

UDC 330.59:303.62-057.75(497.7)
330.59:303.62-057.87(497.7)

ANALYSIS OF THE STATUS AND STRUCTURE OF THE CONSUMPTION OF STUDENTS AND PENSIONERS IN MACEDONIA

Trenovski Borce M.Sc.

- Teaching Assistant, Department of Economics,
Faculty of Economics, University of Ss. Cyril and Methodius
- CEA member

Abstract

The study covers a sensitive topic concerning the living standard and quality of life of two social groups - pensioners and students, presented through the structure of consumption and impact on it (particularly the impact of price change). It consists of four sections: introduction, sections for pensioners, sections for students and sections where the main findings are presented. Pensioners and students have a central place in this paper, therefore the analysis should determine: the structure of pensioners/students included in the analysis; the social status of the pensioners/students; the structure of the pensioners/students' consumption and the reflection of the price change on the pensioners/students' consumption. This study is meant to present the basis and impetus for further researches of the status, and the consumption of these social groups, as well as research of the factors that have direct impact on the consumption and on the quality of life of pensioners and students. This study reveals the most sensitive points (social status, structure of consumption, conditions etc.) concerning these social groups, and should be an alert for the creators of the economic and social policies in the country.

Key words: *pensioners, students, structure of consumption, social status of the pensioners/students, impact of the change in prices.*

Introduction

The paper emphasizes the conclusions and the main outcomes from the study of the status and structure of the consumption of students and pensioners in Macedonia. It covers a sensitive topic concerning the living standard and quality of life of these two social groups, presented through the structure of consumption and impact on it (particularly the impact of price change).

Macedonian pension and disability insurance is an important segment of the social policy of the country. The development of pension and disability insurance depends on the overall economic, social and

demographic movements in society that directly or indirectly affect the pension system of each country. Pensioners have a central place in this paper, therefore the analysis should determine - structure of pensioners included in the analysis; social status of the pensioners; structure of the pensioner's consumption and; reflection of the price change on the pensioner's consumption.

Education in each country is basis for prosperity, which is to develop capacity for development, improvement and understanding of all young people. With education all young people should receive equal opportunity for scientific work, which is available for everyone. Hence the second part of the research focuses on the analysis which includes: students involved in the analysis; social status of the students; structure of student's consumption and; reflection of the price change on the student's consumption.

This study is meant to present the basis and impetus for further researches on consumption of these social groups, which is like a mirror of their standard, as well as research of the factors that have direct impact on the consumption and on the quality of life of pensioners and students; this study reveals the most sensitive points (structure of consumption, conditions etc.) concerning this social groups, and should be an alert for the creators of the economic and social policies in the country.¹³

Methodology

The basis for this study are the data collected through two questionnaires - questionnaire for students and questionnaire for pensioners, designed in order to determine the general situation of these two social groups and the structure of their consumption (quality of life).¹⁴ The study consists of four sections: introduction, a section for pensioners, a section for students and a section where the main findings are presented. The introduction section presents a general picture of the size, gender and age structure of the Macedonian population, and the structure of households' consumption, in order to understand better the situation of two social groups: pensioners and students, which are subject to analysis in our study. The pensioners section begins with the institutional setup of the pension system, the number and structure of insured and beneficiaries of retirement, the financial sustainability of pensioners and at the end the research results (survey) are presented. The students section begins with presenting the number and structure of students and afterwards the results of the survey are presented. The last part presents the main findings of the research about the status and structure of the consumption of students and pensioners in Macedonia (divided in two separate parts: one for the pensioners and one for the students).

The pensioners' survey covers four cities different in size, in order to obtain results that will show the opinion of pensioners in small, medium and in the large cities - Berovo, Kocani, Bitola and Skopje. Using the method of cluster sample, 135 pensioners were interviewed, which represents 0.05% of the total number of pensioners in May 2009.

Considering the fact that most of the faculties and students in Macedonia are in Skopje (until 2008/2009), the students' survey was conducted only in the area of the capital - Skopje. 200 students from different universities were interviewed, who represent 0.3113% of the total number of students in Macedonia in 2008, or 0.5836% of the students who live in Skopje. The survey was conducted in the period from late March to late May 2009.

The questionnaire for pensioners and students is consisted of:

8 questions for pensioners, 13 questions for students - which present the general picture of: >structure of pensioners/students involved in the analysis; > social status of the pensioners/students > structure of the pensioners'/students' consumption > reflection of the price change on the pensioners'/students' consumption.

13) The full version of the study "Analysis of the status and structure of the consumption of students and pensioners in Macedonia" is available at: www.cea.org.mk

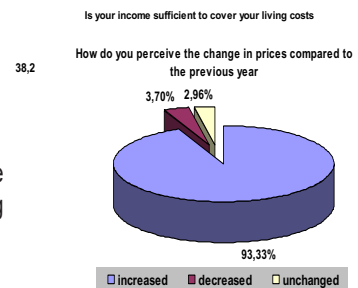
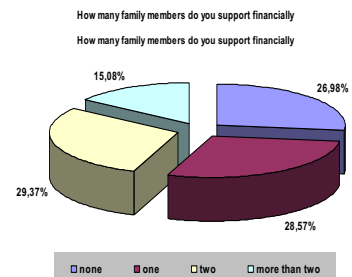
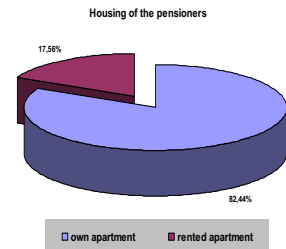
14) Because of the complexity of this research problem, certain areas are not taken into account: housing, financial sustainability, transport, impact of price change, selected products/services from the international classification COICOP etc.

Table - consists of 9 groups of products according to the international classification COICOP, which are used to determine:¹⁵ > which products and services pensioners/students use: very often, often, rarely, very rarely, do not use at all and which they stopped using because their prices have changed; > a portfolio of the most frequently used products and services by the pensioners/students; > a portfolio of products/services that pensioners/students stopped using because their prices have changed; > a portfolio of products/services that most of the pensioners/students do not use; > a comparison of the above portfolios with the changes in prices, in order to determine their relationships in the period when the analysis was conducted.

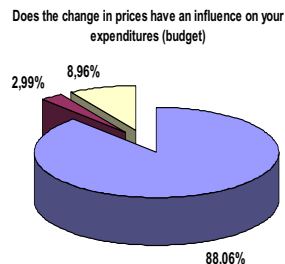
Main findings

Pensioners

- The proportion of average pensions in the overall average salary for December 2008 was about 55%, compared to 1992 when this proportion was 77%;
- 17.5% of pensioners do not live in their own apartment - the costs of housing, water, electricity, gas and other fuels for May 2009, compared with the average of 2008 increased by 4.7%, while the cost of rent for the same period increased by 4.6%;
- 45.2% of pensioners support financially two or more family members, of which 15.1% of pensioners support at least two family members;
- 67.7% of the surveyed pensioners reported that their income is not sufficient or is only partially sufficient to cover living costs;
- The increase of prices perceived by pensioners differs from the official report published by the Statistical Office. 93.3% of pensioners reported that prices have increased while the report presented by the Bureau shows that the prices for August 2009 compared to the average of 2008 are reduced by 1.6%;



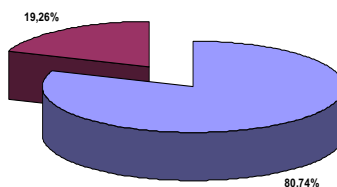
- 88.06% of the pensioners reported that the change in prices negatively affects their personal spending and budgets, in contrast, according to the publications by the State Statistical Office, most of the households (52%) in 2008 reported that their financial situation is the same, while 28% reported that their situation is slightly worse;



■ negative ■ positive ■ no impact

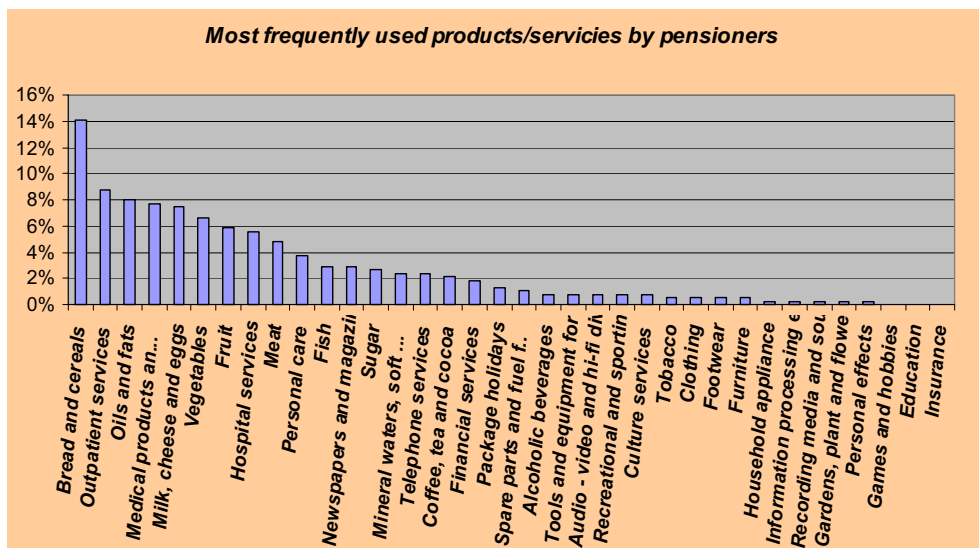
- 80.74% of the pensioners reported that they have cancelled the consumption of particular products as a result of increased prices (or other factors);

Are there any products and services that you have stopped using due to price increases



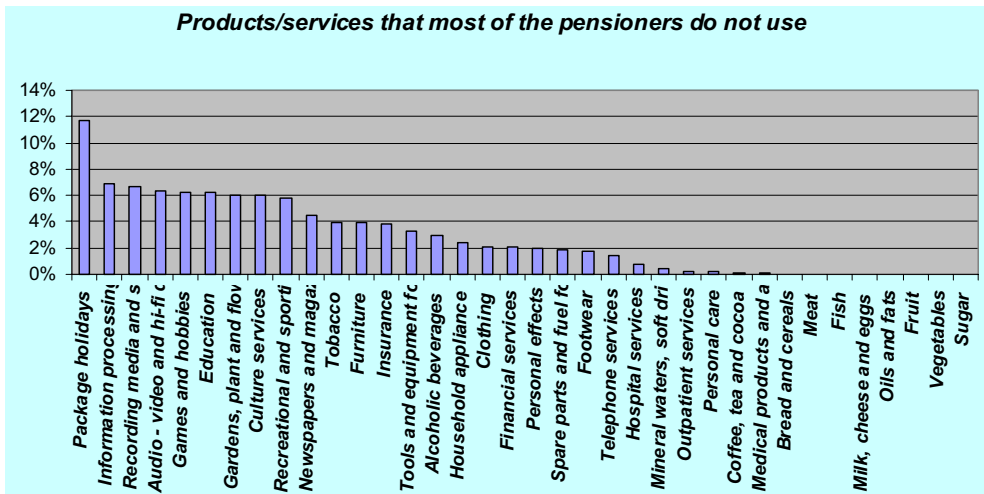
■ yes ■ no

- The ten most frequently used products/services by pensioners are: bread and cereals (14.13%), health services (8.80%), vegetable fats and oils (8%), medicines (7.73%), milk, other dairy products and eggs (7.47%), vegetables (6.67%), fruits (5.87%), hospital services (5.60%), meat products (4.80%), and products for personal hygiene (3.73%);

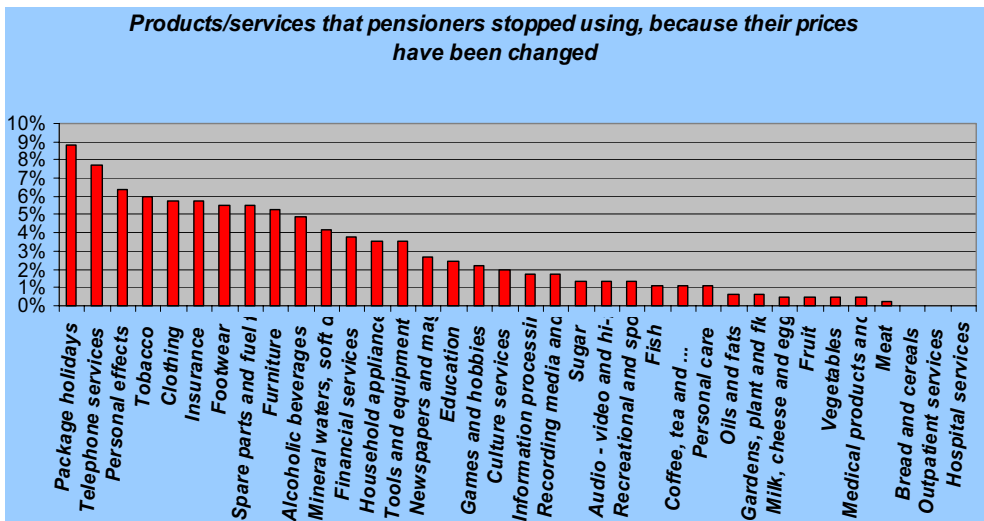


- All products/services from the health group (health services, hospital services, medical products /devices) are among the ten most frequently used products and services by the pensioners;

- With the exception of fruits, vegetable fats and dairy products, other products that have had significant price increases and are used often by pensioners are: vegetables (14.80%), health services (9.50%) and meat products (6.50 %);



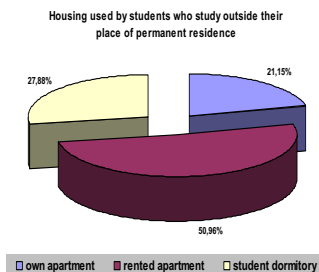
- Ten products or services that most of the pensioners are not using include: travel arrangements (11.67%), IT equipment (6.90%), discs, CD's, cassettes (6.63%), music and video systems (6.37%), games, hobbies (6.23%), education (6.23%), gardening, flowers (5.97%), cultural services (5.97%), recreational and sports activities (5.84%), newspapers and books (4.51%);
- Most of the pensioners have stopped the consumption of the following ten products and services due to price increases: travel arrangements (8.83%), telephone services (7.73%), personal items (6.40%), tobacco (5.96%), clothing (5.74%), insurance (5.74%), footwear (5.52%), parts and fuel for vehicles (5.52%), furniture (5.30%) and alcoholic beverages (4.86%);



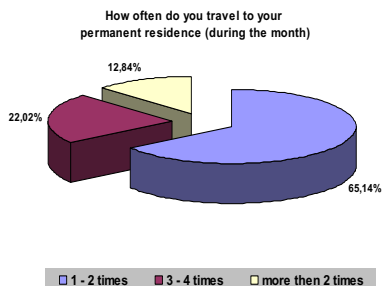
- Out of the products that pensioners do not use any more, insurance services (-14.6%) and telephone services (-1.30%) are the only ones that have had a slight decrease in price compared to the 2008 average, other products and services have had a slight or significant price increase with exception of tobacco products (prices remained unchanged).

Students

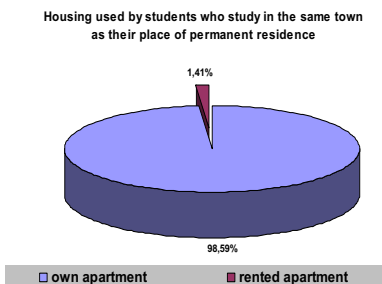
- 50.96% of students who study outside their place of permanent residence rent apartments, while 27.88% of the students live in student dormitories; The costs for housing, water, electricity, gas and other fuels increased by 4.7% in May 2009 compared with the 2008 average, while the cost for rent increased by 4.6%;



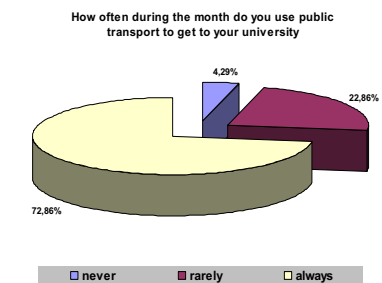
- 65.14% of students who study outside their place of permanent residence reported that they travel only 1 to 2 times a month to their place of permanent residence;



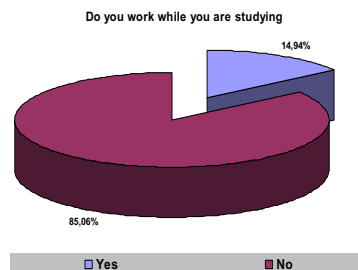
- Only 1.41% of students who live in the place of studying, rent apartment;



- 72.86% of students use some sort of public transport to get to their university, thus transport expenditures take a significant portion of the student's budget;

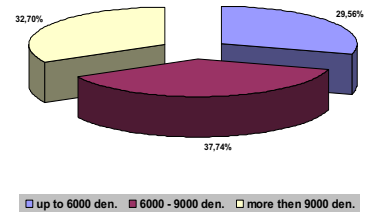


- Only 14.94% of the interviewed students work, while the rest 85.06% of the students do not work while studying;



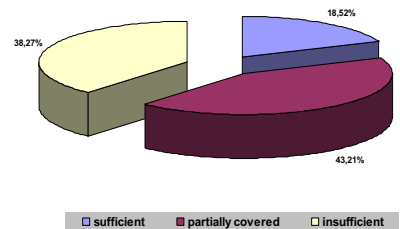
- 37.74% of students have a monthly budget that ranges from 6000 up to 9000 denars, which represent 29.89% to 44.84% of an average net salary paid in June 2009, while 32.70% of students have a monthly budget higher than 9000 denars;

What is the amount of your monthly budget



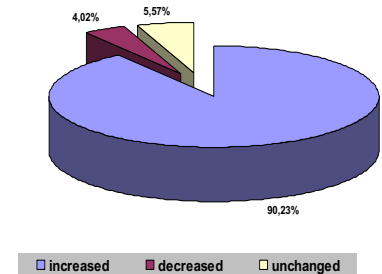
- 81.48% of the interviewed students state that their income is not sufficient or is only partially sufficient to cover living costs;

Is your income sufficient to cover your living costs



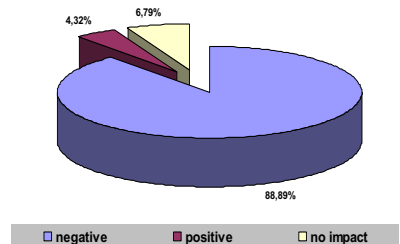
- The price increases perceived by the students differs from the official report published by the State Statistical Office. 90.23% of students reported that the prices have increased, while the report presented by the SSO shows that the prices for August 2009 compared to the average of 2008 are reduced by 1.6%;

How do you perceive the change in prices compared to the previous year



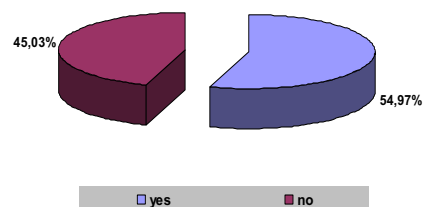
- 88.89% of students reported that the change in prices has a negative affect on their personal spending and budgets;

Does the change in prices have influence on your expenditures (budget)

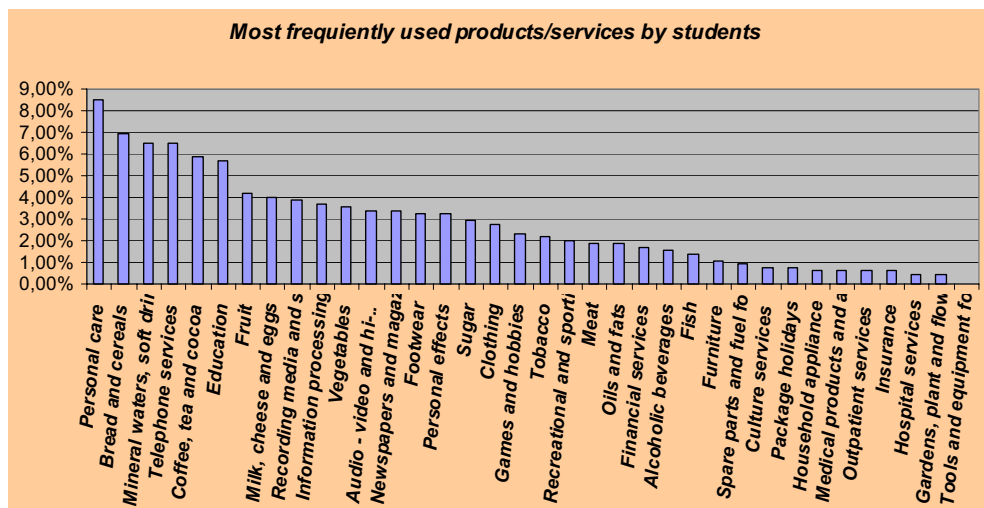


- 54.97% of students have reported that they have cancelled the consumption of particular products as a result of price changes (or other factors);

Are there any products or services that you have stopped using due to price increases

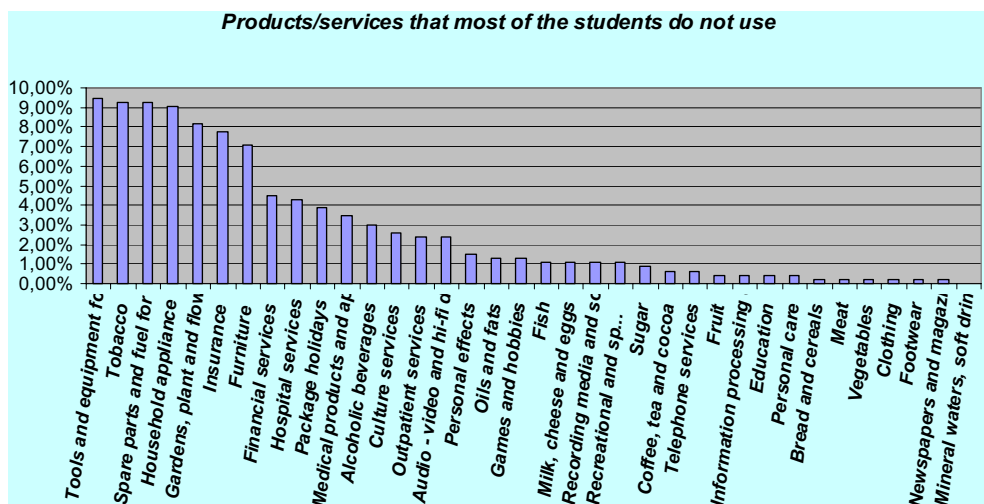


- The ten most frequently used products and services by students are the following: personal hygiene products (8.49%), bread and cereals (6.94%), mineral water, soft drinks and fruit juices (6.48%),



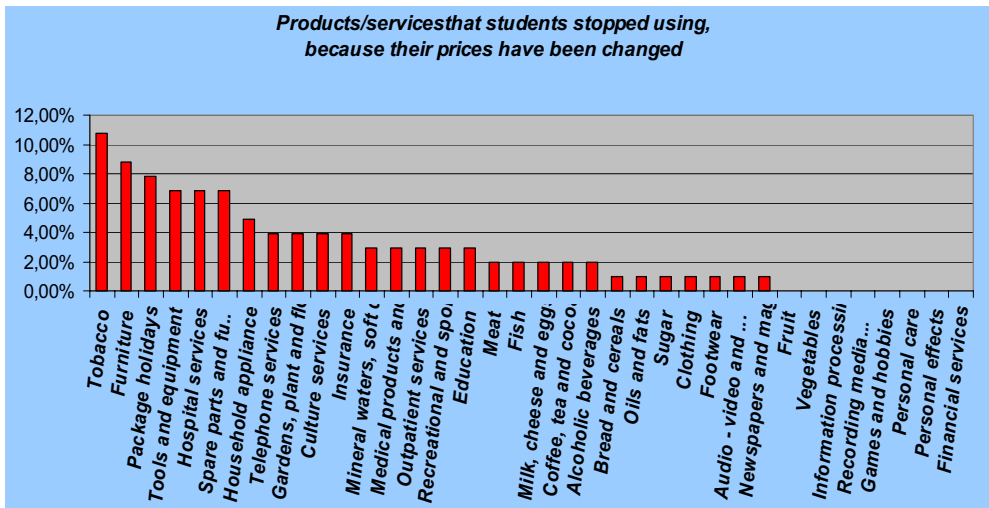
telephone services (6.48%), coffee, tea, cocoa (5.86%), education (5.71%), fruits (4.17%), milk, dairy products and eggs (4.01%), discs, CD, tapes (3.86%), information equipment (3.70%);

- With the exception of fruits, telephone services, IT equipment and dairy products, other products which students use very often, have had price increases - the biggest price increases are: mineral water, soft drinks and fruit juices (3.30%) coffee, tea and cocoa (4.60%) and personal hygiene (3.50%);
- Ten products/services that most of the students do not use: tools for house and garden (9.46%), tobacco (9.25%), parts and fuel for vehicles (9.25%), household appliances (9.03%), gardening, flowers (8.17%), Insurance (7.74%), Furniture (7.10%) Financial Services (4.52%), hospital services (4.30%), Travel arrangements (3.87%);



- Most of the students have cancelled the consumption of the following ten products /services as a result of price changes (or other factors): tobacco (10.78%), furniture (8.82%), travel arrangements (7.84%), tools for house and garden (6.86%), hospital services (6.86%), parts and fuel for vehicles (6.86%),

household appliances and repairs (5.74%), telephone services (3.92%), gardening, flowers (3.92%) and cultural services (3.92%);



- 54% of students did not use tobacco products, 14% of them reported that they stopped smoking.
- Out of the products and services that students do not use there has been a significant price increase (compared to the 2008 average) in the following categories: culture (4.40%) and furniture (3.00%) while other prices have had a slight increase with the exception of tobacco products and hospital services, where prices remain unchanged and/or slightly reduced for telephone and fax services (1.30%), gardening and flowers (1.00%).

References:

Statistical data for population of R. Macedonia, Macedonia in figures 2008, publication of State statistical office of R. Macedonia, available at:

- www.stat.gov.mk/Publikacii/MakedonijaVoBrojki2008.pdf

Characteristics, structure and role of the pension system is available at: www.piom.com.mk - Work Report of Pension and Disability Insurance Fund of Macedonia - 2008.

Information about the number and structure of insured, beneficiaries of retirement, and financial sustainability of pensioners used in the study are according the Annual Report of PIOM - 2008.

www.stat.gov.mk (www.stat.gov.mk/pdf/2009/4.1.9.38.pdf - State statistical office of R. Macedonia - News release; www.stat.gov.mk/statistiki.asp?ss=07.01&rbs=1 - State statistical office of R. Macedonia - News release for labor market; www.stat.gov.mk/pdf/2009/4.1.9.57.pdf , Statistical Yearbooks of R. Macedonia etc.).

www.nbrm.gov.mk

www.piom.com.mk

www.mtsp.gov.mk

www.mon.gov.mk

www.cea.org.mk