

# Women and youth unemployment in Western Balkans with particular focus on Kosovo

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## Abstract

Using the secondary data from Eurostat, World Bank, SEE Jobs Gateway Database and Kosovo Agency of Statistics labour source survey results the authors investigate female and youth unemployment as well as the level of inactivity in the labour market of Western Balkans with a particular focus on Kosovo. The results indicate that in Kosovo the unemployment rate remains the highest among Western Balkan countries. Whereas the unemployment rate of women and youth in Kosovo is even higher, presenting one of the main challenges and concerns for the country. The authors conclude by providing recommendations, which include implementing appropriate policies in order to decrease the unemployment rate, and the share of economically inactive women and youth by encouraging them to register as active job seekers or attend entrepreneurship training to gain the knowledge and skills needed to start a business.

## Keywords

labour market, Kosovo, economic inactivity, unemployment, women, youth

**JEL codes:** J13, J16, E24

## Introduction

Unemployment presents a concerning issue worldwide. It is a serious macroeconomic illness (Mançellari et al. 2007) and a key measure of economic health (Himali 2020). Unemployment or joblessness appears when people do not have a job and are searching for

employment on regular basis (Mañcellari et al. 2007). Unemployment negatively affects the economic as well as social development of a country (Himali 2020). The unemployment rate, whether low or high, is the result of economic, social, and political factors.

The losses from unemployment are severe, cannot be compensated, and are much higher than losses from inefficiencies or monopolies (Mañcellari et al. 2007). Unemployment also causes demotivation and depreciation of human capital (Nichols et al. 2013). The source and consequences of unemployment, as well as finding an adequate approach to mitigate and reduce unemployment vary depending on the specific type of unemployment within a country. Besides, many developed countries face problems such as the shortage of skilled labour and low women labour market participation rate (Caliendo and Künn 2012). The labour market in the United States in the early 1970s was characterized by a significant large gap between male and female unemployment rates (Mohanty 2003).

The labour markets worldwide are often unequal. In different countries, including developed economies, there is a gap in the labour market for certain categories such as women, young people, and people with special needs. This paper aims to investigate the unemployment of women and young people in the Western Balkans (WB6) with a particular focus on the Kosovo case.

## Literature review

In this section we review the relevant literature on unemployment and inactivity of women and youth, the economic and social consequences of unemployment as well as the role of entrepreneurship in economic growth and in reducing unemployment.

Gender and age diversity in the labour market has been a rather concerning issue for a long time in almost all countries. According to ILO school-to-work transition surveys (SWTS) from more than 30 developing countries being young and female can serve as a double strike for those seeking to find productive employment (Elder and Kring 2016). A considerable number of authors traced employers' discrimination against women and the large gender gaps in wages and employment in the U.S. labour market during the 1960s and 1970s (Niemi 1974; Becker 1971). According to the well-known theory of taste discrimination, in a labour market, a female job seeker would be hired only if the employer's costs of hiring women are less than that of male counterparts (Becker 1971).

According to Freeman and Wise (1982) youth unemployment has become a major issue. The concepts of age discrimination in the labour market have been conceived differently in the literature (Stypińska and Nikander 2018). Palmore (1999) states that age discrimination means refusing to hire or promote older workers or retire at a fixed age, regardless of the worker's ability to continue working. Based on a study in the UK, Swiery and Willitts (2012) show that younger age groups under 25 were more likely to report age discrimination as a more serious issue with at least twice as likely to have experienced age bias than all other age groups including those over 64 years. Young workers in the labour market often encounter discriminatory practices, such as lower wages, lack of trust in their skills and competencies, and loyalty to the employer (Loretto et al. 2000; Sargeant 2010; Stypińska and Nikander 2018). Many of them try to start their own business, but in most cases, they face a lack of finances. Hence the lack, or shorter credit history, as well as inadequate business networks, are the main reasons why women barely manage to become successful entrepreneurs (Coenjaerts et al. 2009).

The gender gap in employment in the economies of many countries worldwide is narrowing (Stotsky et al. 2016). Still, unemployment and high inactivity of women and young people in some countries remain a concerning issue. Unemployment and inactivity of women and youth are highly evident phenomena in all WB6 countries. In Kosovo, this phenomenon is generally more evident than in other WB6 countries. According to Gashi et al. (2019) in recent years there is no evidence provided that the labour market outcomes for women in Kosovo have been improving. Therefore, Gashi et al. (2019) in their research explore this puzzle, focusing on the causes and low levels of women's participation in the Kosovo labour market. Their results confirm the found effects of age, marital status, and education on women labour force participation rate (Gashi et al. 2019).

The unemployed comprise all persons of working age who were without a job during the reference period, currently available for work, and seeking work (International Labour Organization 1982). By using a sample of 560,000 young people living in Sweden, Franzén and Kassman (2005) examined the longer-term labour market consequences of being economically inactive. They found that the fact of being unemployed for a long-time resulted in the loss of hope to find a job (Franzén and Kassman 2005).

Unemployment results in a loss of income, whereas most unemployed people experience a decline in their living standard (Couch and Placzek 2010) which leads to a drop in spending and an increase in debt (Christelis et al. 2015). The relationship between unemployment and economic growth has been extensively studied since Okun's law study in 1962, whereas unemployment and output are negatively and significantly related in the short and long term (Hutengs and Stadtmann 2014).

From the economic perspective, high unemployment presents a decline in the current GDP (Wachtel 1984). The economic costs of unemployment are reflected in the macroeconomic perspective «in the output gap» i.e. the difference between current and potential output, wherein unemployment is high this difference has negative values (Mançellari et al. 2007).

The losses are not only economic and financial, considering that unemployed individuals not only lose income but also face challenges that threaten physical and mental health (Franzén and Kassman 2005). Unemployment affects human capital and causes partial or total loss of respect and appreciation among colleagues (Obumneke 2012). Many authors explored and discussed the consequences and costs of inactivity and unemployment (Sik 2012; Franzén and Kassman 2005; Burgess and de Ruyter 2000) which are substantial and cannot be compensated (Mançellari et al. 2007). Unemployment hinders life satisfaction of both partners, whereas usually, the higher dissatisfaction is among men (Esche 2020).

Unemployment can also indirectly affect the well-being of other family members as they share the same premises, the same income and are exposed to similar stressors (Luhmann et al. 2014). The negative consequences of unemployment are numerous and include psychological problems which appear as a result of dissatisfaction, frustration, depression, aggression, whereas some unemployed young people have suspicious behaviour and are involved in criminal activities (Okafor 2011).

High unemployment with low welfare coverage has exceptionally high social and personal costs (Gallie et al. 2001). According to Obumneke (2012) the accelerating level of prostitution, armed robbery, rape, and all facets of violence can be largely attributed to the incidence of unemployment. Furthermore, it is assumed that alcohol and drug use disorders among youth are related and come as a result of youth unemployment (Thern et al. 2017).

The results of a study in Australia reported positive correlations between unemployment and death due to stress and heart disease (Bunn 1979). Platt (1984) reviewed 95 studies

published from 1953 to 1982 on unemployment or job loss and suicide or attempted suicide. He found that there is an increased likelihood of being unemployed among people who committed suicide (Platt 1984).

Although it is not easy to prove that job loss has led to acts of suicide, numerous research is in line with this theory. According to Brenner (1976), in the United States, only a 1 percent increase in unemployment was associated with approximately 6,000 deaths each year. Other research found evidence that strongly accepts a relation between unemployment and a higher risk of morbidity (Jin et al. 1995) and hospitalisation from alcoholism (Lundin 2011).

Similarly, in Oxford in the period between 1979 and 1982, the rates of attempted suicide among unemployed women were 7.5–10.9 times higher than those of employed women and were in particular high among women unemployed for more than a year (Hawton et al. 1988). In a study based on two separate cohorts Thern et al. (2017) found that youth unemployment is associated with mental health problems.

Still, some findings reveal positive side effects for both unemployed men and women given the increased time available for leisure activities (Esche 2020).

According to Knight's (1921) perspective, an individual chooses one of the alternatives – to be unemployed, self-employed, and employed. Thurik et al. (2008) in their paper «Does self-employment reduce unemployment?» present the significant impact that increasing self-employment can have on reducing unemployment. Oxenfeldt (1943) argued that individuals facing unemployment and scarce employment opportunities may become self-employed.

## Literature review

### Western Balkans

The Western Balkan countries since the early 1990s have faced an upward trend of emigration, compared to the global migration (an average of 3.4%), and as a result, have a large diaspora (Topxhiu and Krasniqi 2017; Petreski et al. 2017). Only after the dissolution of Yugoslavia, 3.5 million individuals left the region (Petreski et al. 2017). During the period of 1990–1997, after the collapse of the totalitarian socialist regime, around 50,000 Albanian refugees flocked to Italy (Leka 2013; Topxhiu and Krasniqi 2017).

As a result, remittance flows have increased and were important both at the macro and micro levels: overall the region received 8.6 billion USD in 2015, ranging from 3.1% of GDP in North Macedonia to 16.7% in Kosovo (Topxhiu and Krasniqi 2017). At the macro level, remittances stabilize the balance of payments, contribute to closing huge and persistent trade gaps as well as maintain macroeconomic stability (Ratha 2005; Bugamelli and Paternò 2009; Gupta et al. 2009; Petreski et al. 2017). While at the micro level, remittances contribute to poverty alleviation, improving education and health outcomes, improving revenue distribution, fostering entrepreneurial spirit, and serving as a source of startup funding (Hildebrandt and McKenzie 2005; Valero-Gil 2009; Amuedo-Dorantes and Pozo 2011; Petreski et al. 2017).

Despite these benefits from remittances, migration did not solve the economic problems in Western Balkans considering that remittances had little impact on investment or other factors that support the structure of the economy as most of the remittances were spent on consumer goods (Vracic 2018). Petreski et al. (2017) provide consensual predictions based on consultation with and between two groups of respondents: 10 experts and 20 receivers of

remittances per country through the Delphi survey, regarding the effects of emigration and remittances in North Macedonia, Serbia, Albania, Kosovo. According to the survey results, experts and receivers of remittances from all four countries consensually agreed that remittances support current consumption, while experts from North Macedonia see a dispute over the effect of remittances on the labour market, as they believe that remittances have a negative effect on employment by supporting economic inactivity (Petreski et al. 2017).

Miso Dokmanović in 2017 conducted empirical research through a survey with a sample of 81 scientists, university professors, collaborators, and working researchers in the field of social sciences in higher education the North Macedonia. He found that 69% of them considered leaving the country to seek new employment opportunities, and 20% of them had already applied for a job abroad (Dokmanović 2017). During 1995–2000, the number of scientists and researchers in the Western Balkans decreased by 70% (Vangeli et al. 2010).

A high share of doctors and other medical staff are willing to move abroad, as a result, the Western Balkans will remain an exporter of smart and educated people for years to come (Vracic 2018). Poor economy and education system, unstable politics, bureaucratic procedures, and the lack of meritocratic values are the “push” factors that create a brain drain climate in Western Balkan countries (Vangeli et al. 2010). Based on data from the Western Balkans Labor Market Trends (2020) for 2019, the working-age population (15–64 years old) in most Western Balkan countries continued to shrink (a result of population aging), given that the total working-age population of the Western Balkan countries since 2012 has decreased by about 762,000 people (6%). In general, these changes have been evident throughout the region, whereas, between the second quarter of 2018 and the second quarter of 2019, the working-age population decreased by 2%: the largest decline was in Bosnia and Herzegovina (9.2%), while the growth occurred in Kosovo (1.5%) and Montenegro (0.3%) (Western Balkans Labor... 2020).

According to the Labour Force Survey (2020) data, in 2020, out of the total estimated population of 1,795,666 in Kosovo, the total working-age population (15 to 64 years old) was 1,222,104 persons. In 2020, 38.3% of working-age persons in Kosovo, participated in the labour force (were economically active). This means that they were either employed or unemployed (but were actively looking for a job and ready for work). The remaining 61.7% were economically inactive. Compared to the previous year of the Labour Force Survey (2019) in Kosovo, there is a decrease in the labour force participation rate by 2.2% (a decrease of 3.7% among men and of 0.3% – among women). The labour force participation rate among women was much lower than among men: whereas among women, 20.8% were active compared to 56.0% among men. The labour force participation rate was highest among persons aged 30–34 (51.8%) and lowest among persons aged 15–19 (9.7%). The low level of participation rate among young people is evident: most of this age group attend school. Men aged 45–49 had a higher participation rate (74.0%). For women, the highest rate was in the group aged 25–29 (34.5%).

During the period between the second quarter of 2018 and the second quarter of 2019, in Western Balkan countries, there was an increase of 105,500 persons in the number of employees (Western Balkans Labor... 2020). This increase was not evident only during 2018–2019. Over 900,000 jobs have been created since 2012 in the Western Balkans, from an estimated 5.5 million in 2012 to 6.4 million in 2019 (Western Balkans Labor... 2020). During this period, the state policies of the Western Balkan countries contributed to the increase of awareness of its population to register as active job seekers. The in-

crease in employment was driven by active labour market policy measures (employment subsidies) in such countries as Montenegro and North Macedonia (Western Balkans Labor... 2020).

During this period, in Western Balkan countries, a focus was paid to gender equality in employment in various sectors of the economy. Since 2012, employment opportunities benefited both men and women (almost equally), the prime age and older age groups, and those with medium and higher levels of education. The jobs were generated mainly in the service sector, followed by construction and industry, whereas job demand in agriculture decreased and low-skilled jobs were lost (Western Balkans Labor... 2020).

The number of unemployed decreased by 156,300 between the second quarter of 2018 and the second quarter of 2019, compared to a decrease of 65,000 whereas the overall rate of unemployment resulted to 13.3% in the second quarter of 2019 (Western Balkans Labor... 2020).

In addition, unemployment rate remains higher for women than for men mainly in Kosovo, Bosnia and Herzegovina, Montenegro, and North Macedonia, whereas, in Albania and Serbia, the differences are less noticeable.

## Kosovo

In Kosovo, the unemployment rate is high. There are cases when companies announce vacancies but cannot find the candidates they need. There is a high disproportion in the number of job seekers and the number of new jobs being advertised. This topic is gaining more and more space in the public discourse, and generally refers to the fact that employers in the private sector face difficulties in finding qualified workforce, who have the necessary skills (Hapçiu and Osmani 2018).

There are several factors of the high unemployment rate in Kosovo, including the small number of new jobs, family-related reasons, and other reasons, which are often difficult to identify (Cojocar 2017). Another contributing factor is the mismatch between the education and skills that job seekers can provide and the education and skills that employers require at any given time. According to Hapçiu and Osmani (2018) it sounds quite paradoxical that in Kosovo there is a high unemployment rate, whereas the average number of persons enrolled in higher education institutions in Kosovo is twice higher than in the EU. In 2019, the World Bank conducted a survey of 271 enterprises operating in Kosovo (Kosovo 2021). The findings indicate that 44.2% of surveyed businesses believe that one of the main constraints they face is the inadequate workforce (Kosovo 2021). This figure is alarming for the labour market of Kosovo. 43% of surveyed large firms with 100+ employees, consider inadequate education as a constraint to hire staff, followed by 32% of medium size firms (20–99 employees) and 19% of small firms (5–19 employees) (Cojocar 2017).

In addition to the lack of a clear vision and nationwide strategy, respondents list the lack of business consultation in the design of curricula and educational programs as one of the most important reasons for the mismatch between supply and demand in the labour market (Hapçiu and Osmani 2018). Undoubtedly, at this point, their burden of responsibility should be shared by both educational institutions and businesses that have not made a significant contribution in this regard.

The development of education system in Kosovo in a way to adapt to the needs of the labour market, is the essential condition for gaining maximum productivity. Given Kosovo's



pre-accession position to the European Union, it is crucial that the workforce ensure the competitiveness of skills with the European labour market (Hapçiu and Osmani, 2018). On the other hand, the European Commission report for 2018 on Kosovo points out that although during the last year about 4.7% of Kosovo's GDP is spent on education, no development has been recorded so far (European Commission 2018). Some of the recommendations given by the European Commission expressed the need for a law on higher education with institutions that function with quality mechanisms, greater advancement of curricula for the pre-university period of education, and improvement in access to education by groups with unfavorable situations (European Commission 2018).

The STEP survey, conducted by the Kosovo Directorate of Statistics on Matching Skills, verified other findings on limitations that present inappropriate skills to businesses. Overall, 27% of firms reported various work factors as major or severe constraints on doing business. Among the factors of employment, the most limiting is the finding of workers with previous work experience (36%), the availability of manpower and «technical, specialized education and training» (22% each), the frequent change of jobs (21%) and general education of workers (18%). On the other hand, factors such as the general level of wages or legislation protecting employment are less often cited as restrictions. There are differences between industries: in general, firms in agriculture/industry seem to be more limited by inadequate education/experience than firms in sectors such as business services, public services, or other activities (Cojocar 2017). It is not surprising that in sectors such as construction, trade, transport, and accommodation the suitability of specialized and technical training is more restrictive than the suitability of general education. Also, from the results of the STEP Survey, it has been concluded that many firms had trouble hiring new workers, mainly due to the lack of adequate job skills and lack of previous experience. Overall, more than three-quarters of firms had problems hiring managers, professionals, or technicians.

By the end of 2016 Ministry of Labor and Social Welfare (MLSW) initiated a review of the sectoral strategy. Thus, the sectoral strategy dealing with the high unemployment rate was revised and the issues were addressed and presented in the National Development Strategy (NDS), for the period of 2016–2021 (Office of the Prime Minister 2016). This document, among 34 issues, has identified 5 provisions that in one form or another reflect employment and welfare issues (Fol Movement 2017).

One of the reasons for high unemployment and inactivity is the lack of health insurance. If the employee is injured during work, he or she mainly bears the costs of recovering. In particular, working in the construction and manufacturing sector is at higher risk, so the unemployed are reluctant to be employed in these sectors. Although in 2014 Kosovo adopted the Law on Health Insurance, which gave all the citizens the right and obligation to have the «basic package» of health insurance, to date the health insurance system has not been implemented. In this case, the only exception is employees in foreign companies such as banks, telecommunications companies, or international organizations who are provided with health insurance by the employer.

Labour markets are influenced by the social and cultural factors of a given society. Contemporary societies aim to provide equal rights for all regardless of gender, sex, age, race, and religion. While less developed societies as a result of customs and habits suffer from various discriminations and are mainly dominated and managed by men (patriarchal societies). Although Kosovo currently has a female president, and it had two mandates ago, a large number of studies, discussions, and statistical reports proved that Kosovo suffers from

a patriarchal mentality that hinders the inclusion of women in the labour market (Abazi Morina, Delibashzade 2017). Based on research conducted by Democracy for Development (2017), the main reasons for women's exclusion from the labour market are care responsibilities for the children and elderly in the family and the lack of employment opportunities. Instead of having a positive effect on women in the labour market, the current legal provisions on maternity leave are contributing to women's discrimination at work, in particular in the private sector. Employers consider women planning to give birth as a burden and expense because maternity leave costs reduce the profitability of the enterprise. Therefore, many companies are offering short-term employment contracts to young women. There are cases when women's work contract duration is only a month, which gives the opportunity of not extending the contract if a woman needs maternity leave and allowance (Abazi Morina, Delibashzade 2017).

Human capital is one of the main factors of economic growth. Hence, the first pillar of the National Development Strategy (NDS) of Kosovo deals with the issue of human capital. NDS has identified that Kosovo ranks last in the region in terms of skilled labour, and in a time of uncontrolled unemployment, the paradox is that many enterprises run into difficulties in the recruitment of skilled labour (Office of the Prime Minister 2016). In addition, it is identified that one of the main reasons for this situation is the education system, i.e. low inclusion of children in preschool programs and the quality of teaching. Another issue is the inconsistency of skills acquired with the demands of the labour market, and the lack of interconnection between schools, businesses, and communities. Based on NDS findings, the lack of skilled labour discourages investment and is an obstacle for the enterprises to increase their productivity and competitiveness and develop products with higher added value (Office of the Prime Minister 2016). In the next six years, NDS aims to shift policies toward the formation of Kosovo's workforce development engine. It will do this by addressing the shortcomings of the education system by using the human capital of the diaspora for knowledge transfer.

As a solution to high unemployment problem, NDS proposes foreign direct investments, considering the attractiveness of the business environment in Kosovo as a result of the lower cost of production due to the cheaper labour force. However, in order for this investment to make sense, the labour force in Kosovo needs to be as productive and skilled as in developed countries. The NDS states that building these skills depends entirely on the quality of education, its focus on the labour market, the work conditions, and opportunities to acquire skills through migration or brain gain from the diaspora (Office of the Prime Minister 2016).

Kosovo is facing many challenges on its way from a centralized economy to a market one, so it is difficult to resolve the issue of high unemployment, as the public sector generates 20–30% of jobs, while the private sector bears the burden of creating the largest number of jobs. The entrepreneurial ecosystem in Kosovo is fragile and uncertain. Start-ups are facing numerous challenges that they find difficult to overcome (Innovation Center Kosovo ICK 2021). Most start-ups are in need of external support in order to strengthen their business. The main barrier for Kosovo start-ups is the lack of finance (Innovation Center Kosovo ICK 2021).

In a free-market economy, the role of the state remains in principle in creating conditions and facilitating procedures for economic development, consequently improving the supply and demand ratios in the labour market. Among others, taking direct action to stimulate employment plays an important role in achieving short-term goals of raising the level of



employment and improving skills among the unemployed in order to integrate more quickly and easily into the labour market through Active Labour Market Measures. Active Labour Market Measures present the measures taken by the state for support and temporary interventions for individuals or groups identified as having difficulty integrating into the labour market (Ministry of Labor and Social Welfare 2018).

Specifically, in Kosovo within the Ministry of Labor, Finance, and Transfers, the Employment Agency of the Republic of Kosovo (hereafter EARK) functions, and has the mandate to implement active employment policies, through specific measures for specific groups of unemployed. Among the main measures implemented by EARK as part of the active employment policy, are the following:

- Internship at work. It is a measure that aims or targets the unemployed who have graduated or have completed a certain profession but do not have professional work experience. Usually, this program lasts from 6 to 12 months.
- On-the-job training. The main purpose of this measure is the training of the unemployed in the workplace in order to increase professional skills and competencies for a certain profession. This measure mainly includes the unemployed who have low skills and lack profiling or education in a certain field. This program lasts from 2 to 6 months.
- Wage subsidy. Unlike the two schemes mentioned above, wage subsidy includes the possibility of direct employment for unemployed persons by subsidizing their salary to potential employers where the unemployed are engaged. The purpose of this measure is to create long-term employment opportunities since the unemployed engaged in this program are expected to be equipped with sufficient experience and skills for the workplace. This measure lasts 12 months and the subsidy is made in 6, 9, or 12 months, in the amount of 50 percent of the gross salary from the level set by EARK.
- Self-employment. This program substantially supports all unemployed persons in creating their own companies, i.e. to be self-employed through start-up ideas with the specific objective of supporting start-up businesses to generate new employment and contributing to market growth through investments in start-up businesses. The program has a series of procedures up to certification and grant awards.
- Public Works. The program includes activities that are undertaken in cooperation with municipalities, agencies, and various institutions by implementing public projects that absorb labour in order to maintain or rehabilitate public spaces and municipal/local assets. This program also encourages the inclusion of the unemployed from the most peripheral areas according to the location where the project is implemented and also the vulnerable groups, the long-term unemployed, and the beneficiaries of social assistance.
- Vocational training. It is an active measure of the labour market which is realized within the Vocational Training Centers (VTC) in some professions which are modular systems and last up to 4 or 5 months.

The Government of Kosovo aims to support start-ups as generators of new jobs with its macroeconomic policies through various grants, aiming to reduce unemployment, increase welfare, and economic growth. In most cases, the call for grants announces mitigating conditions for young people and women.

Based on the literature reviewed, we can conclude that many research reports and papers investigate the gender gap and inequality in employment, wages, and education, but there is a scarcity in the literature concerning unemployment and in particular women and youth unemployment from transition economies.

## Methodology

For our research purpose the secondary data from the review of the related literature concerning the introduction and definition of unemployment are used. In addition, the literature with regard to economic and social consequences of unemployment from the supply and demand side of the labour market is revised to better understand the potential consequences of unemployment among women as well as youth.

Using the secondary data from Eurostat, World Bank, SEE Jobs Gateway Database and Kosovo Agency of Statistics labour source survey results the authors investigate women and youth unemployment as well as the level of inactivity in the labour market of Western Balkans with a particular focus on Kosovo case. The data collected from the sources cited above were used to count and compare the analysed phenomena.

It is important to emphasize the fact that this paper has used data only for the period 2014–2019 due to the limitation of the data and lack of databases with statistics for the previous periods. Most of the secondary data – from Eurostat, SEE Jobs Gateway Database, and the World Bank IBRD-IDA – are ready-made. The authors also use secondary data from National Statistics, World Bank, and Eurostat data to calculate youth unemployment in WB6. Concerning the unemployment of Kosovan women and youth, we have used the combined data. Using the data from the Labour Force Survey (LFS) conducted by the Kosovo Agency of Statistics we explore the unemployment rate of women and youth in Kosovo as well as compare these rates with the Western Balkan Countries (WB6). From 2001 to 2009 LFS was conducted through an annual questionnaire, while from 2012 the survey is of continuous character throughout the year, meaning that 52 calendar weeks are the reference weeks, whereas the quarter is divided into 13 reference weeks (KAS 2021).

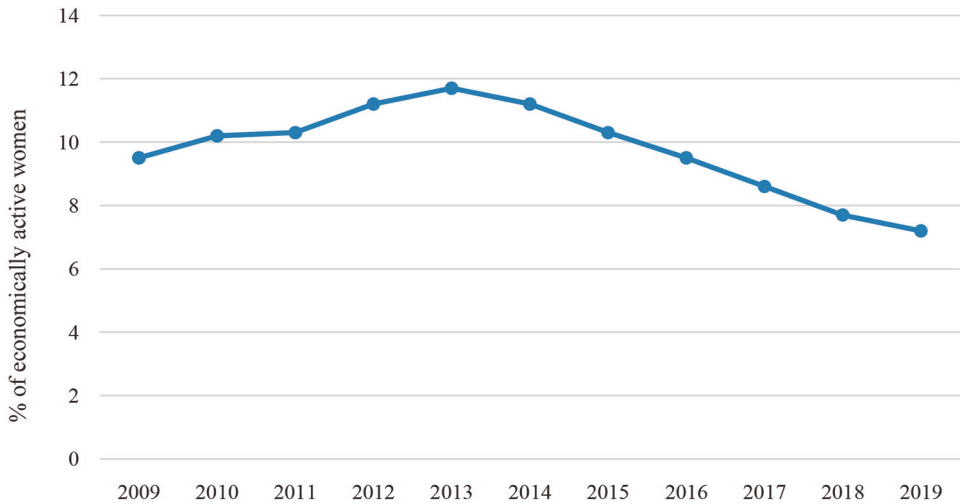
We used the official data from the EARK, the Ministry of Finance, Labour and Transfers, to explore how the unemployment rate varies by educational attainment of the registered job seekers.

## Women un(employment)

According to the International Labour Organization (1982), the unemployment rate is the percentage of unemployed persons in the total labour force. Based on the ILOSTAT data (World Bank 2020), the highest unemployment among women in 2019 is observed mainly in Africa and Asia. The highest unemployment rate among women in 2019, is recorded in West Bank and Gaza (40.9%), Iraq (30.4 %), South Africa (30.3%), Gabon (28.5%), Sudan (27.8%), Lesotho (27.1%), the Republic of Yemen (24.9%), Libya (24.6%), Eswatini (23.7%), Tunisia (23.4%), Jordan and St. Lucia (23.3%), Egypt, Arab Republic, and Saudi Arabia (22.1%) (The World Bank 2020).

Fig. 1 presents the dynamics of unemployment rate among women (percentage of the economically active women population aged 15–74) in EU 27 in 2009–2019. The highest rate of women unemployment was in 2013 and the lowest in 2019.

According to EUROSTAT (2020), the employment rate was higher among men than among women in general for all 27 EU Member States except Latvia in 2010, and Lithuania in 2009 and 2010. Overall, in Europe, in 2019 the gender gap in employment decreased. The EU level has recorded a decrease from 16.4% in 2005 to 11.7% in 2019 (EUROSTAT 2020). This decrease was mainly due to the increased rate of women employment – an increase of 8.6 % at the EU level.



**Figure 1.** Women unemployment (% of economically active women), EU 27, 2009–2019. *Source:* Eurostat.

The highest increases in women employment rates between 2005 and 2019 occurred in Malta (31.9% whereas the employment gender gap decreased by 24.9%), Bulgaria, and Poland (13.6% both) (EUROSTAT 2020). Despite the significant changes in the labour market in terms of decreasing the gender gap in general in the EU, not all countries have experienced large increases in women employment. The largest employment rates for women in 2019 were recorded in Sweden (79.7%), whereas the lowest women employment rates were in Italy (53.8%) and Greece (51.3%) (EUROSTAT 2020).

### Unemployment in Western Balkans (WB6)

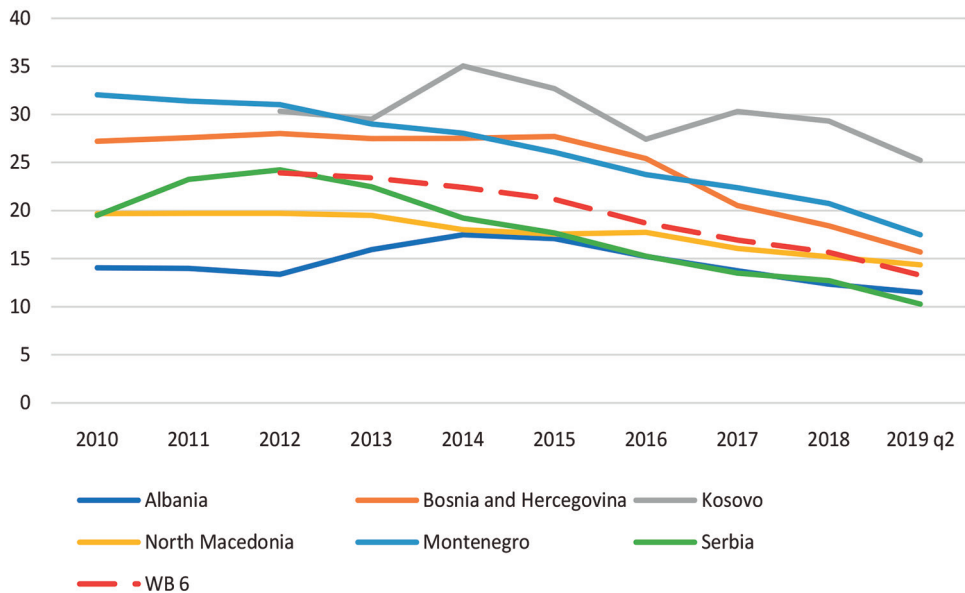
In Kosovo, the unemployment rate reflects the number of people actively looking for a job as a percentage of the labour force (Trading Economics 2020). Based on the data from Trading Economics (2020), the unemployment rate in Kosovo is continually high, reaching up to 57 % in the fourth quarter of 2001. As can be seen in Fig. 2, unemployment continued to decrease across the Western Balkans except Montenegro, reaching a new historic decrease, whereas the overall unemployment rate stood at 13.3 % in the second quarter of 2019 (Balkan Labor Market... 2020).

The unemployment rate in Kosovo remains the highest among WB6, except 2012. The lowest rate of unemployment in Kosovo was in 2019 (26.1 %; the average of the first two quarters). Whereas the unemployment rate among young people is even higher and presents the primary concern of the Government of Kosovo. According to data from Trading Economics (2020), the current youth unemployment rate is 49.1 %, since the lowest rate was 48.9 % in the third quarter of 2019 and the highest was 61 % in the fourth quarter of 2014.

The wave of emigration was also driven by the political stalemate after the 2014 elections, which left the country without a functioning government for months (Gollopeni 2016). The consequence of the political situation was the increased unemployment rate and the response to scarce employment opportunities was the exodus in 2015 of around 50,000 people

(mostly youth) from Kosovo to EU countries (Avdullahi and Tmava 2018). In 2018, the population of Kosovo was 1,793,467, whereas the total population of working age (15 to 64) was 1,198,273. 40.9 % of working age population participated in the labour force or were economically active (employed or unemployed but actively looking for a job and available for work) (KAS 2019).

In 2018, 55.4 % of the young population was unemployed and youth unemployment among women was higher (64.7 %) than among men (51.5 %) (KAS 2019).

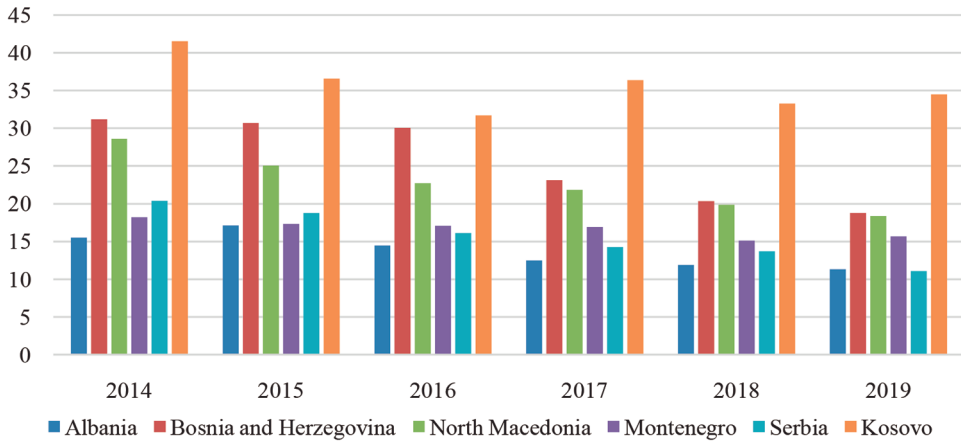


**Figure 2.** Unemployment rates, the Western Balkan countries, 2010–2019 Q2, %. *Source:* SEE Jobs Gateway Database.

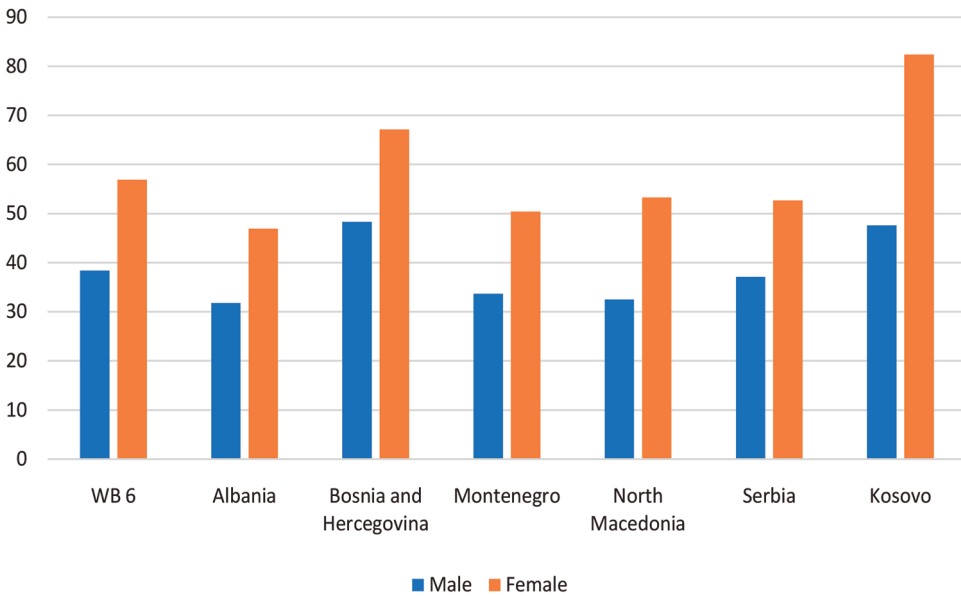
## Women unemployment and inactivity in Western Balkans (WB6)

The phenomenon of women's unemployment is highly evident in all Western Balkan countries. The unemployment rate was higher for women than for men almost in all Western Balkan countries (Western Balkans Labor... 2020). Albania and Serbia are the exceptions – the differences there are less noticeable. Fig. 3 shows that from all WB6, the highest rate of women's unemployment is in Kosovo.

Although the overall unemployment rate in Western Balkan countries experienced a decrease from 2.6 % since 2012, in the second quarter of 2019, still inactivity remained continuously high (Western Balkans Labor... 2020). In WB6, the highest inactivity rates were in the second quarter of 2019 (among both genders), whereas in Kosovo inactivity rate among women was 80 % and 40 % among men (Fig. 4). Based on The Vienna Institute for International Economic Studies Report (Western Balkans Labor... 2020) the number of persons that were economically inactive in 2019 in the WB6 is 37 % of the working-age population and, it is lower than in the past years mainly due to a decline in women inactivity, mostly in Albania, North Macedonia, and Serbia.



**Figure 3.** Women unemployment, the Western Balkan countries, 2014–2019, % of women labour force. *Source:* The World Bank IBRD-IDA.



**Figure 4.** Inactivity rate (15–64 years), the Western Balkan (WB6) countries, the second quarter of 2019, %. *Source:* SEE Jobs Gateway Database.

While in some of the WB6 countries there has been a decline in economic inactivity of women, in Kosovo still, on the contrary, the number of inactive women in the labour market was high, while the number of female job seekers and employed was small. In most Kosovan families, women are responsible for taking care of children and elderly family members. All these obligations are time-consuming and can prevent them from seeking paid employment, in particular when they are not supported by sociocultural attitudes and/or family-friendly policies and programs that allow them to balance work and family responsibilities (International Labour Organization 2016).

Gashi et al. (2019) found that non-Albanian ethnic women are more likely to participate in the labour market than Albanian women. This finding demonstrates the problems in the integration of different ethnic communities in Kosovo (Gashi et al. 2019). Some of the unemployed women lack adequate education. Whereas some of them were looking for a job for a long time, and have lost hope of finding it (Maçellari et al 2007).

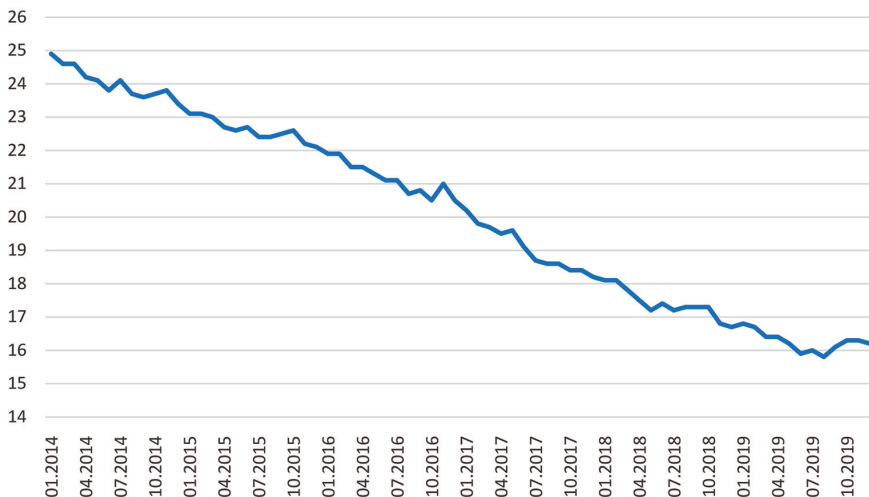
The Government of Kosovo and the Ministry of Labor and Social Welfare (MLSW) must create urgent policies that promote job seeking among women, increase women's employment, women entrepreneurship, and thus empower Kosovan women.

The failure to provide economic, social, and political empowerment for more educated women in labour-exporting countries like Kosovo, is likely to encourage women brain drain (Nejad and Young 2014). The rate of women's economic inactivity in Kosovo is very high and on the other hand, the number of women job seekers is low. The Department of Labour and Employment within the Ministry of Labor, Finance, and Transfers, is the key instrument for addressing labour market structural problems, creating and designing employment policies and vocational training for job seekers as well as developing the social dialogue in Kosovo. This department develops its activities through seven Centres of Regional Employment Offices, twenty-three Municipal Employment Offices, six Municipal Employment Sub-Offices, and eight Vocational Training Centres (Ministry of Labor and Social Welfare 2009).

## Youth unemployment

Numerous microeconomic and macroeconomic factors are the cause of youth unemployment (Remeikienė et al. 2020). Authors consider that the lack of skills, experience, and contacts are the main microeconomic factors (Jones et al. 2015; Sechele 2016; Remeikienė et al. 2020). Manyande (2006) points out that one of the main factors is the mismatch between the labour market and the educational system (Frankjovic et al. 2015; Remeikienė et al. 2020).

In Euro Area, the youth unemployment rate refers to unemployed persons from 15 to 25 years of age (Euro Area... 2021). Fig. 5 presents the trend of youth unemployment in EU countries in 2014–2020.



**Figure 5.** Youth unemployment (ages 15–24), EU Area, 2014–2020, %. *Source:* Eurostat data



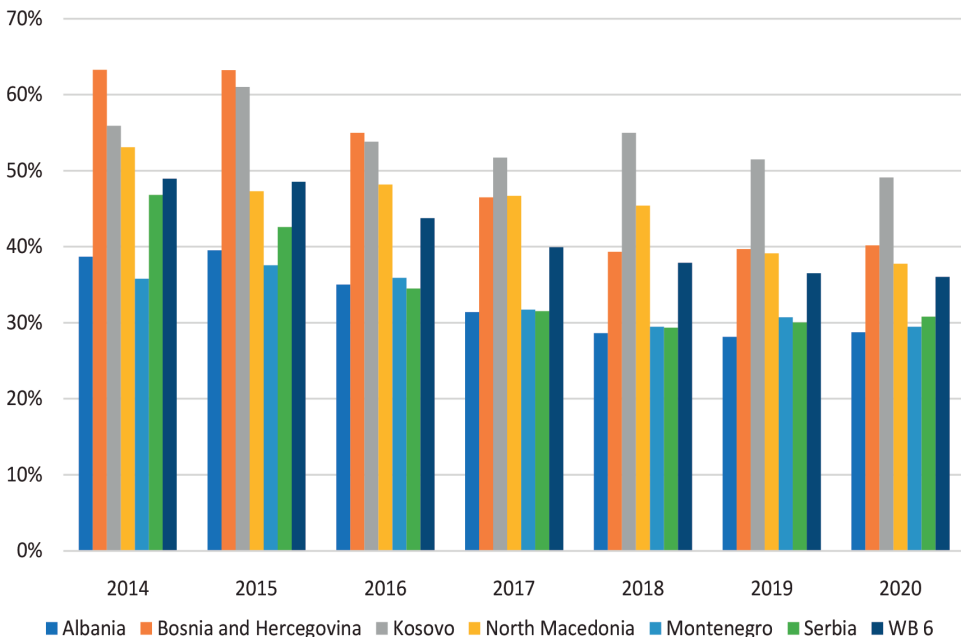
The rate of youth unemployment in the EU countries was decreasing in the period under review (Fig. 5). In 2014, the youth unemployment rate was around 24 %, whereas in 2019 it was 15.8 %. Only in 2020, when the pandemic situation has affected the overall economy worldwide as well as all EU countries, the rate of youth unemployment moderately increased up to 16 %. But after the mitigation of pandemic restrictions in the third quarter of 2020, youth unemployment rate started to moderately decrease and was constant till the end of the year.

### Youth unemployment in Western Balkans (WB6)

According to Manyande (2006), a typical characteristic of most labour markets worldwide is that the youth unemployment rate is much higher than that of adults. Although in 2015 youth unemployment in the Western Balkans region decreased, still it was around four times higher than in Austria and Hungary (Koettl-Brodmann et al. 2019). Fig. 6 shows that of 6 countries of Western Balkans, Bosnia and Herzegovina have reached the highest rate of youth unemployment (63.3 %), followed by Kosovo (55.9 %). On the other hand, Montenegro has registered the lowest rate of unemployment in 2014 (35.8 %), followed by Albania (38.7 %).

Since 2015, youth unemployment rates dropped significantly throughout the region, but especially in Bosnia and Herzegovina, Montenegro, and Serbia (Koettl-Brodmann et al. 2019).

In 2018, among WB6 countries Kosovo has registered the highest rate of youth unemployment (54.98 %), whereas Albania, Serbia and Montenegro have reached the lowest rates (Fig. 6). From 2019 to 2020, the level of youth unemployment in all WB6 countries stagnated.

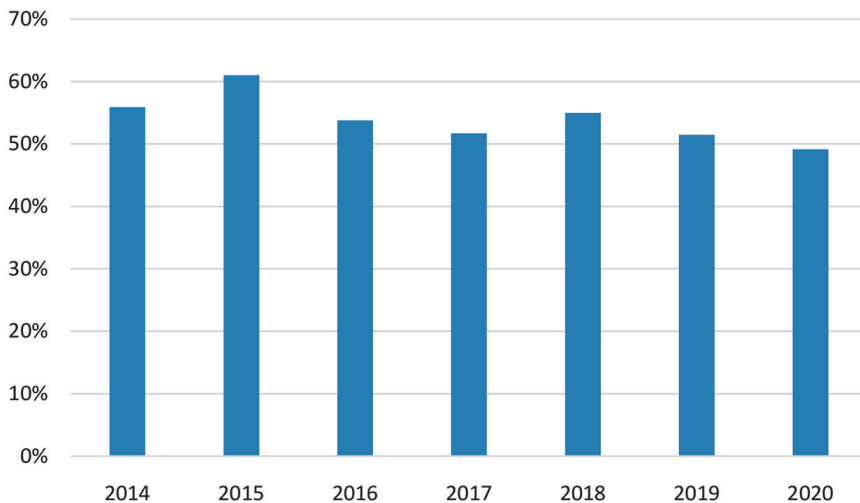


**Figure 6.** Youth unemployment rate (ages 15-24), the Western Balkan countries (WB6), 2014–2020, %. *Source:* Authors’ calculations based on the National Statistics, World Bank and Eurostat data.

## Youth unemployment in Kosovo

Youth unemployment (15–24 age group) in Kosovo has been consistently high in recent decades. In the early 1990s, when the transition process started, youth unemployment was expected to be temporary as it was thought that these people would find work due to their ability to adapt to new conditions and to easily acquire new knowledge and skills required by the labour market (RIINVEST 2003). However, the youth unemployment rate is still high, which is a great concern for the whole society and the government. According to Riinvest (2003), the unemployment rate among young people is related to their level of education, the national training and retraining systems.

According to the data presented in Fig. 7, in 2014–2020, Kosovo remained stagnant regarding the rate of youth unemployment. Given the rigid nature of the labour market and the time needed to reform the education and training system, youth unemployment became a serious problem, and many unemployed young people became long-term unemployed (RIINVEST 2003).



**Figure 7.** Youth unemployment rate (ages 15–24), Kosovo, 2014–2020, %. *Source:* Authors' calculations based on the National Statistics, World Bank, and Eurostat data.

The highest rate of youth unemployment in Kosovo was registered in 2015 (61%), whereas the lowest rate was registered in 2020 (49.13%). During this period, the trend line was almost linear. The high youth unemployment rate in 2015 made the Kosovan youth lose hope of finding a job (Koelbl et al. 2015). Thus, they headed to European countries hoping to find a job and a better life (Avdullahi and Tmava 2018).

## Discussion

Although Kosovo experienced continuous economic growth, the unemployment rate remains the highest among WB6 countries. Unemployment in the early stage of the career usually has negative effects on lifetime income and career possibilities (Olofsson and Wadensjö 2012). In 2018, among WB6 countries, Kosovo had the highest youth unem-

ployment rate reaching 54.98%. According to EARK (2021), in 2020, the total number of unemployed in Kosovo was 168,980<sup>1</sup>. Whereas 86.6% of the total number of unemployed in 2020 were in the category that includes unqualified job seekers up to those with a high school degree. The same trend was observed in the previous two years (2018–2019): for example, in 2019, the structure of the unemployed by qualifications consisted of: unqualified (without the necessary skills) 25.8%, those with primary education 24.3%, with vocational secondary education 28.6% and college education 9.3%, resulting in 88% of the unemployed having an education between no qualifications and up to high school level. In addition, according to EARK (2019), in 2018, the structure of the unemployed by qualification was as follows: of the total number of 95,890 registered unemployed, 22.9% were unqualified; 25.3% were with primary school, 32.9% were with vocational high school, and 6.9% were with gymnasium<sup>2</sup>. If we compare the respective years and levels of qualification of the unemployed, which are evidenced within the Public Employment Service in the Employment Office – EARK, we can conclude that the unemployment rate is much higher at the level of unqualified job seekers, then it gradually decreases among those with primary and secondary education, followed by the category with a bachelor's and master's degree, etc.

Kosovo has high rates of economic inactivity. The situation is worse for women, considering that in the second quarter of 2019 the inactivity rate among women was 80% (40% among men). The consequences of unemployment are primarily negative (Esche 2020). Unemployment is associated with significantly higher levels of psychological distress (Gallie et al. 2001) and other social and economic consequences. According to Bellaqa (2012), developing strategies and efficient policies that will contribute to reducing the high unemployment rate in Kosovo is a must.

The high youth and women unemployment rates threaten the social cohesion (Olofsson and Wadensjö 2012). Therefore, higher involvement and commitment of the government towards creating a supportive environment for businesses and in particular for start-ups are required considering that the private sector is the largest generator of employment worldwide.

Although it is known that mass employment of job seekers is hard to be achieved, institutional support can at least contribute by providing entrepreneurship training to young people and other unemployed to provide them with the knowledge and skills needed to identify opportunities, understand client needs, and expectations, to generate new and innovative business ideas, develop business plans and start their own business, thus contributing to the development of different sectors (Galvão et al. 2020). Hence, they would contribute toward a shift in the labour market by increasing the number of new firms which need and hire human resources and thus influence decreasing unemployment.

## Conclusion and recommendations

Unemployment as a phenomenon represents a concerning issue for societies all over the world. Apart from unemployment, the labour market in almost all countries for a long time has been faced with gender and age discrepancies. Even though the situation has changed

1 Employment Agency of the Republic of Kosovo – Annual Report 2020 – Employment and Vocational Training.

2 Employment Agency of the Republic of Kosovo – Annual report 2018 – Work and Employment.

significantly in developed countries, these discrepancies continue to be quite visible in many developing countries.

Unemployment in WB6 was mainly high throughout the research period (2010–2019 q2), all WB6 countries recorded double-digit unemployment rates. The unemployment rate in Kosovo remains the highest among WB6, except for 2012 when the unemployment rate was the highest in Montenegro. The unemployment rate of women and youth in Kosovo is even much higher, presenting one of the biggest challenges and concerns for the country. In addition, Kosovo faces a high economic inactivity rate, which is evident in particular for women, since the rate of economic inactivity among women was twice as high as that of men counterparts.

Based on EARK annual data, we can conclude that the unemployment rate in Kosovo varies and depends on the level of qualification (education) in the sense that the highest percentage of unemployed is among unqualified job seekers, followed by those with the primary or secondary, lower secondary and upper secondary level of education.

The difficulties for integration in the labour market are many times higher among job seekers with no specific professional skills and knowledge, so the focus of institutions must be on this category as much as possible in the measures and services offered such as Active Market Measures of the Labour, relevant schemes and especially vocational education and training (VET).

Based on the findings and analyses included in this research, it turns out that the trend of unemployment and low participation of youth and women in the labour market reflects the general economic situation of a country, state, or region – identifying the underlying causes that result in creating such a circumstance.

According to the literature review, entrepreneurship presents a very promising alternative to alleviate the situation in the country. A supportive business environment would facilitate the launch of numerous fast-growing firms (gazelles) which would employ staff and thus have a positive impact on reducing unemployment.

The research tends to propose policies for innovative solutions to decrease the rate of economically inactive women and youth by encouraging them to register as active job seekers, attend training on entrepreneurship and launch new ventures. We recommend establishing local and central mechanisms for direct involvement and representation in policy-making processes that affect the field of employment and VET of women and youth in particular. These local and central mechanisms through working groups, round tables, and other platforms can provide a strong impact during the process of designing, drafting, and implementing these policies and documents.

Institutions should create policies that attract the unemployed who are economically inactive and women in particular, towards registration as active job seekers. Besides, it is necessary to conduct labour market research by professional and competent institutions to reach accurate conclusions regarding the needs, difficulties, and advantages of particular groups (women and youth) for integration into the labour market so that the addressing of the needs for these groups is done effectively and according to identified priorities.

We strongly recommend implementing specific quotas and special budget lines within the schemes which are provided by the EARK to facilitate and speed up the integration of women and youth as a category with the highest unemployment rate in the labour market in Kosovo as well as in other WB6 countries.

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