

# **REPORT ON THE LABOR MARKET IN MACEDONIA**

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**Center for Economic Analyses (CEA)**

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## General information about CEA

Logo:



Address:

### **CENTER FOR ECONOMIC ANALYSES (CEA)**

Bul. Jane Sandanski 63/3,  
1000 Skopje Macedonia

Tel: + 389 (0)2 24 44 766  
Mob: + 389 70 834 636

TIN: 4030003479278  
Reg. 5763061

Account number:

Stopanska Banka AD Skopje  
Account number: 200000856268559

Web page and e-mail:

[www.cea.org.mk](http://www.cea.org.mk)

[www.lsg-data.org.mk](http://www.lsg-data.org.mk)  
[info@cea.org.mk](mailto:info@cea.org.mk)

## Information

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The report has been prepared by Hristijan Risteski ([hristijan.risteski@cea.org.mk](mailto:hristijan.risteski@cea.org.mk)) and Marjan Nikolov ([marjan@cea.org.mk](mailto:marjan@cea.org.mk)).

## Definitions

**Working age population** consists of the population between 15 and 65 years of age (15-80 until 2004).

**Labor force** is the sum of people registered as employed and people registered as unemployed.

**Participation rate** is the ratio of the labor force over the working age population.

**Employment rate** is the ratio of the number of people employed over the working age population.

**Unemployment rate** is the ratio of the number of people unemployed over the labor force.

**Underemployed person** is one if his/hers employment is unsuitable for the specific norms taking into account his/hers professional abilities (education and working experience).

**Visible underemployment** is one reflecting insufficient working hours.

**Invisible underemployment** is one reflecting low income, insufficient use of professional abilities, low productivity etc.

### I. Statistical information system in Macedonia

In Macedonia, official data on the unemployed is obtained from the Agency for Employment and from the Labor Force Survey (LFS) conducted by the State Statistical Office (SSO).

Official data for employment is available from the LFS and from other publication of the SSO i.e. the regular yearly GDP estimation from the Sector of National Accounts of the SSO. The employment data in the GDP publication are estimated from the annual statements of the registered legal entities and corrected for the fact of existence of some workers that are not registered (the possible shadow economy) but are indirectly assessed in the LFS.

## II. Labor Force Survey in Macedonia

The Labor Force Survey-LFS in Macedonia is a method of research based on sample of surveyed units in order to find information and data on the economic active population in accordance to International Labor Organization-ILO. First LFS in Macedonia was published in 1996.

The labor force is a set of people that work or in search for jobs in order to earn for living and that is why the main categories that are subject to the survey are: employment, unemployment, demographic, educational and other characteristics of the persons within each of these categories.

A person is considered employed if he/she had some kind of economic activity in the last week for at least one hour. The earning is not limited to financial resources but in goods as well. However, households work, small maintenance around car etc are not considered as economic activity.

The basis for the survey is the so called “sample of census circles” from the census of population, households and dwellings. The selection of the census circles is the first phase of the LFS. In the second phase out from the census circles and by using the population register and the register of space units, randomly 10000 addresses (households) are selected as from 2004. Before 2004 the sample was taken on 7200 households. The selected households represent around 2 % of the total population.

## III. Selected labor statistics in Macedonia

Table 1. Basic labor market indicators in Macedonia: 1996-2008.

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>Working age</b>	1,436,602	1,489,625	1,503,365	1,518,250	1,534,256	1,554,420	1,566,954	1,579,500	1,594,557	1,607,997	1,618,482	1,628,635	1,618,482
<b>Employed</b>	537,591	512,301	539,762	545,222	549,846	599,308	561,341	545,100	522,995	545,253	570,404	590,234	570,404
<b>Unemployed</b>	251,489	288,213	284,064	261,451	262,711	263,196	263,483	315,900	309,286	323,934	321,274	316,905	321,274
<b>Labor force</b>	789,080	800,514	823,826	806,673	812,557	862,504	824,824	861,000	832,281	869,187	891,678	907,139	891,678

<b>Participation rate</b>	54.90%	53.70%	54.80%	53.10%	53.00%	55.50%	52.64%	54.51%	52.20%	54.05%	55.09%	55.70%	55.09%
<b>Employment rate</b>	37.42%	34.39%	35.90%	35.91%	35.84%	38.56%	35.82%	34.51%	32.80%	33.91%	35.24%	36.24%	35.24%
<b>Unemployment rate</b>	31.90%	36.00%	34.50%	32.40%	32.30%	30.50%	31.94%	36.69%	37.16%	37.27%	36.03%	34.93%	36.03%
<b>Working age growth</b>	-	3.70%	0.90%	1.00%	1.10%	1.30%	1.31%	0.81%	0.80%	0.95%	0.84%	0.65%	0.63%
<b>Employment growth</b>	-	-4.70%	5.40%	1.00%	0.80%	9.00%	9.00%	-6.34%	-2.89%	-4.06%	4.26%	4.61%	3.48%
<b>Unemployment growth</b>	-	14.60%	-1.40%	-8.00%	0.50%	0.20%	0.11%	19.89%	-2.09%	4.74%	-0.82%	-1.36%	1.38%
<b>Labor force growth</b>	-	1.40%	2.90%	-2.10%	0.70%	6.10%	6.15%	-4.37%	4.39%	-3.34%	4.43%	2.59%	1.73%

Source: LFS SSO.

We can see from the table 1 above that the unemployment rate declined from 1997 to 2001 and then began rising so that by 2005, the rate was higher than it was in 1996. What is also interesting is that the participation rate is low and steady in Macedonia. The 50,000 newly employed in 2001 compared to 2000 increased the employment rate by 2.72 percentage points while the participation rate increased by 2.5 percentage points. Most of the 50,000 newly employed in 2001 were reservists engaged because of the crises in 2001.

#### IV. Selected labor statistics in Macedonia by gender

Table 2. Basic labor market indicators in Macedonia: 2000-2008 (MALE).

MALE	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>Working age</b>	780592	772058	788189	791700	798134	806621	808522	814601	916772
<b>Employed</b>	339550	357266	342779	327300	320640	332179	351974	358835	373483
<b>Unemployed</b>	148994	149372	159144	191900	186223	191096	191856	189306	188222
<b>Labor force</b>	488544	506638	501923	519200	506863	523275	543830	548141	561705
<b>Participation rate</b>	62.59%	65.62%	63.68%	65.58%	63.51%	64.87%	67.26%	67.29%	61.27%
<b>Employment rate</b>	43.50%	46.27%	43.49%	41.34%	40.17%	41.18%	43.53%	44.05%	40.74%
<b>Unemployment rate</b>	30.50%	29.48%	31.71%	36.96%	36.74%	36.52%	35.28%	34.54%	33.51%
<b>Working age growth</b>	0.72%	3.02%	-1.09%	2.09%	0.45%	0.81%	1.06%	0.24%	0.75%

<b>Employment growth</b>	-1.14%	0.46%	5.22%	-4.05%	-4.52%	-2.03%	3.60%	5.96%	1.95%
<b>Unemployment growth</b>	-5.78%	0.25%	6.54%	20.58%	-2.96%	2.62%	0.40%	-1.33%	-0.57%
<b>Labor force growth</b>	-2.11%	-1.53%	3.70%	-0.93%	3.44%	-2.38%	3.24%	3.93%	0.79%

We can see from the table 2 above that the unemployment rate for male is steadily declining since 2003 starting from 36.96% and declining to 33.51% in 2008.

Table 3. Basic labor market indicators in Macedonia: 1996-2008 (FEMALE).

	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>Working age</b>	794333	782363	778765	787800	796423	801376	809960	814034	816569
<b>Employed</b>	210297	242042	218562	217800	202355	213074	218431	231399	235532
<b>Unemployed</b>	112717	113825	104339	124000	123063	132838	129418	127599	122187
<b>Labor force</b>	323014	355867	322901	341800	325418	345912	347849	358998	357719
<b>Participation rate</b>	40.66%	45.49%	41.46%	43.39%	40.86%	43.16%	42.95%	44.10%	43.81%
<b>Employment rate</b>	26.47%	30.94%	28.07%	27.65%	25.41%	26.59%	26.97%	28.43%	28.84%
<b>Unemployment rate</b>	34.90%	31.99%	32.31%	36.28%	37.82%	38.40%	37.21%	35.54%	34.16%
<b>Working age growth</b>	1.26%	4.44%	-1.51%	-0.46%	1.16%	1.09%	0.62%	1.07%	0.50%
<b>Employment growth</b>	4.72%	1.48%	15.10%	-9.70%	-0.35%	-7.09%	5.30%	2.51%	5.94%
<b>Unemployment growth</b>	9.10%	0.98%	-8.33%	18.84%	-0.76%	7.94%	-2.57%	-1.41%	-4.24%
<b>Labor force growth</b>	-2.03%	4.01%	10.17%	-9.26%	5.85%	-4.79%	6.30%	0.56%	3.21%

The unemployment rate for female in Macedonia is steadily declining since 2005.

In the next figure we can compare the unemployment rate for male and female in Macedonia.

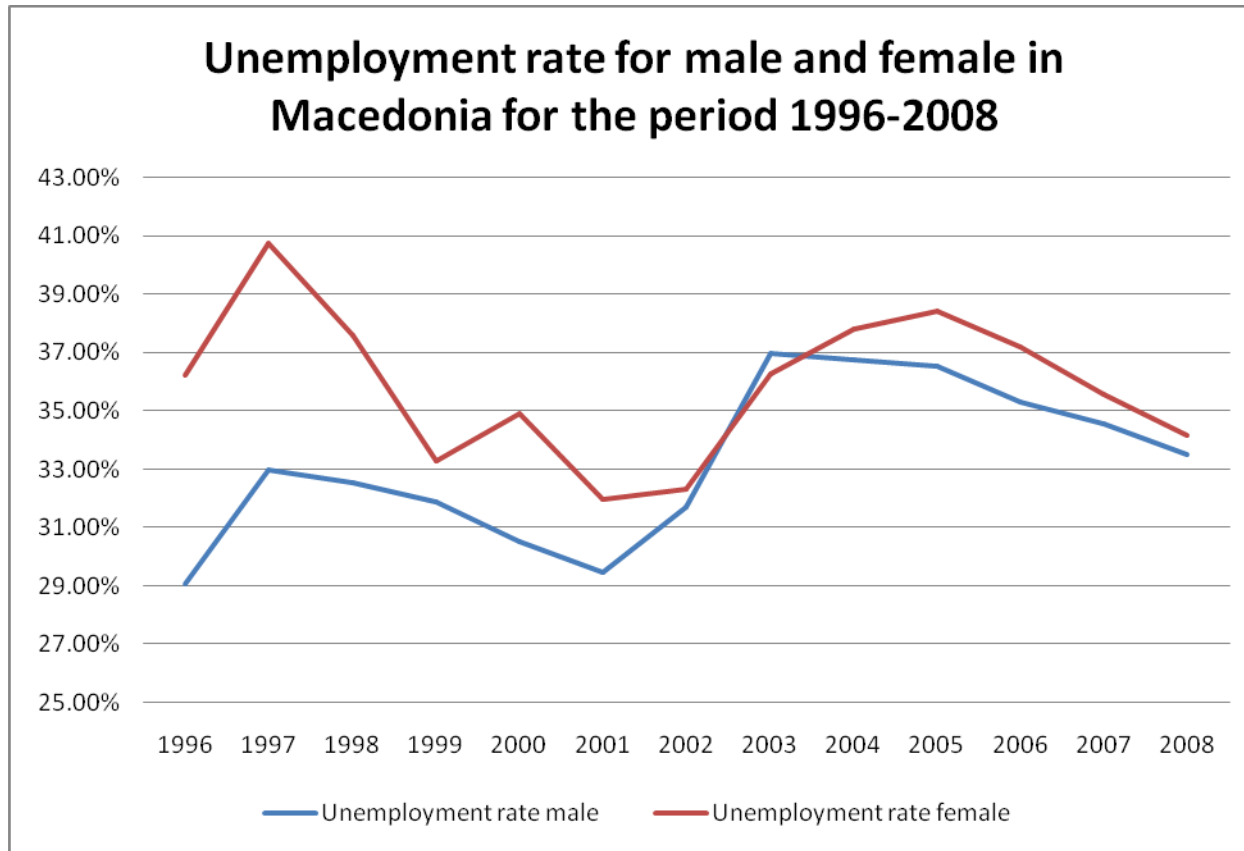


Figure. Male and female unemployment in Macedonia for the period 1996 – 2008

We can see from the figure that there is a convergence of unemployment rate between male and female in Macedonia.

The next figure is comparing the employment rate for male and female in Macedonia.

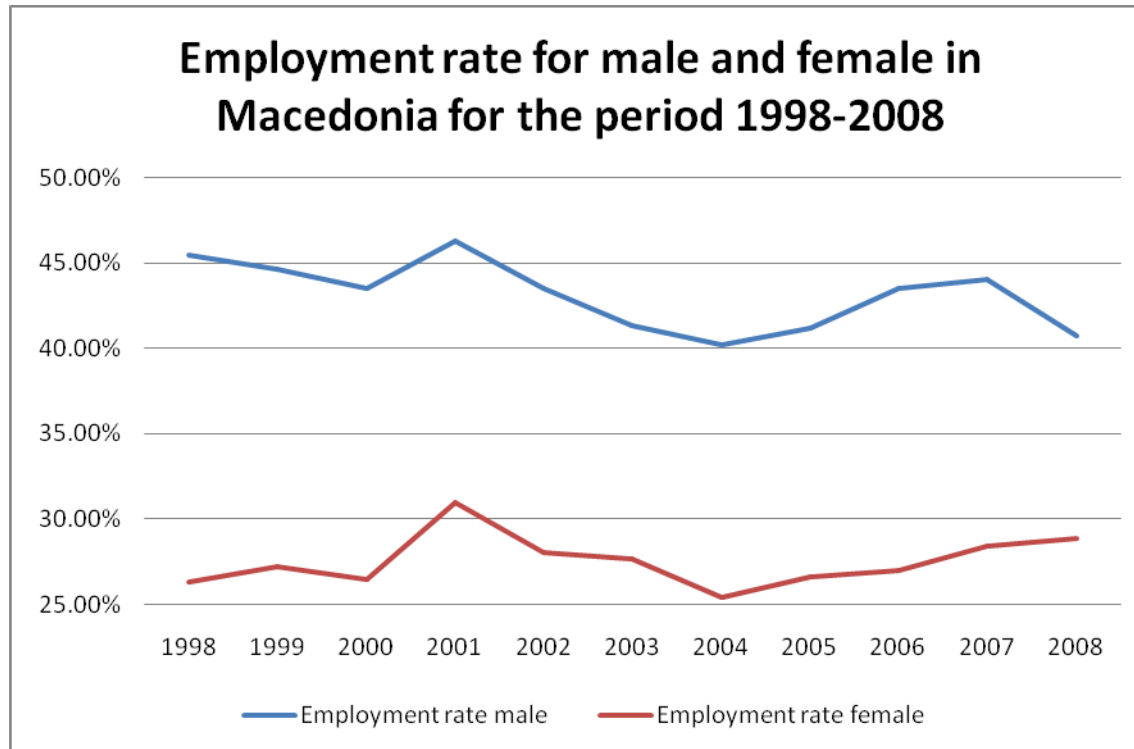


Figure. Employment rate for male and female in Macedonia for the period 1996 – 2008

We can see from the figure above that there is still gender inequality in the employment structure in Macedonia but the “gender employment gap” (difference between male employment rate and female employment rate) is declining steadily in the same period as illustrated in the next figure.



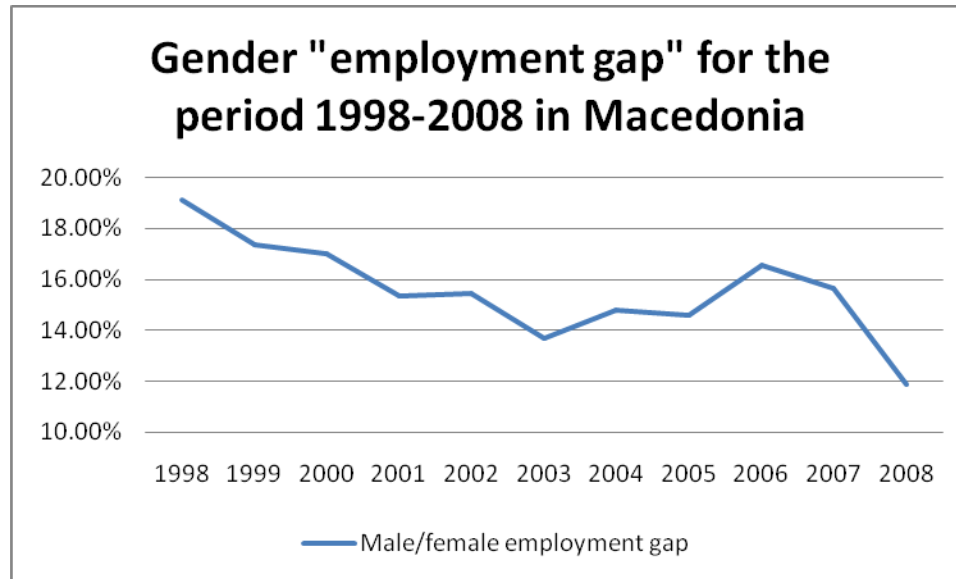


Figure. Gender “employment gap” in Macedonia