YOUTH EMPLOYMENT AND UNEMPLOYMENT RATES IN KOSOVO

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Abstract

The main aim of this study is to analyse the employment and unemployment rates in the Western Balkans, looking particularly at youth (aged 18–24 years) unemployment in Kosovo. The results of the study show that unemployment in this age group is high and that labour market policies are also not appropriate. The empirical study was conducted during the pandemic (2020), but statistics for study needs were used from the period 2001–2019. It involved young people aged 18–24 and used data from various local and international institutions regarding the labour market for young people, labour market policy, etc. The study shows that in Kosovo, 48.7% of young people aged 18–24 are unemployed and that the most pronounced unemployment is among women. A significant proportion of the young population is unemployed (46.4%) and youth unemployment among females is higher (53.6%) compared to males (42.9%) (Kosovo Agency of Statistics, 2020b). Kosovo's problem with youth unemployment is the result of poor economic development as well as inefficient labour market policies. The study recommends that policymakers develop sustainable and effective policies that will lead to stability in youth employment and improve the labour market performance. These policies should help organizations and businesses to increase the number of employees, but should also create long-term employment stability. Furthermore, a critical appraisal is necessary to avoid youth unemployment, instability in youth employment and labour market instability as a whole.

Keywords: Youth, Unemployment, Employment, Labour Market Policies

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1. INTRODUCTION

Unemployment is a multidimensional negative phenomenon that affects every human society. It is considered to be a social phenomenon because of the effects it has on the social structure of society. Simply put, unemployment is the number of people in the labour force who want to work but who do not have a job, and the unemployment rate is calculated as the number of unemployed individuals divided by the number of individuals who are part of the workforce.

The workforce consists of people who are able to work but excludes those who are retired, those who are incapacitated, and those who are able to work but are not currently looking for a position (Hall, 1979). The social and economic dimension of unemployment increases its complexity and requires the adoption of broad analyses to understand the causes and consequences of the phenomenon.

Employment has always been one of the most important social issues because it affects the economic development of society and social stability. Employment results in production, production generates income, and income results in demand for products, thus creating a chain. Unemployment is undoubtedly one of the main indicators of an economy.

The problem for most of those who work is that even the jobs they have cannot provide a good future for themselves and their children, and most of the time these people work in precarious conditions. In the global economy, the world of work is evolving very fast. Demographic, technological, and other types of factors are changing the shape of employment around the world. The countries that can adapt quickly to these drastic changes are those that can achieve great benefits in increasing productivity and living standards.

The internationalization of the labour market is a product of the global economy and is related to the supply and demand arising from the national and international labour market environment (EuroSpeak, 2020).

Slow economic growth forces many young people to leave their own country and migrate to a developed country, and this is very commonly seen among young people in the Western Balkans, with an epicentre in Western countries (WFD, 2019). To assess the effects of the labour market, considerable attention must be paid to active labour market forces. In some countries, there is inadequate management of labour market policies, and if we refer particularly to labour market policies for young people and their employment needs, this has consequences for the labour market, regardless of the level of development of the country (Kahraman, 2011).

The employment challenges for young people vary according to the economic development of the country. Youth unemployment is the result not only of a low level of economic development in the country but also of a high percentage of young people in the active labour force. Based on the labour market analysis, in Kosovo, there is a significant discrepancy between the number of young people entering the labour market (about 25,000 people) and the number of older people leaving the labour market (about 6,000 people) (Bellaqa, 2015).

Solving labour market problems requires the formulation of sustainable policies and appropriate actions, and these must necessarily take into account the characteristics and specifics of the country and society in which the policies and actions are applied (Verick, 2009).

Youth unemployment is quite pronounced at the global level, together with long-term unemployment, unsustainable employment, low wages, poor working conditions, and so on. Members of the 15–24 age group are facing an important period of life during which they are making decisions that inevitably have an impact on their future. The 2008 report on the global youth employment trend noted that the unemployment rate among the 15–24 age group is about 40% (International Labour Organization [ILO], 2008).

The age group used in the definition of youth unemployment varies from country to country, and many states have regulated this through law. In Kosovo, youth unemployment refers to unemployed persons from the age of 15 to 24 years (Bellaqa, Hajrizi, Rexhepi, & Demaj, 2010).

From an analysis of unemployment, members of the 15–24 age group are about three times more likely to be unemployed than members of any other age group. Long-term youth unemployment can have negative consequences in later life, in terms of both social and economic inequality. Resolving the issue of youth unemployment is related to the active management of labour market policies by creating preconditions and conditions that affect the promotion of employment and enable sustainable employment.

The contribution of this fieldwork comes from the application of a combination of statistical modelling techniques and tests, including descriptive statistics, correlations, and a heteroscedasticity-corrected model. These have not previously been applied in Kosovo for studies of this nature. These techniques have been applied in an analysis of 2020 data.

The study's goal is to examine the employment and unemployment rate of youth in the Western Balkans, with a particular emphasis on Kosovo. The significance of this study is that, in addition to filling the information gap for the young age group of the labour market, the results will also contribute to the development of effective policies to improve the labour market situation for the age group 18–24.

The structure of this paper is as follows. Section 2 reviews the relevant literature. Section 3 analyses the methodology that has been used to conduct empirical research on employment and unemployment using primary and secondary data. Section 4 presents the data and results. Section 5 presents the discussions, and Section 6 presents the conclusion of the study.

2. LITERATURE REVIEW

Regarding unemployment in Kosovo, different researchers (Bellaqa, 2011; Gollopeni, Kamberi, & Podvorica, 2015) have used data sourced from various institutions (Riinvest, KDI, Labour Force Survey, etc.). However, there is a significant lack of studies on youth unemployment and labour market policies. There are various sources for studies on the high unemployment rate internationally. Social researchers have long been trying to investigate the causes and effects of high unemployment, especially among young people.

The literature review is divided into two parts, the first looking at the theoretical framework and the second at empirical studies found in the literature on youth unemployment and labour market policies. As regards the theoretical background, the works of various authors and institutions who have contributed to the theories and literature on the labour market for young people and labour market policies have been reviewed, and are presented below.

According to Keynes (Barnier, 2020), an increase in effective aggregate demand increases the need for employment and, vice versa, a decline in total effective demand leads to unemployment. Future national aid increases the level of consumption, but the increase in the level of consumption is relatively low compared to the national future. Keynesian theory predicts that an increase in income is fractionally saved and consumed. Therefore, Keynesians assume that income has a positive influence on savings (Ralarala & Masipa, 2021).

A low consumption rate is a decline in effective demand. Therefore, the gap between income and consumption levels is reduced by increasing the potential for investment. Consequently, the effective demand is also increased, which further helps to reduce unemployment and bring about full employment. Blanchflower and Freeman (2000) noted that youth unemployment is linked to business cycles.

Youth unemployment is more sensitive than adult unemployment: it tends to increase more during a recession, and, conversely, to decrease more during an economic growth phase. Keynesian unemployment, also known as "deficient demand unemployment", occurs when there is not enough aggregate demand in the economy to provide jobs for anyone who wants to work.

Sackey and Osei (2006) argued that youth unemployment occurs because young people have fewer skills in the labour market than adults. However, a simpler theory of unemployment is that it occurs when labour supply and demand do not meet at a common point, otherwise called "equilibrium". The equilibrium point requires that the number of people who are interested in working is in balance with the number of people who are looking for workers. Anyanwu (2013) lists a number of factors that work against young people in the labour market. Regarding dismissal, it has been observed that employers are more likely to lay off new employees than employees with more work experience. This is because the dismissal of new employees has a lower cost than the dismissal of more skilled workers or those who have worked for longer. In her study, Buckley (2015) analyses the effects of youth unemployment. If young people enter the labour market late, this can translate into a lower lifetime income. Moreover, the author points out that this situation is observed in countries with developed economies. According to the International Labour Organization (ILO, 2011), countries with a low rate of economic development and in which businesses are not stimulated show an increase in the youth unemployment rate. Therefore, such countries need to focus more on appropriate policies to promote employment and take advantage of the potential of new employees. Education plays an essential role in the formation of human resources and in the economic development of a country. Education and skill-building have a positive impact on economic growth and development (Dickens, Sawhill, & Tebbs, 2006).

The most prominent contributions to the issue of the relationship between education and economic development were made first by Adam Smith and then by Marshall, Schultz, Bowman and others (as cited in Tilak, 2002).

The model of internal development by Romer (1990) assumes that the creation of new ideas directly affects human resources, which is presented through knowledge. A household with continuous unemployment is likely to have to significantly reduce its costs because of the uncertainty, and the resumption of expenditure can only happen after the return of income. The psychological impact of unemployment on a family can be significant for the wider economy. It has also been argued from a dynamic perspective that wage inequality should decrease with increasing levels of education (Tilak, 1989).

The labour market ensures that skills and increased human capital are rewarded with higher wages. There is a large body of literature showing the link between pay and years of schooling (Card, 1999).

Unemployment rates are significantly different for different educational levels: more educated workers are two to three times less likely to be unemployed than their less-educated counterparts. Most existing research on the effects of demographic shocks on unemployment has focused mainly on aggregate factors or specific groups. Size in groups is defined as the proportion of an age group in the general population with the same level of education. In this case, however, the implicit assumption is that the labour market is segmented with education and that the replacement of all educational groups is very difficult (Welch, 1979).

According to ILO (2013a), the unemployment rate of youth in 2013 was globally estimated to be around 12.6%. The results communicated in Thorup (2003) show that shortcomings in the education system, in particular its poor performance for the preparation of young workers with good professional skills and meeting the requirements of the labour market, were one of the main problems faced by the Balkan countries after the political and socioeconomic changes that occurred in the 1990s in these countries. In the study by Pastore (2007), it is noted that the EU experience in the field of youth employment and unemployment has changed in recent years, as a result of the Lisbon Strategy and the Bologna process.

Issues related to youth employment and unemployment are of primary importance for economic and social development at the national level as well as at the international level. According to the United Nations, "youth" refers to all young people aged 15–24 years (UN, 1992).

However, this definition is not applied in every country of the world but depends on institutional, political and cultural factors. The concept of "young people" is used in Italy for all policies that target the population aged 14–29 years for the Northern regions and 14–32 years for the Southern regions (O'Higgins, 2001).

In order to analyse and identify the labour market for young people, the recommendation is to identify the factors that link and condition unemployment among young people, and to analyse the behaviour of young people towards the offers and demands of the labour market. During the period 2000–2019 in Kosovo, the concept of "young people" included people aged 15–24 years

according to the Labour Force Survey (Kosovo Agency of Statistics [KAS], 2020a). This issue is also relevant under Article 4 of the ILO Employment Service Convention, 1948 (No. 88), in relation to employing or facilitating employment for young people (O'Higgins, 2001). In addition, O'Higgins (2001) cites the ILO report at the 72nd session of the International Labour Conference: "Trade unions and employers' organizations play a crucial role in policy-making and should be involved in the implementation of all actions taken for the purpose of employment or facilitation of employment for young people". A special piece that appears in the literature of the time, which deals with aspects related to the labour market phenomenon for young people, is part of Freeman's work (Freeman & Wise, 1982).

The employment of young people living in rural areas is one of the issues that is given special importance in the literature of the time. This issue is also conditioned by the fact that, out of the total of about 1.8 billion young people aged 15–24 years, about half live in rural areas of developing countries. Encouraging and supporting initiatives to improve the preconditions and working conditions in the informal economy, where most young people are employed, should be encouraged (Coenjaerts, Ernst, Fortuny, Rei, & Pilgrim, 2009).

The high rate of youth unemployment, particularly in the Middle East and North Africa (MENA) region, has caused social distress and large-scale emigration (Kelly, 2016).

The emphasis on employment and training programmes proclaims a continuing debate about the extent to which matching as an econometric evaluation estimator can be regarded as a reliable estimate for programme impact. Estimates tend to be more reliable when the selection process for the programme is known and multiple periods of pre-programme data are available for both treatment and control (Smith & Todd, 2005), conditions which are met by a few non-experimental evaluations. The first of the conditions that need to consider is vocational training as a substitute for schooling when it comes to building human capital. Worldwide estimates of the returns from an additional year of schooling show an average of 10%, with returns from tertiary education averaging 21% in Sub-Saharan Africa (Montenegro & Patrinos, 2014).

The direct correlation between unemployment and psychological distress and financial hardship for young people affected by unemployment is also worthy of consideration (Goldsmith, Veum, & Darity, 1997).

Prominent national initiatives have included the "New Deal for Young People (NDYP)" in the UK, "Jugend mit Perspective (JUMP)" in Germany and the "Youth Unemployment Program (YUP)" in Denmark. More recently, the "Youth Guarantee (YG)" adopted by the European Union in 2013 called on all Member States to set up active labour market policies (ALMPs) programmes to ensure that unemployed young people are offered high-quality employment or education opportunities within four months of entering unemployment (European Commission, 2014).

The large number of empirical studies that have investigated the effect of education on employment for young people are often difficult to compare because of both a lack of data and methodological differences. Even a thorough review of studies considered comparable should be treated with caution, because of high country heterogeneity and the time it takes to characterize the experience of European countries (Jimeno & Rodriguez-Palenzuela, 2002).

In order to conduct the econometric analysis, *gretl*, the statistical package for econometric analysis, will be used, and this also offers the possibility of applying the heteroscedasticity-corrected model. Regarding the specifics of unemployment and employment among young people aged 15–24, we can make some approximations using empirical analysis. In order to increase the level of employment in Kosovo, we must have a GDP growth of over 7%, taking into account the fact that there is a great discrepancy between income and exit from the labour market. A linear link between employment and GDP according to Okun's linear link application had a poor approximation (Bellaqa, 2013).

Based on the literature review, the hypotheses of this study are:

H1: The higher the level of education of young people, the lower the unemployment rate.

H2: Due to business closure (bankruptcy), the unemployment rate has increased.

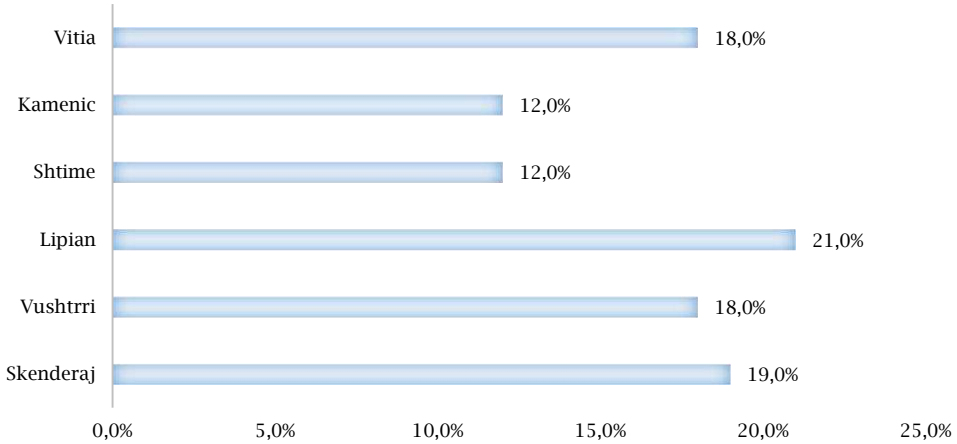
H3: Free days and flexible working hours have affected the high youth unemployment rate.

H4: As a result of family obligations, the unemployment rate has increased.

3. DATA AND RESEARCH METHODOLOGY

Official data from local and international institutions were used to conduct this study. A survey was also conducted into the youth labour market. The questionnaire consisted of a household data section and then employment, education, finance, and emigration sections. This study was conducted in June 2020 and 150 people aged 18–24 were interviewed in six municipalities of Kosovo: Skenderaj (10,371 inhabitants aged 18–24 years), Vushtrri (13,665), Lipian (11,092), Shtime (5,446), Kamenic (7,063) and Vitia (9,210) (KAS, 2012). From the families in these six municipalities, 150 families were randomly selected and from each family, a family member aged 18–24 was interviewed.

Figure 1. Distribution of the sample by municipalities, in %



The sample was selected by a random method, with 150 households being selected and from these households only one person aged 18–24 years was interviewed. All data collected from the field through the questionnaire were systematized using the Statistical Package of Social Sciences (SPSS), subjected to control and analysed afterwards. The data collection technique was a questionnaire, while the sample was selected using random selection.

To ensure the sample was representative, the size of the sample for a municipality depended on the municipality's population. If the respondent answered "no" because he/she had not worked during the last week, then the 5th question regarding the reason why he/she had not worked was answered, with the respondent being offered four possible answers from which he/she had to choose one. The study starts from the main hypothesis that *youth unemployment is interdependent with schooling, training, education, and so on.*

The youth unemployment rate is denoted by the abbreviation *EY*, and education, schooling and training are denoted by the abbreviation *Sed*. The direct correlations of our variable of interest *EY* and the other variables *X* were initially constructed and considered in accordance with a scheme that expected a causal relationship.

The hypotheses in the paper are based on the literature review. Empirical analyses in terms of correlations, regressions, coefficients, decoding analysis, and so on were extracted from the database. An empirical model is impossible as the system is complex as well as dynamic, and also there is no evidence that the situation is in equilibrium towards an equation, so it is difficult to express it constantly with a relationship.

To measure the power of the ratios (correlation) between the dependent variable *Y* and the independent variables *X1, X2, X3,* and *X4,* the Pearson product-moment of the correlation coefficient was used. Data on the dependent variables for youth unemployment in relation to the respondents between the age of 18 and 24 years were used to perform multifactorial linear regression analyses, with fixed effect factors and panel data. In this way, it was possible to assess the effect of each of the factors included in the model, "cleared" of the effect of other factors (Stock & Watson, 2010).

In order to perform this analysis, the following regression model with constant factors was used:

$$Y_{ij} = \beta_0 + \beta_i X_i + \varepsilon_{ij} \quad (1)$$

where:
Y: dependent variable;
X_i: independent variable;
β_i: partial regression coefficients;
ε_{ij}: random residual, with normal distribution.

In this study, we tested the influence of the independent variables *Sed, Bcc, Fdfwh,* and *Ltfc* (as defined below) on the dependent variable *EY*.

The following linear regression model was used:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + B_4 X_4 + \varepsilon \quad (2)$$

The dependent variable Y (the youth unemployment rate, abbreviated as *EY*) was tested against the independent variables:

X_1: School, education, training (*Sed*).

X_2: Bankruptcy or complete closure of the business (*Bcc*).

X_3: Free days due to flexible working hours (*Fdfwh*).

X_4: Lack of time due to family commitments (*Ltfc*).

$$YEY = \beta_0 + \beta_1 Sed + \beta_2 Bcc + \beta_3 Fdfwh + B_4 Ltfc + e \quad (3)$$

The model evaluation also used the custom square method. Since in time series we often have problems with a lack of stationarity (non-stationarity), which can cause false correlations (Studenmund, 2017), we carried out the ADF (augmented Dickey-Fuller) test in the presence of the root unit based on the Akaike information criterion (AIC), to ensure that the series was stationary. If non-stationarity was found, then the first distinction was applied, and therefore used the model corrected for heteroscedasticity (part of the gretl package) (Osmani, 2013).

4. DATA ANALYSIS AND RESULTS

4.1. Unemployment rate for the 15–24 years age group in Kosovo for the period 2001–2019

The population in Kosovo consists prominently of younger generations, given that a third of the population is under the age of 15. Eurostat defines the group of young people as those aged 15–24, with this age group being part of the working-age population. According to the Labour Force Survey in Kosovo (KAS, 2019b), the labour force in Kosovo was made up of 903,430 people, and, of these, 87,939 persons or about 9.8% were aged 15–24. If we compare Kosovo with other countries in the region and beyond, Kosovo has the youngest population, with about 30% of the population being under the age of 15. This can be seen in detail in Table 1. Following the progress over time of parameters such as employment and unemployment based on gender and the 15–24 age group, it can be seen that the trends are complex and the dependence is not evident. Initially, this study was built up under the paradigm that "employment must be interdependent with overall production in the country or with its growth" (Bellaqa, 2018, p. 295). An analysis of unemployment rate trends for the 15–24 years age group shows that the highest unemployment rate in Kosovo was in 2001 whereas the lowest unemployment rate was in 2019. Over the last decade, Kosovo has had a declining unemployment rate as a result of emigration, and this is especially pronounced. A characteristic of Kosovar emigration is the dominance of those of any age who are active in the workforce; expressed as a percentage, the level of working-age emigrants is higher than the percentage of that same age group among the resident population in Kosovo (Gollopeni, 2016). Kosovo's labour market is narrow and is not able to absorb such a large number of unemployed people, and Kosovo, therefore, needs to develop a proper planning policy to establish a large number of agreements with countries in Europe and beyond to send part of the labour force abroad for temporary employment. The limited development of economic activities forces a significant number of young people to leave the country and emigrate to different countries, particularly Western countries.

Table 1. The unemployment rate of the 15–24 age group in Kosovo, 2001–2019

Year	*Male*	*Female*	*All*
2001	75.5	87.1	80
2002	67.6	89.7	77.7
2003	65.8	90.5	74.9
2004	57.9	82.5	66.5
2005	63.7	80.6	70.5
2006	67.9	77.7	75.5
2007	65	78.6	70
2008	68.6	81.8	73
2009	68.5	81.7	73
2010	–	–	–
2011	–	–	–
2012	52	63.8	55.3
2013	50.4	68.4	55.9
2014	56.2	71.7	61
2015	54.2	67.2	57.7
2016	47.2	65.4	52.4
2017	48.4	63.5	52.7
2018	51.5	64.7	55.4
2019	44.1	60.3	49.4

Source: Data extracted by the authors based on Labour Force Survey data, from Kosovo Agency of Statistics: Labour Force Survey 2001[1], Labour Force Survey 2002[2], Labour Force Survey 2003[3], Labour Force Survey 2004[4], Labour Force Survey 2005[5], Labour Force Survey 2006[6], Labour Force Survey 2007[7], Labour Force Survey 2008[8], Labour Force Survey 2009[9], Labour Force Survey 2012[10], Labour Force Survey 2013[11], Labour Force Survey 2014[12], Labour Force Survey 2015[13], Labour Force Survey 2016[14], Labour Force Survey 2017[15], Labour Force Survey 2018[16].

[1] https://ask.rks-gov.net/media/3290/kosovo-labour-force-survey-2001-methodological-report-august-2002.pdf
[2] https://ask.rks-gov.net/media/2072/labour-force-survey-2002-key-employment-indicators.pdf
[3] https://ask.rks-gov.net/media/2117/labour-market-statistics-2003.pdf
[4] https://ask.rks-gov.net/media/2114/labour-market-statistics-2004.pdf
[5] https://ask.rks-gov.net/media/2111/labour-market-statistics-2005.pdf
[6] https://ask.rks-gov.net/media/2108/labour-market-statistics-2006.pdf
[7] https://ask.rks-gov.net/media/2105/labour-market-statistics-2007.pdf
[8] https://ask.rks-gov.net/media/1694/labour-market-statistics-2008.pdf
[9] https://ask.rks-gov.net/media/1691/results-of-the-labour-force-survey-2009.pdf
[10] https://ask.rks-gov.net/media/1671/results-of-the-kosovo-2012-labour-force-survey.pdf
[11] https://ask.rks-gov.net/media/1676/results-of-the-kosovo-2013-labour-force-survey.pdf
[12] https://ask.rks-gov.net/media/1679/results-of-the-kosovo-2014-labour-force-survey.pdf
[13] https://ask.rks-gov.net/media/1687/results-of-the-kosovo-2015-labour-force-survey.pdf
[14] https://ask.rks-gov.net/en/kosovo-agency-of-statistics/add-news/results-of-the-labour-force-survey-in-kosovo-lfs-2016
[15] https://ask.rks-gov.net/en/kosovo-agency-of-statistics/add-news/labor-force-survey-lfs-in-kosovo-2017
[16] https://ask.rks-gov.net/media/5026/labour-force-survey-2018.pdf

4.2. Employment and unemployment rates in Kosovo in 2019

Kosovo's population faces a low employment rate: of the entire working-age population in 2019, 30.1% of the population was employed. In terms of gender, the highest employment rate was found in men, at about 46.2%, while for women it was 13.9% (KAS, 2019b). From the employment analysis, in terms of age groups, the 15–24 age group has a lower employment rate (13.1%).

Table 2. Employment by age group and gender for 2019 in Kosovo

Employment-to-population ratio (%)			
Age group	***Male***	***Female***	***Total***
15–24	18.6	7.1	13.1
25–34	52.4	18.5	36.6
35–44	62.4	18.5	39.3
45–54	63.3	15.7	37.9
55–64	53.7	11.6	32.2
15–64	**46.2**	**13.9**	**30.1**

Source: KAS (2019b).

In 2019, the unemployment rate in Kosovo at the national level was 25.7%, and it was highest among the younger population and for women. Based on the analysis of data regarding the unemployment rate by age group, the rate is highest for the 15–24 age group, with an unemployment rate of 49.4%, while the lowest unemployment rate is found in the 55–64 age group, for whom it is about 7.3% (KAS, 2019a).

Table 3. The unemployment rate in Kosovo during 2019 expressed as a percentage

Age group	***Male***	***Female***	***Total***
15–24	44.1	60.3	49.4
25–34	26.5	43.4	31.3
35–44	18.5	20.9	19.1
45–54	14.6	17.7	15.3
55–64	8.3	2.4	7.3
15–64	**22.6**	**34.4**	**25.7**

Source: KAS (2019a).

Unemployment varies according to demographic structures: gender, age group, profession and qualifications, settlements and other characteristics (Gollopeni et al., 2015).

4.3. Employment and unemployment rates in the EU-28 and in the Western Balkan countries

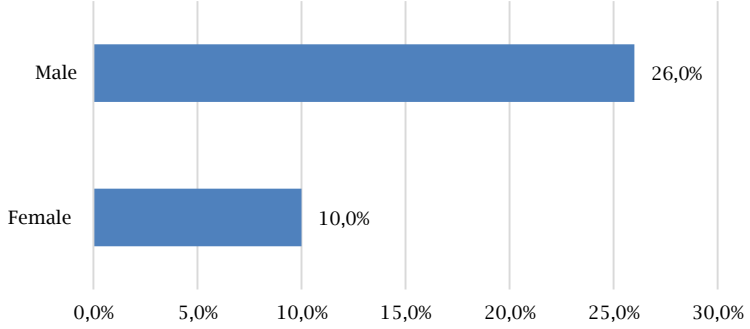
An analysis of the employment trends in the EU-28 countries shows that the highest employment rate was about 72.2% in 2017, while the lowest employment rate was in 2013 when it was 68.4%. In the countries of the Western Balkans, North Macedonia had its highest employment rate in 2017 and its lowest in 2007. Regarding Albania's employment rate from 2007 to 2017, the highest rate was in 2011 and the lowest in 2013.

The employment trends in Bosnia and Herzegovina from 2007 to 2016 were approximately the same, although there is a difference for 2017, where we see a higher employment rate of about 46.6%. Among the countries of the Western Balkans, Kosovo was the worst in terms of employment, with the employment rate from 2007 to 2015 varying from 40.9% to 43.2%, while in 2017 we see a higher employment rate of about 46.6% (Eurostat, 2019).

4.4. Empirical results on employment and unemployment for the 18–24 age group in Kosovo

For this research, only the employment part of the questionnaire for analysis and descriptive analysis was used: Q1 (question 1) is about work by gender. According to the results, the employment of the 18–24 age group is unsatisfactory; employment for men is 26%, while for women about 10%. There is a significant discrepancy in employment in terms of gender at the disadvantage of women (Figure 2).

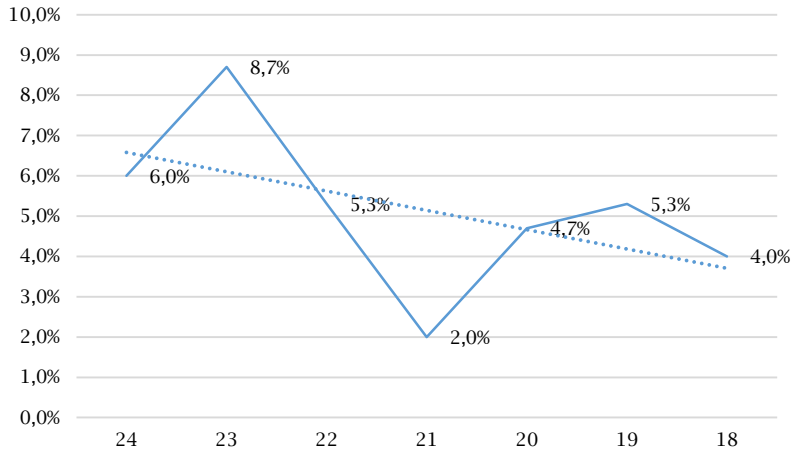
Figure 2. Employment rate by gender, in %



Source: Data collected from the survey and analyzed by the authors.

Q2 relates to the age of the respondent including the age of 18–24 years; Q3 is about employment during the last week (Monday to Saturday) whether they were employed or not. Regarding employment of the 18–24 age group, we see that the highest employment is among people aged 23 years, at 8.7%, followed by those aged 24 years, at 6%. People aged 22, 21, 20, 19, and 18 years have a lower employment rate. Detailed results from Q2 and Q3 for employment by age can be seen in Figure 3.

Figure 3. Employment rate by age, in %



Source: Data collected from the survey and analyzed by the authors.

If the respondent answered "yes", it is continued in Q4 which is related to economic activities which in this study are not included, while if the respondent answered "no" then it is passed to Q5, where this question has to deal with the reasons why they did not work in the last week from Monday to Saturday and the data coming out of Q5 are analyzed empirically in detail (see Tables 5, 6, and 7).

There are challenges and obstacles for youth employment, so in order to achieve the results regarding the obstacles that appear in youth employment, respectively persons aged 18–24, questions have been raised concerning the obstacles that appear in youth employment. In the answers given by the interviewees, it results that the largest percentage is currently attending school or training which expresses in percentage with about 59.2%, then 18.4% are faced with inadequate lack of jobs, and lastly, for the 10.2%, there is no demand for employment, whereas other reasons for unemployment participate with a smaller percentage.

There are challenges and obstacles for youth employment, and in order to discover what these are, the questionnaire asked about the obstacles to youth employment, that is, the employment of those aged 18–24.

The results show that the largest percentage of young people (about 59.2%) are currently attending school or training, 18.4% are faced with a lack of an adequate job, and for 10.2% there is no demand for employment; other reasons for unemployment appear with a smaller percentage. We now consider the impact of COVID-19 on the labour market in Kosovo.

According to the Labour Force Survey (LFS), the unemployment rate in Kosovo in 2019 was 25.7%, while the employment rate was about 30.1%. Based on these figures, we see that, as a country, Kosovo does not perform well in the labour market in terms of employment and unemployment, and there is an unstable labour market based on informality, temporary contracts, etc.

We could, therefore, predict COVID-19 would have quite a strong impact on the labour market.

Based on the analysis of the labour market information and considering the percentage of employees without a contract within the total number employed, the number of employees without a contract is about 20%, and these will be most affected by COVID-19, although members of this category have also contributed to household income. Also, as a percentage of the total number of employees, those with temporary contracts in the labour market in Kosovo stand at about 54.7%, and these people will have suffered from the consequences of COVID-19. As a result of the negative effects of COVID-19 on the labour market, at least 246,000 people previously employed in the private sector will be added to the unemployed in Kosovo during the time of the pandemic (Bellaqa, 2020).

We calculated the inferential statistics for the sample — population parameters, and some of the numbers used to describe the population, such as the mean (μ), the percentages (p), and the standard deviation (σ). We generated the confidence interval for the variable "unemployment" with a 95% security level. With 95% certainty, the current average cooperation of the population where the sample was taken is between 1.56 and 1.72. In order to group our data, while also finding the frequencies for these groups, the frequencies method in SPSS was applied.

Based on the descriptive analysis, the results for the variable of schooling, education, and training are that the average of the series is 3.63, the median 1.00 and the mode 1. Outside these values, the minimum value of the series is 0,

whereas the maximum value is 9. The skewness coefficient of the series is 0.559 and the kurtosis value is — 1,667. In Table 5, the description of all the variables used in the econometric models for testing is presented. It can be seen that all the variables have a normal distribution.

Table 5. Descriptive statistics of variables

Descriptive statistics		*Sed*	*Bcc*	*Fdfwh*	*Ltfc*
N	Valid	150	150	150	150
	Missing	0	0	0	0
Mean		3.63	3.26	3.24	3.25
Std. error of mean		0.332	0.353	0.354	0.353
Median		1	0	0	0
Mode		1	0	0	0
Std. deviation		4.063	4.322	4.334	4.326
Variance		16.504	18.677	18.788	18.714
Skewness		0.559	0.586	0.589	0.587
Std. error of skewness		0.198	0.198	0.198	0.198
Kurtosis		-1.667	-1.675	-1.675	-1.675
Std. error of kurtosis		0.394	0.394	0.394	0.394
Range		9	9	9	9
Minimum		0	0	0	0
Maximum		9	9	9	9
Sum		544	489	486	488

Source: Authors' calculations.

Employment is an important economic and social parameter. It is currently a key issue in economic discussions and at the same time a very intensive field of empirical research. Based on the analysis of the strength of the linear correlation for the four quantitative variables regarding unemployment in the 18–24 years age group, with the independent variables being *Sed, Bcc, Fdfwh,* and *Ltfc,* we found positive correlation results. It can be noted that the variables are related linearly and that the correlation is significant at the 0.01 level (2-tailed).

Table 6. Correlation of variables

Correlation		*Sed*	*Bcc*	*Fdfwh*	*Ltfc*
Sed	Pearson correlation	1	0.994**	0.995**	0.995**
	Sig. (2-tailed)		0.000	0.000	0.000
	N	150	150	150	150
Bcc	Pearson correlation	0.994**	1	0.999**	0.999**
	Sig. (2-tailed)	0.000		0.000	0.000
	N	150	150	150	150
Fdfwh	Pearson correlation	0.995**	0.999**	1	1.000**
	Sig. (2-tailed)	0.000	0.000		0.000
	N	150	150	150	150
Ltfc	Pearson correlation	0.995**	0.999**	1.000**	1
	Sig. (2-tailed)	0.000	0.000	0.000	
	N	150	150	150	150

*Note: ** Correlation is significant at the 0.01 level (2-tailed).*
Source: Authors' calculations.

Empirical data analysis was also conducted using a heteroscedasticity-corrected model.

The first econometric model has a satisfactory coefficient of determination, with changes in the dependent variable *EY* being explained by changes in the independent variable *Sed*, of 99% (in R-squared) or 99% from the regular to R-squared. Based on the F-test, the estimated model is statistically significant with a significance level of 1%, *P(F)* = 15704.449. The model also meets the condition regarding the distribution of residual values and cannot be rejected, which means that the residual values have a normal distribution. The risk of multicollinearity is negligible because the value of VIF for an independent variable is much less than 10.

The second estimated model tests the influence of the independent variable *Bcc* on the growth of the dependent variable *EY*. For this model, the best fitting model has a functional log-log form. As can be seen, the changes in the independent variable *Bcc* are 99% (in R-squared) or 99% in R-squared.

The situation is approximately the same with the third model, which tests the impact of the independent variable *Fdfwh* on the dependent variable *EY*. A change in the independent variable *Fdfwh* by 99% (in R-squared) or 99% by R-squared is found. The VIF value for the independent variables is less than 10.

The four econometric models have a satisfactory coefficient of determination, where the changes of the dependent variable *EY* are explained by the changes in the independent variable *Lftc* by about 100% (in R-squared) or 100% in R-squared and the value of *P(F)* is equal to 211476.821.

Table 7. Models estimating the impact of the independent variables *Sed, Bcc, Fdfwh,* and *Ltfc* on the dependent variable *EY*

Model 1: Heteroskedasticity-corrected, using observations 2020				
Variable	***Coefficient***	***Std. Error***	***T-ratio***	***P-value***
EY	2.068	0.005	404.045	< 0.000***
Sed	-118	0.001	-125.317	< 0.000***
d_ — first difference; _1 lag; R-squared: 0.991; Adjusted R-squared: 0.991; P-value (F) = 15704.449. Test for normality of residual: p = 0.3230 > 0.05; Variance inflation factors (VIF): 1.415 < 10.0.				

Model 2: Heteroskedasticity-corrected, using observations 2020				
Variable	***Coefficient***	***Std. Error***	***T-ratio***	***P-value***
EY	2.003	0.002	1252.650	< 0.000***
Bcc	-111	0.000	-376.256	< 0.000***
d_ — first difference; _1 lag; R-squared: 0.999; Adjusted R-squared: 0.999; P-value (F) = 141568.397. Test for normality of residual: p = 0.036 < 0.05; Variance inflation factors (VIF): 1.624 < 10.0.				

Model 3: Heteroskedasticity-corrected, using observations 2020				
Variable	***Coefficient***	***Std. Error***	***T-ratio***	***P-value***
EY	2.002	0.001	1528.400	< 0.000***
Fdfwh	-111	0.000	-1.000	< 0.000***
d_ — first difference; _1 lag; R-squared: 0.999; Adjusted R-squared: 0.999; P-value (F) = 210581.831. Test for normality of residual: p = 0.024 < 0.05; Variance inflation factors (VIF): 1.342 < 10.0.				

Model 4: Heteroskedasticity-corrected, using observations 2020				
Variable	***Coefficient***	***Std. Error***	***T-ratio***	***P-value***
EY	2.000	0.001	1537.392	< 0.000***
Ltfc	-111	0.000	-1.000	< 0.000***
d_ — first difference; _1 lag; R-squared: 1.000; Adjusted R-squared: 1.000; P-value (F) = 211476.821. Test for normality of residual: p = 0.26 > 0.05; Variance inflation factors (VIF): 1.346 < 10.0.				

Source: Authors' calculations.

The findings show that employment in the 18–24 age group is unsatisfactory: the employment rate is about 26% for men and 10% for women, and the unemployment rate among those aged 18–24 years is 48.7%.

The high unemployment rate is an economic as well as a social and political problem and appropriate labour market policies will generate a stimulating environment for the creation of new businesses. Labour market policies are not yet adequate for labour market improvement.

According to data for 2019 for Kosovo, the rate of employment in the 15–24 years age group is about 13.1%, whereas the unemployment rate in this age group is 49.4%.

5. DISCUSSION

Based on the survey on employment and unemployment among the 18–24 age group, we can notice that the highest employment is among people aged 23, at 8.7%, followed by persons aged 24 at about 6%. According to Eurostat (2019) data for the Western Balkan countries, Kosovo was worst in terms of employment, with the employment rate from 2007 to 2015 varying from 40.9% to 43.2%, while in 2017 we see a higher employment rate of about 46.6%. The biggest obstacles for youth employment are education or training, at about 59.2%, followed by a lack of adequate jobs, at 18.4%.

Data on the labour market in Kosovo, especially for the younger age groups, should be treated with great care, because of the informal economy and the incomplete statistical data that are available. In the last two decades, the unemployment rate in Kosovo was highest among the younger population and for women.

Based on the descriptive analysis, the results for the variable of schooling, education and training are that the average of the series is 3.63, the median 1.00 and the mode 1. Outside these values, the minimum value of the series is 0, whereas the maximum value is 9. The skewness coefficient of the series is 0.559 and the kurtosis value is −1,667.

The first econometric model has a satisfactory coefficient of determination, with changes in the dependent variable *EY* being explained by changes in the independent variable *Sed* of 99% (in R-squared) or 99% from the regular to R-squared. The model also meets the condition regarding the distribution of residual values and cannot be rejected, which means that the residual values have a normal distribution. The second estimated model tests the influence of the independent variable *Bcc* on the growth of the dependent variable *EY*. As noted, for this model, the best fitting model has a functional log–log form. The situation is approximately the same with the third model, which tests the impact of the independent variable *Fdfwh* on the dependent variable *EY*.

During the performance of this research, we were faced with a lack of all-encompassing data, which has affected the expansion of the empirical aspects of this research.

Because of the high rate of youth unemployment, the labour market policy should be of a more sustainable nature in order to improve employment, considering that unemployment is higher in this age group than in other age groups.

6. CONCLUSION

In this paper, we test the links between the dependent variable (in this case, youth unemployment) and four independent variables: 1) Schooling, education, training; 2) Bankruptcy or the closure of a business; 3) Free days due to flexible working hours, and 4) Lack of time due to family obligations.

Models for testing the dependent variable with the independent variables were used in this paper on the basis of the theories presented.

The unemployment rate in Kosovo, especially the rate for youth unemployment, has still not been cured, and therefore the labour market policy should be more sustainable in order to improve employment.

According to the analysis, the 15–24 age group suffers more from unemployment. The study shows that 48.7% of young people aged 18–24 in Kosovo are unemployed.

From 2001 to 2019 the unemployment rate in Kosovo for the 15–24 age group was at its highest in 2001 and its lowest in 2019, and in the last decade, there has been a slight decline in the unemployment rate. The analysis in this paper demonstrates that employment among people between the ages of 18 and 24 is still not at a satisfactory level, although there has been a slight improvement.

The decline in the unemployment rate is more the result of emigration, which has been quite pronounced in recent years. The limited development of economic activities forces a considerable proportion of young people to leave the country and emigrate to Western countries.

Regarding employment by age, the highest employment is among people of 23 years of age, followed by people of 24 years of age, while the percentages for those aged 22, 21, 20, 19, and 18 are lower.

One of the most significant obstacles to youth employment for this age group is school attendance. From the analysis of the strength of the linear correlation for the four quantitative variables mentioned above in relation to unemployment in the 18–24 age group, the correlation results are positive.

In the constructed model, with the level of education and employment as a covariant, the effect of gender is statistically significant.

One of the recommendations arising from this research paper is to improve the active management of labour market policies in order to promote employment, with a special focus on employment in the 18–24 years age group.

The Ministry of Labour and Social Welfare is the main entity responsible for the tasks of providing employment services as well as determining the political priorities for employment and providing appropriate professional training. Kosovo is one of the youngest countries in Europe, with a growing share of the population being of working age — a temporary demographic bonus that offers opportunities (Cojocaru, 2017).

Looking at the relationship between employment and gender in the 15–24 age group and the number of unqualified unemployed people, we see a negative development. The main task of the public employment service offices is generally to register the unemployed in Kosovo in an effort to reintegrate them into employment. Employment can be taken as the most important performance indicator, in terms of all activities in the field of employment promotion.

After the initial registration, the unemployed meet with employment counsellors who carry out an assessment concerning their needs.

Encouraging domestic and foreign investment in Kosovo through the creation of a more favourable business climate will improve the business climate, and this can, in turn, affect the creation of new jobs. Another issue is the need to increase the education capacity according to the needs of the market economy.

To implement a policy to alleviate unemployment, several activities should be undertaken, among which we can present the following: the formulation and creation of sustainable macroeconomic policies that affect the creation of new jobs, the introduction of social policy with a more active character in order to create preconditions and conditions for employment, the development of macroeconomic policies and the implementation of labour legislation at the appropriate level, and the development of fiscal policy in favour of local products.

Public and private institutions should facilitate the transition of young people from school to work, to give them more opportunities to be part of programmes that have an impact on the labour market, to provide a larger number of vocational training opportunities for the unemployed, and to improve the legal infrastructure in accordance with the trends of the labour market economy.

Active youth labour market policies should focus on improving the education system, supporting self-employment policies, and transferring knowledge to a higher standard. In addition to education, the workforce, which includes the employed and those who are unemployed but actively seeking work, should be provided with capacity-building training according to market economy trends (Bellaqa, 2019).

There is a need for further comprehensive studies on youth unemployment, not only in these six municipalities of Kosovo but at the national level, and research should be conducted continuously.

The expansion of research on the youth labour market will then play an essential role in the design of sustainable labour market policies and will create the greatest opportunity for the expansion of empirical analysis for this age group, which suffers from unemployment.

This paper is important for future research because it provides information on labour market indicators for young people aged 18 to 24, with a special focus on young people in Kosovo.

We also had a limitation in the preparation of this paper, the limitation in terms of field data collection due to the COVID-19 pandemic, also considering that the research gap of this age group of the labour market is quite limited, which has affected the aspect of data comparability.

We also recommend that future researchers consider the findings of this study on the labour market of young people aged 18 to 24, making year-to-year comparisons and tracking the trend of labour market indicators for young people.

The findings of this study will have a positive impact on the development of long-term labour market policies to improve the labour market performance of young people in the Western Balkans, with a particular emphasis on improving the labour market performance of youth in Kosovo.

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