

Increasing Power of Women on Labor Market in Western Balkans

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Abstract

The main goal of economic policy in Western Balkans is higher economic growth. This aim could be realized by increasing productivity of labor force. Now, the economic development of Western Balkans is a base for democratic development of the region. The rates of economic growth are positive and sustainable. The role of women increases in the process of economic development. At the same time, the gender stereotyping consists of beliefs and attitudes that create different expectations for individuals based on their gender and can lead to biases, including on the labor market. The main challenge for women is abusing of this gender bias and takes part in on equal base on labor market. The research investigates the protection of women rights on the labor market in Western Balkans. On this market processes are bilateral. From one side, the high economic growth leads to strong protection of women rights. From other side, more active participation of women in the economy supports the usage of all human recourses and increasing of Gross Domestic Product (GDP). The protection of women rights on the labor market are measured with following variables: (1) the population with upper secondary education by sex – males and females, because the education is the base and more important condition for successful participation and competitiveness on the labor market; (2) the rate of unemployment by sex – males and females, annual average in percentage, because it shows successful participation on labor market; (3) gender pay gap by sex in percentage, because it shows the valuation of women activities on labor market. The education of women depends on the economic growth in the countries. By the economic growth, the labor demand is more than supply, the income increases. It enhances all, including women to improve their education. It is long impact of economic activities on the employment, which confirm the countries in the region need from stable economic development. The part of protection of women rights is evaluation of work through the wages and income. For the region of Western Balkans is not typical so big differences in income by sex.

Keywords: regional development, Western Balkans, education, labor market, wages.

1. Introduction

The main goal of economic policy in Western Balkans is higher economic growth. This aim could be realized by increasing productivity of labor force. Now, the economic development of Western Balkans is a base for democratic development of the region. The rates of economic growth are positive and sustainable.

The role of women increases in the process of economic development. At the same time, the gender stereotyping consists of beliefs and attitudes that create different expectations

for individuals based on their gender and can lead to biases, including on the labor market. The main challenge for women is abusing of this gender bias and takes part in on equal base in economic development improving an empowerment of women.

The research investigates the protection of women rights on the labor market in Western Balkans. On this market processes are bilateral. From one side, the high economic growth leads to strong protection of women rights. From other side, more active participation of women in the economy supports the usage of all human recourses and increasing of Gross Domestic Product (GDP). It requires sustainable economic development in the region of Western Balkans.

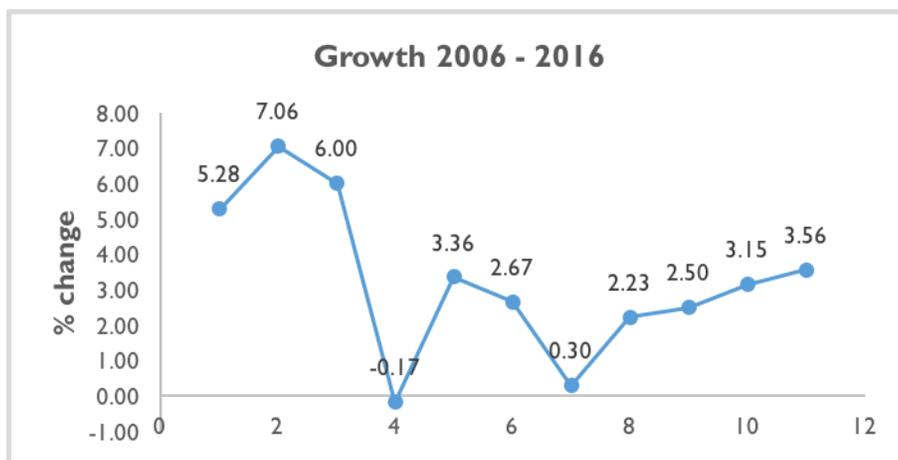
2. Economic development of Western Balkans

After the 2009-2010 recession, the macroeconomic performance of the Western Balkans seems somewhat better than that of the countries of New Europe. In the three years before the recession, the average Western Balkans economic growth was 5.28% of GDP. Thanks to Albania and Kosovo’s growth and North Macedonia’s modest GDP decline in 2009, the regional average recession is insignificant – 0.17%. Montenegro’s GDP decline in that year is sharp but still less dramatic in comparison to Croatia (-7.5%) or Romania (-7.7%), according to the IMF. Below it is presented main figures of it.

Table 1. Real GDP dynamics before and after 2009 crisis in Western Balkans (2006-2015, % change)

	Albania	B&H	North Macedonia	Kosovo	Montenegro	Serbia	Average
2006	5.43	5.69	5.03	3.41	8.60	3.56	5.28
2007	5.90	5.98	6.15	8.30	10.70	5.38	7.06
2008	7.54	5.59	4.95	7.23	6.90	3.82	6.00
2009	3.32	-2.72	-0.92	3.47	-5.70	-3.51	-0.17
2010	3.80	0.84	2.90	3.21	2.46	1.01	3.36
2011	3.08	0.96	2.77	4.41	3.22	1.57	2.67
2012	1.30	-1.21	-0.39	2.54	-2.55	-1.52	0.30
2013	0.70	1.20	3.10	2.54	3.35	2.46	2.23
2014	2.10	2.00	3.16	3.94	2.82	0.98	2.50
2015	3.30	3.20	3.44	4.55	2.92	1.50	3.15

Source: IMF World Economic Outlook (WEO)



Source: IMF World Economic Outlook (WEO)

Figure1. Average economic growth in Western Balkans

A comparison with New Europe is positive for the Western Balkans. The recession hit Latvia worst of all New Europe countries, (-14.19% of GDP), but in other countries the GDP decline was similar to Montenegro and more severe than in the Western Balkans: Hungary - minus 6.6%, Czech Republic - minus 4.84%, and Bulgaria - minus 5.1% of GDP. The worst recession in Western Balkans (in Montenegro) seems relatively less affected than other transition economies.

However, Western Balkans growth after 2009 is roughly two times lower than in the period before crisis and despite this relatively strong economic growth, Western Balkans real GDP per capita levels convert slowly to New Europe and EU levels. The Western Balkans are poorer than neighboring members of the EU – Croatia, Bulgaria and Romania.

Table 2. GDP per capita at PPP in Western Balkans (2000-2015 in constant 2011 USD)

	2000	2003	2005	2008	2010	2012	2013	2014	2015
Albania	4,225	5,353	6,426	8,544	9,525	10,517	10,947	11,390	11,872
B&H	5,148	5,468	6,900	8,825	8,861	9,218	9,614	9,892	10,214
North Macedonia	7,144	7,547	8,729	11,055	11,562	12,215	12,724	13,379	13,938
Montenegro	7,705	8,581	9,894	13,687	13,434	13,995	14,670	15,105	15,716
Serbia	6,165	7,705	9,455	12,086	12,110	12,796	13,404	13,378	13,576
Bulgaria	7,631	9,648	11,676	15,388	15,208	16,697	17,253	17,925	18,501
Romania	8,010	10,314	12,490	17,487	16,719	17,849	18,826	19,743	20,697
Croatia	12,444	15,410	17,694	21,476	20,034	20,416	20,586	20,947	21,324

Source: Western Balkans & Eastern Europe: Regional instability and Resilience to external shocks, USAID, April 2017

In conclusion, the macroeconomic developments of the Western Balkans countries before and after the crisis do not differ significantly from those of New Europe.

3. Limitations of the research

The research uses the data for economic growth, measured with percentage of increase of the GDP in 6 countries in Western Balkans – Albania, Bosnia and Herzegovina, North Macedonia, Montenegro, Serbia and Kosovo,;

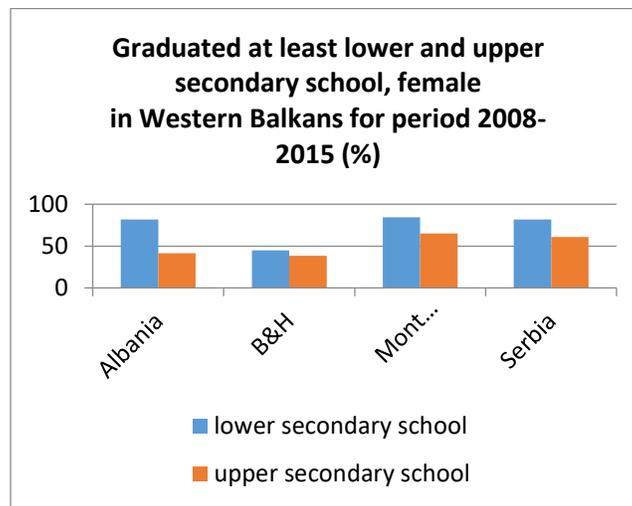
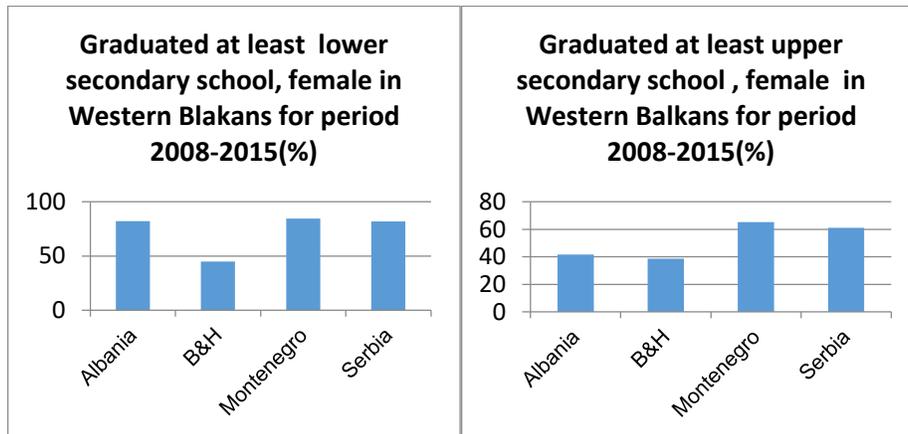
The protection of women rights on the labor market are measured with following variables:

- The population with lower and upper secondary education by sex – males and females, because the education is the base condition for successful participation and competitiveness on the labor market;
- The participation on the labor market by sex – males and females, annual average in percentage, because it shows successful participation on labor market;
- Gender pay gap in income by sex in percentage, because it shows the valuation of women activities on labor market.

Because the different way to be made the data by National statistics – with or not accumulation, monthly or quarterly – are recalculated the different variables to be mathematically compatible;

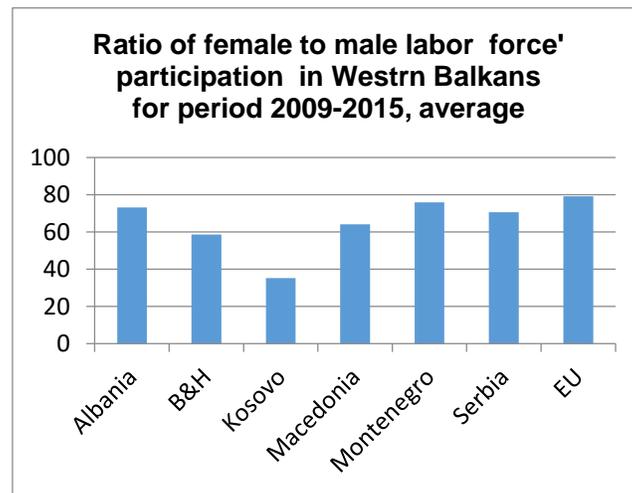
All variables are measured relatively, as a percentage of GDP, of women, of men' work payment.

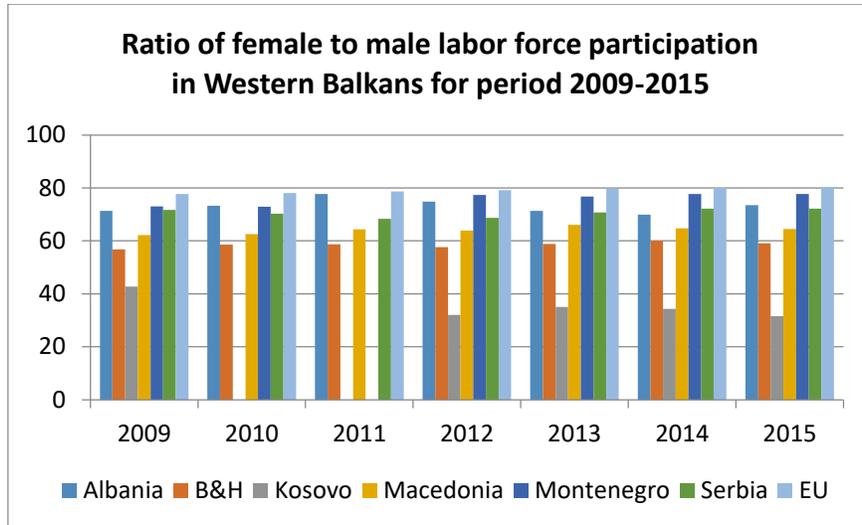
4. Graph presentation of data



Source: World Bank

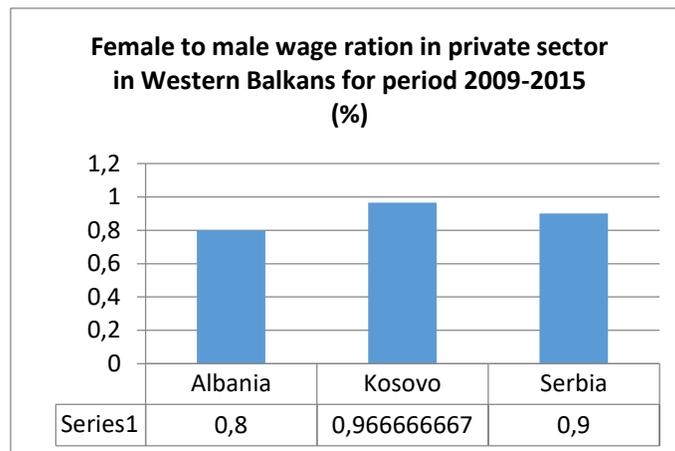
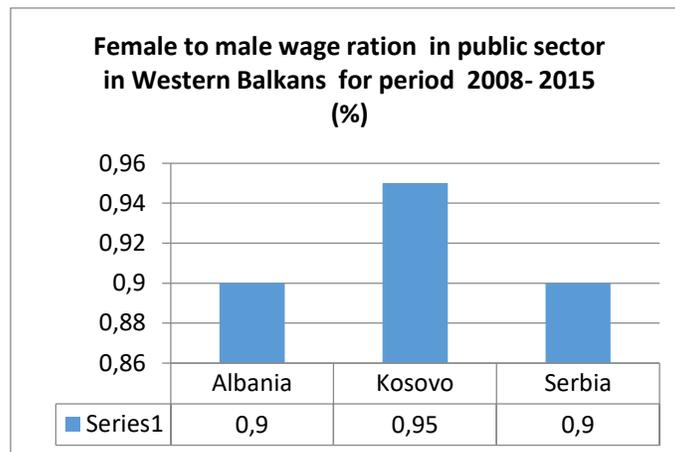
Figure 2. Education





Source: World Bank

Figure 3. Participation on labor market



Source: World Bank and own calculation

Figure 4. Income gap by sex

5. Analyze of data

In all countries of the region percentage of men with lower or upper secondary education is higher compare with percent of women. The part of women graduated at least lower secondary school is smaller in Bosnia and Herzegovina – 44.85%. Women graduated at least upper secondary school is lower in Albania and B&H – 41.6%, respectively 38,625%. In other countries of the region it is not so big difference between men and women education degree graduated. It is positive tendency, specific for the region due to the conditions of live. The level of income is less than in EU countries and it requires equal participation by covering of means of livelihood. The high education is first condition for successful participation of women on the labor market. Average for all countries in the region 51.606% of women are with upper secondary education.

The education of women depends on the economic growth in the countries. It is exactly, by the economic growth, the labor demand > labor supply by ISLM model, the income increases and it enhances all, including women to improve their education. On other side, by economic growth, the disposal public resources for education as a part of GDP are increased.

According the participation on labor market – more actively women take part in Montenegro and Albania – ratio of female to male participation on labor market is 75.92 % in first and respectively 73.11% in second country compared with EU average, where women participation is 79.09%. The lowest participation at the moment is in Kosovo – 35.14%. High participation of women in these countries above influences positively on labor market and for protection of women rights. The data for region above probably due to:

- The structure of the country – more rural or urban zones. Serbia, with 29% urban population, Montenegro – 32.8%, Albania and Macedonia– 28.7% and respectively 28.9% ensure conditions for better education and participation on labor market (EU urban population average – 38.5%).
- The structure of economy – countries that develop more services and light industry hire more women;
- Seasonal character of main sectors of economy in several countries as a tourism;
- Traditions.

If we investigate the gender pay gap by every separate country in the region we will observe there are not differences in an income paid. The income of women to men is from 0.8 in Albania in private sector to 0.966 in Kosovo. In the public sector has not found the differences in payment on labor market. For all countries in the region, we research several common tendencies:

- All countries in the region have economic growth approximately on same level. The economic performance is better before crises in 2009, when economic growth is around 5-6%. Second period is after crises, when the economies in the region slowly recover and economic growth is around 3%. The common development due to very tight economic connections between countries in the region in the past when they have been in one country. By such growth the pay gap reduces between economies in the region of Western Balkans. In the same time, such rate is not enough to reduce the gap of income between countries in the region and developed countries in Europe, some more by these proportion of economic development, the gap increased in last years.
- When the countries realize positive economic growth, the differences between payment of men and women increases. It could explain with correlation supply and demand on the labor market. When the demand of labor is higher than supply, the pay gap increases. It is generally usual and explains by ISLM model and its graph presentation. In situation, when demand > supply, the production increases, the stores become higher, the economy go out of equilibrium, the expenses must be reduced. It will return to equilibrium when salaries go down. Due to it, when incomes are less, payment for all – males and females - are approximately equal. When salaries increase, then they go up more for males.

- Culture dimension between countries in the region.

The rate of participation of women on labor market influences on:

- Standard of live in countries of Western Balkans
- Level of income;
- The region characterizes with high level of elasticity of consumer expenditure on the disposal income than in developed countries in Europe. Due to it, increasing level of disposal income adds to the consumer expenditure and stimulates the growth of aggregate demand. It will multiply the effect, because ensures higher economic activity in next years;
- Higher level of disposal income enhances the saving and stimulates the accumulation in the economy. It will ensure more capital for private investments. These investments will increase second part of the aggregate demand. This schedule has multiplying effect on the economic activities in the region too;
- Lower rate of unemployment will stimulate the collection of more revenue in the budget and through public spending will enhance the economic activities. It ensures more funds for education and health care. They have multiplying effect to the economic growth and protection of women rights in next years;
- Strongest effect of economic growth on the rate of unemployment has not only in current, but several years ahead. It shows long impact of economic activities on the employment, which confirm the countries in the region need from stable economic development to be reached the average level for EU.

Last part of protection of women rights on labor market are evaluation of work through the wages and income. For the region it is not typical so big differences in income by sex. As it is known, the level of income in countries in Western Balkans is lower compared with other states in Europe. The main purpose of economic policy is to be reached such average for the countries in New Europe. It depends on the economic growth and convergence. The level of income defines from economic activities in previous years – three and four years before. In the same time it influences for the future economic activity, because the disposal income defines aggregate demand and supply in the economy through consumer expenditure, private and public investments. Despite, in the region of Western Balkans gender stereotyping is refused in high degree and women participate more actively on labor market. The wages increase with equal rate for women and men.

6. Conclusion

The active participation of women on labor market in the countries of Western Balkans depends on: education, rate of unemployment and pay gap by sex. The education of women depends on the economic growth in the countries. By the economic growth, the labor demand is more than supply, the income increases and it enhances all, including women to improve their education. Long impact of economic activities on the employment, requires stable economic development of the countries in the region and keeps unemployment on low level, including women. The part of protection of women rights is evaluation of work through the wages and income. For the region it is not typical so big differences in income by sex. As it is known, the level of income in the region of Western Balkans is lower comparing with developed countries.

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