

Challenges in Albania for improving Labor Market Information System and Labor Market Governance

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Abstract

Labor Market Policy of the Republic of Albania in terms of design (preparation, case identification, formulation, and approval), programming and budgeting, implementation, monitoring and evaluation has a short experience (1995-ongoing). The influence and presence of hierarchy model is very high beside the support of different programs and projects through bilateral and EU programs. Still there are a lot of key issues to be addressed.

The most important issues to be addressed in this paper are evidence based related to:

- The Availability of Labor Market Information and its structure on national, regional and local level in Albania and how much this information is used for -policy making and -monitoring/evaluation in terms of input, output, outcome and impact.
- Mode of the governance of the labor market in Albania and challenges to pass from the hierarchy to market and network governance.

The main aim of this paper/article is to do a complete and deep analysis of the actual situation of labor market information system and labor market governance in Albania, and to propose conclusions and recommendations that will improve both labor market information system and the labor market governance from hierarchy to market and network governance, because good and standardized labor information system can help towards right policy decisions and good governance of LM policy means more employment, more stability, more social inclusion in the society.

Keywords: Labor market policy governance, Monitoring, Policy making, Hierarchy, Market.

Introduction

The good governance¹ in general terms and good governance of labor market is one of the key issue for ensuring a sustainable employment and development. The good governance is more imperative in the transition countries as Albania and the other Western Balkan countries, in order to align as soon as possible with the European Union standards. The study of governance is concerned also with the structure of decision-making and policy implementation in a distinct system (Greer et al.2016 a: 3).

For the purpose of this paper/article the decision-making and policy implementation

¹ Governance has been defined as the "directing, guiding or regulating individuals, organizations, or nations in conduct or actions" (Lynn 2010:67).

of the labor market policy in Albania will be analyzed in a complete and deep way through a logical framework approach, starting with:

- The current description of the situation of the labor market information system² and governance mode of the labor market policies.

The research questions raised for this paper are:

1- Does the labor market information system in Albania fulfill the standards of an optimal labor market system?

2- What kind of governance mode (hierarchy, market or network mode) is used by the labor market policy makers in Albania?

The final aim of this article is to do a complete and deep analysis of the actual situation of labor market information system and labor market governance, to propose conclusions and recommendations that will improve both Labor Market Information system and LM governance in Albania, because good governance of LM policy means more employment, more stability, more social inclusion in the society.

Description of the situation

The labor market information system and governance of labor market in Albania, is not yet at the top of the political agenda. Those two concepts are elaborated in the policy documents as follows:

The first one is designed in the policy paper entitled: "Developing a Labor Market Information System in Albania in July 2012" commissioned by GIZ VET program in Albania in cooperation between GIZ/ Vocational Education and Training Program and the Former Ministry of Labor, Social Affairs and Equal Opportunities (actual Ministry of Social Welfare and Youth).

The second one is developed in the National Employment and Skills Strategy, 2014-2020, designed by Ministry of Social Welfare and Youth, approved by the Decision of Council of Minister nr. 818, date 26.11.2014, in the fourth part of the policy objective of the strategy entitled: "Strengthening of the governance of the labor market and qualification systems".

Based on the INSTAT online website publications (www.instat.gov.al) that are improved at a good level from 2012-2016, it is actually easier to retrieve official data and do analysis on some of the key indicators of the labor market as: employment/unemployment rate, youth unemployment rate, employment by economic sector, employment by status of work etc.).

For more details on labor market data for Albania 1992-2016, please see the table 1 below entitled: "Population, employment and unemployment in Albania 1992-2016, by public and private sector".

² Labor market information includes any quantitative and qualitative information and intelligence on the labor market agents in making informed plans, choices, and decisions related to-business requirements,-career planning and preparation,-education and training offering,-Job search, hiring, and governmental policy and workforce investment strategies.

		1992	2000	2007 ¹	2011	2016
	Population of working age 15-64 years old	1,849,000	1,939,000	2,105,961	1,966,880	2,374,391 ²
I	Labor Force	1,489,000	1,283,000	1,382,464	1,449,024	1,364,948
1.1	Employed	1,095,000	1,068,190	1,197,684	1,117,082	1,157,177
a)	Employed in the public sector	614,607 or 56%	191,166	185,000	165,100	164 635
b)	Employed in the private sector non agriculture (administrative data).	60,000 or 5.5%	116,024 or 10.8%	229,900 or 24.5%	256,288 or 27,04	412,473 or 39,6%
c)	Employed in the agriculture private sector (administrative data).	420,214 or 38%	761,000 or 71%	57.7 %	55.5 %	46.1 %
1.2	Jobseekers/unemployed	394,000 ³	215,000 or 16.8%	184,780 ⁴ or 13.5%	188,547 or 14%	207,770 or 15.6%
	Youth unemployment 15-29 years old	-	-	19.8%	21.9%	28.9%
II	Inactive economic population	-	-	-	-	1,009.443

Table 1: Population, employment and unemployment in Albania 1992-2016, by public and private sector

Another important element of the labor market information system is the analyze of the skills and qualifications of the people through the analyze of the Vocational Education Training systems as well as the University Education System (in terms of quantity and quality) based on agreed standards.

The data of enrolment of students in Albania from 1990-2016 has known the following features:

-After the collapse of the former communist regime (all the former upper professional schools of the rural area in 1992 has been transformed in upper secondary general schools). This process has produced a drastic diminution of the rate of enrolment in professional schools passing from 59% (or 123,137 students) in 19.5 % in 2015 or 27267 students enrolled.

-The increase of the number of students enrolled at University approximately 6 times from 1990-2016, passing from 27,641 in 1990, to 162, 544 in 2015.

For more details on quantitative data on enrolment and graduation for pupils and students for upper general secondary, upper professional and university level, 1990-2015, please see the table 2 entitled: "Evolution of enrolment and graduates of students in Albania 1990-2015"

Data on evolution of enrolment and graduation of students 1990-2015

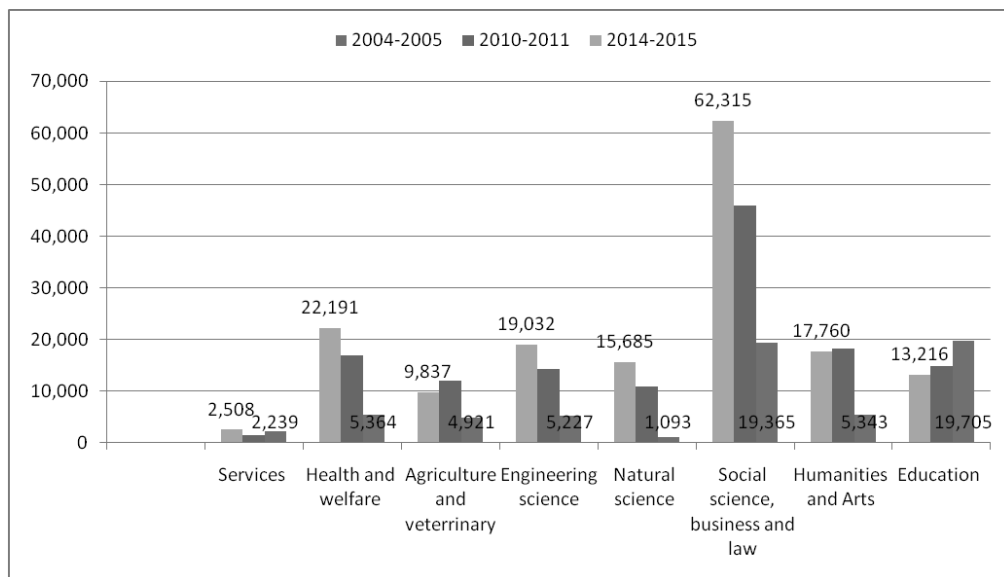
		1990-1991	2000-2001	2010-2011	2014-2015
1.	Total of students enrolled at University Public and Private	27, 641 22,059(FT ^s)	40,859	134,877	162,544 111,663 (FT)
1.1	Female	-	-	74,718 or 55.3%	91,695 or 57%
1.2	Total of students graduated in University	4647	4618	22,814	29,504
2	Total of students enrolled in upper secondary schools.	205,774	108,178	150,134 69,338 (female)	140,042
2.1	Students enrolled in general education schools	82,637	91,786	131,437	112,775 or 80%
2.1.1	Students graduated in general schools	12,635	16,337	35,553	34,927
2.2	Students enrolled in Vocational Educational schools total	123,137	16,387	18,697	27,267
2.2.1	Pupils graduated in Vocational Education Schools	18,999	2,506	4,801	4,702
2.2.2	Female	9,715	856	1,858	1,349

Table 2-Evolution of enrolment and graduation of students in Albania 1990-2015

Another key element of comparison between different countries on levels of education system is the student's enrolment and graduation according the following standards of ISCED (International Standard Classification of Education of UNESCO) composed: By 8 (eight) levels as follow:

- Primary education composed by -pre-primary education, primary education,
- Secondary education composed by lower secondary education, upper secondary education, post-secondary-education,
- Tertiary education composed by - short-cycle tertiary education, bachelor's or equivalent level, master's or equivalent level, doctor or equivalent level and:
- By 9 (nine) broad fields of education.

For more details on the broad groups of education field 2005-2010, 2015 in Albania please see graph nr. 1 below entitled: **"Graduated Students in Universities in Albania based on the broad group of field 2005, 2010 and 2015"**.



Graph Nr. 1: “Graduated Students in Universities in Albania based on the broad group of field 2005, 2010 and 2015”, Source- Ministry of Education and Science-Albania-Statistical Yearbook 2015

Quality assessment of Vocational Education Training and University system in Albania, related to the main indicators (employment rate after the finishing of the education system and utilization of the education skills received in the labor market), is not yet functional as a system. Different pilots reports has been done through projects and programs as by Cards VET III program, of European Union in June 2009, entitled: “tracer study on the graduates from the technical vocational educations schools”, or by GIZ VET program in June 2014 entitle: “pilot tracer system in Public Vocational Training Centers of Tirana and mobile vocational training center of north east of Albania.

Some improvements are available in terms of information on the providers of the Vocational Training Schools and Public Vocational Training Centers as www.shkp.gov.al, the website of Public Employment Service where is available information for the locations of 10 public vocational training centers and courses provides, and another website: www.vet.al, where can be found out information on legislation and regulation on VET system in Albania, the typology of profiles offered by the Professional Vocational Schools in all the country.

The weak point of these information is that they are not very functional for the follow up and matching process in the labor market. There is no interconnection with the local level between public employment offices and the list of graduates by professions each end of the academic year. This interconnection can be very useful for the intermediary’s process between the employers that ask skilled workers and the employment advisers that can guide and help the graduated to be integrated in the labor market.

Analysis of the current situation of labor market information system in Albania, and users of LMI

The labor market information system is not yet at the heart of the political agenda. The first political paper document on this issue has been published by GIZ-Albania-Vocational Education and Training Program in cooperation with the Former Ministry of Labor, Social Affairs and Equal Opportunities (actual Ministry of Social Welfare and Youth), in July 2012, entitled: "Developing a Labor Market Information System in Albania".

Legal and Institutional context:

The concept of labor market information is regulated in legal framework in Albania by the promotion employment law nr. 7995 of 20.09.1995, amended in 1999, 2002, and 2006. More details on LMI framework in Albania see the Box 1 below.

Box 1-Legal framework in Albania on Labor Market

Information:

I:Law Nr. 7995, date 20.09.1995, : " For Employment Promotion"

Article 23-Employer obligation:

Every employer report to public employment office every 3 month on:

- the number of employed people, and the list with the name and family name, and
- the most important activity.

Article 24-Employment office

Every employment office report to the General Director of National Employment Office on:

- the number of jobseekers employed with the respective attached list,-the number of employers and institutions that are under competence,-number of job vacancies according the profession, level of education and qualification requested,-number of lay off and expected bankruptcy of the companies,-number of people/jobseekers trained by profession, education, age and gender.

II- Decision of the Council of Minister on Labor Market Information in Albania Nr. 94, date 02/04/1998. This decision give responsibility to the Ministry of Social Welfare and Youth to:

- collect and elaborate statistical information on labor market and social protection and to use it for analysis and forecast of the labor market and to send to all Ministries and Institutions at central level as to the institutions responsible for the local authorities the forecast of labor market at national level.

III-Law nr. 9180, date 5.02.2014: " For official statistics"

The current situation of Labor Market Information System

In order to do a deep analysis of the current situation making reference to the end of 2016, in this part of the paper will be analyzed the **current labor market information available,-the gaps for having an optimal³ labor market information system and**

³ Data foundation for an optimal labor market information system are classified by W.F Upjohn Institute for Employment research in six categories: 1-Core labor force and market data, 2-demand data, 3-occupational supply, occupational characteristics, education and training information, and crosswalks and linkages across different data sets.

proposal for moving forward. The LMI in Albania is provided by a lot of actors, but the most important are: INSTAT, Ministry of Social Welfare and Youth, National Employment Service, and Ministry of Education and Sports. The majority of the information is provided by INSTAT. From 2012-ongoing, INSTAT has improved a lot the online publication (www.instat.gov.al) in general and for labor market specifically. A detailed analyze of the typology of the available information from the key actors will be provided in table 3 below, including frequency and comments on it.

I	Instat	Frequency	Comments
1.	Census of the population	Decennial.	The last one in 2011
2.	Labor Market	2007-2011 annual, 2012-2016, quarterly& annually	The reports are published and public. Very good foundation for doing analysis at national and regional level. Weak point: The data do not reflect the local level (61 new municipalities).
3.	Business register	Every Year	The last one in 2016. Are public and published. The data are available also at local level and this is very important for doing analysis at local level.
4.	Census of agriculture entities	Every four years	Is supported by Government of Sweden
5.	Labor Cost Survey	Every four years	The last one is published in 2013 ⁶ .
II	Ministry of Social welfare and Youth		Comments
1	Different strategies	Every 5-6 year	National Strategy on Employment and Skills, Action Plan for Youth, Strategy for social protection etc Weak Point: No evaluation report available published for the users/ or researchers.
2	Annual Report		No available There are some monitoring reports but not updated, the latest one is January-September 2015. ⁷

III	National Employment Service	Frequency	Comments
1	Statistical Yearbook	Every year	The last one of 2016. Good data on Jobseekers, on job vacancies, on promotion employment programs, on delivery and participants of vocational training courses. Weak Point: No data on promotion employment program at local level. This makes difficult the study of local approach.
2	Skills Data Analysis	The last one is of 2014	A good foundation but not repeated every year and no ownership at regional and local level. Weak Point: No ownership at regional and local level.
IV	Ministry of Education and Sports	Frequency	Comments
1	Statistical Yearbook of Education.	The last one is of 2015	Good base for analysis but not enough & useful for matching & intermediaries institutions.

Table 3 The key sources of LMI in Albania

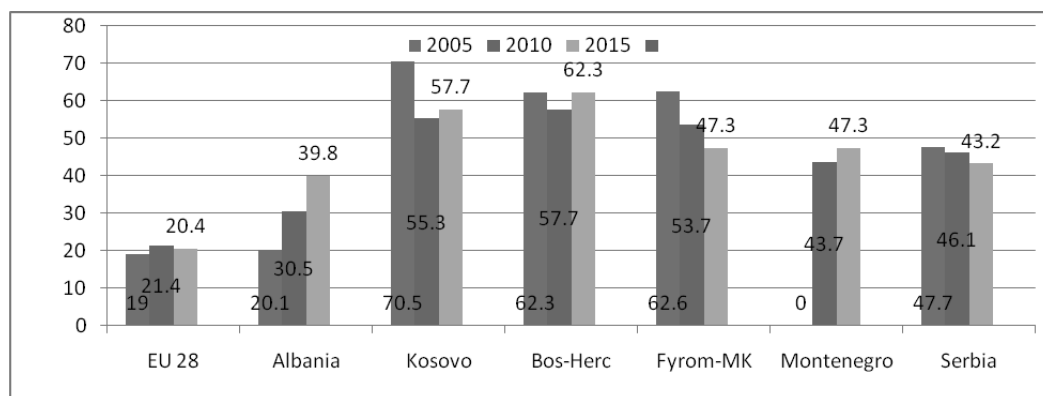
Based on the above key sources of labor market information in Albania, I can argue that there is some good foundation for moving forward. In order to reach medium/ or optimal standards in the labor market information system in Albania, it is needed to work at operational level and not only at strategy level for fulfilling the most important gaps that are:

- Lack of local labor market information and analysis
- Lack of structured and regular skills needs analysis through a local/regional and national approach and dissemination of it,
- Lack of structured transparency on labor market information as per medium or optimal standards in order to realize : “The establishment of a Labor Market Information System as an Inclusive activity and promotion of the culture of using the labor market information for all the categories of users at individual levels (workers, and students) at intermediaries level institutions (public employment offices, private employment agencies), governmental officials at national and regional and local levels etc.”.

Analysis of the labor market governance⁴ in Albania

The labor market governance is not at the heart of the political social agenda in Albania. In the last two decades (2000-ongoing), the different governments of Albania, beside the design and approval of the different strategies don't have reached the needed outputs and outcomes in terms of governance of the labor market, for ensuring a better employment situation.

The unemployment in general and the youth unemployment in particular are very high compared to the medium of the EU countries. For more details see Graph nr. 2.



Graph 2-Youth unemployment in EU, Albania and Western Balkan less than 25

Source: Eurostat, Basic figures on enlargement countries 2016 edition

Analysis of situation as per policy documents

The details of the strategic priority of strengthening the governance of the labor market in Albania see the Box: 2 below:

Box2- Strategic priority 2014-2020 for strengthening the governance of the labor market

Five (5) strategic priority approved with deadline 2014-2020:

- 1- **Reforming the financing and governance of labor market and VET systems**, through creation of employment and skills development fund, the creation of an autonomous structure for development and oversights of VET (actual NAVETA), Strengthening the role of National Labor Council (by others creation of a national council for employment and VET) etc.
- 2- **Developing and implementation of Albania Qualification Framework** through establishment of sector committee, etc.
- 3- **Improving the quality of labor market information** for ensuring effective governance including funding.
- 4- **Modernizing the legislative framework of VET.**
- 5- Legislation on mobility and labor market governance are in line with the EU Acquis.

⁴ Governance has been defined as the "directing, guiding or regulating individuals, organizations, or nations in conduct or actions" (Lynn 2010:67).

The strategic objectives for strengthening governance are programmed in 80 % of the cases for 2014-2020 and this make difficult the follow up and evaluation of the outputs and outcome indicator as defined in the Strategy 2014-2020: "labor market and qualification systems are well governed and use the financing and human resources in a transparent and effective manner.

If we analyze the labor market governance in Albania based on two main indications: -Firstly on the mode of governance (hierarchy, market or network) and on the principles/literature review of Greer et.al (2016a) as per TAPIC framework (Transparency, Accountability, Participation, Integrity and Capacity), and -Secondly based on the Albania strategic objective outcome indicator of National Employment and Skills Strategy 2014-2020 focused more on use of financing and human resources in a transparent and effective manner.

I argue as follow

-Firstly that labor market governance in Albania is more hierarchy than market and network and secondly the transparence of use of finance and human resources is far away from EU and modern standards.

Arguments and facts why

- The labor market governance is more hierarchic mode and the transparence of use of finance and human resources is away from EU and modern standards.

In terms of labor market governance the hierarchic mode is result of: the lack of the labor market information system in a structured and optimal way and this produce easily a hierarchic mode of decision making, based on individual policy maker perception and decision. The hierarchic and no transparent mode of governance is result also of the no democratic and ex-communist countries mentality and culture of governing. For improving the pass from hierarchy to market and network mode of governance, from 1995- ongoing, improvement in the administration/management of main labor market institutions has been done in legal framework. Different administrative tripartite board for public institutions has been created as for National Employment Service, State Social Service or National Institute of Social Insurance etc. but at any time the Minister is the chairman and the professionalism of the member of the board is not regulated, is more formal formula for formal representation.

In this context, based on EU best standards and on the best practices of the most developed countries at European level, Albania labor market governance as the governance of all public policies need to be improved based on the principle of: transparency, participation, accountability, and performance monitoring etc.

Labor Market Policy Inputs in Albania are away from EU standards

The active labor market policy expenditure in Albania is very limited to the EU countries. The budget or fund available for active programs (called) promotion employment programs is 490,000,000 Albania Lek or 3.5 million Euros.

The inputs in terms of human resources in Public Employment Service in Albania also are limited compared to the countries of the regions or worse compared to the EU countries.

More details on input in a comparative approach between Albania and some EU countries and Western Balkan countries can be found out in the table 4.below:

I	European Union	Total staff of Public Employment Service	Jobseekers registered	Ratio between an adviser and jobseekers	Expenditure for active labor market policies
1	Germany	96,300 staff full-time.	2,790,000	Around 80-100 jobseeker per adviser.	
2	Austria	5831 staff (5231 full time).	354,332	Around 80-100 jobseekers per adviser.	
3	France	53,000 staff full time.	6.200,000	Around 150-200 jobseekers per adviser.	
II	Balkan Countries				
1	Slovenia	1100 staff	110,000	150-200 jobseekers per adviser	Over 100 million of Euro per year.
2	Croatia	1242 staff	285,906	250-300 jobseekers per adviser	
3	Montenegro	332 staff (advisers are divided adviser for jobseekers, for employers, for vocational training etc.)	41,440	250-300	Over 10 million of Euro per year
4	FYROM	492 staff (63% of staff work in front office)	n.a	n.a	Around 10 million Euro
5	Albania	323 staff (200 staff work on front office) or 62%	145,147		3.5 million euro

Table 4- Human Resources employed for Public Employment services in EU countries and Western Balkans-Source: Annual Report of PES, Austria, Germany, and France 2015.

Beside the limited inputs for labor market policy in Albania, others principles need to be improved:

-Improve of the transparency of the management of the fund available by providing annual report on expenditure and participants by each local entity and not only at national or regional level.

-Avoid the management of funds for active labor market policy at central level, because in this way role of local units is limited because from 1999-2017, the approval of projects is done at national level after a formal approval at regional and local level. This approach produces bureaucracy and hierarchic mode of governance.

Conclusions

In the last decade (2010 ongoing) there has been an increasing focus on design of policy paper for labor market information system and labor market governance. Based on the fact that labor market information system in Albania is not fully developed in an optimal way as in the most developed countries, in order to reach medium/ or optimal standards in the labor market information system in Albania, it is needed to work at operational level and not only at strategy level for fulfilling the most important gaps that are:

-Lack of local labor market information and analysis;

-Lack of structured and regular skills needs analysis through a local/regional and national approach and dissemination of it, Proposal for solution- The skills needs analysis in Albania need to be done based on EU and most European developed countries as UK model- sector skills analysis, European Union experience as per comprehensive sectorial analysis of emerging competences and economic activities for 18 economic sectors, etc.);

-Lack of structured transparency of labor market policy by expenditure. In order to fulfill this gap annual report need to be published for all expenditure used for every local unit (based on new territorial organization- 61 municipalities);

-Integration of labor market information and intelligence in Vocational Education and Training System;

-Integration of labor market information system in lifelong learning system etc., in order to realize: "The establishment of a Labor Market Information System as an Inclusive activity and promotion of the culture of using the labor market information for all the categories of users at individual levels (workers, and students) at intermediaries level institutions (public employment offices, private employment agencies), governmental officials at national and regional and local levels etc."

Related to labor market governance beside the strategy document designed, it is needed to work on a broader approach for the reform of the labor market in Albania in order to fulfill and apply all the principles of a good governance of the labor market looking forward toward a mix mode of governance market& network labor market governance, through the development of toolkit and transparent evaluation report for all principles of good governance of the labor market.

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