MANAGEMENT AND FINANCING OF THE SELF-EMPLOYMENT IN THE YOUTH LABOR MARKET: THE DEVELOPING COUNTRY CASE STUDY

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Abstract

The main objective of this research is to determine and analyze the impact of labor market management and financing in Kosovo, with a particular emphasis on labor market financing in the age group 18–24 years in Kosovo. In order to enrich this paper, a field survey was conducted, and the data were analyzed using comparative and empirical analysis. The findings of the study indicate that financial support for self-employment among young people in Kosovo is very low or negative, despite the fact that the regression coefficients of the variables in this study are statistically stable. In 2020, the youth unemployment rate in Western Balkan countries was over 26%, but it was much higher in Kosovo, at around 50% (Ramhorst, 2021). A significant portion of the young population, or approximately 48.6%, is unemployed, but the most pronounced unemployment is among women in this age group, which is approximately 53.5% compared to men at approximately 46.1% (Kosovo Agency of Statistics [KAS], 2021). The study recommends that labor market policymakers implement long-term labor market policies in order to create new jobs for young people in Kosovo, where employment is quite low, and so on.

Keywords: Self-Employment, Financial Markets, Labor Economics Policies, Youth, Labor Force and Employment, Labor Management

1. INTRODUCTION

Unemployment is a multifaceted phenomenon that affects all human societies and has an impact on the social structure. It is widely known that Kosovo still has a high unemployment rate, with a particular emphasis on a high youth unemployment rate. The purpose of this study is to evaluate the financial support for youth self-employment provided by parents, brothers, sisters, and the state as well as to analyze the management skills of young people in self-employment. Self-employment funding for

young people is critical to improving their standard of living as well as the country's economic development. Unemployed people in Kosovo rely not only on other factors but also on financial assistance from family, the state, etc. In addition to the financial aspect, the provision of training adapted to market needs should be prioritized. Almost 60% of businesses in Kosovo regard the process of training new processors as necessary and critical (Ziberi, Rexha, & Ukshini, 2021).

There is a significant gap in the literature in Kosovo regarding research related to youth financing in self-employment, particularly in empirical terms, so this research will contribute to alleviating this information gap and will be an important input for drafters of policies and strategies at the national level. Numerous scientific sources and administrative data were used for this research, and in October 2021, a survey was conducted to enrich this paper on the analysis of financial support for young people in self-employment in Kosovo. The survey was conducted on young people aged from 18 to 24, with 150 young people interviewed across Kosovo using a random sampling method. According to the Kosovo Agency of Statistics (KAS, 2020), there are 1,222,104 people of working age in Kosovo. The 15–24 age group had the highest rate of unemployment (49.1%) and the lowest employment rate.

Kosovo is Europe's youngest country, with the youngest population. Kosovo also has labor force potential; however, the economic growth that characterizes Kosovo has not been able to improve labor market performance, with a significant portion of the active labor force remaining unused. Managing public sector finances is critical to effective budget management, and they require adequate funding to function properly. In terms of financing labor market policies, the responsibilities of labor market policies belong to the Government respectively the Ministry of Labor and Social Welfare (MLSW), which deals with social welfare policies as well as the implementation of active labor market policies. For a country to be economically prosperous, human resources must be managed efficiently in both the public and private sectors. As a country's economy is heavily reliant on the management of its human resources, national strategies place a premium on the labor market. One of the employment strategy shortcomings is that it lacks financial incentive mechanisms, does not provide any mechanism to encourage self-employment, grants for the establishment or expansion of small businesses, and does not include financial incentives to increase the number of employees in medium and large enterprises (GAP Institute, 2013).

Managing public investment in infrastructure was highlighted as a tool for poverty reduction by facilitating access to markets and lowering high transaction costs for poor households, with poverty reduction associated with improved labor market performance (Wilhelm & Fiestas, 2005). One of the crucial challenges for the country's socioeconomic development is the study of management and financing of youth employment. According to the United Nations, youth includes all young people aged from 15 to 24 ("Youth unemployment", n.d.). Young people are defined as those aged from 15 to 24, or in some young countries, those aged from 15

to 29 (Contact Committee of the Supreme Audit Institutions of the European Union, 2018). However, this concept does not apply to all countries; it is used depending on institutional factors as well as political and cultural factors. In Italy, for example, the concept of "young people" is used in all policies that target the population aged 14–29 years old in the northern regions and 14–32 years old in the southern regions (O'Higgins, 2001).

According to the results of the Labor Force Survey (KAS, 2020), people aged 15–24 accounted for approximately one-third of the population, while in terms of employment, this age group participates in employment with little or no employment; the employment rate in this age group is around 11.4%, while the unemployment rate is 49.1% (KAS, 2020). Efforts to create new jobs for young people have focused on a variety of measures based on job demand and supply. Self-employment funding through targeted funds for young people is increasingly seen as the most viable option (Schoof, 2006).

Approximately one-third of Kosovo's workforce is engaged in informal employment, which includes workers in small businesses, unpaid family workers, and self-employed people in small businesses or unprofessional occupations. According to this definition, approximately 35% of workers in Kosovo are in the informal sector, more than half of workers in the formal sector are public sector employees, and more than 40% work in large firms. Meanwhile, informal workers are more likely to be young people with little education who live in rural areas (World Bank, 2017).

In terms of financial services, there is growing agreement that young people's ability to access financial services and strengthen their ability to use these services for their future needs can play a direct role in supporting the transition to better employment and livelihoods (Sykes, Elder, Gurbuzer, & Principi, 2016). The availability of financial services such as deposits, loans, payments, money transfers, remittances, rents, or insurance for individuals or businesses is referred to as access to finance. A variety of factors, including physical accessibility, affordability, suitability, and legislative frameworks, can limit the availability of such financial services. Access issues are particularly acute in the economies of poorer countries (McNulty & Nagarajan, 2005).

Around one billion young people in low-income countries are entering adulthood and participating in various forms of education and employment (United Nations, 2017).

To analyze and identify the labor market among young people, it is recommended to identify the factors that are related to and condition young people's unemployment as well as to analyze young people's attitudes toward labor market offers and demands. As per the Labor Force Survey conducted in Kosovo from 2000 to 2021, the concept of "young people" included young people aged from 15 to 24 (KAS, 2021). Opening a business as a means of self-employment for young people in Kosovo faces obstacles that impede self-employment and the creation of long-term employment for this age group. In 2013, the global youth unemployment rate was estimated to be around 12.6% (International Labor Organization [ILO], 2013).

According to the findings of Thorup's (2004) study, deficiencies in the education system in relation to the requirements of labor market offers are one of the main issues confronting the Balkan countries following the political and economic changes that occurred in these countries in the 1990s.

The Government of the Republic of Kosovo has incorporated labor market policies into its strategic and national development plans. In this regard, the first pillar of the Government of the Republic of Kosovo's National Development Strategy 2016–2021 focuses on human capital with specific measures to improve employment opportunities (Office of the Prime Minister, 2016).

The employment opportunities for young people vary according to the country's economic development. Youth unemployment is caused not only by the country's low level of economic development but also by a high proportion of young people in the labor force. According to labor market analysis, there is a significant disparity in Kosovo between the number of young people entering the labor market (approximately 25,000 people) and the number of older people leaving the labor market (approximately 6,000 people) (Bellaqa, 2016).

Globally, unemployment is quite pronounced, along with long-term unemployment, unsustainable employment, low wages, poor working conditions, and so on. People of the 15–24 age group are at a critical juncture in their lives, making decisions that will undoubtedly affect their future. According to the ILO (2008), the unemployment rate among the 15–24 age group is around 40%.

As we examine the budget proposed by the MLSW for the Employment Agency in 2019, which comes out to be around 10,554,215, we see that, while there is an increase in the budget for the Employment Agency compared to previous years, this budget is still quite inadequate for improving labor market measures.

During our research, we attempted to answer the following research question:

RQ1: How much does financial assistance affect youth employment?

RQ2: What impact does financial assistance have on youth self-employment?

The latter research question is divided into four sub-questions, which are as follows:

RQ2a: What financial assistance is available through self-financing funds for youth self-employment?

RQ2b: What managerial skills are required to create a job for self-employment?

RQ2c: How much financial assistance do remittances provide for youth self-employment?

RQ2d: What financial assistance is available from non-governmental grants for youth self-employment?

The rest of this paper is structured as follows. Section 2 contains a review of the pertinent literature. Section 3 discusses the methodology used in this study. Section 4 presents labor market management. Section 5 shows the data analysis and results. Section 6 discusses the findings. Section 7 summarizes the key findings of the analysis and provides recommendations.

2. LITERATURE REVIEW

Various researchers (Cojocaru, 2017; Remeikienė, Žufan, Gasparėnienė, & Ginevičius, 2020; Bellaqa, 2012, 2018; Ozerkek & Dogruel, 2015; Bellaqa, Shala, & Bellaqa, 2019; Wan, 2017; Hasanaj, Ahmetaj, & Tërstena, 2020; Bellaqa & Gollopeni, 2021) used data from primary and secondary sources, respectively data provided by various credible institutions, to study employment, unemployment, financing, and labor market policy management among young people in Kosovo (Ramhorst, 2021; Organisation for Economic Co-operation and Development [OECD], 2021a; KAS, 2021; GAP Institute, 2018; World Bank, 2008; Riinvest, 2021, etc.).

The European Union Labour Force Survey (EU-LFS) is the largest European household sample survey. Its main statistical objective is to classify the population of working age (15 years and over) into three mutually exclusive and exhaustive groups: employed persons, unemployed persons (both together make up the so-called "labor force"), and the population outside the labor force, for example, students, pensioners, and housewives or men (Eurostat, n.d.).

Although there are studies on the youth labor market on employment, financing, and labor market policy management, there is a significant lack of studies on the youth labor market and labor market policy management.

According to Bherwani, Martin, Rodriguez-Montemayor, and Thomas (2022), recommendations focus on both institutional and holistic policy changes that would create an integrated approach to assisting young people towards employment. It is critical to strengthen collaboration between schools and businesses to improve curriculum delivery, continuous professional development, and other areas (Ministry of Finance and Economy, 2019).

The company environment is crucial to developing the creative world for employees so that they are prepared to face the challenges and competition that surround them (Utomo, Yulia, & Khristiana, 2021). Employment rates are defined as a measure of the extent to which available labor resources, i.e., people available to work (OECD, 2021b). Participation of young people in programs influences the development of their entrepreneurial skills by improving their standard of living and employment status (World Bank, 2022).

According to Keynes, an increase in overall effective demand leads to an increase in employment, while a decrease in overall effective demand leads to an increase in unemployment (Blinder, 1986).

According to Keynesian theory, an increase in income is partially saved and partially consumed. As a result, Keynesians believe that income has a positive effect on savings (Zwane, 2021).

In developing labor market strategies, Independent Evaluation Group (IEG, 2011) identified the following five factors as major constraints to job creation: macroeconomics, investment climate, labor market, education, and social protection (MILES). Incentives for employers to invest and create jobs are referred to as the investment climate. Regulations affect the job search, hiring process, and cost. Individual education, socioeconomics, and demographics are all aspects of education. Greater financial globalization intensifies the insecurity of working hours, with the effect being exacerbated for low-skilled workers (Buch & Pierdzioch, 2014).

To increase the level of employment in Kosovo, gross domestic product (GDP) growth must exceed 7%, despite the fact that there is a large disparity between income and exit from the labor market (Bellaqa, 2013). The financial market, banking, and

securities market reforms increase employment (Ernst, 2019). Theorizing young people in relation to wage labor does not downplay other youth experiences (Yates, 2021).

A country's growth rate is determined by its level of savings and investment also budget policy aims to mobilize sufficient resources for public-sector investment in this regard (Worl Bank, 2007). An additional project component addresses the challenges of access to financial services and products for these disadvantaged, marginalized people (*Successfully integrating young adults into the working world (C4EE)*, n.d.).

As a result, the government makes various budgetary provisions to increase the overall rate of savings and investment in the economy (Betchoo, 2016). The creation of a stable legal framework, training of the workforce per market economy trends, promotion of employment services, and so on all play an important role in the dynamics of the labor market, and thus in improving labor market indicators in Kosovo (Bellaqa, 2012). Working with formal and non-formal education providers to provide relevant skills training to young people that enables them to find formal employment outside of the gig economy that fairly reflects and compensates for the level of their skills (Whiteman, 2022). The self-employed are not entitled to the same rights as employees, such as holidays and sick pay (Broughton & Richards, 2016).

The human resource management system, which controls the link between management and work, is a part of corporate governance (Abe & Hoshi, 2004). According to empirical regression analyses, two opposing factors influence youth self-employment: motivational and attractive factors (Frankjovic, Šebalj, & Živkovic, 2015). Self-employment can be an excellent way to enter the job market while doing something you enjoy in a way that fits your commitments and lifestyle ("Self-employment: Working for yourself", n.d.). The benefits for work satisfaction are pronounced and relatively persistent but accompany large and persistent decreases in leisure satisfaction (van der Zwan, Hessels, & Rietveld, 2018).

In this context, the problem of this research paper is that how much financial support affects youth self-employment and management in Kosovo. Based on the literature review, the hypotheses of this study are as follows:

H1: Financial support for youth self-employment through self-financing funds has no effect on increasing youth self-employment.

H2: Management skills for self-employment job creation have no effect on increasing self-employment among young people.

H3: Remittance-based self-employment financing has no effect on youth self-employment.

H4: Non-governmental grant funding has no effect on increasing youth self-employment.

3. RESEARCH METHODOLOGY

Young people aged from 18 to 24, including 150 young people from Kosovo, are at the epicenter of this study. As it is understood that the on-site collection phase consumes the most human and financial resources, the research sample has been reduced due to limited resources. However, since the sample is representative and is distributed proportionally based on the size of the municipality, the sample size is increased. As a data collection tool, questionnaires were used in this research.

The questionnaire is divided into three sections: the basic section, the education and training section, and the financial support for self-employment section. The questionnaire has 18 questions and 42 sub-questions in total. In the interview, closed-type questions were used, and sub-questions from the questionnaire were asked within the framework of the interviewee's questions. This study also relied on official data from credible local and international institutions. In October 2021, 150 people aged 18–24 were interviewed across the country for the youth survey.

The majority of the questions in the questionnaire were answered using the Likert scale, however, there were some questions that the interviewer had to answer with a yes or no. The sample was chosen at random and distributed across 22 administrative municipalities in Kosovo, where a total of 150 young people aged 18–24 were interviewed using a questionnaire.

The response rate is satisfactory, at around 99.26%. Figure 1 depicts the distribution of the sample by municipalities, with the sample being more concentrated in the municipality of Pristina, which is considered the largest settlement in the country.

Figure 1. Sample distribution by municipalities in Kosovo
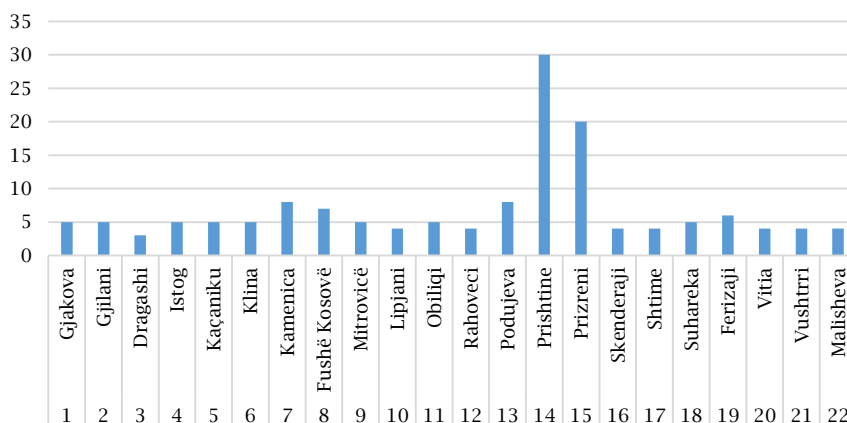
Source: Authors' elaboration.

The field questionnaires were subjected to logical control and professional analysis, and the data was processed and analyzed using the SPSS program.

The dependent variable, youth self-employment, it is denoted by the abbreviation (*SE*), was tested against the independent variables: financing through self-financing funds for youth self-employment (*SFJE*), managerial skills for creating self-employment (*MCSE*), financing from remittances for youth self-employment (*FRSE*), and financing from non-governmental grants for youth self-employment (*FNGSE*).

The direct correlations between our interest variable *Y* and other dependent variables *X* were initially constructed and analyzed using a scheme that assumed a causal relationship. The hypotheses advanced in this paper are based on a review of the literature. The database contained empirical analyses relating to correlations, regressions, coefficients, analyses, and so on. Based on the above-mentioned theoretical review of the literature and empirical evidence, the model of multiple linear regression proposed by Studenmund (2017) is used in this study. This analysis was carried out using the following regression model with constant factors:

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

where, *Y* is a dependent variable; X_i is an independent variable; β_i is partial regression coefficients; ε_{ij} is random residue, with normal distribution.

The influence of the independent variables *SFJE*, *MCSE*, *FRSE*, and *FNGSE* (as defined above) on the dependent variable *SE* was investigated in this study. The linear regression model shown below was used:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon \qquad (2)$$

where, X_1 is financing through self-financing funds for youth self-employment (*SFJE*); X_2 is managerial skills for creating self-employment (*MCSE*); X_3 is financing from remittances for youth self-employment (*FRSE*); X_4 is financing from non-governmental grant funding for youth self-employment (*FNGSE*).

$$SE = \beta_0 + SFJE + \beta_2 MCSE + \beta_3 FRSE + \\ + \beta_4 FNGSE + \varepsilon \qquad (3)$$

Since in time series we often have problems with the lack of stationarity (non-stationarity), which can cause false correlation, to ensure the series is stationary, we will evaluate the augmented Dickey-Fuller test (ADF) on the presence of the root unit based on the Akaike information criterion (AIC). In cases of non-stationary existence then the first distinction will be applied, therefore, we use the heteroscedasticity-corrected model. The Lagrange multiplier (LM) tests for the stochastic structures are simply to test certain orthogonality conditions with residuals (Cappellari & Jenkins, 2004).

4. LABOR MARKET MANAGEMENT IN KOSOVO

Based on the high youth unemployment rate, labor market policy management must be more sustainable to improve employment, where unemployment in the young age group is higher than in other age groups. Kosovo is classified as a country with a low-middle income. GDP per capita in 2020 was 3,772 euros, while GDP at the national level was 6,771.6 million euros (KAS, 2021). Economic growth in Kosovo is insufficient to alleviate youth unemployment; the International Monetary Fund (IMF) forecasts medium-term economic growth of around 4%, but Kosovo's economy continues to face challenges that prevent economic growth from increasing employment. Kosovo's economic development cannot absorb such a large number of unemployed people entering the labor market; therefore, Kosovo must develop proper management in creating incentive policies for youth employment (IMF, 2016).

The Government of Kosovo has yet to develop satisfactory policies to improve gender balance in employment and unemployment (Bellaqa et al., 2019).

Capacity building at the appropriate level in response to market economy trends, financing programs affecting job creation, and so on. This is also confirmed by the IMF estimates, which assert that "Kosovo requires more sustainable and higher-quality growth in order to increase employment" (IMF, 2016, p. 23). Foreign direct investment (FDI) also plays an important role in a country's economic development; these investments have an impact on both economic and social development (Bellaqa & Bajrami, 2019).

More state budgets should be allocated to improve employment performance to carry out the strategic plan. According to the strategic plan 2018–2020, a budget cost of approximately 17,440,104 euros is estimated for increasing youth employment over a three-year period, which cost is inconceivable for alleviating youth unemployment (MLSW, 2017). See in better detail Table 1.

Table 1. Workforce employment, education, and training budgets for 2018–2020

Field	Total costs			
	2018	*2019*	*2020*	*Total*
Employment	€3,040,200	€5,998,700	€6,074,700	€15,113,600
Education and training	€805,668	€982,268	€538,568	€2,326,504
Total	€3,845,868	€6,980,968	€6,613,268	€17,440,104

Source: MLSW (2017).

4.1. Strategic management to alleviate unemployment in Kosovo

According to the analysis of strategic documents, the MLSW within the Government of Kosovo does not have an appropriate level of strategic management to alleviate unemployment, particularly youth unemployment. MLSW is the primary bearer of tasks in terms of providing employment services as well as determining employment policy priorities and providing appropriate professional training. Kosovo is one of Europe's youngest countries with

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a growing share of the working-age population — a temporary demographic advantage that provides opportunities.

MLSW management recognizes flaws in improving labor market trends, developing a legal framework, training the workforce, promoting employment services, and so on.

4.2. Macroeconomic outlook on reducing unemployment

Unemployment is one of the most serious issues confronting Kosovar society, and it is particularly pronounced among women. To reduce unemployment, new jobs must be created. According to labor market trends in Kosovo, over 25,000 people enter the labor market each year, while over 8,000 people cross the working age limit or leave the labor force. If we look at it over seven years, over 175,000 new jobs should be created just for people entering the labor force. In addition to creating these jobs, the current unemployed population must also be considered. People reaching retirement age in seven years will number over 56,000, so the number of people leaving the labor force will be much smaller than the number of people entering the labor force (Bellaqa, 2012).

Kosovo requires greater economic development, taking into account the inflows and outflows in the labor market. This is also confirmed by the IMF estimates, which state that "Kosovo requires stronger and more qualitative growth in order to increase income and employment" (IMF, 2017, p. 74). This means that Kosovo must shift away from the current model of financing based on remittances and toward a model based on productive and tradable sectors. This entails taking measures to boost competitiveness and create a more dynamic private sector.

The development of plans, strategies, policies, and actions to address key employment issues is hampered by a lack of comprehensive and reliable data on the country's workforce and employment situation, data that are required to serve as the foundation for developing development policies and strategies that contribute to improving labor market performance, particularly among young people. MLSW should improve its strategic actions to alleviate youth unemployment by taking active and preventive measures for the unemployed, increasing knowledge capacity in line with market needs, creating new jobs, and improving gender balance in employment. Another point to emphasize is the need to update the labor market information system and broaden the scope of labor market research (Bellaqa & Gollopeni, 2021).

One of the barriers to youth employment is a lack of work experience and contacts with potential employers, which is related to the previously mentioned lack of practical work and makes the transition from school to work difficult (Buçaj, 2018).

5. DATA ANALYSIS AND RESULTS

5.1. Trends in employment and unemployment in Kosovo from 2015 to 2020

Before moving on to youth employment and unemployment in Kosovo, we present the labor market classification for the Kosovo population as of 2020. According to the most recent Labor Force Survey data, the population of the working age includes 15-64-year-olds, whereas in Kosovo there are 1,222,104 people of the working age, and there are approximately 753,654 inactive people, the majority of which is comprised of women. The labor force participation rate among people of working age is 38.3%. The employment rate is 28.4%, while the unemployment rate is 25.9%. Unemployment was most pronounced among women (32.3%), compared to men (23.5%), with the 15–24 age group having the highest rate of unemployment (49.1%). Inactive power in Kosovo is quite pronounced or about 61.7%, especially among women with about 79.2% (KAS, 2020). Regarding the labor market classification for the population of Kosovo for 2020, you can see Figure 2.

In Kosovo, inactive power is quite pronounced, accounting for approximately 61.7%, while women account for approximately 79.2% (KAS, 2020).

Figure 2. The labor market classification for the Kosovo population in 2020
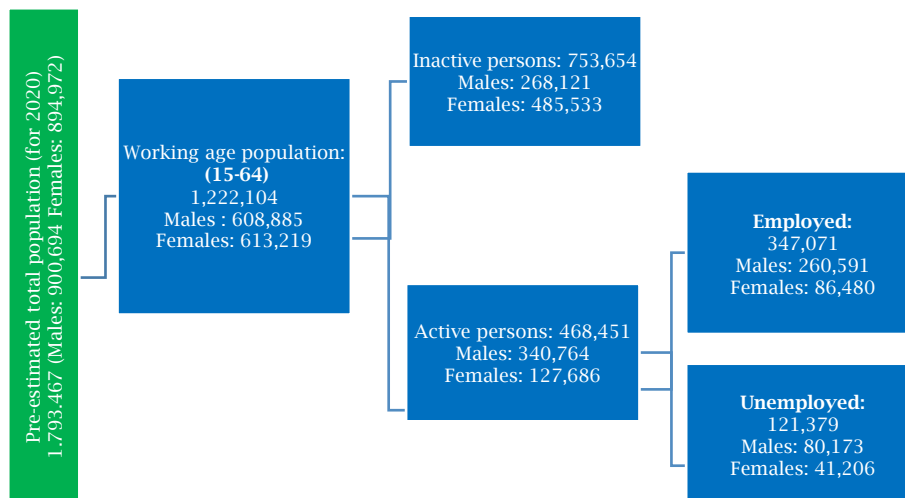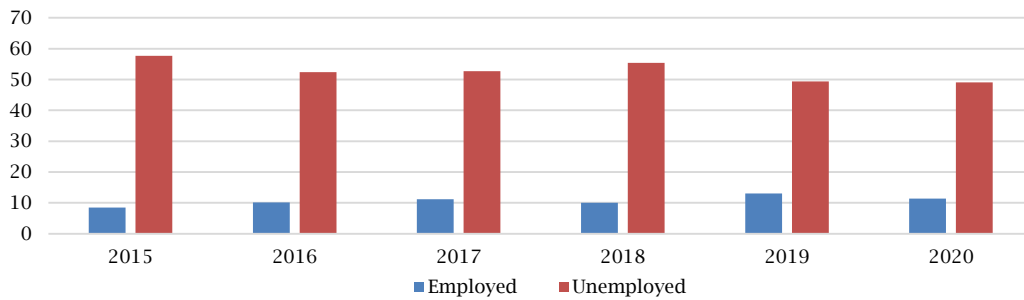

Source: Authors' findings based on data of KAS (2020).

In terms of the employment rate and youth unemployment in Kosovo, the employment rate and youth unemployment rate, respectively, in the age group of 15–24 years, are unsatisfactory. From 2015 to 2020, the highest employment rate for this age group was around 13.1% in 2019, while the lowest was around 8.5% in 2015.

It is clear from this that we have a very low rate of youth employment. In terms of unemployment, the trends also show poor performance for the 15–24 age group, with the results indicating that the highest unemployment rate was in 2015, at 57.7%, and the lowest unemployment rate was in 2020, at 49.1%. Figure 3 can also be used to present a comparative analysis of employment and unemployment.

Figure 3. Employment and unemployment trends for the 15–24 age group in Kosovo from 2015 to 2020
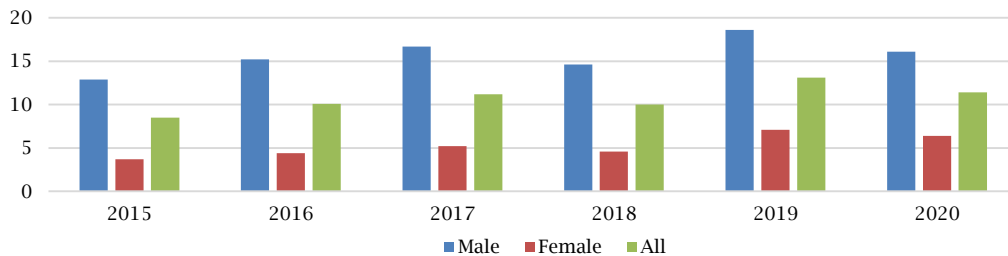

Source: Authors' findings based on data of KAS (2020).

Kosovo has the Western Balkans' highest unemployment rate, followed by Bosnia and Herzegovina. One factor that contributes to this disparity is that Kosovo has a young population, and many of these young people are still in school, so they are considered inactive power (Bellaqa, 2018).

Youth employment is unsatisfactory, but it is even worse for women, with women's employment rates ranging from 3.7% to 7.1%, while men's employment rates range from 12.9% to 18.6%. Figure 4 provides more information.

Figure 4. Gender-based employment in the 15–24 age group in Kosovo from 2015 to 2020

Source: Authors' findings based on data of KAS (2020).

According to trend analysis, the highest unemployment rate in Kosovo from 2015 to 2020 was 57.7% in 2015, while the lowest unemployment rate was 49.1% in 2020. We have seen trends of declining youth unemployment over the last five years, but it remains quite high in comparison to other countries in the region. Figure 5 depicts the trends in unemployment among people aged from 15 to 24 in Kosovo from 2015 to 2021.

Figure 5. Gender-based unemployment in the 15–24 age group in Kosovo from 2015 to 2020
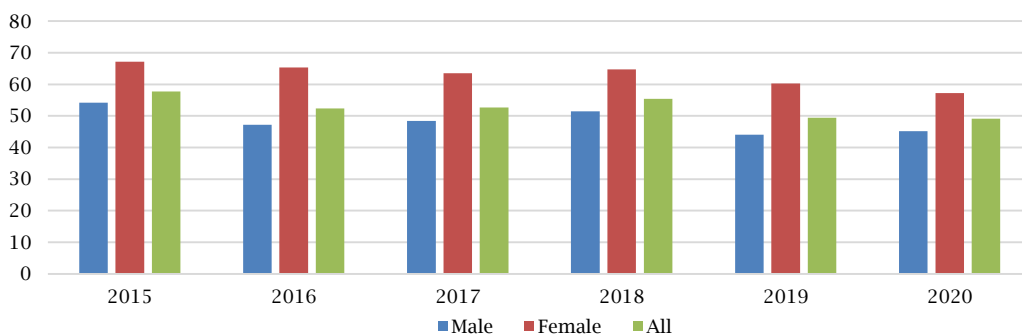
Source: Authors' findings based on data of KAS (2020).

5.2. Survey results regarding the management and financing of self-employment

According to descriptive analyses of 150 observations for the four variables, funding through self-financing funds for youth self-employment is 3.63, while the standard deviation is 4.063, managerial skills for creating self-employment is 3.26, while the standard deviation is 4.322, the average for financing from remittances in youth self-employment is 3.26, while the standard deviation is 4.322, and the average for financing from non-government sources is 3.25, while the standard deviation is 4.330.

The results of means and standard deviations are the most important in this section of the study, so the primary focus of the analysis is on these two indicators within the descriptive statistics. Table 2 shows the descriptive statistics for these four variables, followed by the correlation and regression for the variables in question.

Table 2. Descriptive statistics of variables

Variable	N	Minimum	Maximum	Mean	Std. Dev.	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
SFJE	150	0	9	3.63	4.063	0.559	0.198	-1.667	0.394
MCSE	150	0	9	3.26	4.322	0.586	0.198	-1.675	0.394
FRSE	150	0	9	3.26	4.322	0.586	0.198	-1.675	0.394
FNGSE	150	0	9	3.25	4.330	0.588	0.198	-1.675	0.394
Valid N (listwise)	150								

Source: Authors' calculations.

For the normal distribution of variables, the range of variables should not deviate significantly from zero (Wooldridge, 2013).

According to Wright and Herrington (2011), distortion values ranging from -1 to +1 should be statistically acceptable. Based on the descriptive analysis results, which showed that the variables' bias values were between +1 and -1, we can conclude that the variables are within statistically accepted parameters and their distribution is within normal limits. The standardized coefficients for all variables in the preceding results indicate that the data fit normal parameters and are statistically acceptable. The level of significance of the correlation coefficient (*rho*) in correlation analysis can be influenced by sample size. We evaluated whether there is a relationship between the dependent variables *Y*, in this case, self-employment of young people aged 18–24 years, and the independent factors X_1, X_2, X_3, and X_4, and the correlation coefficients between the variables are reported at the end of the correlation analysis.

Based on the analysis of the linear correlation force of the correlation of four quantitative variables, regarding the self-employment of the 18–24 year age group, the independent variables being: *SFJE, MCSE, FRSE,* and *FNGSE*. The correlation results are to be positive, from the correlation it is noticed that the variables are related linearly, so the correlation is significant at the 0.01 level (2-tailed). The correlation of variables is presented in Table 3.

Table 3. Correlation of variables

Correlations		SFJE	MCSE	FRSE	FNGSE
SFJE	Pearson correlation	1	0.994**	0.994**	0.995**
	Sig. (2-tailed)		0.000	0.000	0.000
	N	150	150	150	150
MCSE	Pearson correlation	0.994**	1	0.999**	0.999**
	Sig. (2-tailed)	0.000		0.000	0.000
	N	150	150	150	150
FRSE	Pearson correlation	0.994**	0.999**	1	0.999**
	Sig. (2-tailed)	0.000	0.000		0.000
	N	150	150	150	150
FNGSE	Pearson correlation	0.995**	0.999**	0.999**	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.

The Sig. value of 0.05 is used to determine whether a hypothesis is accepted or rejected. The linear regression for *H1* reveals a significant and negative relationship between youth self-employment and funding through self-financing funds for youth self-employment in Kosovo ($t = -4.965$, $B = -0.006$, $p = 0.000$). This indicates that a unit of financial support from self-financing funds in youth self-employment will reduce financial performance for self-employment by -0.006, as well as the value of $p = 0.000$, indicating that this value is less than the significant value of 0.05. We can conclude that *H1* is confirmed. *H2* demonstrates a significant and negative relationship between youth self-employment and managerial skills for fostering youth self-employment in Kosovo ($t = -6.490$, $B = -0.022$, $p = 0.000$). This demonstrates that a unit of support through management skills for job creation through self-employment by young people will reduce managerial performance for self-employment by -0.022, as well as the value of $p = 0.000$, which from this turns out to have a higher value less than the significant value 0.05. This leads us to the conclusion that *H2* is confirmed or accepted. The linear regression for *H3* reveals a significant and negative relationship between youth self-employment and funding from remittances to youth self-employment in Kosovo

($t = -7.148$, $B = -0.024$, $p = 0.000$). This indicates that a unit of financial support through remittances in youth self-employment reduces financial performance by -0.024, as well as the value of $p = 0.000$, indicating that this value is less than the significant value of 0.05. We can conclude from this that *H3* is confirmed or accepted. *H4* demonstrates a significant and negative relationship between youth self-employment and funding from non-governmental grants in Kosovo ($t = -14.119$, $B = -0.060$, $p = 0.000$). This means that a unit of support from non-governmental grants in youth self-employment will reduce the performance of non-governmental grants by -0.060, and the value of $p = 0.000$, which from this turns out to be less than the significant value of 0.05. We can conclude from this that *H4* is confirmed or accepted. Regression coefficients of the independent variables are provided in Table 4.

Table 4. Regression coefficients of the independent variables

		Coefficients							
	Model	*Unstandardized coefficients*		*Standardized coefficients*	*t*	*Sig.*	*Collinearity statistics*	
		B	*Std. Error*	*Beta*			*Tolerance*	*VIF*
1	Constant	2.006	0.001		1977.621	0.000		2.006
	SFJE	-0.006	0.001	-0.054	-4.965	0.000	0.010	-0.006
	MCSE	-0.022	0.003	-0.195	-6.490	0.000	0.001	-0.022
	FRSE	-0.024	0.003	-0.214	-7.148	0.000	0.001	-0.024
	FNGSE	-0.060	0.004	-0.538	-14.119	0.000	0.001	-0.060

Note: Dependent variable: SE. Have you been self-employed in the last week (Monday through Saturday)?
Source: Authors' calculations.

In this section of the paper, we performed a reliability test for data accuracy using the regression test. The result of testing Cronbach's alpha in Table 5 of this study is 0.917, indicating that these results are excellent.

Table 5. Reliability statistics

Cronbach's alpha	*N of items*
0.917	5

Source: Authors' calculations.

Table 6 shows the model summary. For predictor: Constant: $R = 1.000$, $R^2 = 1.000$, adjusted $R^2 = 1.000$; standard error of the estimate = 0.006, Durbin-Watson = 1.823.

Table 6. Model summary

Model	*R*	*R²*	*Adj. R²*	*Std. error of the estimate*	*Durbin-Watson*
1	1.000	1.000	1.000	0.006	1.823

Note: Dependent variable: SE. Have you worked in the last week (Monday to Saturday)?
Predictors: Constant, SFJE, MCSE, FRSE, FNGSE.

6. DISCUSSION

The high youth unemployment rate and labor market policy management are still unsustainable in order to improve young people's employment performance. Kosovo's GDP per capita in 2020 was 3,772 euros, indicating that economic growth is insufficient to alleviate youth unemployment. GDP growth trends are insufficient to reduce unemployment. Capacity building in the development of incentive policies to improve youth employment performance is severely lacking. As the budget support is very low, the improvement in the youth unemployment rate is also related to the budget support that is oriented toward active labor market policies. Based on the survey results, we have a reliable result of the study according to the Cronbach's alpha test of about 0.917, which we can call excellent. In the analysis of the linear correlation force of the correlation of the four quantitative variables, related to the self-employment of the 18–24 year age group, the correlation is significant at the 0.01 level (2-tailed). Linear regression analyses for *H1*, *H2*, *H3*, and *H4* show that the relationships between youth self-employment and the hypotheses raised in this study in Kosovo are significant and negative, so we can conclude that the hypotheses raised in this paper based on the output values of *t*, *B*, and *p* can be validated or accepted. The result of the coefficient, in this case, is understood to be youth self-employment; in this case, when the employment level is considered constant, we expect a change of units at the youth employment level for every increase in employment units.

7. CONCLUSION

Kosovo's unemployment rate remains high, particularly among young people and women. The creation of new jobs remains a challenge due to poor economic development, ineffective labor market policy management, and a lack of budget allocation for the labor market. Although there are strategic plans in place to reduce unemployment, they are not being implemented at the appropriate level. There are no clear priorities for reducing unemployment among people aged from 15 to 24.

Based on the correlation regression analysis results and the coefficient values between the constant variable and the independent variables, *H1*, *H2*, *H3*, and *H4* are accepted.

Active labor market programs must be supported by long-term policies initiated by the government that address labor market demands while also removing barriers to job creation. Priority should be given to reducing long-term unemployment, reducing female unemployment, and reducing unemployment among young people aged from 15 to 24. Strategic actions to reduce youth unemployment should be more focused on active and preventive measures for the unemployed, increasing knowledge capacity in line with market needs, having a more targeted budget for market employment, improving gender balance in employment, and so on.

As a result, it is noted that it is necessary to increase MLSW's attention to stimulating households, particularly agricultural businesses as well as supporting small farms, creating customs facilities for agro-inputs, raising professional skills

per market economy needs, market identification, creation of new jobs, and economic stability, development of pilot programs for temporary employment inside and outside the country, activation of production capacity, etc.

One of the limitations in the preparation of this paper is a lack of budget for this research in order to expand the research sample while keeping in mind that the sample is as comprehensive as possible and the data are more representative.

We also recommend that future researchers take into account the findings of this study on the labor market of young people aged from 18 to 24, making cross-sectional comparisons to avoid disconnection of these youth labor market indicators.

The findings of this study will have a positive impact on improving the management of labor market policies to reduce unemployment, particularly youth unemployment, and improving budget performance for the youth labor market, with a special focus on improving the labor market performance of young people in Kosovo between the ages of 18 and 24.

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