of the country, with less arable land for person than in southern regions, rich with natural resources as minerals or water and because of that mainly heavy industry is situated there. In infrastructural terms they are the most backward part of the country. Southern regions have a larger population, more arable land for person and so agriculture is mainly developed in these regions, as well as are more developed in terms of infrastructure.

The reason of using this criteria is to see what role plays the geographical position in regional disparities in unemployment, specially it would be interesting to see if there is a big difference in unemployment between southern and northern regions as well as between southern border and non border regions. In theory border regions should be favored in receiving foreign direct investments or in labor mobility out of country. According to the statistics the amount of FDI invested in southern regions constitutes of roughly 85% total FDI invested in Albania, while above 83% of immigrants come from the southern part of Albania. The effect of these factors should be reflected in the labor market performance as well. Also among southern regions themselves there should be differences in respect that the factors mentioned above should influence more border than inland regions.

The second criterion that used is the sectoral specialization. In this respect it should be stated that here is used a uni-variate classification. It means that districts classified in a specific region have one main sectoral characteristic, while the other characteristics that may be important in affecting the local economy and labor market are overlooked. This overlooking comes from the lack of data such as on the shares of branches in district employment, contribution of each branch in GDP of each districts, data showing infrastructure development of each district, such as number of telephones per capita, data showing the share of private sector in each district.

Based on what is said as the first step is used the division of districts in agriculture and industrial. In making this division even the personal knowledge of where the agricultural production is concentrated and in which districts it should be the dominant branch is used.

Then as the second step the industrial districts are taken and classified in heavy industry and light industry districts. With heavy industry is meant mining and mineral processing, power generation, oil production and processing, metallurgical industry, chemical industry, mechanical industry, while with light industry is meant food, clothing, paper, wood, etc.

A special group of districts are those that have a big city in them, which usually display more opportunities of development, so for that reason as the third step these districts are grouped together in large agglomeration region.

Summarizing what was said till now four regions are constructed as follows:

1. Large agglomeration region in which districts with big cities are classified (Shkoder, Durres, Tirane, Elbasan, Vlore, Korce, Fier)
2. Agricultural region in which agricultural dominated districts are classified (Lushnje, Delvine, Kolonje, Kavaje, Skrapar, Permet, Devoll, Mallakaster)
3. Heavy industrial region in which heavy industry dominated districts are classified (Tropoje, Mirdite, Kukes, Lac, Mat, Bulqize, Kucove, Tepelene, Diber, Pogradec)
4. Light industrial region in which light industry dominated districts are classified (Puke, Lezhe, Gramsh, Berat, Gjirokaster, Peqin, Sarande, Kruje).

This division is quite subjective and the use of a multi-variate method, if data permitted, would have given the possibility of a more detailed division. But based on the work of Boeri and Scarpetta, Scarpetta and Huber and Scarpetta, who have studied regional differences in unemployment in several transition countries and concluded that regional economic structure plays an important role in regional disparities, there are strong theoretical reasons to believe that in Albania too, sectoral structure of regions should influence unemployment rates and disparities. In rapidly transforming and reconstructing economies like that of Albania not all sectors adjust the same to the new economic environment, creating so the basis for instability in the labor market. It is expected that agriculture should adjust quicker than industry. On the other side in dividing industrial regions in light and heavy industrial ones, the basis was on the large number of industrial regions and on the fact that different industries behave differently in transition process, where light industry, in general, is adjusting easier than heavy one.

Questions that may be asked are why are used two criteria in developing typology of regions as well as which typology gives better explanation to the questions addressed? In general it is believed that sectoral specialization of each district is the main force in driving the unemployment differentials but in circumstances of limited mobility the geographical position of districts also plays role in them. It can be said that both typologies give answer to specific problems in dealing with unemployment problem. In conditions of ongoing transformation process of the economy may be sectoral typology gives more insight in dealing with unemployment.

3.2 Regional unemployment and disparities

In this section the differences in unemployment rates among regions will be presented. As two classification of regions were made, focus will be on each group separately. At the tables 8 to 16 in the appendix unemployment, labor force, unemployment rates for all the districts as well as for regions according to classifications described above are given, while in table 19 employment in districts level for years 1993-1995 is given.

3.2.1. Regional disparities among geographical regions

Below a summary table with unemployment rates for geographical regions and the country as a whole for years 1993-1995 is presented:

Unemployment rate in geographical regions		
(in percent)		
	1994	1995
Northwestern region	21,9	12
Northeastern region	17,8	8,3
Western border region	15	8,9
Eastern border region	13,1	6,4
Non border region	22,8	14,2
Tirana	21	17,8
Total of the country	18	11

By looking at the table we find some interesting features of unemployment in Albania. The general trend of decreasing unemployment in national level is associated with decreasing unemployment in all the regions. But of course not all the regions have the same pattern. So in 1993 except Northeastern and Eastern border region all other regions had unemployment rates higher than national one, while in 1995 only Tirana and Non border region have unemployment rates substantially higher than national one. Surprising looks the result of Northeastern region, which is supposed to be the poorest in Albania, where the unemployment rate is one of the lowest during the whole period. Tirana seems the region to

have suffered more from high unemployment. In fact unemployment rate in Tirana for 1995 is the highest in the country, 17,8% and it has shown the lowest decrease in unemployment with respect to other regions. In making a comparison between north and south regions, leaving Tirana out, it is seen that there is not any big difference in unemployment rates. On the other hand having a look at southern border and non border regions it is seen that border regions have had lower rates all over the period. In table 24 in the appendix some descriptive statistics for geographical regions for the three year period are given. As it is easily seen from the numbers instead of convergence there is divergence among regions, expressed in increased variance and coefficient of variation, which means that during the three year period regions have had different pattern of developments.

Except from differences in unemployment among regions of interest would be to have a look to variations of unemployment within each region. In table 20 in the appendix mean, variance and coefficient of variation for each region and for the country as a whole for period under study are shown. As it is clear from the numbers on the contrary of what happens among regions themselves there is a convergence of unemployment rates within each region, in meaning that variance and coefficient of variation decrease each year. One other thing to be noted is the stability of unemployment within regions, i.e. with some exceptions, those districts that had high unemployment rate in 1993 are still experiencing high rates in 1995.

One indicator of the stability of unemployment in regional level is the long-term unemployment. In table 17 in the appendix long-term unemployment, in absolute numbers and percentage of total unemployment, in district level is given, while in table 18 long-term unemployment, in absolute numbers and percentage of total unemployment, for regions is given. The general trend that can be noticed is that long-term unemployment pool is quite large with respect to total unemployment, reaching its maximum in 1994 and showing a slight decline in 1995, but being almost in all regions, except from Eastern border region, higher than in 1993. In analyzing the tables it is seen that in 1993 Eastern border region had the lowest unemployment rate but the highest long-term unemployment rate among the regions, while for Tirana region it was the reverse. In 1995 Tirana region although has the highest unemployment rate has the second lowest long-term unemployment rate, showing a better turnover of unemployment pool than in other regions. In terms of north-south differences there are no substantial differences in rates during all the period of study, while between southern regions still non border region shows the highest rate, except from 1993. In table 22 in the appendix some descriptive statistics for long-term unemployment in geographical regions are given. As it is seen from the table there are large variations within each region, which tells different patterns of development of long-term unemployment. In general all the regions, except for non border region, for the period 1993-1995 show divergence within them in long-term unemployment, expressed in higher variance and coefficient of variation. In terms of how regions have behaved among themselves in table 25 in the appendix some descriptive statistics for intra regional differences in long-term unemployment are given. On the contrary of what was happening within regions, there is convergence among them. There

is a strong convergence in 1994, expressed in low variance and coefficient of variation, showing that at that time almost all the regions had high rates of long-term unemployment. From 1994 to 1995 regions diverge again but in general, between 1993 and 1995, they still show signs of convergence.

3.2.2. Regional disparities among sectoral regions

Again below a summary table with unemployment rates in sectoral regions and the total of the country for 1993-1995 is presented:

Unemployment rates in sectoral regions for 1993-1995
(in percent)

	1993	1994	1995
Large agglomeration region	24,1	22,2	12,8
Agriculture region	19,8	13,7	7,5
Heavy industrial region	21,5	20,5	11,1
Light industrial region	20,9	17,3	10
Total of the country	22	18	11

For the three years under study large agglomeration and heavy industrial regions have unemployment rates higher than or slightly lower than national one, while agriculture and light industrial regions have smaller rates than national one. During all the period agriculture region has the lowest rate, while large agglomeration region the highest. Even here, as in the pattern of geographical regions, it is noticed the stability in unemployment disparities among regions. In 1993 the highest rate was 24,1% in large agglomeration region as compared to 19,8% to agriculture region, while in 1995 the rates for the same regions are 12,8% and 7,5%, respectively. The pattern of decreasing rates of unemployment along with national one is seen even here. In general it can be said that agricultural region has suffered less from the transition than industrial ones in terms of unemployment. The cause of high unemployment in large cities could be that they were usually industrial centers, which were hit hard from transition. As an example only in Tirana during 1991-1995, 56 enterprises shut down or have been privatized, causing a reduction in public employment by 59%. Looking at the table 24 again it is noticed that the regions have not converged in rates, although the divergence is smaller among sectoral regions than among geographical regions.

Focusing on the differences and stability within regions in table 21 some descriptive statistics for sectoral regions are presented. It is seen that in agricultural, heavy industrial and light industrial regions variance decreases from 1993 to 1995 showing so convergence, while within large agglomeration region it is seen divergence of rates given by an increase in

variance and coefficients of variation. So even in the case of sectoral regions as in the case of geographical regions it is noticed divergence among regions and convergence within them.

In focusing on long-term unemployment differences, presented in table 18, it is noticed a completely reverse picture from that of total unemployment differences. Light industrial and agriculture regions, which showed the lowest unemployment rates all the period, have the highest rate of long-term unemployment with 70% and 71% respectively in 1993 and 75,3% and 75,9% respectively in 1995. It shows that in heavy industrial and large agglomeration regions unemployment turnover is slightly better than in other regions. Although it should be noted that the difference in long-term unemployment rates among regions is small and becoming smaller each year. This is clearly seen in table 25 where mean, variance and coefficient of variation for each region is given. From the table a strong convergence is noticed among regions. A more diversified picture is seen in the behaviour of long-term unemployment rates within each region, given in table 23. So within agriculture and light industrial regions divergence among districts is seen, translated in increasing variances and coefficients of variation for period 1993-1995. On the other hand in other two regions convergence of districts is noticed.

With regard to the division of country in regions some statistical tests were performed for showing the independence of groups in both geographical and sectoral regions. But because of the limited number of observations the results, which show no difference among groups of the same classification, can not be reliable. The results of the tests are not attached on the appendix.

In general from the analysis of regions, based on both criteria, can be concluded that the worse districts in terms of unemployment are situated in the central-northern part, except Kucove, have large cities or are specialized in heavy industry and have large percentages of long-term unemployed.

3.3 Possible causes of regional disparities

In this section an attempt will be made to underline some basic factors which may account for the differences in unemployment among regions. Starting and proceeding of transition followed by demand and supply shocks had different effects on regions. Abolishment of subsidies, specially to heavy industry, competition to be faced now with outside world, changes in the orientation of domestic demand, degree of specialization of regions, existence of big enterprises dominating entire economy of the district, the lack of redistribution of resources are all factors that contributed to differences in regional performances, which translated into emergence of large unemployment pools. (Scarpetta 1995). Since the beginning it should be mentioned the lack of data on wage differentials of regions, on inflows in and outflows from unemployment on regional basis, on migration flows across and within

regions, while for vacancies on regional basis there are data only for six months and these data are an underreport of the real number of vacancies. So in this respect the aim becomes complicated and attempt is made to deduct some possible causes of unemployment differences even without backing with evidence.

Differences in unemployment may come from a variety of reasons which can be classified in two broad groups: labor demand and labor supply related. In labor demand related reasons may be mentioned restructuring of public sector, speed of emergence of private sector, government development related programs, while in labor supply related reasons may be mentioned decisions to enter to or withdraw from labor force, regional mobility, migration.

In concluding if regional disparities are driven by demand related factors or supply related one the correlation between employment and unemployment in regions must be seen. According to Boeri and Scarpetta 1995, a negative relationship between employment and unemployment in various regions shows the effect of labor demand factors in unemployment differentials, while a positive one is caused by labor supply considerations. In table 19 employment in district level is given, while below employment figures for geographical and sectoral regions for years 1993-1995 are given. The general pattern of employment is its increase in all the regions, but of course the rate of growth of employment is different in different regions. Border regions in geographical classification and agriculture region in sectoral classification show the highest growth rate in employment, showing so their biggest potential for development.

Employment according to sectoral regions for 1993-1995
(in absolute numbers)

Regions	1993	1994	1995
Light industrial region	163735	185122	220137
Heavy industrial region	221192	217480	273587
Agriculture region	177027	238066	277619
Large agglomeration	483964	520878	606250
Total	1045918	1161546	1377593

Source: Institute of Statistics

Employment according to geographical regions for 1993-1995

(in absolute numbers)

	1993	1994	1995
Regions			
	185682	186413	236107
Northwestern region	127215	128278	163340
Northeastern region	265498	300744	353982
Western border region	141975	193821	220218
Eastern border region	190653	221549	257962
Non border region	134895	130741	146029
Tirane			
	1045918	1161546	1377638
Total			

Source: Institute of Statistics

By having a look at the data it is seen a negative correlation between employment growth and unemployment in all of the regions. It is shown up clearly when correlation coefficients between employment and unemployment in a certain region are calculated as follows (here are presented the calculations for both types of regions):

Regions	Correlation Coefficient (u-e)
Agricultural region	- 0,9302
Light industrial region	- 0, 9941
Heavy industrial region	- 0,9703
Large agglomeration region	- 0,9988
Total of the country	- 0,9983

Regions	Correlation coefficient (u-e)
Northwestern region	- 0,9904
Northeastern region	- 0,9597
Western border region	- 0,9850
Eastern border region	- 0,8167
Non border region	- 0,7672
Total of the country	- 0,9983

From the strong negative relationship above it can be concluded that the reduction of unemployment has come as a result mainly of labor demand factors. But in all the regions employment growth is higher than unemployment reduction, showing that the increase in labor demand was matched by an increase in labor supply, of people coming out of labor force till then. This might be the reason unemployment has still remained high.

With regard to the above mentioned correlation coefficients significance tests were performed. The values of two-tailed tests show that majority of coefficients are significant and

because of limited number of observations we expect even the others, which show insignificance to be significant.

Turning in analyzing labor supply decisions the theory (again Boeri and Scarpetta 1995) that labor supply tends to react with a lag to labor market imbalances and labor supply decisions become important over time in effecting labor market disparities, should be taken into account. Evidence from Albanian regions supports this idea. In 1994 we have just slight changes in employment, although economic performance has already shown signs of growth, accompanied by great boost in 1995.

One important factor that should account for differences in labor supply and unemployment is migration, internal or external. In making migration decisions people weight the cost and benefits of doing it. In general people weight the lifetime income they gain in moving to a new place minus the lifetime income they lose in the old place minus the cost of moving. Theoretically migration should stand as a mitigating force against unemployment, being negatively related to it. Also according to the experience of OECD countries migration displays a procyclical pattern, rising during booms and falling during recessions. In evaluating the role of migration in mitigating regional disparities in Albania regional data on migration flows would be needed, which unfortunately are lacking. As an approximation data on labor force for the regions during 1993-1995 can be used. It is quite obvious that in all the regions labor force has increased, although not in the same size everywhere. So in large agglomeration and agricultural region the increase in labor force is greater than in other two sectoral regions. One possible reason of this difference is the mobility of people from industrialized areas, specially heavy industrialized ones, to large cities, which offer better employment opportunities and wages. On the other hand it could be said that internal migration is based more within districts than out of them, specially from rural to urban areas of the same districts. Although the internal migration is existent it can be said it is not at the levels supposed to be. For this the most important obstacle regards the cost of moving through the house shortages and land property problems.

A more important role may be assigned to external migration. As mentioned above 495.000 people are working outside, or roughly 10% of the labor force, with 373.000 of them from the southern part of Albania, which constitutes 41% of the labor force of southern Albania. It should be mentioned that these statistics do not take into account people who go illegally for seasonal work or for very short periods in Greece, so total external mobility is somehow underestimated.

From this short analysis is seen that mainly unemployment reduction has come as a result of labor demand factors. But how the typology developed explains unemployment differentials? Based on the results of the analysis of geographical regions can be concluded that the hypothesis that border regions should be favored in terms of job creation and mobility was right. On the other side the expectation of big differentials in unemployment among northern

and southern regions is not backed with evidence. With regard to sectoral regions the revival of agriculture and relatively fast restructuring of light industry make respective regions suffer less from labor market inequalities. On the other side the hard hit heavy industrial sector still faces demand constraints, expressed in the lowest job creation rate among sectoral regions, showing so stability in unemployment. Surprising may look the result of large agglomeration region, which suffers more from unemployment problem. Although this region has a more diversified economic structure, a better infrastructure, it still lags behind the others in term of unemployment rates. Two may be the factors accounting for this stability: the first that this region has lower job creation rate than agriculture and light industry regions and the second that labor market in this region has not been able to absorb all internal migration, specially from rural areas.

An interesting feature of Albanian labor market is long-term unemployment. In general all regions, in both typologies developed, show high rates of long-term unemployment to total unemployment. But a special feature is noticed with respect to unemployment duration. There are some regions which show low unemployment rates but high long-term unemployment rates, showing so that at least for these professions there is a low job creation rate or low turnover of human capital. On the other hand there are region with high unemployment rates but with low long-term unemployment rates showing a continuous process of job creation and destruction, reflecting a deeper and faster reconstruction process. Specially this is true for large agglomeration and heavy industrial regions.

Conclusions

This paper has examined the evolution of differences in regional unemployment in Albania. Regional differences as well as open unemployment itself became evident since the beginning of transition and have persisted since then.

The pattern of unemployment development in Albania shows that typical unemployed is male, under 34 years of age and lowly qualified. This, accompanied with the high percentage of long-term unemployed, shows a gap between skills demanded and supplied and puts the need to undertake active policies in training and retraining of this pool for matching their skills with jobs available.

Different regional patterns of unemployment are not casual, specially if regions are defined by their sectoral structure. The difference in unemployment is assumed to play an important role in the years to come. The transition hit harder industry, specially heavy industry, and that is why heavy industrial regions show high and persistent rates of unemployment. The perspective of further restructuring of this branch shows that other job losses could occur.

The existence of a large unemployment pool may make it even more difficult for unemployment to be absorbed as a result of congestion effect.

A little bit surprising is the fact that large cities show high rates of unemployment, quite differently from their counterparts in other transition countries. As elsewhere large cities have diversity of economic structure, having the possibility of mitigating unemployment problem by faster restructuring than other areas which rely on single enterprises. A possible response to this answer may be the lack of absorption from large cities of internal migration from other areas, specially rural ones.

Regional disparities in unemployment had lasted for all the period of study and according to experience of other countries they will last, because market equilibrating mechanisms usually work slowly. In terms of policy steps to be taken active labor market policies with respect to human capital, accompanied by development related and reform of housing market policies, seem to have priority in converging disparities.

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Table 1: Population, Labor force and Employment 1975-1990 (in thousands, annual averages)

	1975	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Total population	2400,8	2670,5	2723,7	2781,4	2838,1	2896,7	2957,4	3016,2	3076,1	3138,1	3199,2	3255,9
Male	1239,6	1378	1405,4	1434,6	1464,5	1494,7	1526	1556,3	1584,2	1616,1	1646,3	1674,3
Female	1161,2	1292,5	1318,3	1346,8	1373,6	1402	1431,4	1459,9	1491,9	1522	1552,9	1581,6
Nonworking age population	1139,8	1199,8	1210,1	1228,8	1239,7	1250,7	1269,3	1286,9	1309,6	1328,2	1355,9	1375,2
Male	561,5	588,4	593,1	602,5	607,8	612,8	618	625,6	635,3	644,8	661,8	671,4
Female	578,3	611,4	617	626,3	631,9	637,9	651,3	661,3	674,3	683,4	694,1	703,8
Working age population	1261	1470,7	1513,6	1552,6	1598,4	1646	1688,1	1729,3	1766,5	1809,9	1843,3	1880,7
Male	678,1	789,6	812,3	832,1	856,7	881,9	908	930,7	948,9	971,3	984,5	1002,9
Female	582,9	681,1	701,3	720,5	741,7	764,1	780,1	798,6	817,6	838,6	858,5	877,8
Inactive and dependent population	287,4	289,3	301,4	301,4	303,2	308	309,4	311,3	310,3	314,7	309,2	314
Male	n.a.	171,8	179,2	178,3	179,5	182	186,1	191	191	193,4	186,4	189
Female	n.a.	117,5	122,2	123,1	123,7	126	123,3	119,3	119,3	121,3	122,8	125
Labor force	973,5	1181,4	1212,2	1251,2	1295,2	1338	1378,7	1418	1456,2	1495,2	1534,1	1566,7
Male	n.a.	617,8	633,1	653,8	677,2	699,9	721,9	740,5	757,9	777,9	798,1	813,9
Female	n.a.	563,6	579,1	597,4	618	638,1	656,8	677,5	698,3	717,3	736	752,8
Total employment	893	1122	1161	1216	1252	1279	1298	1341	1381	1405	1431	1434,2
In state sector	503	655	676	709	735	757	769	800	830	852	881	906,3
In cooperative sector	390	467	485	507	517	522	529	541	551	553	550	527,9
Total unemployment	80,5	59,4	51,2	35,2	43,2	59	80,7	77	75,2	90,2	103,1	132,5
Registered unemployment	16,5	19,5	21,5	17,4	21,2	25,5	30,9	37,1	30,3	30,3	28,7	33,2
Male	3	4,8	5,6	5	5,8	7,1	10,4	12,9	10,4	10,1	10,9	13,6
Female	13,5	14,7	15,6	12,4	15,4	18,4	20,5	24,2	19,9	20,2	17,8	19,6
Memorandum item												
Labor force ¹	984	1193,1	1231,3	1272,9	1317,6	1358,5	1399	1437	1475,4	1514,8	1553,4	1582
Male ¹	n.a.	623,9	642,3	665,4	689	710,9	732,9	748	767,9	787,8	808,4	820,5
Female ¹	n.a.	569,2	589	607,5	628,6	647,6	666,1	689	707,5	727	745	761,5

Source: Statistical Directorate and Employment Directorate, State Planning Commission

¹ End of the period data

Table 2: Registered unemployed for period 1993-1995 (in numbers)

	January	February	March	April	May	June	July	August	September	October	November	December
1993	413671	427818	454710	466781	445169	427691	417070	401835	396191	369063	305761	301289
1994	279228	270091	267236	260221	261674	261386	262945	259434	260829	260930	260859	261850
1995	n.a.	265715	264282	264019	258657	253676	249614	248151	191658	180781	n.a.	171001

Source: Institute of Statistics

Table 3: Inflows in Unemployment for 1994-1995 (in numbers)

	January	February	March	April	May	June	July	August	September	October	November	December
1994	1256	951	332	1008	303	400	622	1018	466	1182	1133	253
1995	n.a.	187	234	360	563	352	471	263	339	446	n.a.	516

Source: Institute of Statistics

Table 4: Outflows from Unemployment for 1994-1995 (in numbers)

	January	February	March	April	May	June	July	August	September	October	November	December
1994	3144	1998	1989	1789	1512	1993	1892	1703	1440	1731	1507	1042
1995	n.a.	1684	1227	1306	1873	1557	1592	1358	3670	1545	n.a.	1556

Source: Institute of Statistics

Table 5: Vacancies for the last quarter of 1995

	Total	Female	Bureaucra Managers	Specialist University Graduate	Technical specialist	Simple bureaucra	Service workers	Agricultur fishing workers	Handycraf trader	Mechanic factories workers	Beginner worker	Army forces	% of Albania
Berat	341	91	0	30	123	13	150	10	15	0	0	0	6,73
Bulqize	18	8	0	4	2	0	12	0	0	0	0	0	0,36
Delvine	0	0	0	0	0	0	0	0	0	0	0	0	0
Devoll	25	20	0	0	0	0	0	5	20	0	0	0	0,49
Diber	88	40	1	3	13	1	34	1	32	0	3	0	1,74
Durres	350	197	0	4	2	18	130	40	10	10	136	0	6,9
Elbasan	898	515	0	40	35	13	220	110	120	280	30	50	17,72
Fier	600	222	0	25	300	10	30	115	20	0	100	0	11,84
Gramsh	17	16	0	0	0	0	3	0	14	0	0	0	0,34
Gjirokaste	63	34	0	5	0	0	15	0	18	0	20	5	1,24
Has	26	6	0	3	0	0	16	4	1	0	0	2	0,51
Kavaje	218	0	3	0	0	0	90	0	345	0	80	0	4,3
Kolonje	116	56	7	15	20	9	20	5	30	0	45	0	2,29
Korce	307	172	0	12	15	57	12	0	106	60	0	0	6,06
Kruje	96	96	0	0	0	0	0	0	0	0	96	0	1,89
Kucove	26	7	4	4	0	0	4	0	0	10	4	0	0,51
Kukes	101	46	1	10	15	10	15	0	0	0	50	0	1,99
Lac	150	0	0	0	0	0	0	0	0	0	0	0	2,96
Lezhe	187	42	0	0	0	7	70	10	30	40	20	10	3,69
Librazhd	115	0	2	5	18	8	32	3	7	8	32	0	2,27
Lushnje	414	183	0	0	0	0	136	10	173	0	0	0	8,17
Malesi Ma	0	0	0	0	0	0	0	0	0	0	0	0	0
Mallakaste	112	33	0	4	6	5	24	0	18	19	36	0	2,21
Mat	47	11	2	3	4	1	9	3	6	17	2	0	0,93
Mirdite	0	0	0	0	0	0	0	0	0	0	0	0	0
Peqin	7	0	0	0	0	0	0	4	0	0	3	0	0,14
Pogradec	100	30	0	0	0	0	100	0	0	0	0	0	1,97
Pernat	88	46	0	2	4	2	0	10	0	0	70	0	1,74
Puke	0	0	0	0	0	0	0	0	0	0	0	0	0
Sarande	95	33	0	10	20	5	15	5	10	0	30	0	1,87
Skrapar	69	26	0	4	7	6	3	4	18	0	23	4	1,36
Shkoder	275	138	0	15	6	0	28	0	40	9	117	0	5,43
Tepelene	0	0	0	0	0	0	0	0	0	0	0	0	0
Tirane 1	483	370	0	30	50	6	197	0	18	17	165	0	9,53
Tirane 2	411	180	0	0	0	0	0	0	0	0	411	0	8,1
Tropoje	8	0	0	8	0	0	0	0	0	0	0	0	0,1
Vlore	120	0	0	0	0	0	0	0	100	20	0	0	2,37
TOTAL	5069	2068	20	236	640	171	1365	339	1151	490	1543	71	100

Source: Ministry of Labor

Table 6: Vacancies for the first quarter of 1996

	Total	Female	Bureaucra Managers	Specialist University Graduate	Technical specialist	Simple bureaucra	Service workers	Agricultur fishing workers	Handycraft trader	Mechanic factories workers	Begginer worker	Army forces	% of Albania
Berat	480	67	0	95	200	20	100	50	15	0	0	0	8,53
Bulqize	16	7	0	2	4	4	6	0	0	0	0	0	0,28
Delvine	150	100	0	0	0	0	0	0	100	0	50	0	2,67
Devoll	21	14	0	0	7	0	0	0	0	14	0	0	0,37
Diber	85	24	1	5	1	7	47	3	16	0	5	0	1,51
Durres	310	172	0	40	12	2	137	21	1	25	72	0	5,51
Elbasan	823	476	0	32	27	11	192	92	0	316	19	36	14,63
Fier	314	124	0	30	160	3	29	17	35	10	30	0	5,58
Gramsh	18	3	0	2	0	0	8	0	3	5	0	0	0,32
Gjrokaste	81	43	0	14	4	0	17	0	30	0	10	6	1,44
Has	66	7	1	3	42	7	0	0	3	0	10	0	1,17
Kavaje	492	55	2	0	0	0	0	30	18	42	0	400	8,75
Kolonje	92	49	5	10	12	11	15	7	24	0	8	0	1,64
Korce	373	299	0	12	18	15	15	1	155	18	139	0	6,63
Kruje	25	25	0	0	0	0	0	0	25	0	0	0	0,44
Kucove	34	17	0	0	0	0	0	0	0	34	0	0	0,6
Kukes	105	39	0	5	20	15	15	0	0	0	40	10	1,87
Lac	46	0	0	0	0	0	0	0	0	0	0	0	0,82
Lezhe	92	21	0	0	0	5	7	10	0	0	0	10	1,64
Librazhd	126	0	1	4	8	10	18	10	40	5	20	3	2,24
Lushnje	217	113	0	10	0	0	43	45	87	0	32	0	3,86
Malesi Ma	0	0	0	0	0	0	0	0	0	0	0	0	0
Mallakaste	107	36	0	3	5	4	23	0	17	18	37	0	1,9
Mat	72	23	2	5	5	2	14	4	4	20	16	0	1,28
Mirdite	0	0	0	0	0	0	0	0	0	0	0	0	0
Peqin	13	4	0	1	3	2	1	0	2	0	4	0	0,23
Pogradec	313	191	0	0	0	0	163	150	0	0	0	0	5,57
Permet	70	23	0	7	0	3	10	10	30	0	10	0	1,24
Puke	6	0	0	0	0	0	0	0	0	0	6	0	0,11
Sarande	48	14	0	4	16	4	11	3	10	0	0	0	0,85
Skrapar	72	34	0	4	4	3	6	8	20	0	26	1	1,28
Shkoder	156	89	0	39	0	0	16	0	20	9	72	0	2,77
Tepelene	1	0	0	0	0	0	0	1	0	0	0	0	0,02
Tirane 1	472	328	0	17	60	5	196	4	82	22	86	0	8,39
Tirane 2	191	0	0	0	0	0	0	0	0	0	191	0	3,4
Tropoje	6	0	0	6	0	0	0	0	0	0	0	0	0,11
Vlore	131	0	0	0	2	0	0	0	80	22	27	0	2,33
TOTAL	5624	2397	10	350	610	133	1089	466	839	560	955	466	100

Source: Ministry of Labor

Table 7: Unemployment by regions 1993-1995

Regions	In numbers			In percentage		
	1993	1994	1995	1993	1994	1995
Berat	13788	14292	9663	26	24	15,4
Bulqize	4000	4781	2066	16	19	8,1
Delvine	741	3816	1024	7	23	6
Devoll	856	337	469	3	2	2,7
Diber	6718	4307	1839	31	11	4,3
Durres	18048	13303	8644	26	18	11
Elbasan	26849	29391	18564	32	31	18,9
Fier	15974	14249	7951	18	15	7,9
Gramsh	4606	5021	3283	27	25	15,4
Gjirokaster	3947	2474	1849	16	8	5,9
Has	3364	2140	1009	31	17	7,9
Kavaje	8409	3322	3720	26	10	10,5
Kolonje	3016	2044	1211	8	17	9,5
Korce	8109	8993	4322	23	11	4,9
Kruje	5401	5474	3331	22	21	12,3
Kucove	4555	5453	4246	16	31	22,9
Kukes	8884	6454	4200	43	22	13,4
Lac	7036	6915	7788	23	27	28,8
Lezhe	3895	3870	3048	14	14	10,2
Librazhd	6348	7484	1459	31	22	3,9
Lushnje	8811	8534	5217	17	13	7,6
Malesi e Madhe	3097	2839	1268	22	13	5,2
Mallakaster	766	928	456	4	5	2,1
Mat	9534	8985	3018	27	25	7,9
Mirdite	4338	2693	2530	18	13	6,8
Peqin	1755	1185	970	15	9	6,8
Permet	2975	2020	4360	21	11	15,3
Pogradec	5603	5881	1507	19	21	7,6
Puke	3081	1559	1018	13	8	4,8
Sarande	6958	4276	1516	27	18	4,1
Skrapar	5106	4264	2420	27	18	10
Shkoder	23039	21620	10952	27	28	13
Tepelene	2339	1444	2224	12	7	9,8
Tirane	44301	34591	31622	25	21	17,8
Tropoje	7630	8459	4728	28	31	10,6
Vlore	17412	9385	7509	24	15	11
Total	30128	262783	17100			

Source: Institute of Statistics and Ministry of Labor

Note: Data are as of the end of the year

Table 8: Unemployment in the Northwestern region for 1993-1995 (in absolute numbers and percentage of labor force)

	1993			1994			1995		
	Unemployment	Labor force	Percentage	Unemployment	Labor force	Percentage	Unemployment	Labor force	Percentage
Malesi e Madhe	3097	14046	22	2839	22801	13	1268	24384	5,2
Shkoder	23039	86086	27	21620	78387	28	10952	84246	13
Lezhe	3895	27118	14	3870	28673	14	3048	29882	10,2
Lac	7036	30776	23	6915	25285	27	7788	27042	28,8
Mirdite	4338	24248	18	2693	20901	13	2530	37205	6,8
Mat	9534	34815	27	8985	36071	25	3018	38202	7,9
Kruje	5401	24933	22	5474	26691	27	3331	27081	12,3
Total	56340	242022	23,2	52396	238809	21,9	31935	268042	12

Source: Institute of Statistics

Table 9: Unemployment in the Northeastern region for 1993-1995 (in absolute numbers and percentage of labor force)

	1993			1994			1995		
	Unemployment	Labor force	Percentage	Unemployment	Labor force	Percentage	Unemployment	Labor force	Percentage
Tropoje	7630	27194	28	8459	27051	31	4728	44604	10,6
Puke	3081	22980	13	1559	20801	8	1018	21208	4,8
Has	3364	10752	31	2140	12391	17	1009	12772	7,9
Kukes	8884	32984	27	6454	30057	22	4200	31343	13,4
Diber	6718	42224	31	4307	40067	11	1839	42767	4,3
Bulqize	4000	24758	16	4871	25701	19	2066	25506	8,1
Total	33677	160892	20,9	27790	156068	17,8	14860	178200	8,3

Source: Institute of Statistics

Table 10: Unemployment in the Western border region for 1993-1995 (in absolute numbers and percentage of labor force)

	1993			1994			1995		
	Unemployment	Labor force	Percentage	Unemployment	Labor force	Percentage	Unemployment	Labor force	Percentage
Durres	18048	69428	26	13303	73422	18	8644	78582	11
Kavaje	8409	32214	26	3322	32930	10	3720	35428	10,5
Lushnje	8811	52435	17	8534	64609	13	5217	68644	7,6
Fier	15974	88411	18	14249	94822	15	7951	100645	7,9
Vlore	17412	72550	24	9385	64291	15	7509	68264	11
Sarande	6958	26072	27	4276	23739	18	1516	36976	4,1
Total	75612	341110	22,2	53069	353813	15	34557	388539	8,9

**Unemployment in Tirana region for 1993-1995
(in absolute numbers and percentage of labor force)**

	1993			1994			1995		
	Unemployment	Labor force	Percentage	Unemployment	Labor force	Percentage	Unemployment	Labor force	Percentage
Tirane	44301	179196	25	34591	165332	21	31622	177651	17,8

Source: Institute of Statistics

Table 11: Unemployment in the Eastern border region for 1993-1995 (in absolute numbers and percentage of labor force)

	1993			1994			1995		
	Unemployment	Labor force	Percentage	Unemployment	Labor force	Percentage	Unemployment	Labor force	Percentage
Librazhd	6348	20833	31	7484	34018	22	1459	37410	3,9
Pogradec	5603	29520	19	5881	28055	21	1507	19829	7,6
Korce	8109	58741	14	8993	82832	11	4322	88204	4,9
Devoll	856	12746	6,7	337	16390	2	469	17370	2,7
Permet	2975	14044	21	2020	18913	11	4360	28496	15,3
Kolonje	3016	12845	23	2044	12239	17	1211	12747	9,5
Gjirokaster	3947	24127	16	2474	30098	8	1849	31339	5,9
Total	30854	172856	17,8	29233	222545	13,1	15177	235395	6,4

Source: Institute of Statistics

Table 12: Unemployment in the non border region for 1993-1995 (in absolute numbers and percentage of labor force)

	1993			1994			1995		
	Unemployment	Labor force	Percentage	Unemployment	Labor force	Percentage	Unemployment	Labor force	Percentage
Peqin	1755	11502	15	1185	13855	9	970	14265	6,8
Elbasan	26849	83311	32	29391	93324	31	18564	98222	18,9
Kucove	4555	15833	28	5453	17811	31	4246	18541	22,9
Gramsh	4606	17409	27	5021	20461	25	3283	21318	15,4
Berat	13788	53025	26	14292	58955	24	9663	62746	15,4
Skrapar	5106	18749	27	4246	24111	18	2420	24200	10
Mallakaster	766	21375	4	928	20326	5	456	21714	2,1
Tepelene	2339	19477	12	1444	21943	7	2224	22694	9,8
Delvine	741	10477	7	3816	16539	23	1024	17067	6
Total	60505	251158	24	65784	287325	22,8	42850	300767	14,2

Source: Institute of Statistics

Table 13: Unemployment in the large agglomeration region for 1993-1995 (in absolute numbers and percentage of labor force)

	1993			1994			1995		
	Unemployment	Labor force	Percentage	Unemployment	Labor force	Percentage	Unemployment	Labor force	Percentage
Shkoder	23039	86086	27	21620	78387	28	10952	84246	13
Durres	18048	69428	26	13303	73422	18	8644	78582	11
Tirane	44301	179196	25	34591	165332	21	31622	177651	17,8
Elbasan	26849	83311	32	29391	29391	31	18564	98222	18,9
Fier	15974	88411	18	14249	94822	15	7951	100645	7,9
Vlore	17412	72550	24	9385	64291	15	7509	68264	11
Korce	8109	58741	14	8993	82832	11	4322	88204	4,9
Total	153732	637723	24,1	131532	588477	22,3	89564	695814	12,8

Source: Institute of Statistics

Table 14: Unemployment in agricultural region for 1993-1995 (in absolute numbers and percentage of labor force)

	1993			1994			1995		
	Unemployment	Labor force	Percentage	Unemployment	Labor force	Percentage	Unemployment	Labor force	Percentage
Lushnje	8811	52435	17	8534	64609	13	5217	68644	7,6
Delvine	741	10477	7	3816	16539	23	1024	17067	6
Kolonje	3016	12845	23	2044	12239	17	1211	12747	9,5
Kavaje	8409	32214	26	3322	32930	10	3720	35428	10,5
Skrapar	5106	18749	27	4264	24111	18	2420	24200	10
Permet	2975	14044	21	2020	18913	11	4360	28496	15,3
Devoll	856	12746	6,7	337	16390	2	469	17370	2,7
Mallakaster	766	21375	4	928	20326	5	456	21714	2,1
Malesi e Madhe	3097	14046	22	2839	22801	13	1268	24384	5,2
Has	3364	10752	31	2140	12391	17	1009	12772	7,9
Librazhd	6348	20833	31	7484	34018	22	1459	37410	3,9
Total	43489	220516	19,8	37728	275267	13,7	22613	300232	7,5

Source: Institute of Statistics

Table 15: Unemployment in heavy industrial region for 1993-1995 (in absolute numbers and percentage of labor force)

	1993			1994			1995		
	Unemployment	Labor force	Percentage	Unemployment	Labor force	Percentage	Unemployment	Labor force	Percentage
Tropoje	7630	27194	28	8459	27051	31	4728	44604	10,6
Mirdite	4338	24248	18	2693	20901	13	2530	37205	6,8
Kukes	8884	32984	27	6454	30057	22	4200	31343	13,4
Lac	7036	30776	23	6915	25285	27	7788	27042	28,8
Mat	9534	34815	27	8985	36071	25	3018	38202	7,9
Bulqize	4000	24758	16	4871	25701	19	2066	25506	8,1
Kucove	4555	15833	28	5453	17811	31	4246	18541	22,9
Tepelene	2339	19477	12	1444	21943	7	2224	22694	9,8
Diber	6718	42224	15,9	4307	40067	11	1839	42767	4,3
Pogradec	5603	29520	19	5881	28055	21	1507	19829	7,6
Total	60637	281829	21,5	55462	272942	20,5	34146	307733	11,1

Source: Institute of Statistics

Table 16: Unemployment in light industrial region for 1993-1995 (in absolute numbers and percentage of labor force)

	1993			1994			1995		
	Unemployment	Labor force	Percentage	Unemployment	Labor force	Percentage	Unemployment	Labor force	Percentage
Puke	3081	22980	13	1559	20801	8	1018	21208	4,8
Lezhe	3895	27118	14	3870	28673	14	3048	29882	10,2
Gramsh	4606	17409	27	5021	20461	25	3283	21318	15,4
Berat	13788	53025	26	14292	58955	24	9663	62746	15,4
Kruje	5401	24933	22	5474	26691	21	3331	27081	12,3
Gjirokastr	3947	24127	16	2474	30098	8	1849	31339	5,9
Sarande	6958	26072	27	4276	23739	18	1516	36976	4,1
Peqin	1755	11502	15	1185	13855	9	970	14265	6,8
Total	43431	207166	20,9	38151	223273	17,3	24678	244815	10

Source: Institute of Statistics

Table 17: Long-term unemployment by districts for 1993-1995 (in absolute numbers and percentage of total unemployment)

Districts	In numbers			In percentage		
	1993	1994	1995	1993	1994	1995
Berat	7440	12550	6694	54	87,8	69,3
Bulqize	3043	3553	1203	76	74,3	58,2
Delvine	50	3548	867	6,7	92,9	84,6
Devoll	503	189	389	58,7	56	82,9
Diber	3784	3224	1100	56,3	74,8	59,8
Durres	13048	10776	6722	72,3	81	77,7
Elbasan	19799	25433	16272	73,7	86,5	87,6
Fier	9079	11534	5474	56,8	80,9	68,8
Gramsh	3473	4294	2801	75,4	85,5	85,3
Gjirokaster	2004	1551	1254	50,7	62,7	67,8
Has	2427	1314	708	72,1	61,4	70,2
Kavaje	6468	2990	3005	76,9	90	80,7
Kolonje	2507	1695	1066	83,1	82,9	88
Korce	4730	6473	1662	58,3	71,9	38,4
Kruje	2705	4701	3064	50	85,8	91,9
Kucove	3313	4516	3054	72,7	82,8	71,9
Kukes	2550	4720	3236	28,7	73,1	77
Lac	4915	5269	6486	69,8	76,2	83,2
Lezhe	2806	3114	2614	72	80,4	85,7
Librazhd	5386	6500	824	84,8	86,8	56,4
Lushnje	6000	6666	4540	68	78,1	87
Malesi e Madhe	1655	2234	652	53,4	78,7	51,4
Mallakaster	469	400	157	61	43,1	34,4
Mat	6064	7273	1920	63,6	80,9	63,6
Mirdite	2933	1749	1392	67,6	64,9	55
Peqin	1418	928	814	80,7	78,3	83,9
Permet	1755	1570	3010	59	77,7	69
Pogradec	3743	4368	1315	66,8	74,2	87,2
Puke	1703	527	249	55,2	33,8	24,4
Sarande	5280	3666	1090	75,8	85,7	71,9
Skrapar	3685	3461	1945	72,2	81,1	80,3
Shkoder	16790	18101	8810	72,8	87,7	80,4
Tepelene	1272	1044	1268	54,3	72,3	57
Tirane	23343	28619	20038	52,7	82,7	63,3
Tropoje	6122	6710	4163	80,2	79,3	88
Vlore	11944	5806	5011	68,8	61,8	66,7
Total	194506	211075	124869	64,5	80,3	73

Source: Institute of Statistics and Ministry of Labor

Table 18: Long-term unemployment according to regions (in absolute numbers and percentage of total unemployment)

Geographical region	In numbers			In percentage		
	1993	1994	1995	1993	1994	1995
Northwestern region	37868	42441	24938	67,2	81	78
Northeastern region	19629	20048	10659	58,3	72,1	71,7
Western border region	51819	41438	25842	68,5	78	74,8
Eastern border region	24194	22346	9520	78,4	76,4	62,7
Non border region	40919	56174	33872	67,7	85,4	79
Tirana	23343	28619	20038	52,7	82,7	63,4
Total	197772	211075	124869	65,6	80,3	73
Sectoral regions						
Light industrial region	30395	31331	18850	70	82,1	75,3
Heavy industrial region	37739	42426	25137	62,2	76,5	73,6
Agriculture region	30905	30567	17163	71	81	75,9
Large agglomeration region	98733	106742	63989	64,2	81,1	71,4
Total	197772	211075	124869	65,6	80,3	73

Source: Institute of Statistics and Ministry of Labor

Table 19: Employment according to districts for 1993-1995 (in absolute numbers)

Districts	1993	1994	1995
Berat	39237	44663	53083
Bulqize	20758	20830	23440
Delvine	9736	12723	16043
Devoll	11890	16053	16901
Diber	35506	35760	40928
Durres	51380	60119	69938
Elbasan	56462	63933	79658
Fier	72437	80573	92694
Gramsh	12803	15440	18080
Gjirokaster	20180	27624	29490
Has	7388	10251	11763
Kavaje	23805	29608	31708
Korce	50605	73839	83882
Kolonje	9829	10195	11536
Kruje	19532	21217	23750
Kukes	24100	23603	27143
Kucove	11278	12358	14295
Librazhd	14485	27043	35951
Lezhe	23223	24803	26834
Lac	23740	18370	19254
Lushnje	43624	56075	63427
Mat	25281	27086	35184
Malesi e Madhe	10949	19962	23116
Mallakaster	20609	19398	21258
Mirdite	19910	18208	34675
Peqin	9747	12670	13295
Permet	11069	16893	24136
Pogradec	23917	22174	18322
Puke	19899	19242	20190
Sarande	19114	19463	35460
Skrapar	13643	19865	21780
Shkoder	63047	56767	73294
Tepelene	17138	20499	20470
Tirane	134895	130741	146029
Tropoje	19564	18592	39876
Vlore	55138	54906	60755
Total	1045918	1161546	1377638

Source: Institute of Statistics

Table 20: Descriptive statistics for geographical regions

Regions	1993			1994			1995		
	Mean	Variance	Coeff. Var	Mean	Variance	Coeff. Var	Mean	Variance	Coeff. Var
Northwestern	12,03	62,78	5,22	20,14	45,48	2,26	21,86	4,67	0,99
Northeastern	27	121,2	4,49	18	67,2	3,73	8,18	11,93	1,46
Western border	23	19,2	0,83	14,83	9,37	0,63	8,68	7,37	0,85
Eastern border	17,29	88,24	5,1	13,14	52,48	3,99	7,11	18,19	2,56
Non border	19,22	100,69	5,24	18,44	98,28	5,33	11,92	44,92	3,97
Total	21,25	73,22	3,45	17,33	58,29	3,36	10,01	32,94	3,29

Table 21: Descriptive statistics for sectoral regions

Regions	1993			1994			1995		
	Mean	Variance	Coeff. Var	Mean	Variance	Coeff. var	Mean	Variance	Coeff. var
Large agglomer.	25	18	0,72	19,86	53,48	2,69	12,07	25,24	2,09
Agriculture	17,91	115,09	6,42	13,73	43,02	3,13	7,34	15,27	2,08
Heavy industrial	23,3	84,9	7,06	20,7	68,46	3,3	12,02	60,84	5,06
Light industrial	20	37,71	1,88	15,87	50,7	3,19	9,36	21,33	2,28
Total	21,25	73,22	3,45	17,33	58,29	3,36	10,01	32,94	3,29

Table 22: Descriptive statistics for long-term unemployment in geographical regions

Regions	1993			1994			1995		
	Mean	Variance	Coeff. Var	Mean	Variance	Coeff. Var	Mean	Variance	Coeff. Var
Northwestern	64,2	82,96	1,29	79,23	55,65	0,7	73,03	259,37	3,55
Northeastern	61,42	362,97	5,9	66,12	286,31	4,33	62,93	479,21	7,61
Western border	69,73	53,26	0,76	79,58	93,62	1,17	75,47	59,88	0,79
Eastern border	68,3	128,83	1,88	73,17	118,01	1,61	69,96	329,27	4,7
Non border	61,19	507,64	8,29	78,92	215,27	2,72	72,7	303,9	4,18

Table 23: Descriptive statistics for long-term unemployment in sectoral regions

Regions	1993			1994			1995		
	Mean	Variance	Coeff. Var	Mean	Variance	Coeff. var	Mean	Variance	Coeff. var
Large agglomer.	65,03	77,7	1,19	78,93	83,24	1,05	68,99	254,3	3,68
Agriculture	63,26	456,45	7,21	75,34	237,72	3,15	71,35	299,23	4,19
Heavy industrial	63,6	214,96	3,38	75,28	25,43	0,33	70,09	169,43	2,41
Light industrial	66,31	136,33	2,05	75	342	4,56	72,52	455,81	6,28

Table 24: Descriptive statistics for intra regional differences in unemployment

Years	Geographical regions			Sectoral regions		
	Mean	Variance	Coeff. Var	Mean	Variance	Coeff. Var
1993	21,62	5,9	0,27	21,58	3,33	0,15
1994	18,12	17,81	0,98	18,43	14,05	0,76
1995	9,96	9,67	0,97	10,35	4,94	0,48

Table 25: Descriptive statistics for intra regional differences in long-term unemployment

Years	Geographical regions			Sectoral regions		
	Mean	Variance	Coeff. Var	Mean	Variance	Coeff. Var
1993	68,02	50,81	0,74	66,85	18,6	0,27
1994	78,58	24,86	0,31	80,18	6,25	0,078
1995	73,24	42,93	0,58	74,05	4,07	0,055

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