

# ACTIVE LABOR MARKET POLICIES IN KOSOVO FROM A STATISTICAL POINT OF VIEW AND WITH THE FOCUS ON YOUTH

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## **Abstract:**

The purpose of this article is to analyze the implementation of labor market policies as well as labor market statistics for the youth in Kosovo. In this article factors influencing the employment and unemployment trends of youth in Kosovo are analyzed. The article is developed based on literature published by local and international institutions regarding policies and statistical analysis related to the labor market of the youth in Kosovo. Kosovo is characterized by high level of unemployment which is around 45.7%, while for the age group 15 to 24 unemployment rate is about 73%-high by any international standard. This high unemployment rate presents not only social and economic problem but also a political problem. Kosovo is faced with a high number of young people entering into the labor market, around 25,000 people entering the labor market every year and around 6,000 people leaving the labor market. Although Kosovo has had a positive GDP growth in the previous years, this increase has not been sufficient to improve the level of employment trends especially for the youth-those between 15 to 24 years old. To address this high unemployment rate Kosovo government should tailor labor market policies that create a friendly environment for the business start-ups and provide training programs to increase professional capacities according to the needs of the labor market.

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**Keywords:** Labor market, policies, unemployment

## **1. Introduction:**

Kosovo has a relatively young population; almost one third of the population is under the age of 15 years while about 60% of the population is of a working group age between 15 and 64 years. Unemployment is one of the main problems of Kosovo society, which according to the results of Labor Force Survey in 2009 the unemployment rate reaches 45%.

Unemployment rate is more noted among youth (15-24 years) where reaches 73% and also female unemployment rate in country level reaches 56.4%.

An important role related to the active policies in reducing unemployment in Kosovo is the establishment of a stable legal framework, training of the workforce according to the trends of the market economy, promotion of employment services etc. Kosovo Government respectively the Ministry of Labor and Social Welfare should treat labor market policies as a serious issue in order to improve the unemployment rate which currently is then highest in the region. From age groups the highest unemployment rate is by young age group 15 to 24 years, however this does not mean that majority of young people are unemployment because part of this age group are still attending educational institutions.

Creating a friendly business environment for start-ups as well as for further development of existing businesses is the most crucial interventions in order for Kosovo to become an attractive country for business development which in turn would support employment generation. Active labor market policies to reduce unemployment, except that should be focused on creating a motivating environmental for existing businesses and opening of new businesses it should play an important role in capacity building of knowledge of manpower according the trends of market economy, funding of programs that affects the creation of new jobs, etc.

This article is organised as follows: Section 2 provides an overview of demographic and labour market statistics in Kosovo; Section 3 discusses youth employment with the main focus on analysing policies in place to reduce high unemployment rate among the youth. Finally the article concludes with conclusions and policy proposal as to support youth employment in Kosovo as the main challenging task that Kosovo government faces today.

## **2. Labor market trends of youth in Kosovo:**

Youth age group definition varies; many countries through laws have regulated this issue. In Kosovo youth are considered persons aged between 15 to 24 years (UNDP, 2006). The lower age limit of youth is between 12 and 18 years while the upper limit is between 24 and 30 years. United Nations Program defines as young people those aged 15 to 24. World Health Organization consider as young people these aged from 10 to 24 years, because many policies have affect on young people and is often needed to undertake measures from age of 10.

Labor market trends in Kosovo from year 2001 until 2009 for age group 15 to 24 are shown in the following table.

**Table 1. Unemployment rate of age group 15-24 in Kosovo, 2001-2009**

<b>YEAR</b>	<b>Male</b>	<b>Female</b>	<b>All</b>
<b>2001</b>	75.5	87.1	80.0
<b>2002</b>	67.6	89.7	77.7
<b>2003</b>	65.8	90.5	74.9
<b>2004</b>	57.9	82.5	66.5
<b>2005</b>	63.7	80.6	70.5
<b>2006</b>	67.9	77.7	75.5
<b>2007</b>	65.0	78.6	70.0
<b>2008</b>	68.6	81.8	73.0
<b>2009</b>	68.5	81.7	73.0

Source: ASK from LFS 200-2009 data

Regarding the situation of the formal labor market in Kosovo, with particular focus to the youth, situation should be treated with great care, partly because of the high rate of the informal economy and partly because of no comprehensive statistical data. Due to the high rate of unemployment, Kosovo must develop consistent labor market policies with the purpose to decrease the unemployment rate, which is more pronounced among young age group and among females. Kosovo labor market is small and is not able to absorb such a large number of unemployed people. Therefore Kosovo should develop appropriate policies relation to agreements with European countries and beyond so that unemployed people could be sent abroad for temporary employment. Limited development of economic activities forces a substantial part of the young people to leave the country and to migrate to different countries especially to Western countries. Having young educated individuals leave the country can have a negative impact towards socio-economic development. If we compare Kosovo (Eurostat, 2010) with countries of the region and beyond, Kosovo has the youngest population or around 30% of the population is under the age of 15 years, which statistics in more detail are presented in the following table.

**Table 2. Population by age groups, 2010 (1)**

	under 15	15–64	65 and more
EU-27	16	67	17
HR	15	67	17
IS	21	67	12
ME	20	68	13
MK	18	71	12
TR	26	67	7
AL	26	68	6
BA	18	68	14
RS	15	68	17
XK	30	63	7

(1) AL, 2007; BA and XK, 2009.

Source: Eurostat (online data codes: [demo\\_pjangroup](#) and [cpc\\_psdemo](#)).

This table notes that Kosovo is a leading country with youngest population compared to other countries of the region; hence the number of entries to the labor force each year is very high. Kosovo should have action plans at an appropriate level for youth employment and this policy must be supported by developed countries. Supporting youth employment will affect income regeneration and will reduce migration of young people. Demand for labor market active measures increase political pressure and as well request a greater commitment by policy makers. One possibility that policy makers should take into consideration is the introduction of adequate programs and in the right direction. In order to be cost effective these programs should be linked with identified needs of labor market and more oriented toward age group 15 to 24 years.

Unemployment rate based on gender, expressed in percentage, 2009 (Eurostat, 2011) and employment based on gender according the economic activities is shown in Table 3.

**Table 3. Unemployment rate of youth age group of the countries of the region expressed in percentage**

	2000			2009		
	Total	Male	Female	Total	Male	Female
EU-27	18.3	17.6	19.1	19.8	20.9	18.5
HR	43.1	42.1	44.3	25.1	23.1	28.5
MK	59.9	58.1	62.4	55.1	52.7	59.4
AL				27.2	26.2	28.3
RS	50.2	45.0	56.0	41.6	39.3	44.9
IS	12.5	12.7	12.2	15.9	19.8	12.0
BA				48.7	46.4	52.7
XK	80.0	75.5	87.1	73.0	68.5	81.7
TR	13.1	13.7	11.9	35.3	25.4	25.0

Source: Eurostat, 2011 (online data codes . lfsa\_urgan and cpc\_psim)

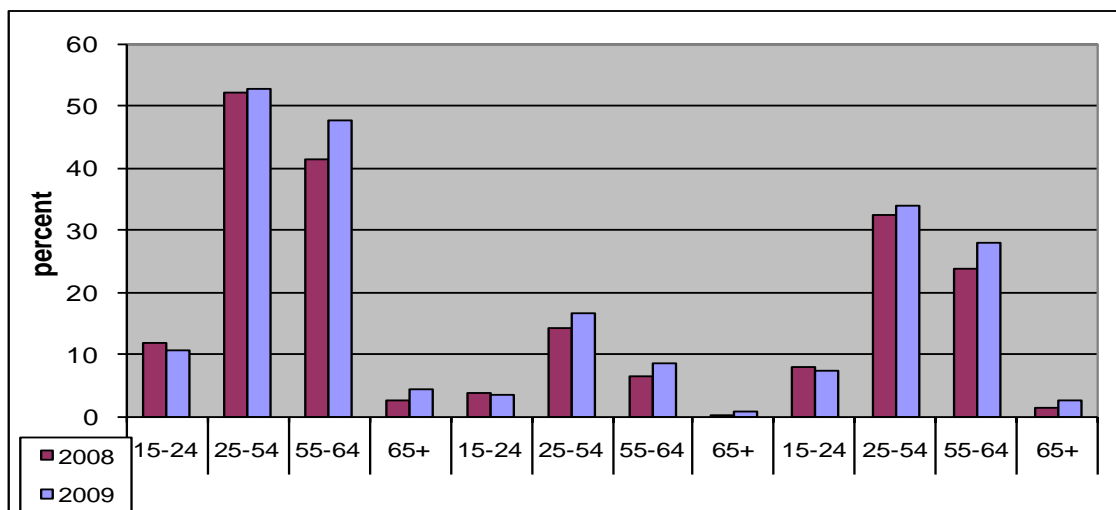
### 2.1. Employment and unemployment rate according to age groups:

The differentiation of the employment rate by age shows that the proportion of labor force of the central age group (25-54) is over 34% higher than on the average for males as well as females (Kosovo Agency of Statistics, 2008-2009). Table 4 outlines employment data by age groups and gender.

**Table 4. Employment rates by gender and age groups, 2008-2009**

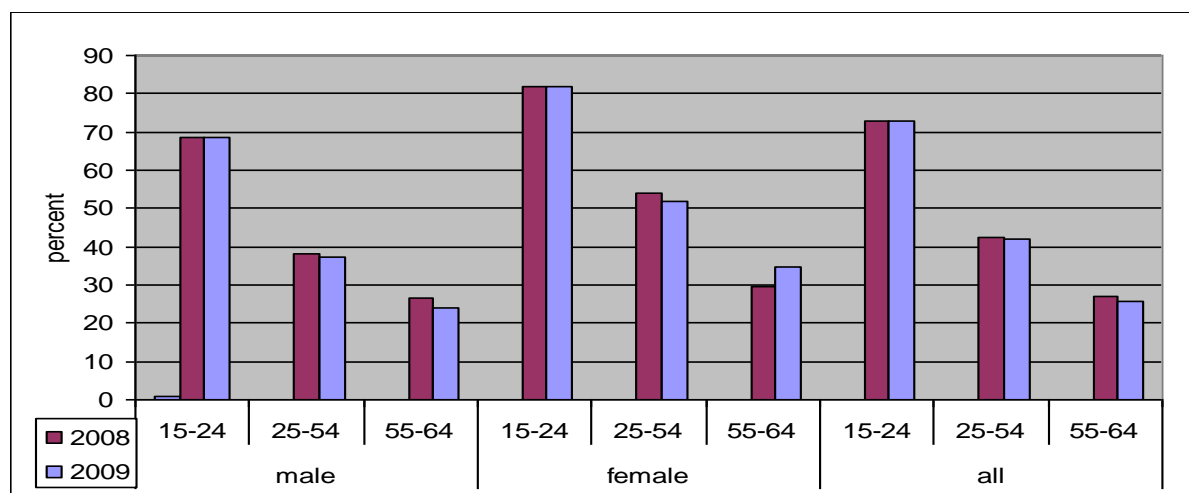
Gender	Age	2008	2009
Male	15-24	11.8	10.7
	25-54	52.2	52.7
	55-64	41.4	47.8
	65+	2.5	4.6
Female	15-24	3.9	3.7
	25-54	14.3	16.8
	55-64	6.7	8.7
	65+	0.3	0.8
All	15-24	8.1	7.5
	25-54	32.6	34.2
	55-64	23.8	27.9
	65+	1.4	2.6

**Figure 1. Employment rates by age groups, 2008-2009**



According to data for both genders, the employment rate is lower for 15-24 age group with only 10.7% to 3.7% for males and females, in part, which in can be seen that it is due to continuing education, but also can be the result of difficulties to achieve the first entry in the labor market. In the older age group population (55-64), however, there is a huge difference between men and women. The main cause of this discrepancy may be the tendency of women to go into earlier retirement. The differentiation of the unemployment rate by age groups indicates that the highest incidence of unemployment occurs among young people, where more than two thirds of the males and 8 of 10 females in the labor force are without a job.

**Figure2. Employment rates by gender and age groups, 2008 2009**



Source: KAS, DSS, LFS, 2009

This does not mean, however, that most of the young people are unemployed. Since part of this age group is still under education process and the rest are not looking for a job (for example, many females who got married), actually, less than one third of the young people are unemployed. The specific difficulties of young people at the start of their working life have made youth unemployment an important labor market indicator and rose to many analyses subsumed under this issue. The unemployment consistently decreases with age, though it still in values of to 37.4% of male and 52.0% for female labor force in the central age group.

### **3. Youth employment:**

Kosovo has the youngest population in Europe (UNDP, 2008). According to 2005 Labor Force Survey LFS estimates, population individuals aged 15 to 24 account for about 30% of the working age population, and 20 percent of total population. Kosovo has the largest youth share of total population in Europe. It is expected that roughly 200,000 young people will reach working age in the next five years, while the number of people reaching retirement age will be approximately 60,000. Ministry of Labor and Social Welfare is the main carrier in fulfilling duties in terms of offering employment services as well as in determining employment policy priorities and offering vocational training at an appropriate level.

At the end of year 2011 the total number of persons registered as unemployed at the public employment services consisted of 157,922 women and 167,339 men (Ministry of Labor and Social Welfare). There is a negative trend considering the relation of gender differences, age groups 15-24 and unskilled unemployed individuals. The main task of public service offices in Kosovo for employment in general is focused in registering unemployed individuals with the aim of find jobs for them. Employment may be taken as the most important indicator of the performance in terms of all activities in the field of employment promotion. After individuals are registered as jobless they meet with employment counselors who make an assessment of the needs of the unemployed individual. Consulting services consist of three levels of counseling functions provided by various counselors:

- a. Employment counseling,
- b. Vocational guidelines, and
- c. Training advices.

Employment as the main outcome represents the main objective of the public employment services in Kosovo but as well as the integration on the labor market, etc. Public service offices in 2011 have achieved to employ 7,848 individuals (Department of Labor and Employment, 2011) which figure compared to 2010 has been increased by 10.3%.

### **3.1. Policies to improve employment of Kosovo youth:**

For Kosovo as a country in transition, the main aim should be to develop labor market policies at an appropriate level to decrease the unemployment rate with special focus in decreasing youth employment. Active labor market policies play an important role in decreasing unemployment, creating a motivating environment for existing businesses and opening of new businesses, raise the capacity of knowledge at an appropriate level according the market economy trends, financing programs that have impact in opening new jobs etc. Trainings are among active policies of the labor market that plays an important role in increasing employment opportunities of all age groups as well as age group 15 to 24. Although there is a considerable effort by Kosovo Government to implement active labor market policies still the rate of unemployment in Kosovo is very high especially by young age group where the unemployment rate is about 73%. High level of unemployment in Kosovo is inherited matter of economic development of Kosovo so that the key issue is to create a productive and efficient policy at the country level. Carrier of labor market policies in Kosovo is Ministry of Labor and Social Welfare (MLSW). MLSW should have a proper coordination with all stakeholders who contributes in decreasing unemployment and with special focus in decreasing youth unemployment which is more highlighted. Development of labor market policies for youth should be focused on the net incomes of the labor market in Kosovo since in the net income young age group is dominant or is higher. Active labor market policies for youth should be focused on improving the education system in supporting policies for self-employment as well as the way of knowledge transferring to be in a higher level and according to the trends of market economy.

Active measures of the labor market should be in correspondence with labor market changes that could lead to the increase and decrease of the demands for types of work, access and opportunity in employment and vocational training. To support designing the programs, trainings and offering them, active labor market measures can be categorized as follows: measures to reduce discrepancies, measures to increase the skills of the registered unemployed, measures to increase the demand for workforce, measures to promote equal opportunities as well as measures to promote entrepreneurship and self –employment. A great



variety of active labor market measures exists among the states of European Union and in the world market of the labor market, some of these measures are:

Measures that aim to increase the efficiency of job search such as employment and monitoring instructions, job research assistance, labor clubs, instruction for vocational training and employment advices (Ministry of Labor and Social Welfare, 2010); measures for general programs and professional training which essentially comprise all measures to improve the knowledge of the workforce by raising their skills at an appropriate level; incentive scheme for private sector like money subsidies for private companies to encourage employers to recruit and grants for opening new businesses. It is important to note that majority of active labor market programs in European countries have as a target group the youth. In Kosovo active labor market programs are offered by public employment services. Unemployed individuals are registered in regional and municipal employment offices. These who need assistance, employment offices provide them with information for job vacancies and about programs and services that are available to them. Fundamental starting point to enable proper assistance to the unemployed clients is their registration and to make an accurate assessment of client needs to ensure that employment services can identify and provide the most appropriate form of assistance.

## **Conclusion**

Active labor market programs are offered by the Ministry of Labor and Social Welfare respectively Public Employment Services in Kosovo. Programs offered in Kosovo are limited in terms of quantity, opportunities and the choice of programs since the number of regional centers to provide services in Kosovo is limited compare with the number of job seekers. Active labor market measures in Kosovo are not at the right level, there is no prior assessment for the unemployed in order to offer adaptability regarding market needs as well as the information system of labor market in Kosovo is not unique. Based on these findings my recommendations are as follows:

- Improving macroeconomic policy in favor of promoting employment, with particular focus on employment of age group 15 to 24 years.
- Improving the investment climate, for domestic and foreign investments in Kosovo which this can contribute to job creation and regeneration of household's income. .
- Improving the education system and increasing the capacity of vocational trainings according to the trends of market economy.

- Designing a stable policy to decrease the youth unemployment by analyzing all necessary factors with aim that this strategy not to remain only in paper but to be realistic.
- Improving public employment services in line with labor market needs. These services should be more open to the private sector, both in terms of providing services as well as other relevant issues that are related with increasing professional capacities and creating more opportunities for employment and mediation in employment.
- Creating a stable and comprehensive system of labor market information since so far the information system on labor market indicators is dispersed. These information should be distributed either in electronically or in printed form.
- Providing a large number of vocational training for unemployed.
- Improvement of legal framework and enforcement of laws that create better conditions for labor market.
- Increase the number of programs for active labor market policies supported also by international institutions.
- To facilitate the transition from school to work, to provide internship in public and private institutions as well as to give them more opportunity to participate in programs that contribute in the labor market.

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