



**Trends in Labor Markets  
in FYR Macedonia:  
A Gender Lens**

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## Abbreviations

GEM	Global Entrepreneurship Monitor
ILO	International Labour Organization
ISCED	International Standard Classification of Education
ISCO	International Standard Classification of Occupations
LBS	Labour Force Survey
LITS	Life in Transition Survey
MKD	Macedonian Denar
NEET	Not in Education, Employment, or Training
SWTS	School-to-Work Transition Survey
SILC	Survey of Income and Living Conditions
TEA	Total Early-Stage Entrepreneurial Activity

This note was principally authored by Nikica Mojsoska Blazevski, as part of the activities under the Trust Fund Promoting Women’s Access to Economic Opportunities in the Western Balkans and the Western Balkans Gender Task of the Poverty and Equity Global Practice of the World Bank. It incorporates comments from María E. Dávalos (Senior Economist, World Bank).

## Executive Summary

**The study, “Trends in Labor Markets in FYR Macedonia: A Gender Lens,” provides an assessment of the main labor market differences between men and women in FYR Macedonia.** It examines gender disparities in labor market access, earnings, school-to-work transition paths, and entrepreneurship opportunities. The analysis utilized data primarily from FYR Macedonia’s Labour Force Survey (LFS) and Survey on Income and Living Conditions (SILC), the Life in Transition Survey (LITS) from the European Bank for Reconstruction and Development, and the Global Entrepreneurship Monitor (GEM), as well as other sources.

**Women are disproportionately burdened by FYR Macedonia’s overall unequal labor market conditions.** They experience more inactivity and lower employment, earn lower wages, and often face higher poverty. Less-educated women, women from rural areas, and those engaged in agriculture are particularly vulnerable in the Macedonian labor market.

**Data show that gender gaps in employment in FYR Macedonia (19 percentage points, based on the LFS) are driven mainly by gaps in labor force participation and the very low labor force participation of women.** Employment rates for women are lower than for men at all levels of education, although the differences decline somewhat at higher education levels. Few women in FYR Macedonia work part-time, though the main reason for part-time work is the lack of full-time jobs, followed by “other family or personal responsibilities” and “looking after children and incapacitated adults.” Mothers (particularly those with small children up to age of 6) are much less likely to be employed relative to non-mothers. The main overall impediments to female activity, as reported by women themselves in the LFS, are “family/caring responsibilities” and “other personal and family obligations.”

**LFS data also indicate that employed women are, on average, better educated than employed men.** Although this can be regarded as a positive trend, it may also signal some barriers to employment for women with lower levels of education. For example, women are much more likely to work as unpaid family workers—9.4 percent of women compared to 4 percent of men—and are much less likely to be self-employed. Moreover, unpaid family workers make up roughly one quarter of employed poor women.

**Unemployment hits both genders almost equally in FYR Macedonia.** The unemployment rate for females was 23 percent in 2016, slightly lower than for males (24.6 percent). It declines with age for both genders and is at a minimum for the 40–54 age group. According to LFS data, all unemployed persons in FYR Macedonia are seeking full-time jobs, though in the European Union (EU)-28, 13 percent of women are seeking part-time work. Although this may indicate that the lack of flexible work arrangements is not a significant barrier to female activity and employment in FYR Macedonia, it may also hide some supply and demand constraints to part-time work in that country.

**The unadjusted wage gap in FYR Macedonia is 17 percent, which is comparable to the average wage gap in the EU-28 (16.2 percent in 2016).** However, unlike in the EU-28, the adjusted wage gap in FYR Macedonia (which takes into account workers' characteristics) is higher than the unadjusted (raw) gap, since employed women have better education than employed men. Available studies estimate the adjusted gender wage gap in FYR Macedonia to be approximately 17–20 percent. These same studies provide evidence of wage discrimination such that women receive lower returns (in terms of wages) for the same labor market characteristics as men. Mothers with children aged up to 6 years of age are paid less than fathers, but at the same time, they earn more than the female workers who do not have children or have older children.

**Low female participation represents lost growth and development potential for society and for the economy of FYR Macedonia.** LFS data show that only half (51 percent) of working-age women are active in the country's labor market compared to the EU-28 average of 67.3 percent. Similarly, the gender gap in participation (at 27 percentage points) is much higher than the average gender gap in the EU-28 (11.2 percentage points in 2016). The gender gap is relatively low for young persons and widens for older workers. Still, even for young persons, the gap is significant, indicating that in the absence of government measures, it will persist. A typical inactive woman in FYR Macedonia is over 50 years old, of Albanian ethnicity, married (or in a partnership), living in a poor household, residing in a small town, and she has only primary education. Presence of children at home increases the probability that a woman stays out of the labor market.

**Studies show that the traditional division of household labor in which the burden of care for the household and its dependents automatically falls on women represents a substantial impediment to women's activity in the labor market in FYR Macedonia.** In other words, the high competing demand on women's time to care for the household and its dependent family members (children and the elderly) leads to low female attachment to the labor market. An insufficient supply of childcare services puts further constraints on female activity. Several issues related to eldercare (the inadequate availability of services, the amount of time involved, the social norms that limit the use of residential care) are also seen as barriers to female activity.

**There is significant income inequality in FYR Macedonia.** Men had a 20 percent higher median income (15,692 Macedonian denars [MKD]) in 2015 than women (13,000 MKD). Moreover, men's median income grew at a higher rate in that 2010–15 period. The median income of males was found to be higher than that of females for almost every worker characteristic, except in the case of highly educated and older workers. A relatively large share of women working in agriculture, particularly those with low education and of a young age (15–24 years), earn especially low wages (two-thirds below the median). The Gini coefficient, a commonly used measure of income inequality, shows a higher earnings inequality among employed men (26.7 percent) relative to employed women (23 percent). Females experienced a substantial decline of 27 percent in the Gini coefficient compared to 2010 (when it was 31.9 percent), which may be related to the rising share of educated women among the overall employed.

**Young Macedonians are much more likely than their EU counterparts to be in the NEET category—not in education, employment, or training—with young women experiencing slightly higher NEET rates.** However, among female NEETs, as many as 54 percent are inactive non-students, which is troubling given that young women in this status are less likely to enter the labor market later in life. Young people in FYR Macedonia generally face a difficult and lengthy school-to-work transition. More than a third of young women aged 15–29 do not start the transition at all, that is, they remain inactive non-students. Of those young people who do transition to work, young women experience a shorter transition than men, which can be explained by the self-selection of the more educated and capable young women into the labor market, leaving the others largely inactive.

Few women in FYR Macedonia are self-employed (6.8 percent in 2016) compared to both men (16.6 percent) and their EU-28 counterparts (7.7 percent). **LITS data show that women are much less likely than men to have started an entrepreneurial activity (6.6 percent compared to 14 percent), though they are at least as likely as men to be successful when they do.** GEM data also confirm that females from FYR Macedonia are very unlikely to be early-stage entrepreneurs (only 3.7 percent of adult women). For slightly more than half of the entrepreneurs in FYR Macedonia (and equally for both genders), entrepreneurship is driven by opportunity—in other words, many are “pushed” into it. Although there is no known disadvantage for women in terms of financial inclusion, few women in the country own property, implying that they have quite limited access to loans. Still, men are more likely than women to report a lack of access to finance as an impediment to starting a business.

**To reduce the gender gaps and improve the labor market position of women,** the government should support women’s access to higher education and adult education; promote gender equality in collective agreements; expand the network of affordable, high-quality child- and eldercare; strengthen activation policies for poorer women; develop more flexible employment options; provide small-scale training programs targeting inactive women, particularly low-educated and rural women; increase the scale of programs for business startups specifically targeting women and improve women’s access to assets and productive inputs; and increase efforts to raise the career aspirations and expectations of young women.

## 1. Introduction

**This study provides an assessment of the main labor market differences between men and women in FYR Macedonia.** More specifically, it examines potential disparities in their access to the labor market and to jobs, underlying differences in earnings, entrepreneurship opportunities for both genders, the school-to-work transition paths of young women and men, and other related issues.

**The study is structured along six main themes:** (1) the gender dimension of labor market developments, including employment, short- and long-term unemployment, and participation; (2) gender wage gaps; (3) inequality and poverty differences by gender; (4) the main determinants of women’s inactivity; (5) the school-to-work transition pathways of young women and men; and (6) the gender perspective of entrepreneurship. It utilized data primarily from FYR Macedonia’s Labour Force Survey (LFS)<sup>1</sup> and Survey on Income and Living Conditions (SILC),<sup>2</sup> the Life in Transition Survey (LITS) from the European Bank for Reconstruction and Development (EBRD),<sup>3</sup> and the Global Entrepreneurship Monitor (GEM),<sup>4</sup> as well as findings and estimations from other sources.

**The data presented here will show that women are disproportionately burdened by FYR Macedonia’s overall unequal labor market conditions in many aspects.** They experience more inactivity and lower employment, earn lower wages even with the same overall characteristics (other than gender), and face higher poverty, among other outcomes. Women are also much less likely than men to start an entrepreneurial activity. Moreover, many young women stay inactive after completing their education, putting them in the category known as NEET—not in education, employment, or training—and making it unlikely that the serious labor market inequalities can be addressed without government intervention. Less-educated women, women from rural areas, and those engaged in agriculture are particularly vulnerable in the Macedonian labor market.

## 2. Labor Market Developments

### 2.1 General labor market developments between 2006 and 2016

The past decade was characterized by a continuous though moderate improvement in the main labor market indicators in FYR Macedonia. The share of the country’s active population increased somewhat between 2006 and 2016, reaching 64.5 percent of the overall population. However, inactivity remained relatively substantial. Figure 1 shows the structure of the working-age population by labor market status

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<sup>1</sup> Republic of Macedonia, State Statistical Service, “Labour Force Survey, 2016” (Skopje: State Statistical Service, 2017), <http://www.stat.gov.mk/Publikacii/2.4.17.02.pdf>.

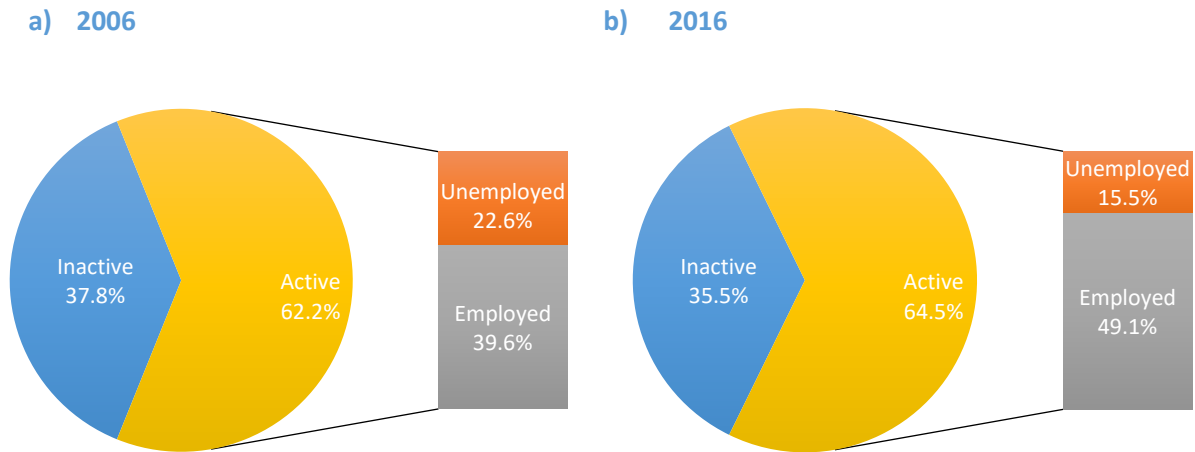
<sup>2</sup> Republic of Macedonia, State Statistical Service, “Survey on Income and Living Conditions, 2016” (Skopje: State Statistical Service, 2017), <http://www.stat.gov.mk/Publikacii/2.4.17.13.pdf>.

<sup>3</sup> Available at <http://litsonline-ebd.com/countries/fyr-macedonia>.

<sup>4</sup> Available at <http://www.gemconsortium.org/country-profile/84>.

in 2006 and 2016, based on LFS data.<sup>5</sup> Roughly 50 percent of the working-age population in 2016 was employed and some 15.5 percent unemployed (see figure 1b).

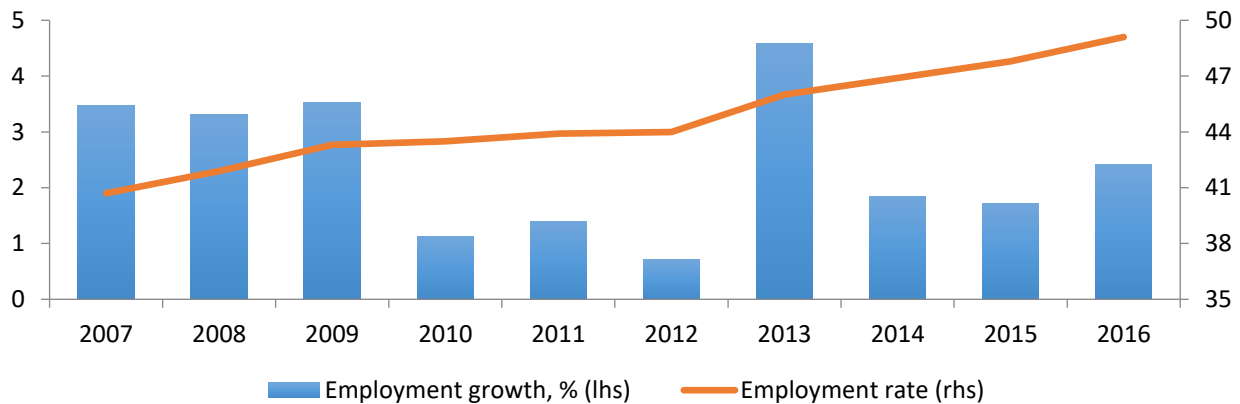
**Figure 1. Structure of the Working-Age Population in FYR Macedonia**



Source: Author's calculations based on the Eurostat database.

In 2016, 49 percent of the working-age population in FYR Macedonia was employed in a total of 714,000 jobs. On average between 2006 and 2016, employment in the country increased by 2.4 percent, though with large variations between years (see figure 2).

**Figure 2. Employment Developments in FYR Macedonia 2007–16**



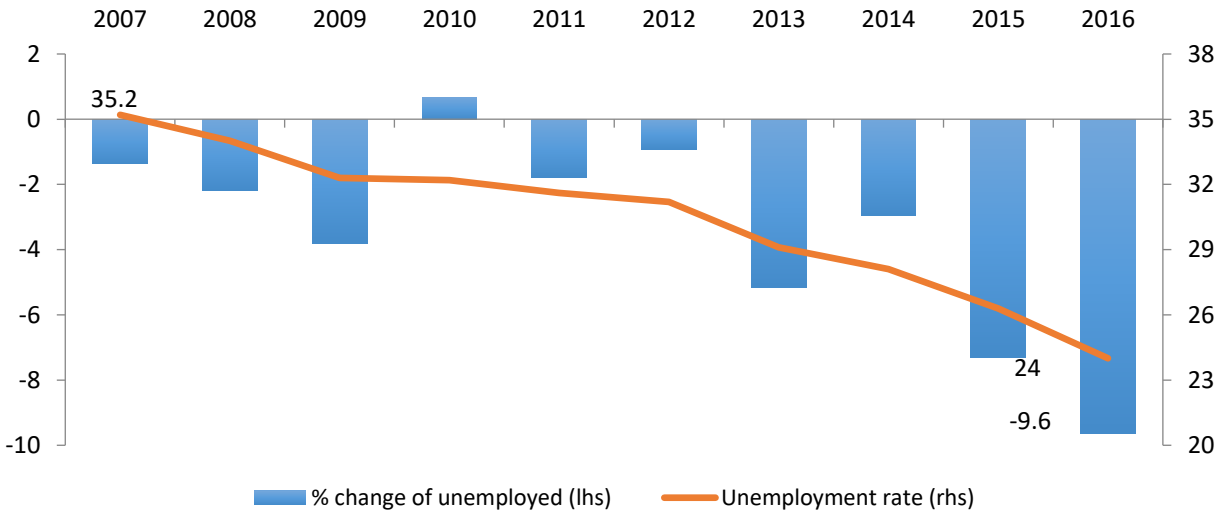
Source: Author's calculations based on the Eurostat database.

<sup>5</sup> The labor market analysis in this section is based on LGFS data for the population aged 15–64.



The unemployment rate in 2016 was 24 percent, still a significant level despite the progress made in the past decade involving a decline from 35.2 percent in 2007 (see figure 3). The number of unemployed persons declined continuously during that period with the exception of 2010, which was a delayed effect of the 2009 economic recession.

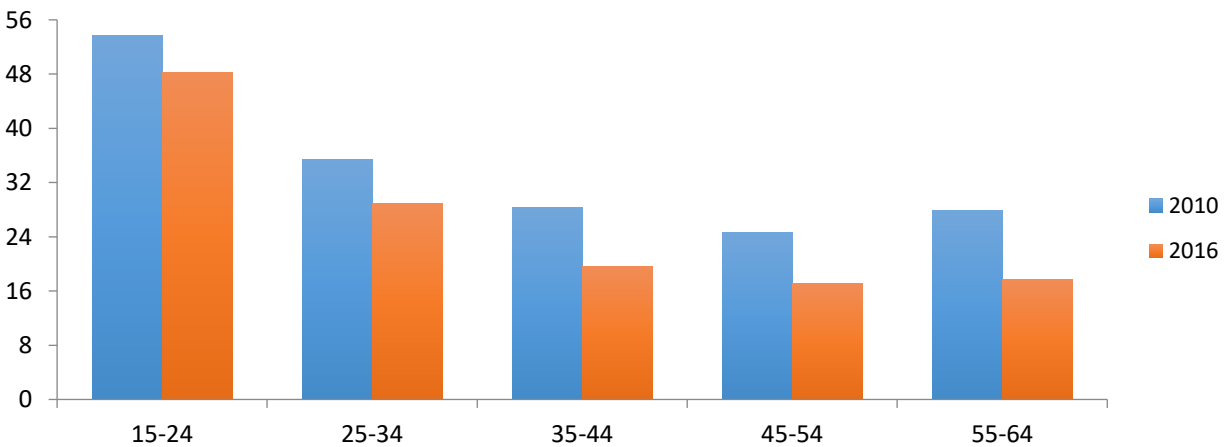
Figure 3. Unemployment Trends in FYR Macedonia, 2007–16



Source: Author’s calculations based on the Eurostat database.

Young persons are the most severely affected by the high unemployment (see figure 4). The youth unemployment rate in 2016 was 48.3 percent, twice the general unemployment rate. Between 2010 and 2016, older workers (55–64 years) experienced the largest decline in unemployment.

Figure 4. Unemployment Rate by Age Groups in FYR Macedonia, 2010 and 2016

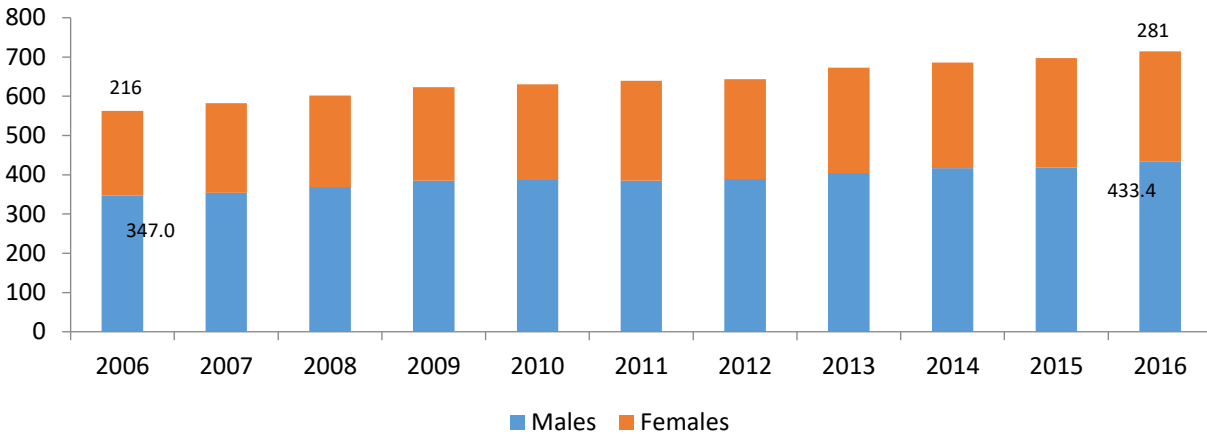


Source: Author’s calculations based on the Eurostat database.

## 2.2. Gender dimension of employment

In 2016, 280,600 females were employed, with an average employment growth of 2.7 percent per year between 2006 and 2016, slightly higher than that of males at 2.3 percent (see figure 5). The age structure of employment for men and women was quite similar, though with a slightly higher representation of young people (aged 15–24) and older workers (aged 55–64) in men’s employment.

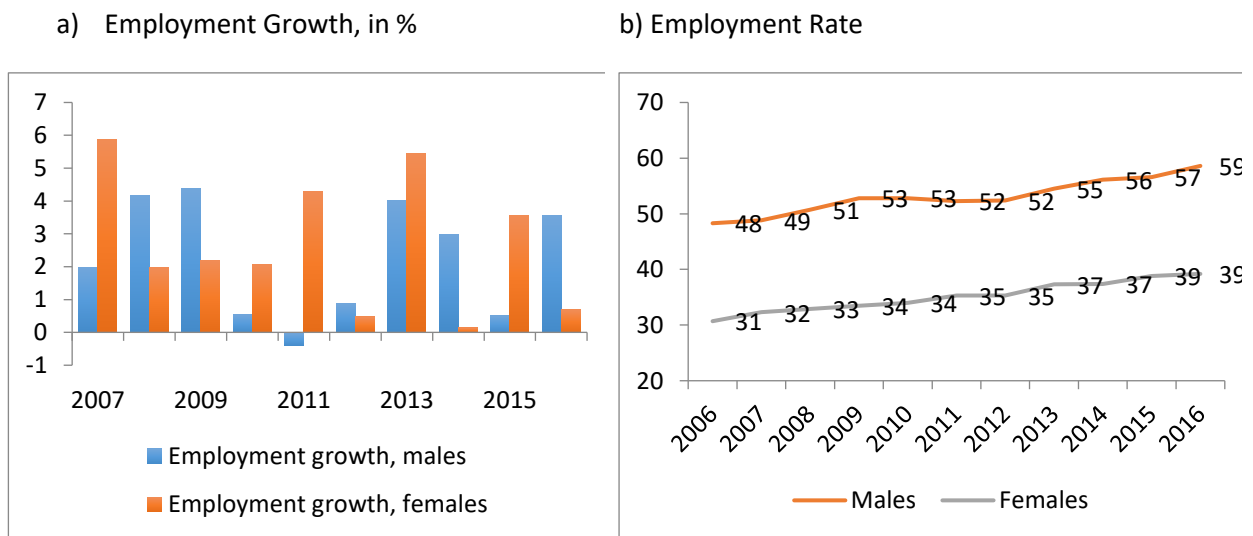
Figure 5. Employment by Gender in FYR Macedonia (thousands), 2006–16



Source: Author’s calculations based on the Eurostat database.

There are large differences in employment rates between genders. Although males had an employment rate of 58.6 percent in 2016, the employment rate of females was 39.2 percent, a gap of approximately 19 percent (see figure 6). The gap is persistently high, with small annual fluctuations.

Figure 6. Employment Trends by Gender in FYR Macedonia, 2006–16

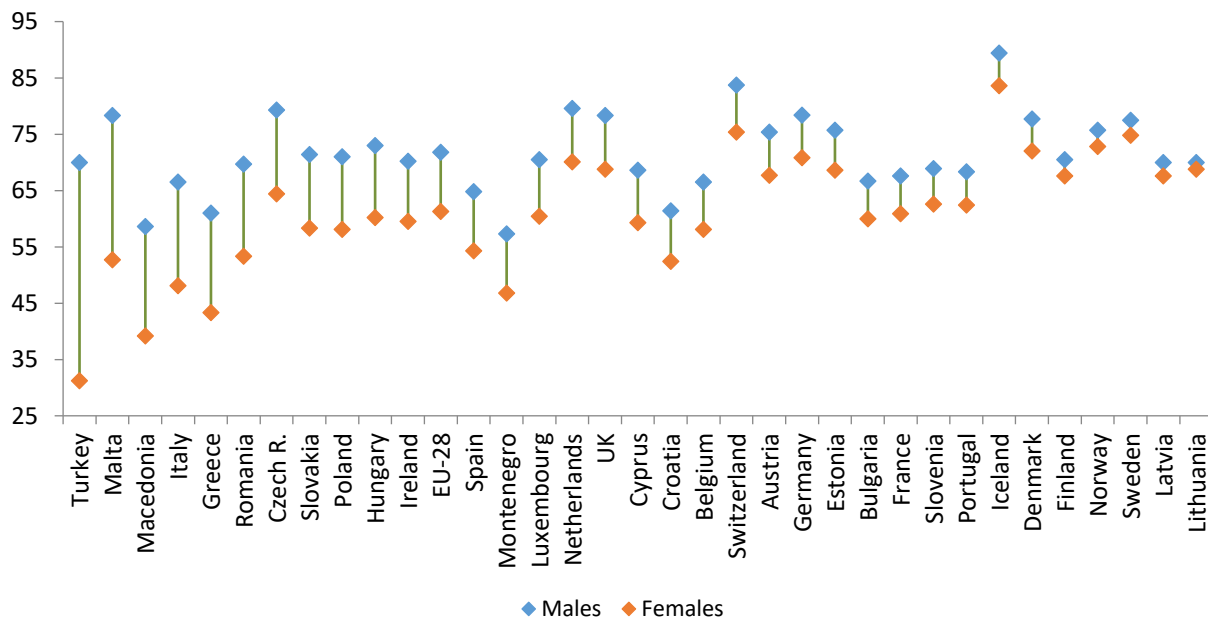


Source: Author's calculations based on the Eurostat database.

Historically, the participation and employment gender gaps in the country (as part of ex Yugoslavia) were relatively high. Krstić (2002) showed that the female participation in ex Yugoslavia (before 1990s) was much lower than in the other countries of Central and Eastern Europe, although comparable to the rates in market economies. In FYR Macedonia the participation gap in 1994 (at the star of the transition) was at 34%, whereas the employment gap was 28%. The decrease in the gender gaps in late 1990s and early 2000s was mainly a result of large declines of the participation and employment rates of men (Mojsoska, 2006).

Figure 7 shows comparative data on the employment rates of men and women and the respective gender difference. It can be generally concluded that **countries with high male employment rates also have relatively high female employment rates, although the link is not solid** (Turkey is the main exception). By way of comparison, FYR Macedonia's female employment rate is 7 percentage points lower than the rate in Montenegro, though the two countries have a similar employment rate for men.

Figure 7. Comparison of the Relative Difference in Male and Female Employment Rates in 2016



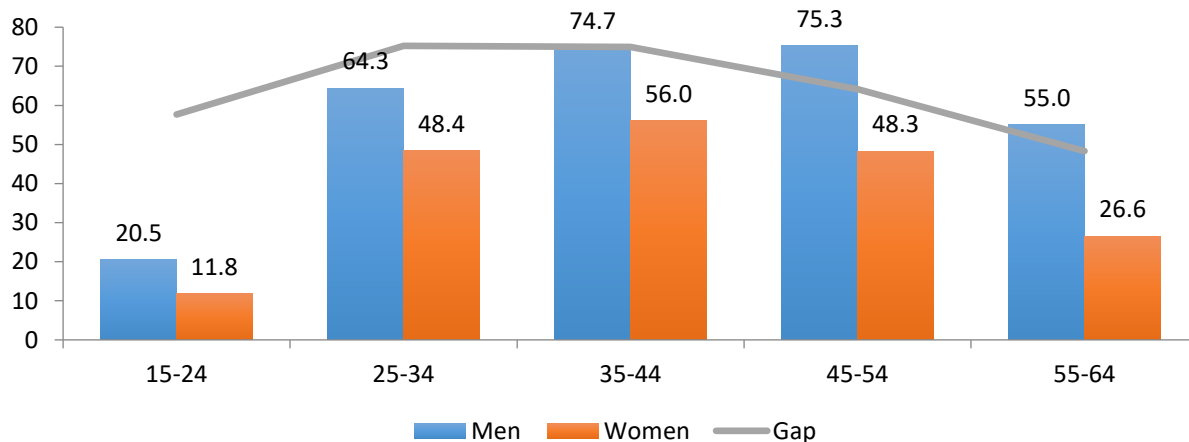
Source: Author's calculations based on the Eurostat database.

The large gender gap in employment in FYR Macedonia is related mainly to the gender differences of younger (aged 15–24) and older workers (aged 55–64) (figure 8). For instance, the ratio of the employment rate of young women aged 15–24 to that of young men is only 58 percent. The same ratio is 48 percent for older workers aged 55–64. The high employment gap for young persons is likely related to the greater participation of young females in education and hence their higher inactivity. Moreover, the

relatively large gender employment gap can also be explained by low employment of females with children (i.e. mothers). Indeed, Petreski and Mojsoska-Blazevski (2016) find that in 2014, mothers (defined as women aged 25–45 with at least one child below the age of six) had an employment rate of 37.3% relative to the 53.7% of the non-mothers.<sup>6</sup>

**Employed females have a better average educational attainment than employed males. However, women’s employment rates are lower than men’s for all levels of education.** The gender gap in employment narrows with education (figure 9) to 6 percentage points at tertiary education. More educated women are more likely to experience higher labor force participation, which translates into higher employment rates.

**Figure 8. Employment Rates by Age Group and Gender in FYR Macedonia, 2016**

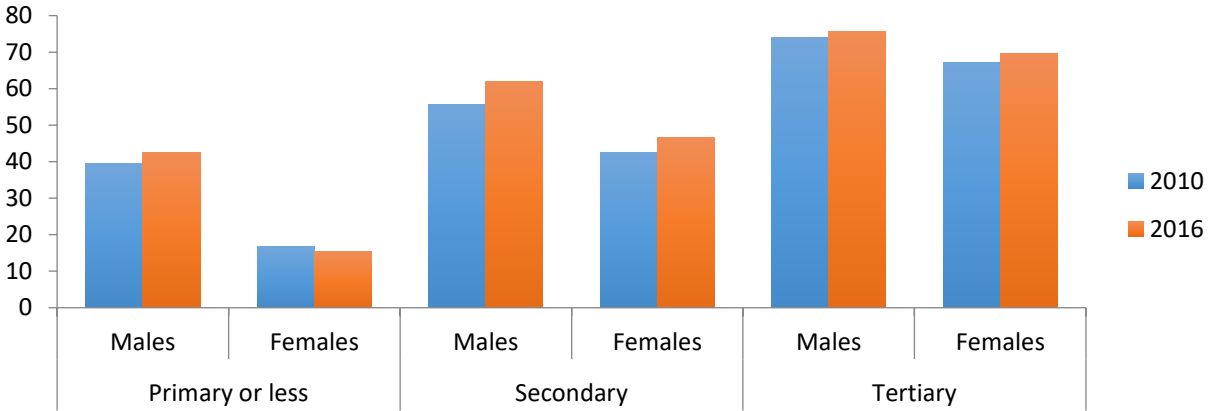


Source: Author’s calculations based on the Eurostat database.

Note: The gap is calculated as the women’s employment rate as a share of the men’s employment rate for the respective age group.

**Figure 9. Employment Rates by Gender and Level of Education in FYR Macedonia**

<sup>6</sup> Females in the same age group who either do not have children or have children aged above 6 years.



Source: Author's calculations based on the Eurostat database.

In 2016, employed females were much more likely to have completed tertiary education (35 percent) relative to employed men (21 percent) (figure 10). Between 2010 and 2016, there was a relatively large shift in female employment toward more educated women, resulting in a widening of the gender employment gap in terms of education since 2010 (figure 10a). Part of the improvement in the educational structure of female employment can be attributed to advancements in the educational structure of the female working-age population: the share of women with tertiary education increased from 13.2 percent of the working-age population in 2010 to 19.7 percent in 2016. Still, another reason is the greater demand for women with tertiary education (and more job creation at higher-end knowledge and skill levels).<sup>7</sup>

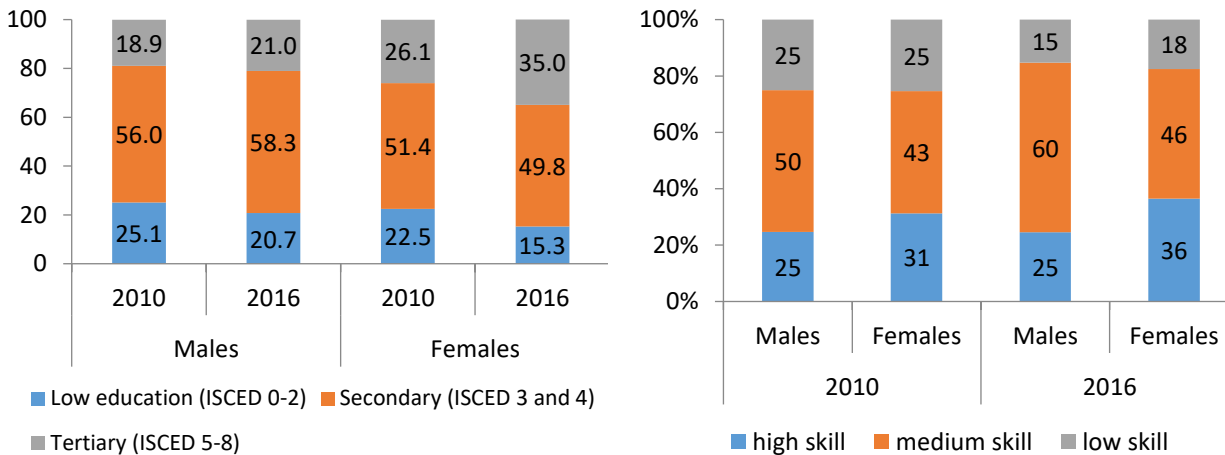
Although medium-skilled jobs dominate in the overall employment of both genders in FYR Macedonia, there are still large differences in the skill composition of employment as measured by the International Standard Classification of Occupations (ISCO). In particular, in 2016, 36 percent of employed women had high-skilled jobs compared to 25 percent of employed males. However, females with low-skilled jobs were slightly more represented in overall employment (18 percent females compared to 15 percent males) in 2016 (Figure 10).

**Figure 10. Educational and Skill Structure of Employment by Gender in FYR Macedonia**

a) Educational Structure

b) Skill Structure

<sup>7</sup> Between 2010 and 2016, the number of employed women with tertiary education increased by 50 percent. At the same time, the matching (between the skills demanded by a job and the education of employed females) improved. In 2010, 20.5 percent of employed women with a tertiary education were matched well with their jobs (i.e., worked at jobs with high skills, as assessed by the ISCO), a share that increased to 27.4 percent in 2016.



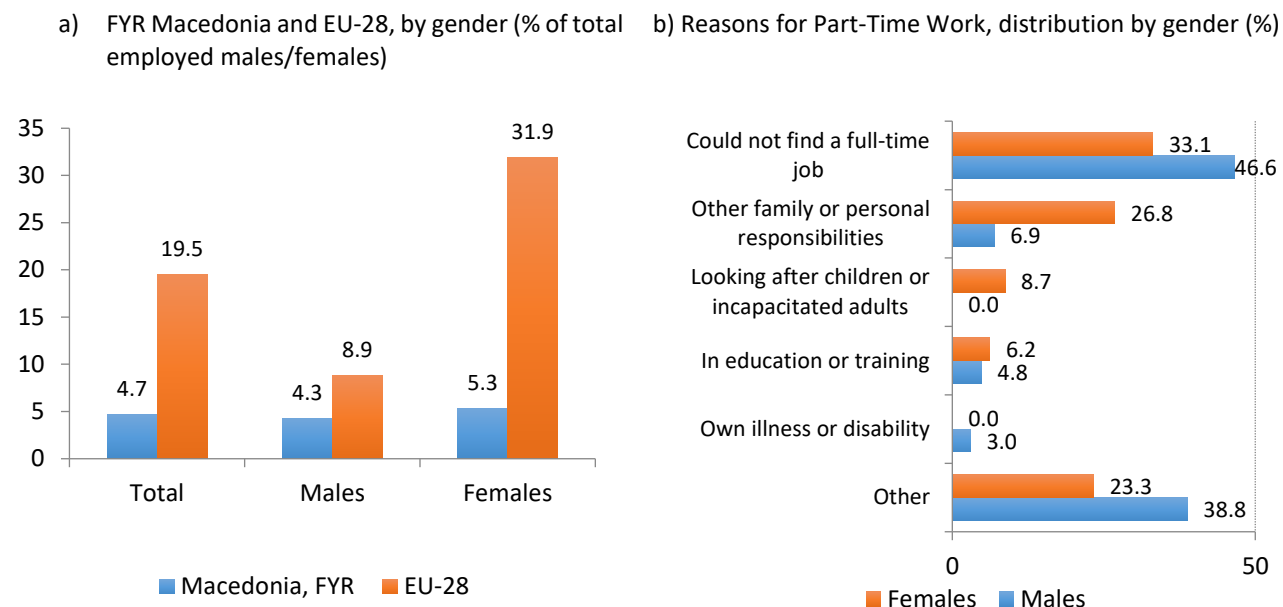
Source: Author's calculations based on the Eurostat database.

Note: ISCED refers to the International Standard Classification of Education.

**The share of part-time jobs in FYR Macedonia was relatively low compared to the European Union (EU)-28 for both genders, though there were significant gender differences in the main reasons for obtaining part-time work.** For women, apart from the insufficient availability of full-time jobs, household responsibilities were the main reason for the low incidence of part-time work. On the other hand, the LFS data as well as some empirical studies show that child- and eldercare were not the major barriers to part-time work for women. In 2016, only 4.7 percent of the total number of jobs were on a part-time basis compared to the 19.5 percent average in the EU-28 (figure 11a). Whereas the high share of part-time employment in the EU disguises large gender differences (23 percentage points), both genders in FYR Macedonia have little access to part-time work. A Eurofound study (2012) found a link between the employment rate of women and the average number of working hours in the EU-28 and in Southeast Europe; female employment rates are higher in countries where women have, on average, a lower number of weekly working hours.

**Although, there was a significant gender difference in the reasons for part-time employment (figure 11b), the primary reason for both genders, 46.6 percent of males and 33 percent of females, was the lack of full-time jobs, indicating that they were not working part-time by choice.** Among the women who do work part-time, a large share do so because of "other family or personal responsibilities" (27 percent) and "looking after children and incapacitated adults" (8.7 percent). Few of the men, however, listed these reasons. Eurostat data show that women in the EU-28 tend to work part-time more often than women in FYR Macedonia because of the need to take care of children and elderly adults (27 percent) and much less because of family and personal responsibilities (15.3 percent). About 33 percent of female part-time workers in FYR Macedonia in 2016 reported that they were working fewer hours involuntarily, which is lower than the share of males (47 percent) but higher than that of females from the EU-28 (25 percent).

**Figure 11. Part-Time Employment in 2016 in FYR Macedonia**



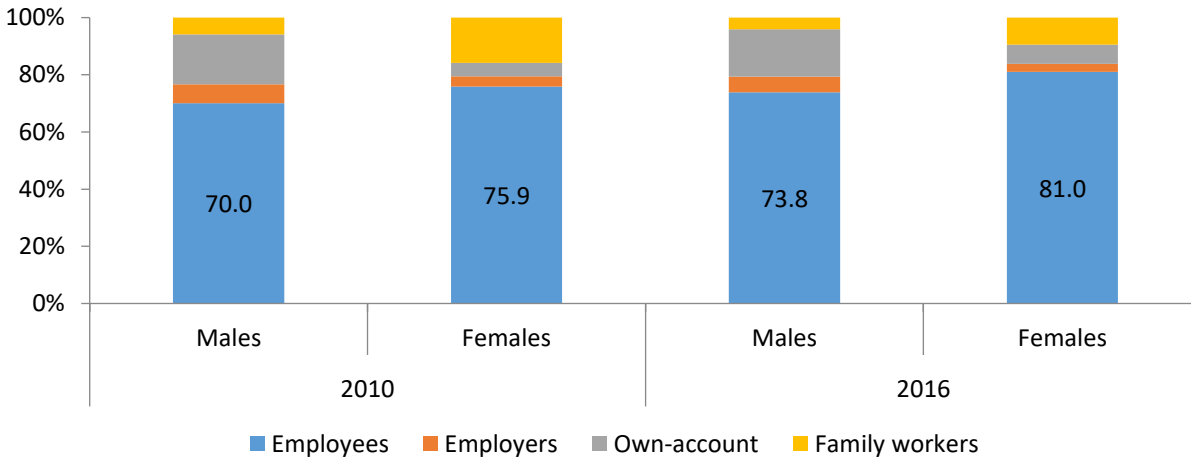
Source: Author’s calculations based on the Eurostat database.

**Wage employment was the predominant type of employment for both genders, although females were slightly more likely than males to work as wage employees (81 percent compared to 73.8 percent) in 2016. Females were slightly less likely to work informally relative to males.** Figure 12 shows the structure of employment by the economic status of males and females in FYR Macedonia. The overall share of salaried work in the country is below the level in the EU-28. Eurostat data show that in 2016, only Greece among the EU countries had a share of wage employees lower than 75 percent.<sup>8</sup> Females were much more likely than males to work as unpaid family workers in 2016 (9.4 percent compared to 4 percent), though the number for women was 15.8 percent in 2010. Still, males were more likely to be in vulnerable employment, which refers to unpaid family workers and own-account workers (self-employed with no employees).

Although roughly 15 percent of females and 20 percent of males were engaged in informal work in 2016, the informality was of a different nature. Women employed informally chiefly work as unpaid family workers, cleaners, providers of child- and eldercare services, and so on, whereas men in this status were either self-employed or in wage employment.

**Figure 12. Structure of Employment by Economic Status and Gender in FYR Macedonia, 2010 and 2016**

<sup>8</sup> Five countries have more than 90 percent of working persons as wage employees (Denmark, Germany, Estonia, Sweden, and Norway, a member of the European Free Trade Association).



Source: Author’s calculations based on the Eurostat database.

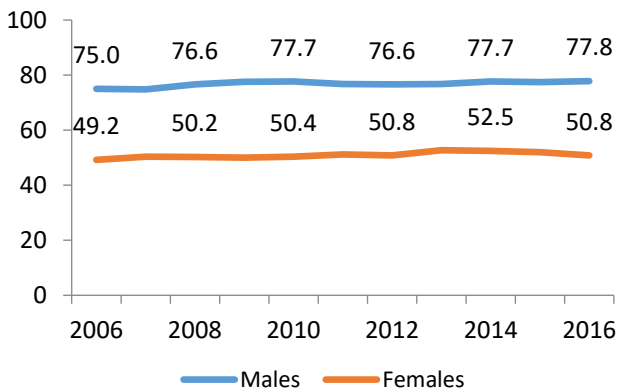
### 2.3 Labor force participation

Although males in FYR Macedonia have similar activity rates to their EU-28 counterparts, the labor market participation of women in FYR Macedonia was relatively low at 50.8 percent in 2016 compared to the EU-28 average of 67.3 percent (see figure 13a). The significant gender gap of 27 percentage points in labor force participation in FYR Macedonia is comparable only to the disparity in Malta (26.4 percent). The average gender gap in the EU-28 was 11.2 percent in 2016.

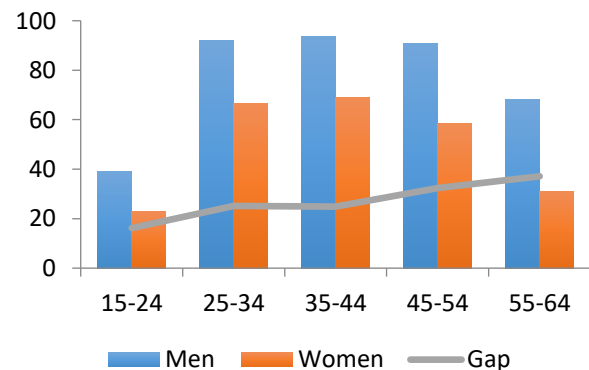
The gender participation gap among young persons is relatively low but widens for older workers (as Figure 13 shows). Still, even for young persons, the gap is large, suggesting that without proactive government policies to address the problem, the gap will continue.

Figure 13. Participation Rates by Gender

a) Developments between 2006–16



b) By Age Groups, 2016

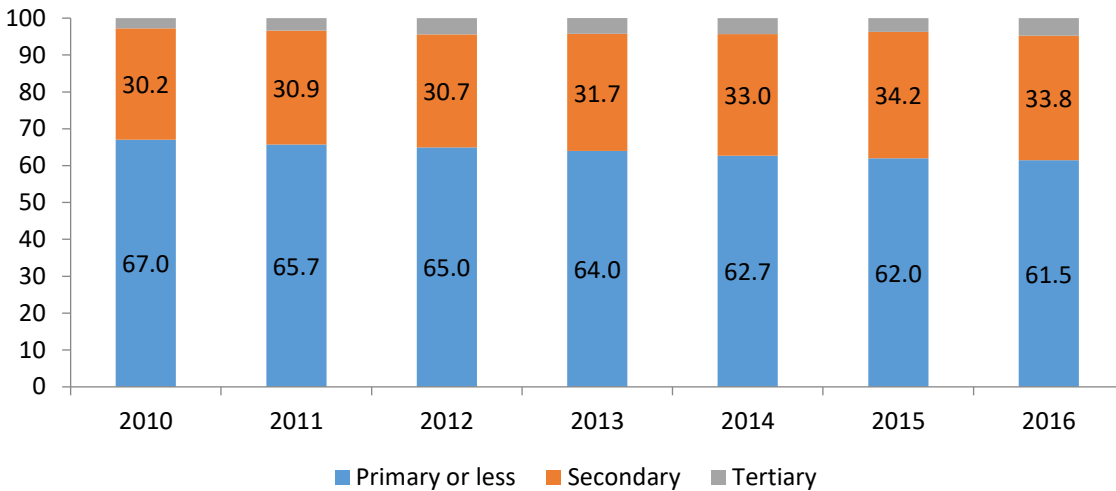




Source: Author's calculations based on the Eurostat database.

**Educational background is a large predictor of labor market activity for both genders, but especially for women.** Although the participation rate of women with primary education or less was 21.4 percent in 2016, fully 89 percent of women with tertiary education were active in the labor market. The inactive women are thus mainly those with a lower level of education (see figure 14) and of older age.

**Figure 14. Structure of Inactive Women by Educational Background in FYR Macedonia, 2010–16**



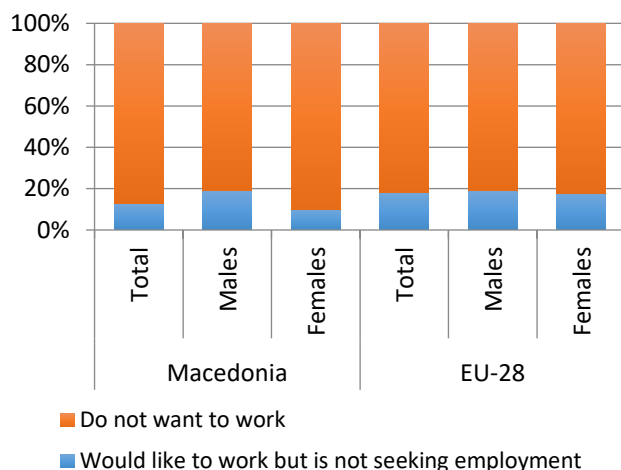
Source: Author's calculations based on the Eurostat database.

**Most of the inactive persons of both genders report that they do not want to work,** which is similar to the response in the EU-28 (see figure 15). LFS data from 2016 show that only 10 percent of women in FYR Macedonia reported that they would like to work but are not seeking employment, which was the case for 19 percent of men in the country and for 17.6 percent of women in the EU-28.

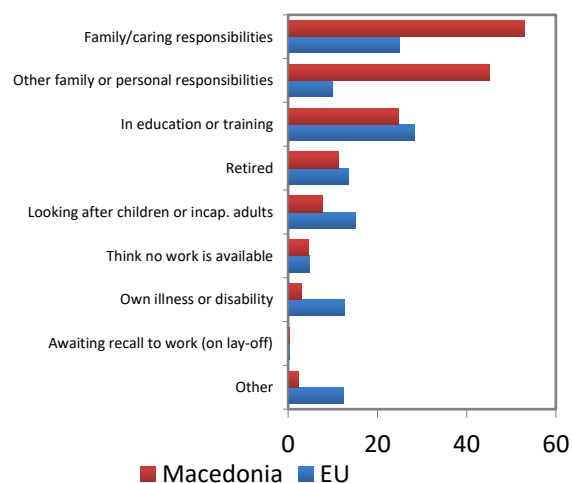
**The main reasons for not searching for a job among women in FYR Macedonia are “family/caring responsibilities” and education.** A large share of inactive women reported that they do not seek employment due to family/caring responsibilities (53 percent), twice the share of women with this reason in the EU-28 (see figure 16). In addition, 45 percent of women in FYR Macedonia also reported “other family and personal responsibilities” as a reason. This data show that the traditional division of labor that puts the burden of household and dependent care automatically on women presents a large impediment to the activity of women. In other words, the large demand for women’s time and engagement in household and caring activities competes with the time that could be devoted to labor market activity (Buitrago et al. 2017) (more about these issues in section 5 below). A slightly higher share of women in the EU-28 (28.4 percent) than in FYR Macedonia (24.8 percent) were not seeking a job due because they were still pursuing education. Only 7.7 percent of women in FYR Macedonia stated that looking after

children or incapacitated adults represented a barrier to their labor market activity (see figure 16) compared to 15 percent of the inactive women in the EU-28.

**Figure 15. Willingness to Work of the Inactive by Gender in FYR Macedonia, 2016 (in %)**



**Figure 16. Reasons for not Seeking a Job for Females in FYR Macedonia (in % of inactive population), 2016**



Source: Author’s calculations based on the Eurostat database.

**Mothers (especially those having children aged up to 6 which is the statutory age for starting school) have worse labour market position relative to women with no children and those with older children.** The study of Mojsoska-Blazevski et al. (2017) shows that the presence of children in the household decreases the chances that a woman participates in the labour market. For instance, in 2016, women with children aged 6 or below have 5% lower probability to be active.

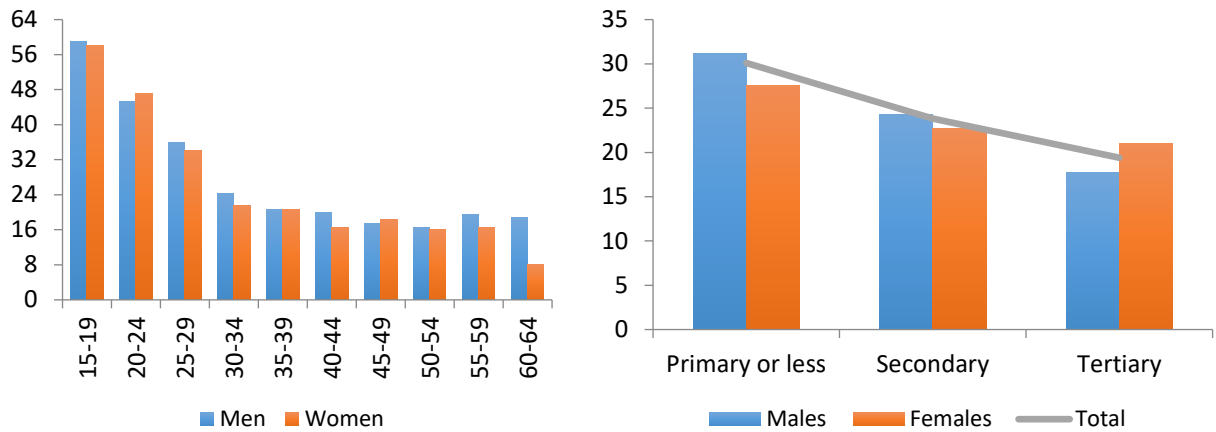
## 2.4 Unemployment

**Despite the continuous improvement over the past decade, unemployment in FYR Macedonia is still at a very high level for both genders.** The unemployment rate for females was 23 percent in 2016, slightly lower than for males (24.6 percent). It was also predominantly long-term in nature, as 80 percent of the unemployed (of both genders) were without work for more than a year. As figure 17a shows, the unemployment rate declines with age for both genders and is at a minimum for the 40–54 age group. Older women (60–64 years) also had a relatively low unemployment rate that was related to their low activity. Unemployment declines with education for both genders, although women with tertiary education face a relatively high unemployment rate compared to men (figure 17b).

**Figure 17. Characteristics of the Unemployment Rate in FYR Macedonia, 2016**

a) By Gender and Age Groups

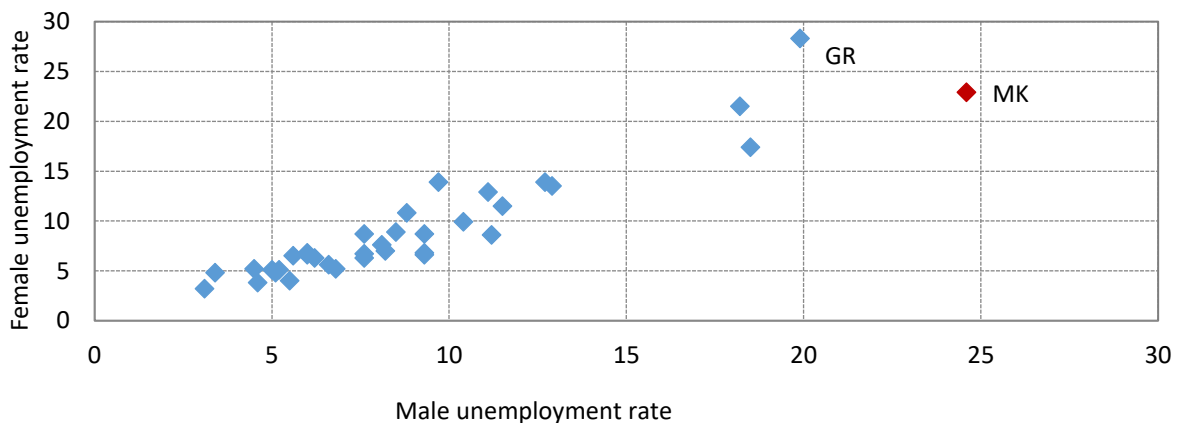
b) By Education



Source: Author’s calculations based on the Eurostat database.

As figure 18 shows, there is a general link between the unemployment rates of men and women, and FYR Macedonia fits within the pattern, though at a very high unemployment level.

**Figure 18. Relationship between the Male and Female Unemployment Rates in EU Member States and Candidate Countries**



Source: Author’s calculations based on the Eurostat database.

**Unemployed men and women in FYR Macedonia seek similar jobs.** Although there are no unemployed in FYR Macedonia who are seeking part-time jobs, 13 percent of women in the EU-28 are searching for this kind of employment. This may indicate that the lack of flexible work arrangements is not a significant barrier to female activity and employment in FYR Macedonia. However, it may also hide some supply and demand constraints to part-time work. For instance, a lack of demand for part-time jobs may be related to the country’s low living standards, which mean that a part-time job cannot provide enough income for the family and might bring in even less income than the cost of childcare or eldercare that would be needed. It might also be that FYR Macedonia’s taxation and benefit systems contain some disincentives

to the demand for or supply of part-time work.<sup>9</sup> Koettl (2010) argues that the design of the country's tax structure, the social assistance system (with the immediate withdrawal of the assistance at low-income levels), and the child allowance program (for persons with children) are an important impediment to the higher demand for part-time jobs in FYR Macedonia. In other words, part-time jobs are not economically viable for low-wage earners.

### 3. Gender Wage Gaps

The literature on gender wage gaps in FYR Macedonia is rather scarce, though it is growing both in quality and quantity. **SILC data show that the unadjusted gender wage gap in FYR Macedonia increased from 15.3 percent in 2010 to 17.2 percent in 2015,<sup>10</sup> similar to the unadjusted wage gap of the EU-28 at 16.3 percent in 2015.<sup>11</sup>**

Historically, the gender wage gap in FYR Macedonia (as part of ex Yugoslavia) was much lower than the estimates for the industrialized countries in the late 1980s, and in a range of 10-12% (Krstić, 2002). The author also showed that in 1990s the adjusted pay gap was higher than the unadjusted one, suggesting that the labour market characteristics of employed women were better than those of the men, a situation which also holds in the present.

The median income for men in 2015 (15,692 Macedonian denars [MKD]) was higher than for women (13,000 MKD) by 20 percent. This unadjusted gender gap in earnings widened between 2010 and 2015, as men experienced a higher growth in median income in that period (10.7 percent) relative to women (8.3 percent). The median earning of males was higher than that of females for almost every characteristic of workers, except among highly educated and older workers (see figure 19). Among women, median earnings were lowest (8,500 MKD) for those with primary education, followed by young women aged 15–24 and women with low secondary education. Given that young employed women have better labor market characteristics than young employed men, it is difficult to explain the earnings gap for this category of worker. Moreover, it is unlikely that these gender wage gaps will close without some kind of government intervention. There was no gender wage gap (unadjusted) for older workers (55–63 years) or for workers with post-tertiary education.

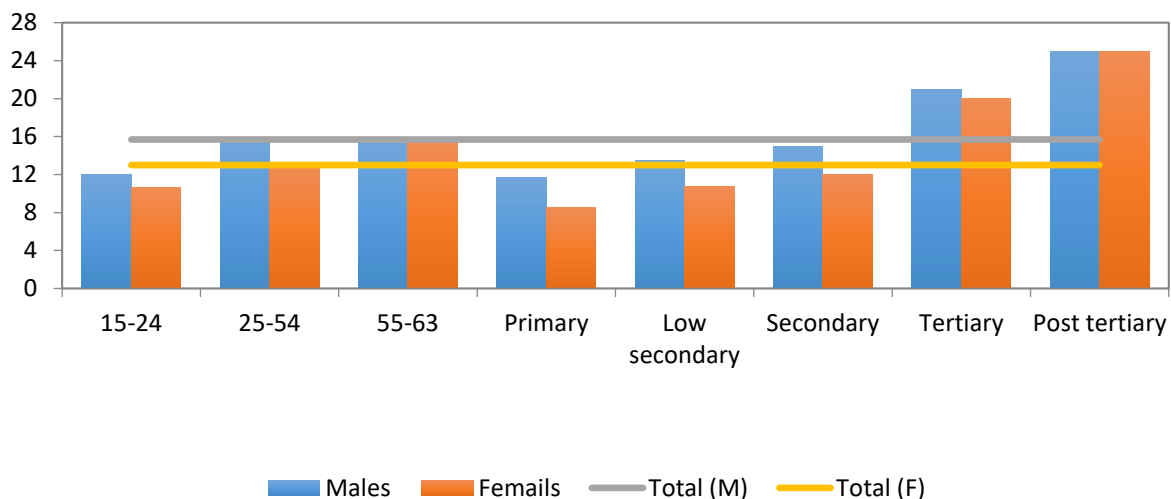
#### **Figure 19. Median Earnings by Gender and Worker Characteristics in FYR Macedonia (in thousand MKD), 2015**

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<sup>9</sup> Prior to the gross wage reform implemented in 2009, the minimum base for the payment of health insurance was based on full-time work (i.e., 65 percent of the average wage for a full-time worker), which was creating a disincentive to part-time work on both sides of the labor market, as social contributions are mainly considered a cost of the employer.

<sup>10</sup> The unadjusted wage gap is calculated as the difference in the median earnings between men and women as a percent of the median earnings of men.

<sup>11</sup> "Gender Pay Gap in Unadjusted Form," *Eurostat*, European Commission, [http://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&pcode=sdg\\_05\\_20&plugin=1](http://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&pcode=sdg_05_20&plugin=1). Data are not directly comparable with a EU-28 data, which are calculated as the difference between the average gross hourly earnings of male and female employees as a percent of male gross earnings.



Source: Author's calculations based on SILC data 2015.

**Studies find that unlike in Western European countries, the adjusted wage gap in FYR Macedonia is higher than the unadjusted one.** A similar finding is true across the Balkans region, leading several authors to refer to the so-called “Balkan phenomenon.” Most of the studies found an adjusted gender wage gap of about 17–20 percent in FYR Macedonia (Avlijaš et al. 2013; Petreski, Mojsoska-Blazevski, and Petreski 2014; Petreski and Mojsoska-Blazevski 2015). The unadjusted wage gap was lower, in the range of 7.5 to 13 percent, below the EU-28 average. From early estimations, the unadjusted gender wage gap was 18 percent in 2006 (World Bank 2013). Blunch (2010) did a comparative study of the gender wage gap in six countries in Eastern Europe and Central Asia, including FYR Macedonia, and reached the same finding: the adjusted gap in these countries (with two exceptions) was higher than the unadjusted gap. The “Balkan phenomenon” is explained mainly by the better labor market characteristics (for instance, educational structure) of employed females compared to males in the Western Balkans, including FYR Macedonia (Blunch 2010; Avlijaš et al. 2013; Petreski, Mojsoska-Blazevski, and Petreski 2014; Petreski and Mojsoska-Blazevski 2015).

Petreski, Mojsoska-Blazevski, and Petreski (2014) found an unadjusted wage gap of 17.3 percent. When they controlled for a possible bias, however, where less-educated females self-select into inactivity, the gap declined to 7.5 percent, which could be ascribed to either unobservable factors (that is, factors that cannot be observed from the data) or discrimination. For instance, for the group with tertiary education, once selection is considered, the gender wage gap did not exist.

Petreski and Mojsoska-Blazevski (2015) found that between 2011 and 2014, the gender wage gap declined for the workers at the lowest end of the wage distribution, which may have been a result of the country's introduction of the statutory minimum wage in 2012. They argue that the adjusted gender wage gap

increases up the wage ladder; at the higher wage levels, females face either more discrimination and/or do not possess a number of unobservable characteristics that the labor market rewards. This is not the case at the lowest and at the very highest wage deciles, however. The wage gap is also higher in the occupations and industries that pay higher wages, suggesting that those employers either discriminate more against women or employ women with worse unobservable characteristics than men. The same study found that there is no wage penalty for working mothers in the labour market of FYR Macedonia. Contrary to the expectations, the study found that mothers (defined as women aged 25-45, with a child aged up to 6 years) were paid equally to non-mothers (or mothers with children older than six) in 2011, and earned 6% more than women without children under the age of six in 2014. Still, mothers earned 7.8% less than fathers.

**The studies generally find that the gender wage gap in FYR Macedonia can be attributed to: i) self-selection into inactivity; ii) discrimination (different returns for the same characteristics); and iii) the effects of men's and women's unobservable characteristics that are rewarded by employers.** On the other hand, worker and job characteristics do not play an important role in explaining the gender wage gap.

With regard to discrimination, Avlijaš et al. (2013) found that only one-third of the adjusted gap can be explained by lower pay for women despite their having the same labor market characteristics as men. However, the biggest factor in the adjusted gap (69 percent) was the unobservable differences between men and women. Blunch (2010) also found a substantial and unexplained gender wage gap. According to Angel-Urdinola (2008) and World Bank (2008), the gender wage gap could be attributed mainly to labor market discrimination, where women with the same education and working in the same sectors and occupations were paid less than their male counterparts. They argue that the gap could not be explained by the segregation of women into low-paid occupations.

**The persistency of the gender wage gap at the high-income level shows that current government efforts to ensure gender equality (including the International Labour Organization's [ILO] Equal Remuneration Convention and other legislation and institutional setups to promote gender equality and prevent discrimination) are not proving effective.** Section 8 below presents a number of policy options for reducing the gender wage gap.

## 4. Earnings, Poverty, and Inequality

This section is based primarily on SILC data for FYR Macedonia for 2015,<sup>12</sup> **which show that poverty affects both genders equally: in 2105, the poverty rate for males was 25.4 percent and for females 25.7 percent.**

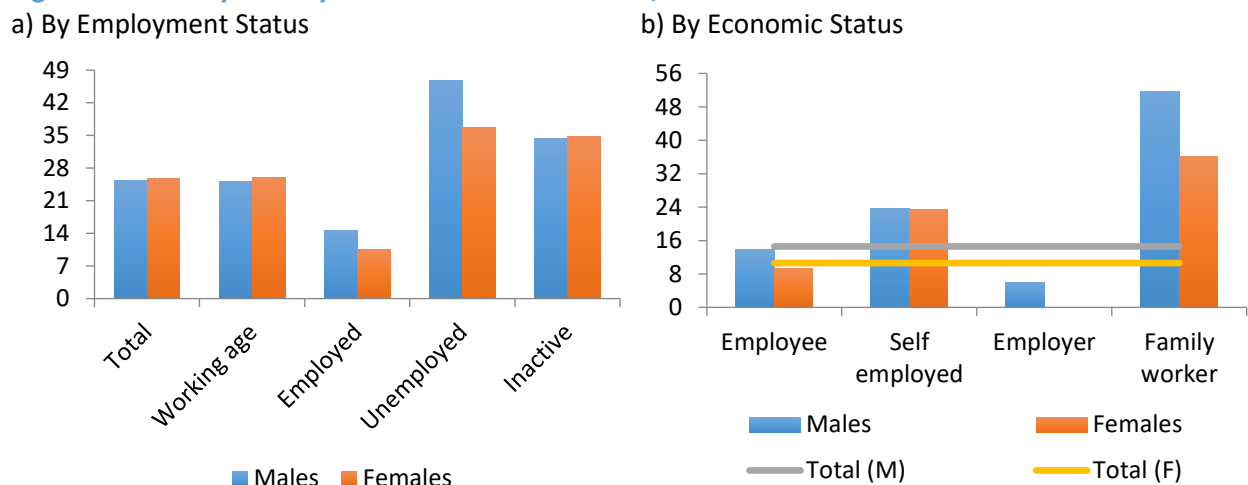
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<sup>12</sup> The calculation of poverty indicators using SILC data is based on the household (and not individuals), which has to be kept in mind when interpreting poverty developments from a gender perspective. For example, a reduction in the poverty of a woman may reflect increased employment or income on the part of the man living in the same household rather than the improved position of the woman herself (either employment or higher income from employment or other sources).

There was a substantial decline in the poverty rate between 2010 and 2015 of roughly 25 percent for both genders. In 2010, the poverty rate for women was 34.6 percent.

**Not surprisingly, unemployed persons of both genders were most likely to be poor.** Nevertheless, unemployed females experienced much lower poverty rates than unemployed males (see figure 20a), an interesting state of affairs that may reflect a higher reservation wage (the lowest wage a worker is willing to accept) among women whose partner is working as opposed to the male who is commonly perceived as the sole breadwinner. Employed females were less likely than employed males to be poor, as their educational profile was better and the wage gaps closed at the level of post-tertiary education. The poverty rate declined between 2010 and 2015 for all categories of workers.

**Figure 20. Poverty Rate by Gender in FYR Macedonia, 2015**



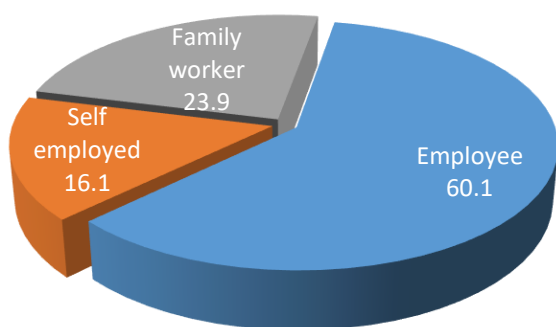
Source: Author's calculations based on SILC 2015 data.

**There are similar shares (roughly 60 percent) of poor employed workers for both genders.** Figure 21 shows the structure of poor employed workers by economic status for both genders. A much higher share of poor employed women were engaged as family workers (23.9 percent) than poor employed men (9.9 percent), whereas poverty was more widespread among self-employed males. The latter may indicate that most of the self-employed are actually pushed to start a business due to the lack of job opportunities.

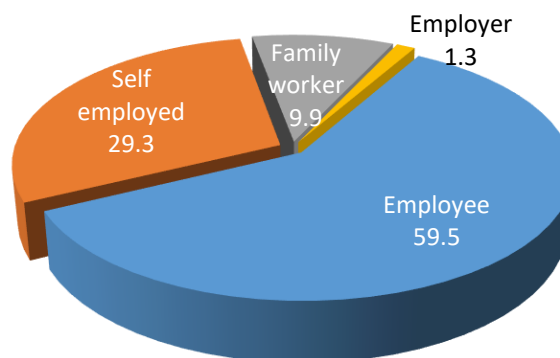
If we look at poverty rates, females were less poor than males for all types of employment, and there were no poor women who were employers. Although the poverty rate of males working as family workers was higher than that of females (51.6 percent compared to 36 percent), the larger share of poor females (see figure 21), as well as employed females, engaged as family workers in 2016 (9.4 percent) compared to males (4.1 percent) makes them more vulnerable.

**Figure 21. Distribution of Poor Employed Workers in FYR Macedonia, by gender and economic status**

a) Poor Employed Women



b) Poor Employed Men



Source: Author's calculations based on SILC 2015 data.

**Data demonstrate that youths and less-educated persons are more likely to be receiving low wages regardless of gender, which is probably associated with skill levels and productivity.** The low earnings rate<sup>13</sup> among males was 1.5 and 2 among females in 2015. Figure 22 shows the share of workers earning low wages for different worker characteristics. The largest share of low earners was found among low-educated workers (primary education or less), at about 34 percent for both genders. A relatively high share of young workers were also found to earn low wages. Among workers with post-tertiary education, only women experienced low earnings. Within the economic sectors, there was a large incidence of low earnings among women in agriculture (18.5 percent).

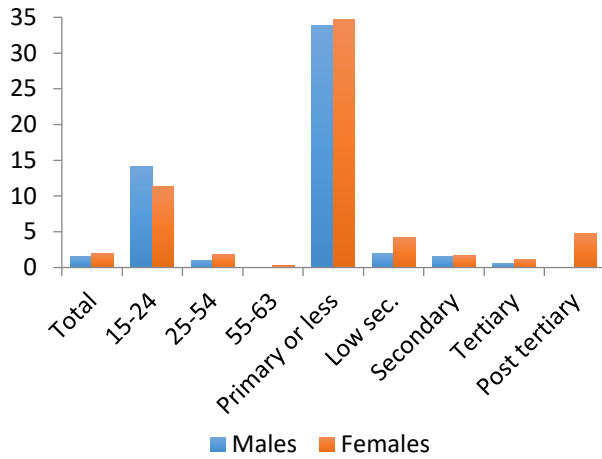
**The Gini coefficient shows a higher earnings inequality among employed men (26.7 percent) relative to employed women (23 percent).** Females experienced a 27 percent decline in the Gini coefficient compared to 2010, when it was 31.9 percent. The decline was much less pronounced for males (29.2 percent in 2010). The dynamics of inequality by education is different between the genders. Income inequality is largest among the most educated women, whereas it is largest among men with only low secondary education (see figure 23a). Income inequality by industry shows the largest inequality for men who work in construction and for women engaged in agriculture.

<sup>13</sup> Defined as share of workers receiving less than two-thirds of the median wage.

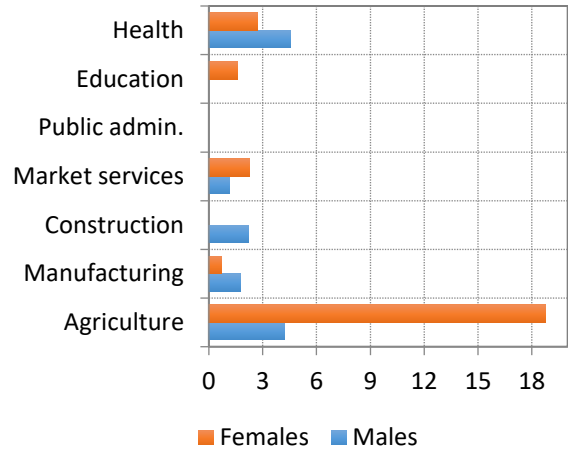


**Figure 22. Low Earnings Rate by Gender in FYR Macedonia<sup>14</sup>**

A) By Worker Characteristic



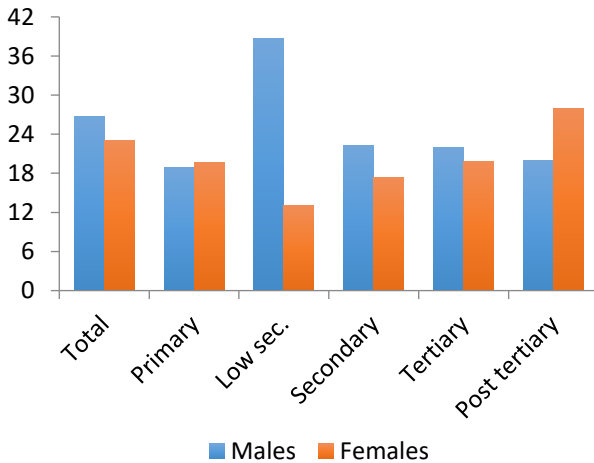
B) By Industry



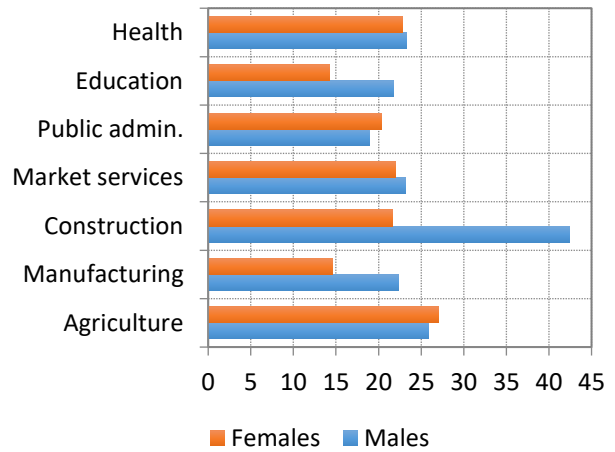
Source: Author's calculations based on SILC 2015 data.

**Figure 23. Gini Coefficient of Income Inequality by Gender in FYR Macedonia**

a) By Education



b) By Industry



Source: Author's calculations based on SILC data 2015.

<sup>14</sup> Share of workers receiving less than two-thirds of the median wage.

## 5. Inactivity: Main Determinants

Despite the very low female inactivity in FYR Macedonia, there are few studies that analyze its determinants. Those that do exist examine the common factors that affect female inactivity and test them on country-specific data.

**The legislative, institutional, and social contexts have a large effect on female labor market participation, as well as the gender gaps.** Mojsoska-Blazevski, Petreski, and Öztas (2017) argue that the legislation and institutions responsible for gender equality in FYR Macedonia are relatively new and still in the initial stages of functioning. Women's rights in the labor market are generally protected with regard to maternity leave, for example, although there are no incentives (through legislation) to promote equality between women and men by providing paternity leave.<sup>15</sup> As a result of the predominantly traditional character of society and family structures, the strong division of gender roles tends to "assign" household and caring responsibilities to women. Hence, women spend a much larger amount of time on family duties than men. In a typical household in FYR Macedonia, there is no shared responsibility between spouses; indeed, data from time use surveys show that women spend over three times more time on daily household duties than men (for example, when comparing couples with children or women and men in the 25–44 age group). In addition, women who participate in the labor market spend an almost equal amount of time on household duties as non-active women, showing a form of "modern" discrimination against women and the widespread perception of employed women as the secondary bread winners (Mojsoska-Blazevski, Petreski, and Öztas 2017).

Abazi and Atanasovska (2016), using datasets from 2009, find that **remittances, education, age, marital status, ethnicity, farm ownership, income, and region of residence influence the probability that a woman will be active on the labor market.** Their findings show that ethnic Macedonian women, women with higher levels of education, and those who are married, live in urban areas, and do not receive remittances are more active. Women from the largely Albanian Polog region and from households that own farm land are much less likely to participate. The most important determinants based on this study are ethnicity (with a marginal effect of 15 percent) and region of residence.

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<sup>15</sup> Macedonian legislation does not specifically regulate or protect the right to paternity leave, and no incentives exist to encourage men to take leave for childcare. Implicitly, the legislation protects the right of fathers to take a very short paid leave due to fatherhood (2–7 days, which is currently being further regulated through collective (bargaining) agreements). In 2014, the authorities introduced an unpaid paternity leave of up to three months until the child reaches the age of 3. However, although it was intended to serve as potential leave to be used by any parent, the Labour Code delegates this right to "female workers," whereas the Law on Mandatory Social Contributions uses the general term "worker." Although the right to maternity leave can be used by either of the parents, there is a negligible take-up rate of parental leave by fathers. Data from the Health Insurance Fund show that in 2017, there were in total only 79 fathers who used this benefit instead of the mothers (about 0.76 percent of the total number of people who took parental leave).

Mojsoska-Blazevski, Petreski, and Öztas (2017) also collected datasets to provide a detailed analysis of the dynamics affecting female inactivity. In addition to the usual factors and the theoretical foundations, the study also examined social norms, culture, stereotypes, and women's own perceptions of their role in the family and society, as well as the impact of these factors on labor market activity. The findings are generally in line with what would be expected, although the study does not provide support for several factors that are widely thought to influence female inactivity, for example, the impact of remittances. According to Mojsoska-Blazevski, Petreski, and Öztas (2017), **the main reasons for women's inactivity in FYR Macedonia are household duties and the stereotypes about gender roles in the family and society.** These findings suggest that traditional views on gender roles act as an important barrier to the labor market activity of inactive women. Another important reason cited was the need to care for children and the elderly, followed by poor health and discouragement (the woman has either lost hope of finding a job or believes that she is not sufficiently qualified). The authors argue that all of these factors are inter-related and together have a significant effect on inactivity.

**Mojsoska-Blazevski, Petreski, and Öztas (2017) outline the factors affecting the inactivity of women, identifying four most prominent:**

- *The most dominant factor, 38.2 percent of the total variance of the inactivity, is related to the cultural setting in which a woman is perceived as a housewife, which is also in line with her own beliefs and perceptions about the role of women. This factor shows a very complex structure of multiple barriers to female activity; culture, women's household duties, perceptions of gender inequality in the labor market, and personal discouragement all work to reinforce each other and create a large barrier to labor market entry.*
- *The second factor, explaining 27 percent of the variance, is the need to care for elders. This is related to the insufficient supply of eldercare services, as well as the amount of time that this activity requires. However, even here, the role of culture and tradition is also be important, as the World Bank (2015) finds that social norms are a strong constraint to using residential elderly care.*
- *The third factor relates to fears and stereotypes, again showing a reinforcement between the two. Women who are more inclined to accept stereotypes also see the labor market as discriminatory and thus stay out of it. This factor explains an additional 21 percent of the total variance.*
- *The last factor is the time spent in childcare. Although still important, this is not, despite expectations, the most important factor behind female inactivity. The study reports that one of the potential explanations is that young people are able to get childcare support from their parents. (A similar conclusion comes from LITS data that show that only 2 percent of unemployed people in the Western Balkans think that work is not compatible with their childcare responsibilities.<sup>16</sup>)*

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<sup>16</sup> The LITS 2016 survey covered 34, mainly "transition countries" in Central and Eastern Europe, as well as Turkey. For comparison purposes, it added two more developed Western neighbors, Germany and Italy.

**Data from the 2015 LITS confirm the Western Balkan region’s continued adherence to traditional gender roles.** Similarly, the study by Mojsoska-Blazevski, Petreski, and Öztas (2017) shows that a higher number of respondents from this region relative to the EU countries believes that “it is better for everyone involved that the man earns the money and the woman takes care of the home and children.” The share of people who agree with this statement is highest among the self-employed and the jobless. Indeed, Mojsoska-Blazevski, Petreski, and Öztas (2017) find that one-third of women in FYR Macedonia believe that their primary role is to give birth and take care of the home and family rather than to work, 38 percent that it is more difficult for women to be managers and politicians or in top positions, and 40 percent that working mothers cannot establish as close a relationship with their children as non-working mothers. Inactive women are more likely to hold each of these strongly traditional views.

**Mojsoska-Blazevski, Petreski, and Öztas (2017) also establish a profile of a typical inactive woman in FYR Macedonia.** She is over 50 years old, of Albanian ethnicity, more frequently married (or in a partnership), living in a poor household, and residing in the inner city of one of the larger towns, and she has only primary education. Similar results were obtained by the regression analysis. Female labor market inactivity increases with age and marriage and declines with education. Women from poorer households, with unemployed husbands, and with more traditional views, frequently fall into the vicious cycle of poverty, unemployment, and inactivity. The presence of children and the lack of some basic household appliances (washing machine, dishwasher, vacuum cleaner, and electric stove) increase female inactivity, which is also more prevalent in the country’s larger towns. There is also a small share of women who are younger, better educated, and living in Skopje who are inactive due to their high expectations—in other words, the reservation wage is the main barrier to the labor market activity of 15 percent of inactive women.

**The authors go on to distinguish three groups of inactive women:** i) women who do not search for a job because they are discouraged and believe they are unqualified; ii) woman who cannot enter the labor market due to household and child- or eldercare duties; and iii) women who face barriers related to culture or family traditions. Given these varying reasons, government policies to support women’s greater activity need to be quite diverse to address the different segments of society. The most difficult dynamic to confront would be the traditional culture and societal norms—and according to respondents, this represents more of a constraint—whereas the most expensive solution would be an improvement in the provision elder- and childcare services.<sup>17</sup>

## 6. School-to-Work Transitions

**Long unemployment spells have a direct cost on an individual in terms of lost income and future labor market performance through a long-term adverse effect known as “scarring”** (World Bank 2016;

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<sup>17</sup> There are some other options, however, including some community programs. For example, the Operational Plan for Active Labour Market Policies 2018 includes a new type of active program that will train 100 unemployed persons to take on the role of personal assistant to persons with a mental disability.

Petreski, Mojsoska-Blazevski, and Bergolo 2017). There is a vast empirical literature confirming the existence of employment scarring, referring to the negative effects of early unemployment on future employment chances, and wage scarring, meaning the lower wage potential (Arulampalam, Gregg, and Gregory 2001; Ryan 2001; Gregg and Tominey 2005; Cruces, Ham, and Viollaz 2012; Petreski, Mojsoska-Blazevski, and Bergolo 2017). Scarring is caused mainly by the depreciation in skills and knowledge during the unemployment period and/or its negative signaling with regard to a person’s productivity (World Bank 2016). Similarly, a person’s long detachment from education erodes his/her skills and reduces the future chances of employment. The societal costs of youth unemployment and inactivity are therefore indisputably large, as they include the scarring effects described here as well as lost growth and human capital potential, possible youth delinquency, and so forth.

**It is therefore of great concern that a relatively high share of youth in FYR Macedonia are in the NEET category.** These youth are neither contributing to economic activity nor investing in their own human capital through engagement in education or training. In 2016, the NEET rate in FYR Macedonia (age group 15–24) was 24.3 percent compared to an 11.5 percent average in the EU-28. Young women were slightly more likely than young men to fall into this category (25 percent compared to 23.6 percent).<sup>18</sup> An ILO study on the school-to-work transition of youth in FYR Macedonia showed that as many as 31.9 percent of youth aged 15–29 are NEETs (Mojsoska-Blazevski 2016). This report finds that roughly two-thirds of the NEETs are unemployed non-students and one-third are inactive non-students (table 1), and it confirms that the incidence of NEETs is higher among women than men, though with slightly higher numbers than the Eurostat figures for both (34.4 percent for women, 29.4 percent for men). More than half of the female NEETs (54 percent) are inactive non-students, a very troublesome figure, given that these young women are very unlikely to enter the labor market at later stages in their life.

**Table 1. Distribution of NEET Youth by Gender in FYR Macedonia, 2014**

	Total		Male		Female	
	Number	%	Number	%	Number	%
NEET	145,212	31.9	69,484	29.4	75,728	34.4
Unemployed non-students (strict)	90,923	19.9	56,067	23.8	34,857	15.9
Inactive non-students	54,289	11.9	13,418	5.7	40,871	18.6

Source: Mojsoska-Blazevski (2016).

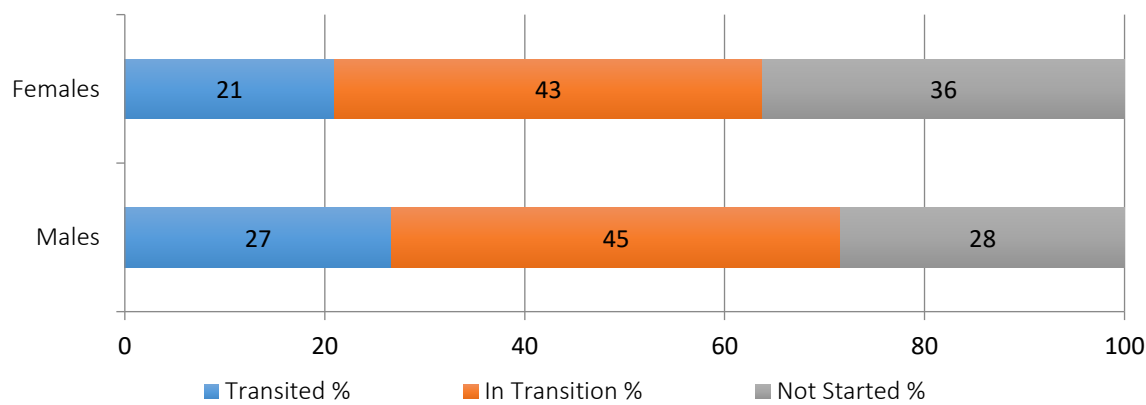
**The ILO report provides evidence of the difficult and long transition for young people from education to the labor market in FYR Macedonia.** The average duration of a young Macedonian’s transition from

<sup>18</sup> Eurostat database, available at: [http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=lfsl\\_neet\\_a&lang=en](http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=lfsl_neet_a&lang=en).

graduation (or school exit) to the first stable or satisfactory job is 31.2 months, or 2.5 years.<sup>19</sup> The transition is longer for young men than for young women, with a large average gap of 14 months (37 months for young men and 23 months for young women).

**Despite the longer transition time, males are more likely to have completed the transition or to be in transition relative to females** (see figure 24). There are more young men than young women in the categories of completed transition and ongoing (in) transition. Young women, on the other hand, are more likely than men to have not yet started the transition at all. The difference between the two genders in this category is mainly due to the higher share of young women who are inactive non-students with no plans to work in the future.

**Figure 24. Stages of Transition in FYR Macedonia, by gender**



Source: Mojsoska-Blazevski (2016).

Petreski, Mojsoska-Blazevski, and Bergolo (2017) is one of the few studies that examines the existence of wage and employment scarring in FYR Macedonia, using the dataset gathered by the ILO school-to-work transition survey. They find **strong evidence of an employment scar**: young persons who are unemployed for an extended period have a lower chance of finding a job later in life. The study does not find evidence of wage scarring, however. The results indicate that an individual with a short-term unemployment spell (a week to a year) has a 28.4 percent lower probability of finding a job than a person who is unemployed for less than a week. The size of the scar increases with the duration of unemployment to 61.8 percent for those with very long periods of joblessness. The employment scar was found to be larger for females who experience short to medium-term periods of unemployment and for males who experience long-term unemployment.

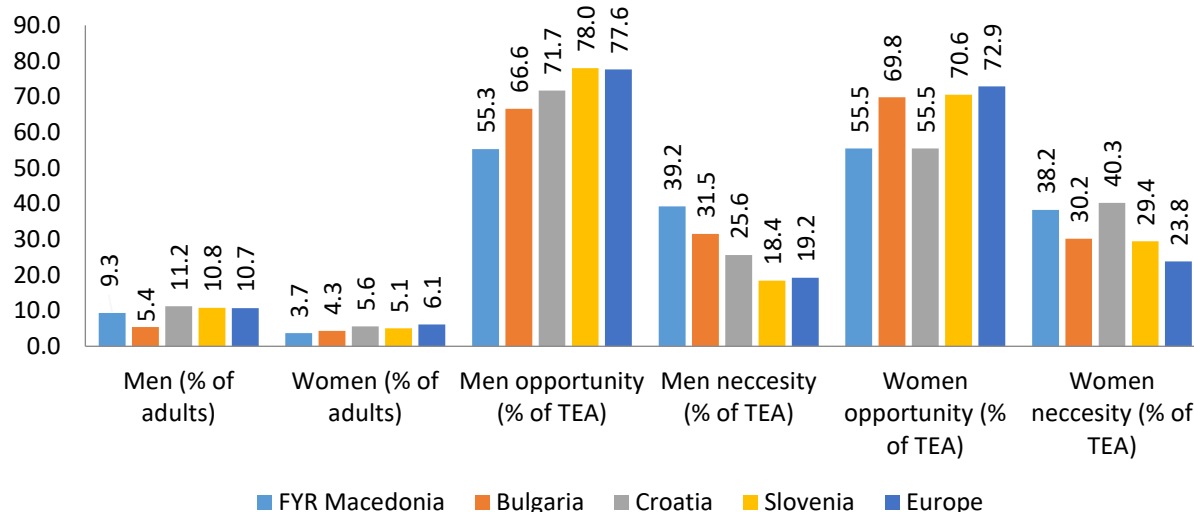
<sup>19</sup>A young person who has “transited” is one who is currently employed in: i) a stable job, whether satisfactory or unsatisfactory; ii) a satisfactory but temporary job; or iii) satisfactory self-employment.

## 7. Gender Perspective of Entrepreneurship

**Women in FYR Macedonia are much less likely than men to start a business.** As figure 12 above shows, women are more likely than men to work as wage employees but less likely to be self-employed (own-account workers) and employers. In 2016, 16.6 percent of employed male workers were own-account workers, which was higher than the EU-28 average of 12 percent. On the other hand, only 6.8 percent of employed women had established their own business, lower than the EU-28 average of 7.7 percent. However, it is important to determine whether the self-employment is due to a lack of alternatives or is opportunity driven. As World Bank (2015) argues, self-employed workers in Western Balkan countries are often pushed into self-employment as a last-resort option due to the low levels of (formal) job creation.

**LITS 2016 data show that only 10.3 percent of adults in FYR Macedonia ever try to set up a business, lower than the average share in the low-performing transition countries** (the average in Bulgaria, Croatia, Latvia, Lithuania, Romania, and Slovakia is 12.1 percent). Women are much less likely than men to have started an entrepreneurial activity (6.6 percent compared to 14 percent). Of those people who did try to start a business, 70.5 percent succeeded, a success rate comparable to regional figures but lower than in Bosnia and Herzegovina (the most successful in the region on this measure, with a rate of 82 percent) and Greece (the highest success rate of all countries evaluated at 96.3 percent). Interestingly, in the Western Balkans and FYR Macedonia, women are at least as likely as men to successfully set up their own business.

**Figure 25. Early Stage Entrepreneurs, by gender (2016)**



Source: Global Entrepreneurship Monitor, 2016 data.

The Global Entrepreneurship Monitor (GEM) measures the Total Early-Stage Entrepreneurial Activity (TEA) index as a share of respondents who have started their businesses recently or within the past three

and a half years. **Data for FYR Macedonia for 2016 (the last available data) show that men were more likely than women to be entrepreneurs at an early stage, at 9.3 percent compared to 3.7 percent** (figure 25). Although Macedonian men have a similar TEA index to males in the comparator countries, Macedonian women are the least likely to be early-stage entrepreneurs. Data also show that in most cases in FYR Macedonia (and equally among genders), entrepreneurship is driven by opportunity, though the incidence of this is much lower than in the other countries observed.

**LITS 2016 data show that in the Western Balkans region, 44 percent of respondents who were not successful in starting a business reported the lack of capital as the main problem.** However, a higher share of men reported this reason (50 percent) relative to women, and the difference is statistically significant. Available data do not show a large gender gap in financial indicators in FYR Macedonia. On average, 71.8 percent of its citizens have an account in some financial institution,<sup>20</sup> a figure that includes roughly 80 percent of males and 64 percent of females. The share of females who borrowed money (36.2 percent) is slightly lower than the national average (40 percent).

**Property ownership can also be a constraint to accessing financial markets, if it means that there is no collateral to obtain a loan to start a business.** Women in FYR Macedonia have a very small share in overall property ownership, and most properties (83.4 percent) are owned by men.<sup>21</sup> Although there is legislation to protect women's right in property ownership, customs and social norms generally prevent more women from owning property, especially in rural areas. Women (especially low-educated women in rural areas) also lack information on their rights in this area.

## 8. Policy Options to Promote Greater Gender Equality

**The above analysis shows that there are still large disparities between genders in the labor market of FYR Macedonia.** Women are disproportionately harmed by the overall difficult labor market situation in a number of aspects: higher inactivity and low employment, lower wages, higher poverty, and so forth. Moreover, many young women stay inactive after completing their education, putting them in the problematic NEET category. Entrepreneurial activity among women is significantly lower than among men, although there is no gender difference in the success of the businesses that are created. Thus, in addition to their difficulties in entering the labor market, women also face low access to the kinds of assets and productive inputs needed to start a business. These impediments to employment and entrepreneurship are particularly strong for women who are living in rural areas, from ethnic minorities, less educated, and engaged in agriculture.

*What is the way forward to improve the situation for women in the labor market in FYR Macedonia?*

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<sup>20</sup> World Bank, "Global Findex" (database), <http://www.worldbank.org/en/programs/globalindex>.

<sup>21</sup> FAO and World Bank (2014).



**Given the slow progress on many aspects of gender equality, the government should:** i) adopt laws that promote equality, including in the labor market, and secure the proper implementation of those laws and others that protect women's rights; ii) implement specific measures to improve the access of women to assets and productive inputs; iii) organize or subsidize the provision of some support services for women, along with more flexible employment options; and iv) make efforts to influence the aspirations of young women (as well, perhaps, as the conventional views of men and society at large) in an attempt to slowly change the social norms toward women and working women.

**Below are a set of measures that are needed to improve the labor market position of women.** Although they are grouped in several broad areas, the lines between them are not clear cut, that is, there is a connection and synergy between the different measures and their potential effects.

**Measures to support women's employment and the greater participation of women in the labor market and to reduce the gender gaps in these areas:**

- Support women's ability to acquire higher levels of education, which can promote their employment activity directly and also influence the culture and traditional beliefs
- Promote the introduction of gender perspectives and equality in collective (bargaining) agreements (apart from the formal requirement of non-discrimination) through the Socio-Economic Council. The Council is a tripartite body established by the Government and the representative social partners, as a main formal avenue for the social dialogue in the country.
- Further support public interventions through active labor market policies and the adult education system to improve women's skills and qualifications
- Support the supply of flexible forms of employment, including part-time work, work from home, job-sharing, and so on, which allow for a greater work-family balance
- Further invest in and expand the network of affordable, high-quality childcare and early childhood education while at the same time incentivizing the demand for childcare services, especially in areas where nurturing children at home is still considered the best solution for child development
- Revise the policies for maternal, paternal, and parental leave to ensure that fathers also have the right, opportunity, and obligation to take part in the care of their newborns
- Increase the investment in and upgrading of services for the care of the elderly
- Organize trainings through the adult education system (such as accredited programs) on caregiving to prepare caregivers and care entrepreneurs
- Strengthen activation policies for poor women (women living in poor households) who are recipients of some social assistance programs, as studies show that these women rarely escape the vicious cycle of low education, inactivity, poverty, and dependence
- Examine in detail and address any disincentives in the tax and benefit systems to accepting part-time work

- Provide small-scale training programs targeting inactive women, particularly low-educated and rural women, on the local level; local women’s organizations can be important mediators between the local/central government and inactive women
- Support a family-friendly workplace culture, both in the public and private sectors

**Measures that can have a direct impact on the gender wage gaps:**

- Transpose correctly and accurately the ILO Equal Remuneration Convention, which supports “equal pay for work of equal value,” into national labor legislation
- Develop a clear procedure and institutional setting for disputes relating to equal remuneration, as well as gender equality monitoring mechanisms

**Measures to promote women’s entrepreneurship:**

- Increase the scale of the active programs for startups specifically targeting women
- Introduce a mentoring program between more experienced and younger female entrepreneurs
- Provide local-level support and information to women on their rights related to family property and amend the relevant legislation and procedures to ensure that women are registered as co-owners of matrimonial property<sup>22</sup>

**Measures that influence culture, norms, and aspirations:**

- Organize public campaigns and influence young individuals (from early childhood) against the stereotypes of purported male and female occupations
- Raise the career aspirations and expectations of young women, mainly through the promotion of role models
- Support and build a culture of gender equality in all other aspects of society and life

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<sup>22</sup> A legal review being conducted by the World Bank points to amendments that are needed in specific legislation, including the Law on Property, Law on Real Estate Cadastre, and Law on Notaries.

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