



# Western Balkans Labor Market Trends 2017

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# Introduction

- Western Balkans face many labor market challenges
  - Low employment rates, high inactivity, persistent unemployment, youth unemployment, long-term unemployment
  - Aging population and high outmigration
- Labor markets high on the agenda of policy makers
  - Need for more and better data, to inspire new analysis and research
  - Also to track progress towards policy goals and European integration
- A new harmonized database on labor market outcomes will give new impetus to this agenda

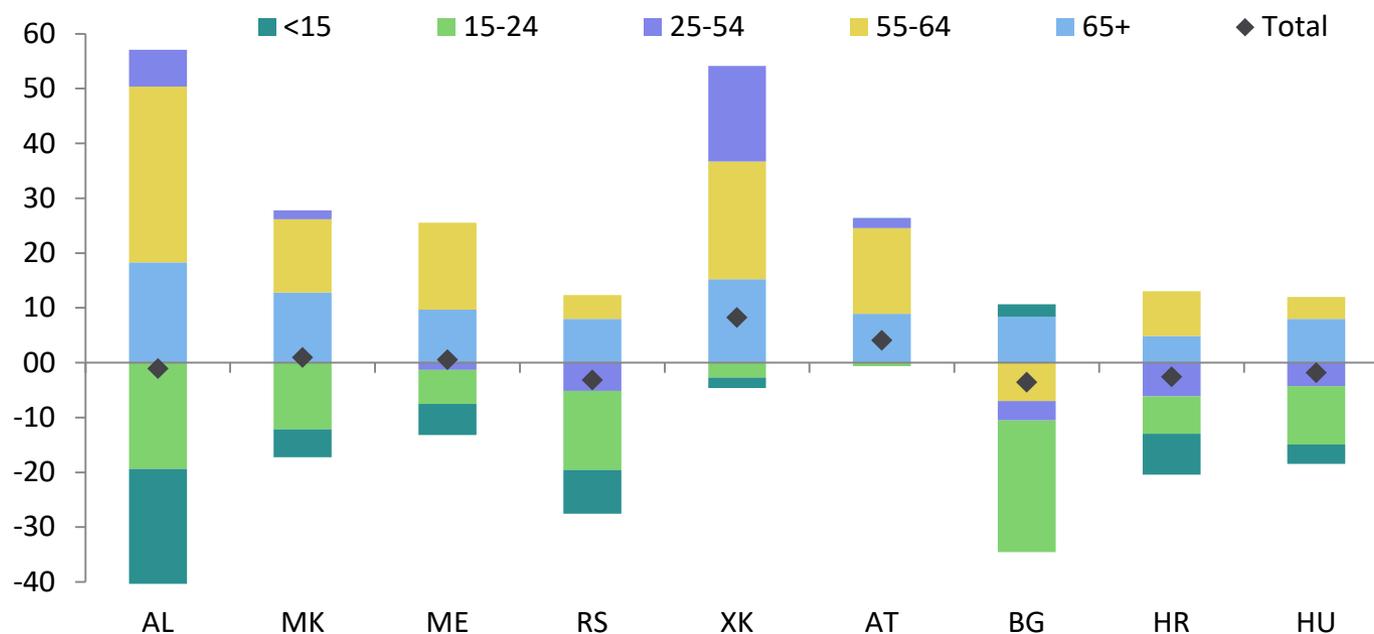
# The SEE Jobs Gateway Database

- A harmonized database on key labor market indicators
  - Population, employment, activity, inactivity, unemployment, informal employment
  - Across six western Balkan countries
  - 4 comparator countries: Croatia, Bulgaria, Hungary and Austria
  - Annual and quarterly data. 2010 to 2016 (Q2)
- Available at <http://SEEJobsGateway.net>

# Western Balkan Labor Market Trends 2017: Highlights

- 300,000 jobs created since 2010, an increase by 6 percent
- Unemployment decreased by 200,000 (from 23 to 21 percent of labor force)
- Positive news:
  - Unexpected winners: older workers (55-64)
  - Highly educated, including youth, increased employment
  - Gender gap is (slowly) narrowing
- Less positive:
  - Low-educated decreased employment, especially low-educated youth
  - Youth unemployment remains high at 47.7 percent
  - High share of long-term unemployed at 72 percent overall

# Population by age groups, 2010-2015, change in %

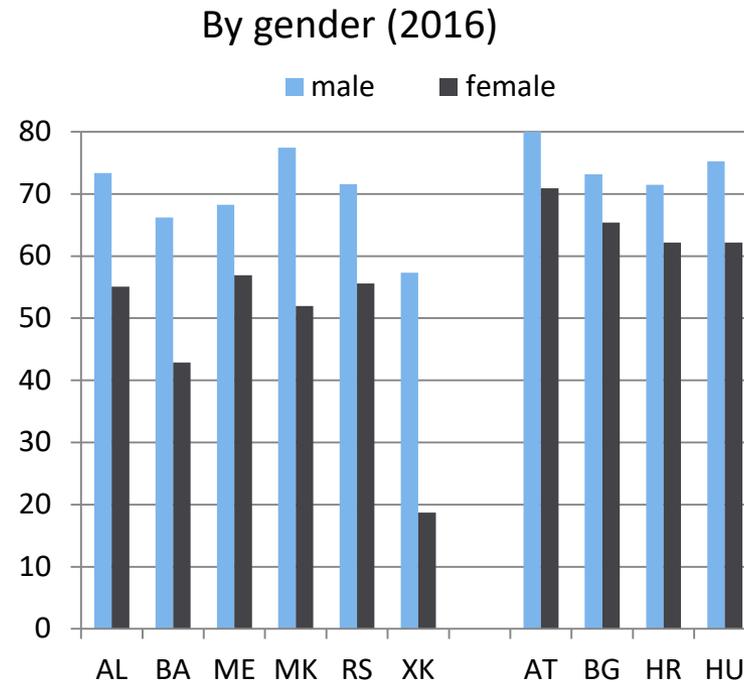
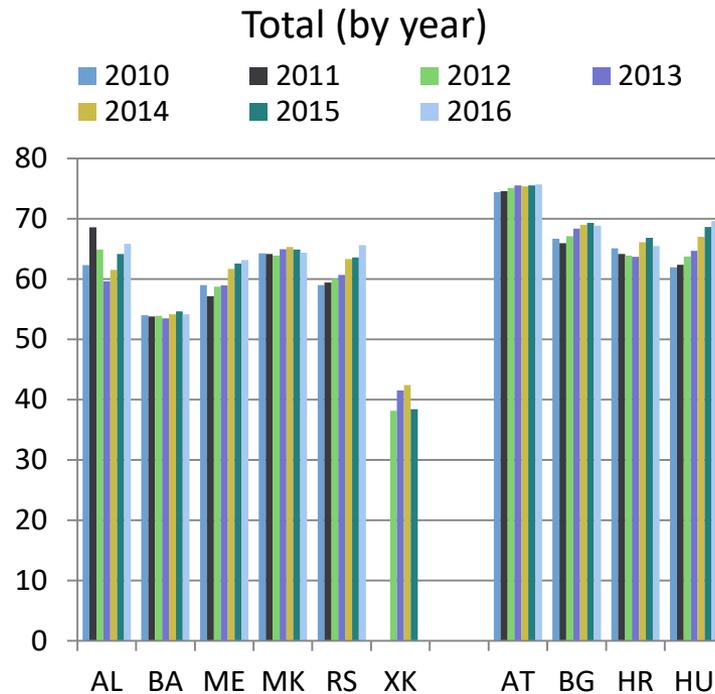


Note: Kosovo change 2011-2016.

Source: Eurostat and Index Mundi.

# Activity rates on the increase, but significantly below benchmark countries

Activity rates (15-64) 2010-2016, in %



Note: Data for 2016 refer to the first two quarters. Data for Kosovo refer to 2012 and 2015 respectively.  
 Source: SEE Jobs Gateway Database, based on data provided by national statistical offices and Eurostat.

# 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**
  - Long periods of low growth
  - Early retirement
  - Rising enrolment rates in universities – young people longer in education
  - Labour taxation, social benefits, remittances

# 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 - potential disincentive effects for those seeking employment (Koettl, 2012)
- Reliance on remittances
  - ➔ ample amount of human potential unused

# Employment gains, but not for all

Employment growth between 2010 and 2016, in %

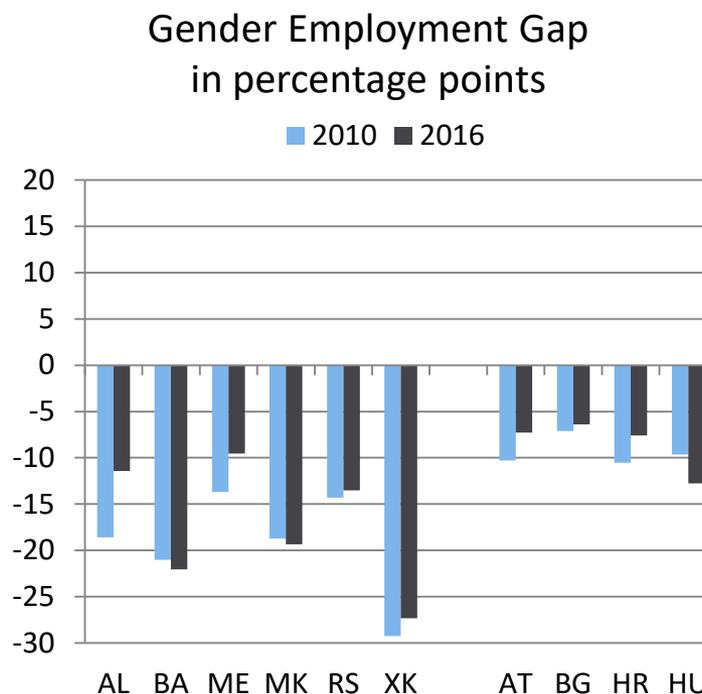
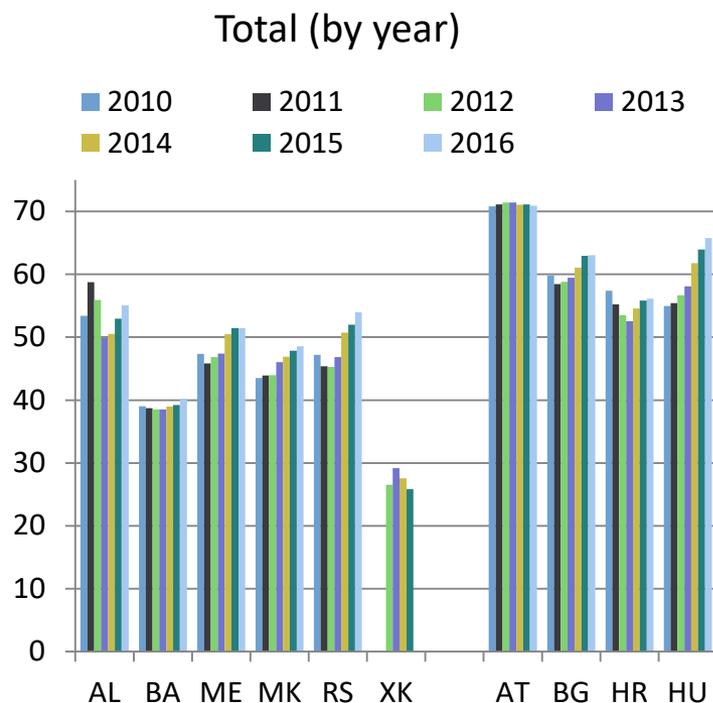
	Gender			Age			Education		
	Total	Male	Female	15-24	25-54	55-64	Low	Medium	High
AL	-2.4	-4.9	0.9	-36.4	-9.5	67.1	-12.9	0.2	34.0
BA	-5.0	-3.4	-7.6	-13.2	-10.1	32.4	-23.2	-2.8	10.1
XK	-1.5	-4.2	6.4	-16.9	-2.4	20.6	-12.8	-5.0	20.2
ME	6.2	1.6	12.2	24.6	0.7	24.0	4.9	-7.0	45.1
MK	12.5	11.4	14.3	-14.1	10.6	39.8	-9.6	11.6	40.4
RS	11.2	9.7	13.3	5.0	11.8	10.9	-11.7	11.9	34.8
AT	4.0	2.6	5.5	-6.1	1.6	35.6	-15.4	-14.5	80.6
BG	-2.3	-2.6	-2.0	-36.8	-2.9	11.4	-19.8	-6.7	15.3
HR	-5.9	-7.6	-3.9	-3.4	-6.5	1.4	-42.4	-5.1	19.7
HU	15.3	17.3	13.0	33.8	9.5	44.0	18.5	10.8	25.7

Note: Data for 2016 refer to the average of the first two quarters. Data for Kosovo refer to 2012 and 2015.

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

# Employment rates on the increase, but far below benchmark countries

Employment rates (15-64 years), 2010-2016

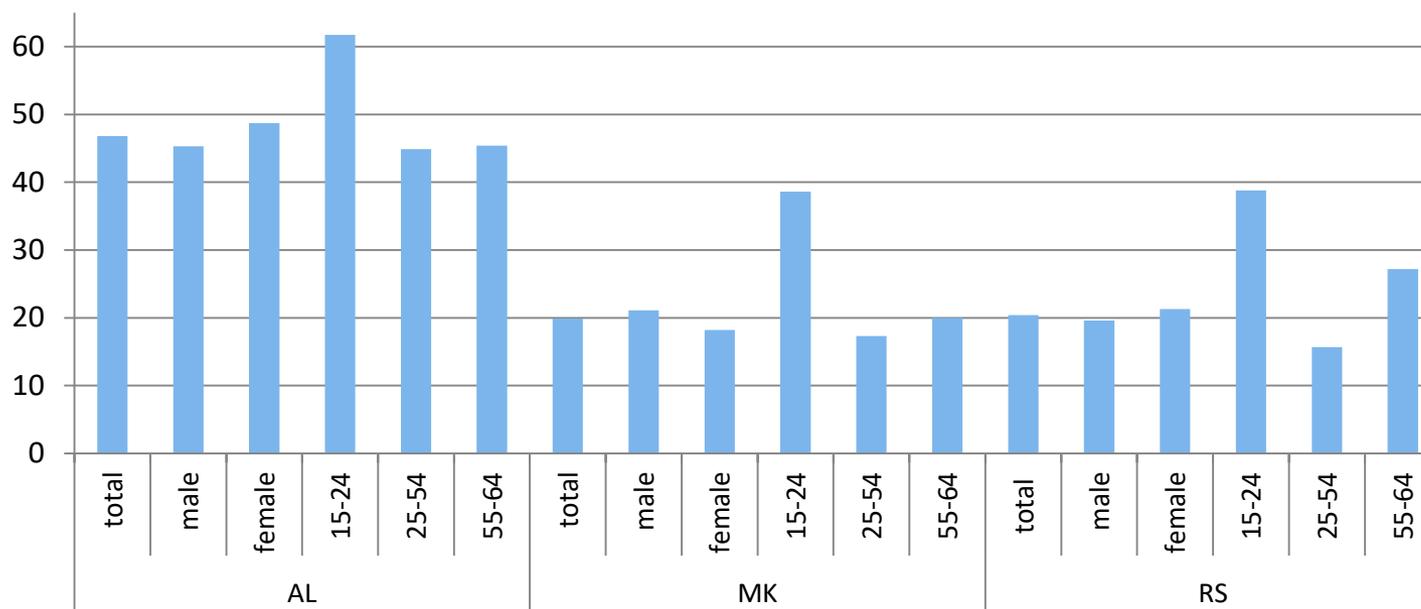


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# Informality declining only slowly - young people affected most

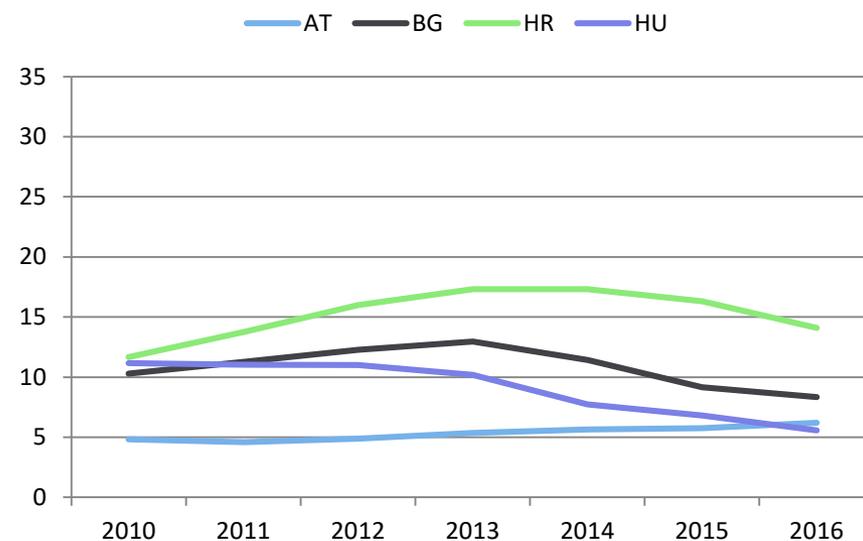
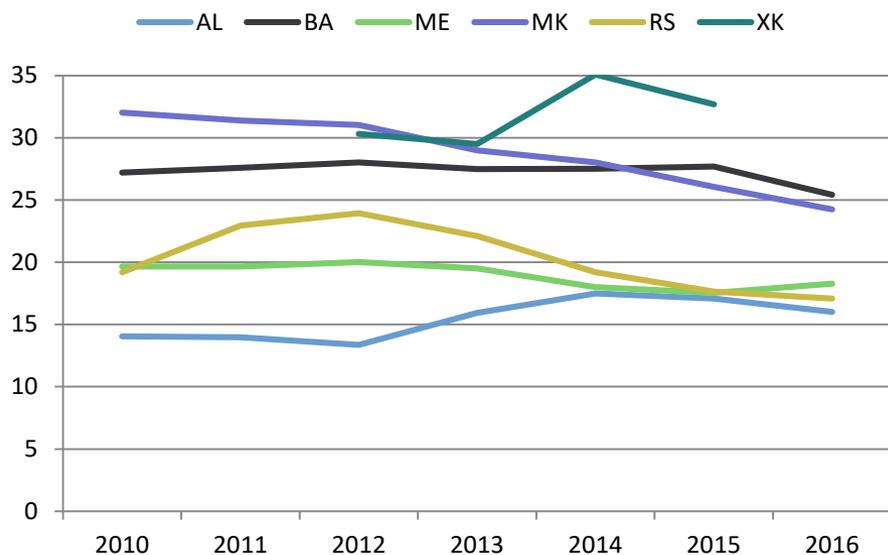
Informal employment in % of total employment of the respective gender and age group, 2015



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

# Unemployment declining, but still at high levels

Unemployment rates, 2010-2016, in %

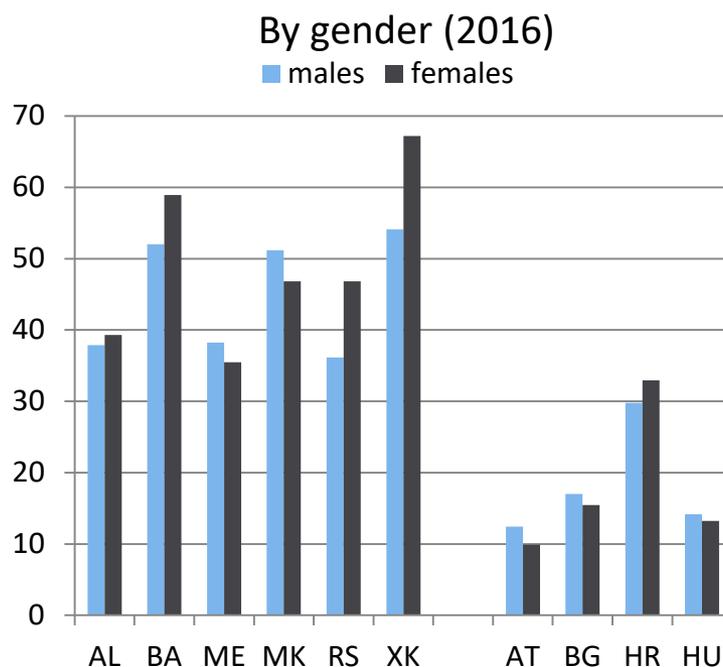
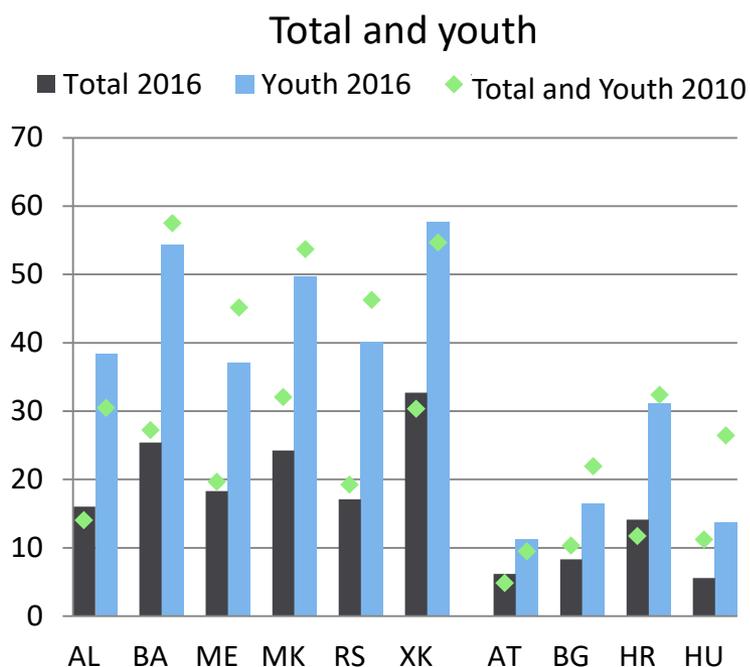


Note: There are no quarterly data available for Bosnia and Herzegovina and Kosovo.

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

# Youth unemployment falling faster than overall unemployment in some countries

Youth unemployment rates, 2010 and 2016, in %



Note: Data for 2016 refer to the average of the first two quarters. Data for Kosovo refer to 2012 and 2015.

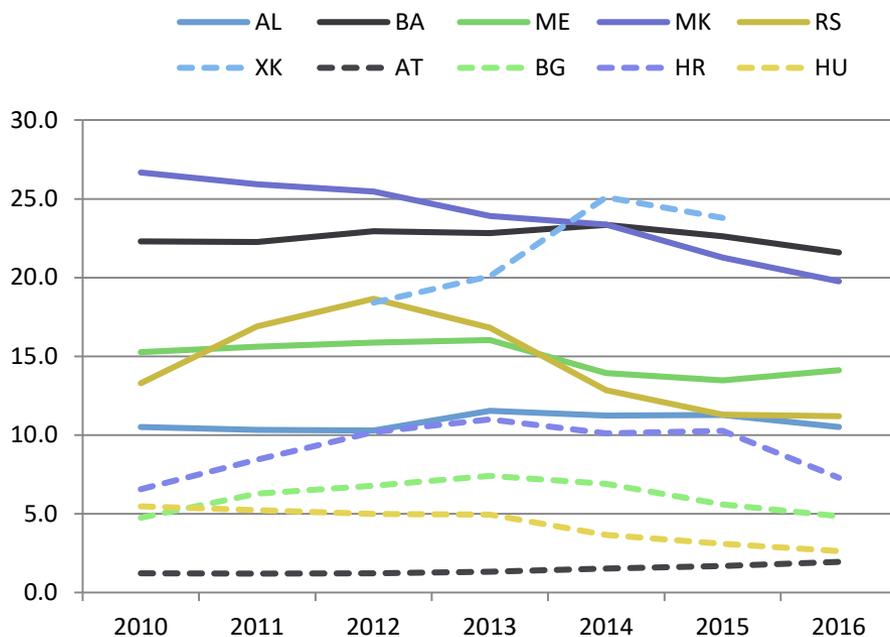
Source: SEE Jobs Gateway Database, based on data provided by national statistical offices and Eurostat.

# Youth employment and unemployment

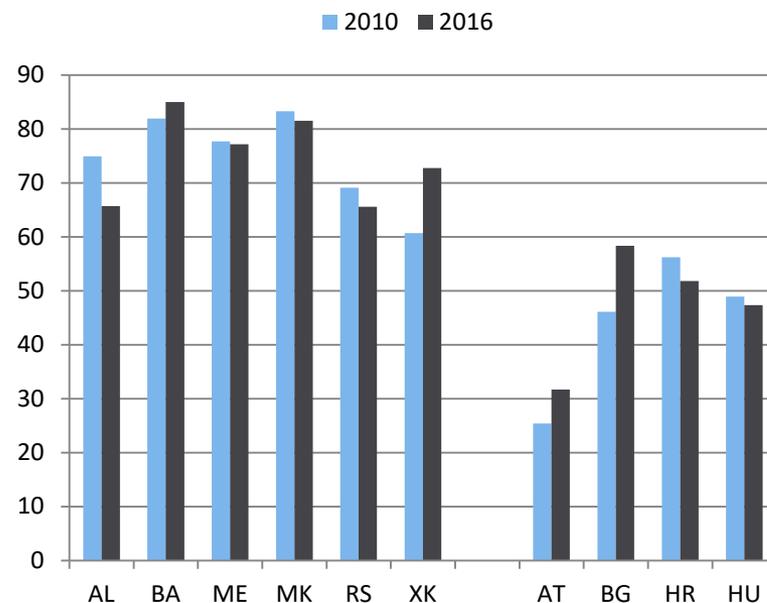
- Labor market outcomes of the young are closely linked to the business cycle (World Bank 2016) with higher job losses during downturns, but benefitting more from economic booms; partly explained by the fact that
  - youth represents a more flexible part of the labor market with a higher share of temporary contracts and informal employment
- Other constraints for labor market access
  - Skills mismatches
  - High labor taxes for low wage and part-time workers, where young people are overrepresented – disincentive to work
  - Lack of access to finance
  - Others

# Long-term unemployment, high and persistent

Rates, in % of labor force



Shares, in % of total



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

# Impact of economic growth on jobs

- Comparison Western Balkans – EU-CEE countries (new EU Member States)
- 2000-2010: positive relationship between GDP and employment growth; 1 percentage point growth in GDP related to a 0.4 percentage point increase in employment (WB) and even up to 0.61 percentage points for EU-CEE in some sub-periods
- 2011-2015: no significant relationship after crisis found for the Western Balkans
- Similar differences between Western Balkans and EU-CEE with respect to unemployment rate-GDP growth relationship were found after the crisis

# Conclusions

- More and better data can go a long way to get new insights into Western Market labor markets
- Important insights into labor market trends in the Western Balkans
  - Calculate aggregate labor market indicators
  - Compare Western Balkan 6 with each other and with EU
  - Track progress towards achieving employment goals and towards reaching European standards
- Next steps:
  - Keep the database up to date
  - Expand to new indicators (wages, NEETs, informal employment, sectors etc)



[SEJobsGateway.net](http://SEJobsGateway.net)

Thank you for your attention!