

# FINANCIAL IMPACT ON THE LABOR MARKET IN THE BALKAN COUNTRIES

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## Abstract

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The purpose of the paper has to do with the level of influence of the labor force on the labor market in the countries of the Western Balkans. Labor force categories of which, age, gender, and education, can affect economic business. What social policies the countries of the Western Balkans have undertaken for the categories with a low level of employment? According to the research, the level of unemployment varies from around 30% to 35%, where the countries of the Western Balkans have constant problems in finding workers with the required qualifications, according to different profiles. From the research data, we found that the biggest shortages are in the production sector and the technical profile, which is also related to the level of professional training. In order to have effective results, in the paper, we used empirical and comparative analysis, of how the workforce in the Balkan countries affects the working business in the business sector for the period 2016–2019. In terms of research, various statistics were analysed, which were related to the causes of labor shortage in the labor market.

**Keywords:** Labor Market, Labor Force Level, Level of Employees, Unemployment, Workforce, Labor Force, Participation Employment, Status

**Authors' individual contribution:** Conceptualization — S.R. and G.V.; Methodology — S.R. and G.V.; Formal Analysis — S.R.; Writing — Original Draft — S.R. and G.V.; Writing — Review & Editing — S.R. and G.V.; Supervision — G.V.; Project Administration — S.R.

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## 1. INTRODUCTION

The most useful and functional market for work is related to qualification, discipline, and experience and based on these parameters can be a determining factor in economic growth. While the most frequent job profiles within a business company are those of goods and services.

There are several reasons why Balkan countries represent a good opportunity for research, taking into account the specifics and trend of economic development that is an indicator of a stiff development during its 20-year period.

As the main objective of the paper is to investigate where Kosovo stands in relation to the Balkan states, in terms of creating a flexible

labour market, which paves the way for Kosovar enterprises to be competitive in the European market. In case the person does not work at all in any economic activity, he/she is considered to be outside the workforce.

What are the financial penalties undertaken by Western Balkan institutions to reduce informality for 15–24-year-olds?

To improve living standards, financing self-employment for young people can be critical, because this support has its own cost, which can also come from the family, community, etc.

Companies require flexibility, but employees need stability at work. With the constant increase in the cost of advancing technology, businesses have practiced changing the way they treat the workforce

and this can affect the sustainability of income stability for employees. Analysing the consequences of the flexibility of the labor market, in relation to unemployment, productivity, and other factors that have a long-term impact on economic activity.

Kosovo has some more pronounced gaps in relation to the Balkan countries that it faces, the first, this period of transition has been confronted and classified by a rather slow labour market.

Second, the pre-independence period until 2008 was under international supervision, which did not have sufficient infrastructure to set up a real labour market.

Third, inadequate investments and their ineffectual approach towards increasing unemployment, such as informality, the level of inactivity, and the lack of professional level for different profiles of demand from the labour market are indicators of inefficiency in the development of labour market.

The fourth is that within the Western Balkan countries, the preparation of strategic rules for employment and the way of financial incentives for the creation of adequate places for employment.

In connection with the research, we have used sufficient sources of information from the institutions of the countries of the Western Balkans. Where, in addition to these, we have also used other administrative data, analysing and verifying the causes of unemployment, informality, emigration and which factors influence that the Balkan countries have different gaps and problems in relation to unemployment, emigration, informality, investments in employment, etc.

Gender differences in labour market demand, among other things, are influenced by political and economic circumstances, as well as unequal treatment including the inclusion of employment within the framework of the human body, and differentiations due to gender influence.

According to the census in the Balkan countries, about 55% of the population lives in rural areas. This could be the result of mobility as a result of major devastation that occurred in rural areas. The young population and large-scale emigration constitute the two main determinants of the workforce. Lack of employment opportunities is reflected in high rates of inactivity and unemployment and low chances of shifting from unemployment to employment. If businesses use policies to renew the contracts of temporary employees, there is a risk that businesses will find it more difficult to fire workers. Due to these factors, workers are used to renewing contracts and employees use all other favourable opportunities for a better job offer.

During the period from 2016 to 2019, Kosovo has had economic growth, but it has not done enough to improve the performance of the labor market, not integrating enough of the active force that is ready for work. Although temporary contracts in some cases are considered favourable for the labor market, based on the empirical analyses used, they have shown that they can influence the reduction of unemployment.

The main impact that can be sent to reduce unemployment can also be frequent secondary employment. Because the workers have changed some preliminary secondary level jobs, before they manage to get a regular job (Blanchard & Landier,

2002). Employers' organizations see their role in providing services that add value to businesses and their members. Since business membership is made up of the formal sector, the issue of types of youth non-employment is generally not a major concern for businesses. In addition, individual employers do not see their role in preventing/combating youth employment, as businesses do not employ young people who are under the minimum age for employment.

According to the findings from the conducted study, we conclude that the countries of the Western Balkans have encountered a big problem with education, in relation to the offers in relation to their reports for work, where there is a lack of a functional strategy for giving priority to the employment of 18-25-year-olds. The population in some countries of the Balkans is aging because young people have emigrated through the more developed countries of the European Union (EU). The mismatch of the level of study programs with the demands offered by the labor market for practical and professional work.

In the countries of the Western Balkans, long-term unemployment is more pronounced, where the reason for this is unfavourable wages, unfavourable conditions for work, and insufficient compliance with the labor law. The population that is most affected by these factors is the age group of 15-24 years, which can affect their future life.

In order to have information about the needs of the labor market for 15-24-year-olds, we have identified a number of factors that are related to the conditioning of unemployment.

The remainder of this paper is structured as follows. The summary of the literature is in Section 2. The methodology used is presented in Section 3. The level of the labor market in the Balkan countries is revealed in Section 4. Results according to data analysis are in Section 5. Section 6 discusses the findings. Section 7 concludes the paper.

## 2. LITERATURE REVIEW

Regarding the impact of job growth outcomes, we have focused on the literature and other empirical research. Early studies actually set a stiff job for protection and the reason for high unemployment in developing countries in Europe. Because European markets are more unfavourable compared to American ones, this is why Europe has the highest unemployment (Nickell, 1997).

Some European countries had a positive impact on the reduction of the unemployment rate by linking permanent contracts (Bentolila et al., 2019). In some, this has had a negative impact by losing labor productivity for temporary contracts, where it had no effect on reducing unemployment (Boeri, 2011).

Among other factors, the way of managing the needs of the labor market can also influence closely determines external flexibility (i.e., the cost for companies that execute workforce rules), depends on the rules of leave and employment, which are usually called "employment with legislative protection" (Bentolila et al., 2019).

There are some papers in the last two decades that have helped to analyse and explain the results of the labour market, and the reforms that have

been undertaken (e.g., Blanchard & Landier, 2002; Cahuc & Postel-Vinay, 2002). Due to workers' rights, in some cases, employers do not have sufficient powers to fire workers who have not shown good performance and are limited to hiring new workers.

Labor markets in the Western Balkans faced high levels of inactivity, 39.6% in Albania and 59.5% in Kosovo, where unemployment ranged between 10.4% in Serbia and 25.7% in Kosovo, where temporary contracts and informal employment were evident. Compared with the EU countries, the rate of unemployment was only 8.3%.

Empirical studies of partial reforms of employment protection legislation (EPL) differ in terms of the effect of studies of approaches, a macro or a micro approach, but also on caring out analyses of many countries or only one country. Noelke (2011) found that EPL is the most accurate and strict (but permanent) contract for an advanced economy, influencing the increase in relative unemployment rates for women, youth, and persons with disabilities.

According to the samples carried out, the policies of European countries facilitate the creation of temporary jobs to a sufficient extent, and these policies have had a positive effect on replacing temporary work with permanent work, which in the financial aspect affects the reduction of expenses for permanent contracts (Noelke, 2011).

Education at a low level is strongly linked to inactivity in the labour market – most inactive men and women have less than high school. The prevailing problem is that the creation of formal jobs has been declining over the past decade and the number of new formal jobs is very few. Only a quarter of the working-age population (and only 12% of women at working age) were employed in 2015, which is significantly lower than in the EU (64.9%), or even lower than in countries such as Greece and North Macedonia, where half of the working-age adults are employed. Kosovo's informality is among the highest in Europe with about 35% of employees working in the informal sector (Cojocar, 2017).

In 2019, informal employment was very high, where in North Macedonia it was 17%, in Serbia it was 19%, and in Albania, it was 36%. With the increase in the level of employment for the period 2018–2019, Serbia and North Macedonia have had a decrease in the number of informally employed which are 43,000 and 14,600, respectively, whereas Albania had a slight increase of 30,000 jobs.

Program assessments suggest that in developing countries, larger informal labour markets and a weak ability to implement programs may limit what active labour market policies (ALMP) can achieve in terms of job creation or wage increase (Betcherman et al., 2004). The creation of relations between business activity and the creation of jobs, cannot produce a good positive effect, but rather can produce complicated economic mechanisms.

### 3. RESEARCH METHODOLOGY

The model is used to test the hypotheses raised. It employs the data that are multiplied by the weight of the sample. The base weight for each household in the sample is equal to the inverse of the probability of its selection. Selection probabilities are based on

a stratified two-phase sample design. Based on this research, the probability of selection can be presented as follows:

$$P_{hi} = \frac{n_h \times M_{hi}}{M_h} \times \frac{m_{hi}}{M'_{hi}} \quad (1)$$

where,

$P_{hi}$  = selection probability for households in the stratum (region, urban/rural)  $h$ ;

$n_h$  = number of QR (recording circles) selected sample in stratum  $h$ ;

$M_h$  = total number of economies in layer  $h$ ;

$M_{hi}$  = number of households in frame  $h$ .

Based on the previous probability expression, the weight can be calculated as follows:

$$W_{hi} = \frac{M_h \times M_{hi}}{n_h \times M_{hi} \times m_{hi}} \quad (2)$$

where,  $W_{hi}$  = basic weight of households from the sample selected in QR, sample in stratum  $h$ .

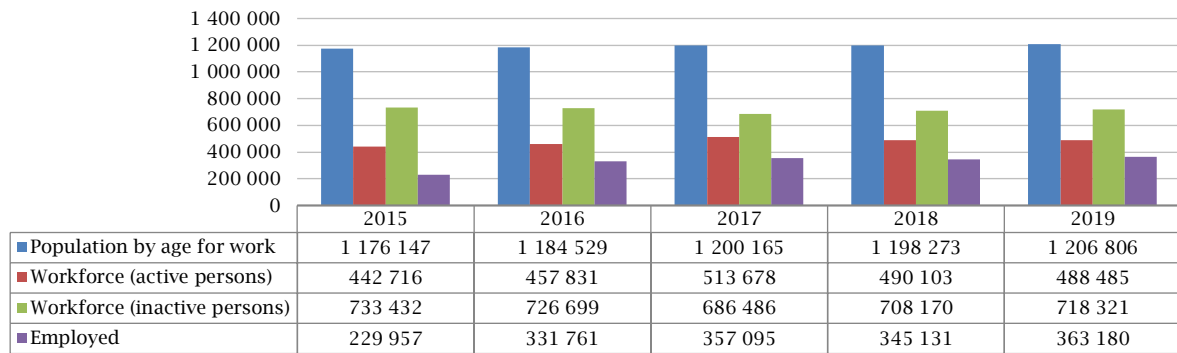
Therefore, the calculation and analysis explained through the probability of households based on samples and their weight is a significant factor in achieving statistical and probability results.

We have also applied the research methodology through other alternative methods which have been very concrete and effective in achieving the goal of the research. Through the experimental method used in the research, we managed to extract the accuracy of the information by evaluating the cause and consequence of the research. The comparative method – through this method we managed to identify the similarity of information as well as its difference. Through the method of collection and analysis of the documentation, we have extracted the existing results that have to do with the purpose of the research. Through statistical methods we extracted the relevant indicators in the research.

### 4. COMPARISON OF THE LABOR MARKET IN KOSOVO AND IN THE WESTERN BALKANS

Based on the workforce data for the period 2015–2019, almost two-thirds of the population of Kosovo is of working age (15–64 years old). Since Kosovo has the youngest population in Europe, during the next decade, the working population can grow at a high speed. Out of the working age population, about 40% are economically active (Figure 1), while about 60% of the workforce is inactive which means that they are not employed and have not been active in employment search and/or are not ready to start work. But even further, the rate of inactivity, or people of working age who do not strive for work, still remains high. Kosovo has the highest rate of inactivity compared to all European countries.

The employment ratio in relation to the working-age population was 19% in 2015, with a positive increase in 2016 to 28%, and with a growing trend to 30% in 2019. At the end of 2014, the economy in Croatia started to recover, but the level of employment was not very desirable, the parameters were very low compared to the years 2007–2008. There was an increase in the level of employment in the profile of temporary contracts, where in 2017, they were 20% compared to 12% to 14% before the beginning of 2014.

**Figure 1.** Comparison of working age, active, inactive persons, and employees

Source: Kosovo Agency of Statistics (KAS, 2019).

In Montenegro, despite years of economic growth, many working-age Montenegrins do not participate in the labour market. The participation rate of 57% for those aged 15 years and over is among the lowest in Europe. This means that almost every second person of working age is out of the labour market. Although in the countries of the Western Balkans, there was a rapid increase in the gross domestic product (GDP), for the period of the second quarter of 2017 and 2018 the level of employment was very slow, only 1.1%. During this period, about 68,000 new jobs were created. The largest creation of new jobs was in Albania and Montenegro (3.3%). In Montenegro, agriculture and industry dominated the creation of new jobs, as well as some service sectors (e.g., transport the employment ratio) in relation to the working-age population was 19% in 2015, with a positive increase to 28% in 2016, and with a growing trend to 30% in 2019.

#### 4.1. Comparison of the rate of employees for temporary contracts in the Balkan countries

Kosovo has the youngest population in Europe, but also the highest unemployment among young people aged from 15 to 24 years. In 2019, unemployment among young people was 49.40%, a decrease of 6% compared to 2018 when unemployment among young people was 55.4%.

One of the reasons for the decrease in unemployment among young people aged 15–24 years in the last two years could be the decline in informality, where young people make up the majority of employees, as well as the increase in emigration in the last three years. In the period of 2014–2016, 110,165 Kosovars sought asylum in the EU countries, 71% of them at working age, and 53% at the age of 14–34 years.

**Table 1.** Employment growth in thousands (2017, Q2–2018, Q2)

Country	Total	Gender		Age			Education		
		Male	Female	15–24	25–54	55–64	Low	Medium	High
Western Balkans	68	31.2	36.8	27.7	6.1	22.1	-54.6	63.4	59.2
Albania	38.7	10.9	27.9	23.3	-22.8	20	3.5	23.6	11.6
Bosna and Herzegovina	6.8	6.2	0.6	7.7	0	1.4	-1.7	21.6	2.1
Montenegro	7.6	6.2	1.4	5.2	-0.1	1.5	2.8	3.6	1.2
North Macedonia	15.2	6.4	8.8	-2.9	8	4.8	7.9	13	-5.8
Serbia	15.8	14.1	1.8	2.8	28.1	-5.3	-33.5	8.2	41.2
Kosovo	-16.2	-12.6	-3.5	-8.3	-7.1	0.4	-18.4	-6.6	8.8
Austria	54.4	44	10.5	-11	11.7	51.4	11.1	39.9	3.5
Bulgaria	-13.7	-2.6	-11.1	-21.5	-12.8	19.5	-3.6	-26.4	16.2
Croatia	35.5	8	27.6	-16.6	27.4	20.5	8.1	-10.8	38.3
Hungary	55	25.5	29.5	-7	43.9	10.5	-2.7	34.4	23.4

**Table 2.** Employment growth, in %

Country	Total	Gender		Age			Education		
		Male	Female	15–24	25–54	55–64	Low	Medium	High
Western Balkans	1.1	0.9	1.4	6.7	0.1	2.1	-3.8	1.9	4.2
Albania	3.3	1.6	5.4	24.6	-2.7	10	0.6	5.6	5.2
Bosna and Herzegovina	0.8	1.2	0.2	12.8	0	0.9	-12.2	4	1.6
Montenegro	3.3	4.8	1.4	28.2	0	4.4	11.4	2.6	1.8
North Macedonia	2.1	1.4	3	-6.2	1.4	4.4	6	3.2	-2.9
Serbia	0.5	0.9	0.1	1.8	1.4	-1.1	-6.4	0.5	5.8
Kosovo	-4.5	-4.4	-4.7	-20.1	-2.7	-0.7	-29.1	-3.1	10.5
Austria	1.3	2	0.5	-2.3	0.4	9	2.1	1.8	0.2
Bulgaria	-0.4	-0.2	-0.7	-14.2	-0.5	3.4	-1	-1.5	1.6
Croatia	2.2	0.9	3.7	-12.6	2.2	8.5	6.1	-1	8.4
Hungary	1.2	1.1	1.5	-2.3	1.3	1.5	0.5	1.3	2

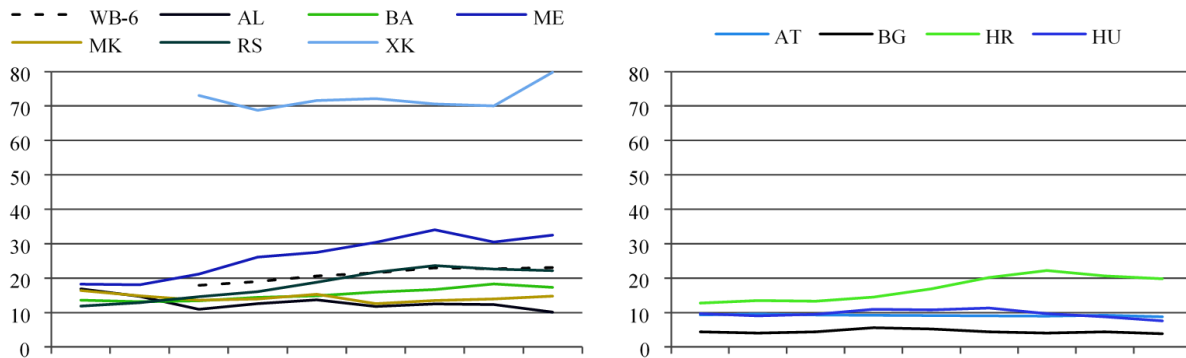
Source: World Bank Group and The Vienna Institute for International Economic Studies (WBG & WIIW, 2019).

Since 2012, temporary contracts in the Western Balkans have been common, based on 2018 and 2017, every fourth employee had a temporary contract (Figure 2).

Temporary employment had the largest increase in Kosovo (10%), followed by an increase in North

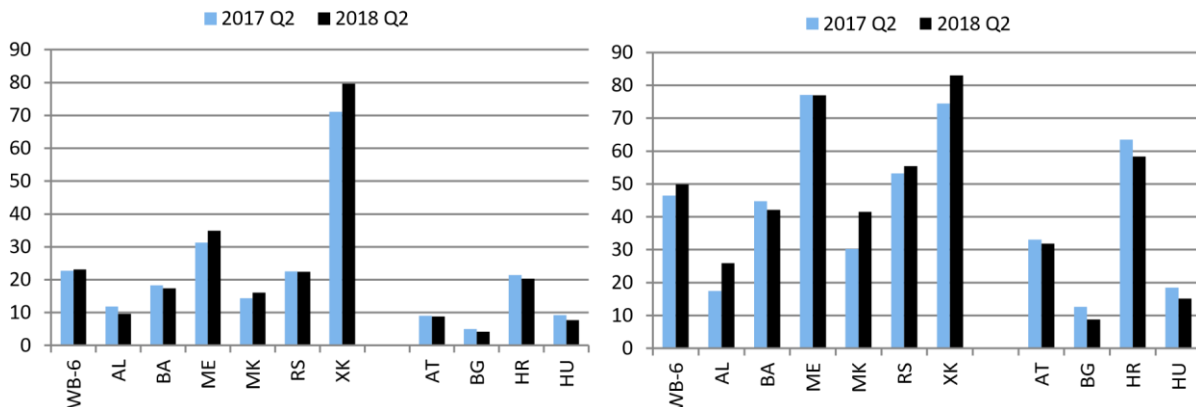
Macedonia and Montenegro by about 2% and 4%, while Albania had a more pronounced decrease, where every tenth worker has temporary contracts. While in Serbia and Montenegro, every fifth and third employee had temporary contracts.

**Figure 2.** Temporary employees, the share of total employees (15-64 years), in % (Western Balkan countries vs. EU countries)



Note: WB-6: Western Balkans; AL: Albania; BA: Bosnia and Herzegovina; ME: Montenegro; MK: North Macedonia; RS: Serbia; XK: Kosovo. AT: Austria; BG: Bulgaria; HR: Croatia; HU: Hungary.

**Figure 3.** Temporary contracts for young workers



Source: WBG and WIIW (2019).

The most pronounced differences in temporary employment, for men and women, were in Montenegro, Kosovo, and Albania. While in the counterpart countries of the EU, these differences almost did not exist.

**4.2. The impact of employment on the education system**

In order to have maximum productivity and to adapt to the needs of the labor market in Kosovo, the primary condition is the adaptation of the demands of the labor market to the education programs. We can reflect positively on this before Kosovo joins the EU. On the other hand, the 2018 Kosovo report issued by the European Commission (OECD, n.d.) states that although about 4.7% of the GDP is spent on education, during the last year in Kosovo there has been no development in the educational situation. The recommendations of the European Commission have been favourable, what mechanisms should the institutions use to have an increase in results in the labor market, which are:

an improvement of the education law by adapting the pre-university education curriculum to the demands of the market. The educational system in Kosovo is structured according to the following scheme, with the main goal of interconnecting and providing qualified professional workforce to the labour market.

The level of vocational secondary education, on average for three years is 36.5%, whereas in relation to the secondary natural science level it is higher with an average of 30%.

- The higher the education, the higher the opportunity to be employed.
- Most women (2/3) work in the public sector or in the sales sector. Women are paid on average 11% less than men for the same job and with the same professional training.
- About 30% of women work without a contract and with overtime work for which they are not paid.

Employers, both in the private and public sectors, use gender profiles while opening job vacancies, usually preferring women for lower positions in the labour hierarchy, and favouring men for managerial positions.

In addition to the above factors, the selection of a profession also affects the chances of finding a job. Women have shown more tendencies to study social sciences and occupations related to education and health. At the same time, the highest unemployment recorded until now is in the professions which relate to social sciences, while the highest employment is in the professions that can be employed in the service sector.

## 5. DATA ANALYSIS AND RESULTS

In 2019, out of the total assessed population of 1,796,376, the active working-age population (15 to 64 years old) was 1,206,806 people; 40.5% of active working-age people participated in the workforce (economically active). Based on these results, we can conclude that people could be either employed or unemployed, but ready to work. While the rest remaining as economically inactive, is a percentage of 59.5%. The category of economically inactive persons includes demotivated employees, housewives, students, and other people who were not interested in finding a job. In comparison to the previous year in Kosovo KAS (2019), we have a decrease in the labour force participation rate by 0.4% (40.5%), where this decrease for men was 3.6%, while for women there was an increase of 2.7%.

The strategy will be based on the business objectives and the level of problem for the children's work in the respective business. Small businesses may simply wish to comply with legal requirements. A medium-sized business may want to supply other firms or enter the export market on its own. A large business may seek to ensure existing clients and customers that its business is not employing children. In the frame of the government program, the Ministry of Labour and Social Welfare (MLSW) for the next period (2017-2021) anticipates some objectives as follows:

- increasing employment through active labour market measures;
- employment of one member for each family that has no members employed;
- advancing the working conditions of workers and combating informal employment;
- development of funding formula and specific grants for social services at the municipal level.

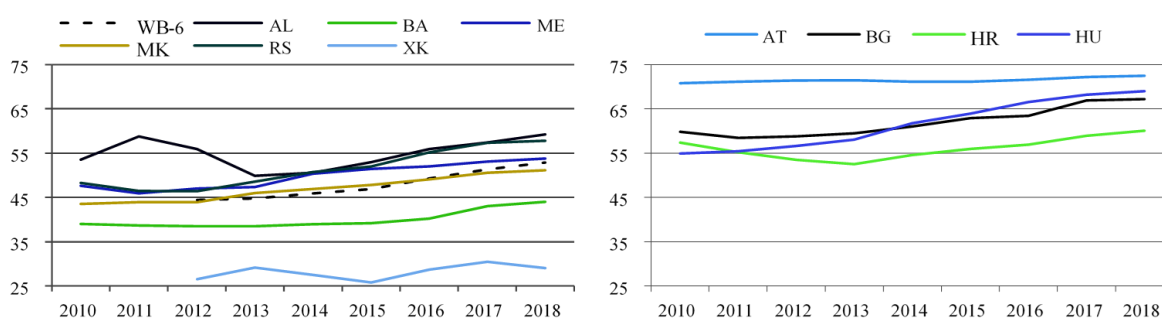
The main concern for the countries of the Western Balkans and in Europe is the aging of the population, where the main causes are: the emigration of the population and the low level of births.

The data used in the report, which belong to the period from 2017 to 2018 (WBG, 2019), are accurate and reliable because were obtained from the results of the analyses of the labour force surveys of the Western Balkan countries individually and Eurostat.

During the period from 2017 to 2018, the countries of the Western Balkans have created about 68,000 new jobs, having a slight increase in employment of 1.1%. In some countries of the Western Balkans, the percentage of decrease and increase in employment has reached. Kosovo has suffered a decrease of 4.5%, while Montenegro has had an increase of 3.3%. Over 50% of new jobs opened in 2018 belong to the female gender. In the countries of the Western Balkans, there is an advance of improvement in terms of informal employment and self-employment, where the number of self-employed has decreased by about 125,000 jobs. For the period from 2017 to 2018, the number of unemployed people has decreased by 65,000 people, and comparing it with the year before, the number of unemployed people was 169,000 people. The main problem was youth unemployment in the countries of the Western Balkans, although it has suffered a drop of 35%, unemployment was still very high compared to the countries of the EU. Another concern in the countries of the Western Balkans was the low salaries that had a marked difference from the countries of the EU. Another concern that preoccupies the countries of the Western Balkans was the income tax of the worker, which had a great impact on reducing the value of the net salary.

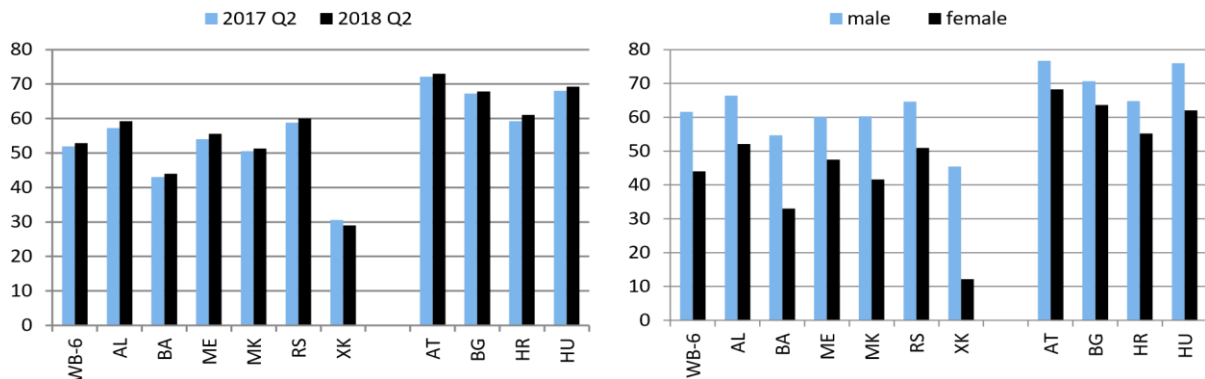
Except for Kosovo, employment during the period between 2017 and 2018 for the ages 15-64 years increased in all Western Balkan countries, but still, employment was very low compared to EU standards (Figure 4). In Western Balkan countries, 52.9% were employed in the second quarter (Q2) of 2018. The countries with the highest growth in employment were North Macedonia and Serbia, with around 8% to 10%. Mainly, employment rates increased between the middle of 2017 and 2018, but again there was a decrease in the countries of the EU. In Q2 of 2018, the employment rate reached an average of 44.1% for women and 61.6% for men. Based on the period from 2010 to 2017, the largest gaps in gender employment were reported for Bosnia and Herzegovina at 21.7% and Kosovo at 33.3%.

**Figure 4.** Employment rates (15-64 years), in % (Western Balkan countries vs. EU countries)



Note: WB-6: Western Balkans; AL: Albania; BA: Bosnia and Herzegovina; ME: Montenegro; MK: North Macedonia; RS: Serbia; XK: Kosovo. AT: Austria; BG: Bulgaria; HR: Croatia; HU: Hungary.

Figure 5. Norms of gender activity in the countries of the Western Balkans

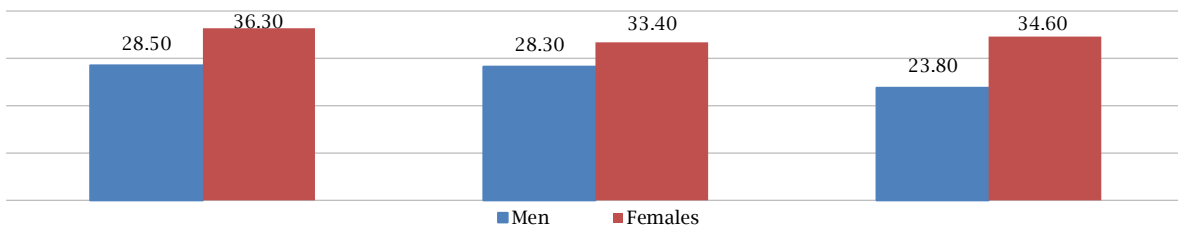


Source: WBG and WIIW (2019).

According to statistical data, for the years 2017-2019 in Kosovo, about 120,000 people aged 15-64 years were unemployed. In 2019, 81,576 men and 43,729 women were unemployed. The unemployment rate for 2017-2019 was 25%, among women with 34.4% among men. Compared to 2019 and 2017, we have a decrease in the unemployment

rate for women by 2%, whereas the rate of decline for men was higher by 5%. Compared to the years 2018-2019 in Kosovo, we have a decrease in the unemployment rate by 3.9%, where this decrease in men was 5.9%, while in women there is an increase of 1.0% (Figure 6).

Figure 6. Unemployment rate by gender (2017-2019), in %



Source: KAS (2019).

Although there was an increase in economic development, there was not a good performance in reducing unemployment. The total level of unemployment was about 15.3% in 2018, a decrease of 0.9% from 2017 (Figure 6). This decrease was more pronounced in Bosnia and Herzegovina, where the factor of the decrease in unemployment was inactivity and the lack of relevant strategies for employment. Even in the counterpart countries of the EU, especially in Croatia, there was a decrease from 7.6% to 3.5% in the second quarter of 2018. Emigration was the main factor in reducing unemployment in EU counterpart countries, such as Bulgaria, Croatia, and Hungary.

6. DISCUSSION

Based on analysis and studies conducted, Kosovo between the years 2019 and 2018 has had a 6% reduction in unemployment from 55.4% in 2018 to 49.4% in 2019, the reduction in the unemployment rate is not caused as a result of strategic measures taken by the government to mitigate unemployment, but the main factor in this reduction has been the reduction of informality, and the increase of immigration, where governments must use policies and control systems to reduce this phenomenon as much as possible.

The need to pay more attention to vocational education took a further place in the public discourse, as the situation in this sector still leaves much to be desired. In order to prioritize education

and vocational training and create a dynamic labour market, the governments of the Balkan states must undertake a series of targeted reforms, which will help the recovery of this sector. According to the results and analyses between the years 2018 and 2019, employment with a low level of education in the Balkan countries has a decrease of -3.8%, based on these analyses the market is more focused on the level of secondary and higher education.

Kosovo and Bosnia and Herzegovina have not taken concrete actions to further support employment with a low level of education and to have an increase, on the contrary, unemployment in these countries was characterised by a very high increase from -29.1 to -12.2% of declining employment. While Croatia and Kosovo have had positive employment progress at the level of education with higher education, from 8.4% to 10.5%, where the higher the education, the higher and easier will be employment.

Taking as a basis that some countries of South-Eastern Europe had difficulties in finding a labour force, the countries of the Western Balkans were less endangered by the lack of labour force. The departments that have brought more problems in finding workers were the information technology (IT) sector in Serbia and Kosovo, while there was a shortage of doctors in Albania, Bosnia and Herzegovina, and North Macedonia. The lack of labour power has come as a result of low wages, and because of this, the qualified personnel of these departments has emigrated to more developed

countries with a better financial future. Germany has been the country that has attracted the most qualified personnel and used them for its own purposes in sectors where there is a lack of qualified persons.

## 7. CONCLUSION

Testing of variables according to empirical, statistical, and theoretical analysis shows that the measurability and accuracy of labour market parameters in the labour market in Balkan states consists of several factors that affect and the Balkan states need to take concrete action to reduce unemployment by creating new jobs.

In some cases, and in some sectors, the labour market has been mostly positive, especially in Albania and Montenegro there was a higher increase of 3.3%, where employment was created mainly in the agriculture and industry and in some other service sectors. Recent technological and economic developments make the strategic reform easier to improve labour market performance, but this performance has had a significant impact on growth in Kosovo compared to other countries, where employment in other sectors such as agriculture and industry was in decline. Some countries have been more liberal with the age group 55-64 years, such as Albania, Croatia, and Austria, with employment growth from 8.5% to 10%, while the market has more difficulty accepting this age in countries such as Serbia, Kosovo, Bosnia and Herzegovina, and Hungary from -1.1% to 1.5%.

The high unemployment rate and difficult social situation have affected the departure of a part of the population from Kosovo. Despite the fact that some of them have been repatriated, their social situation is deprived compared to the period before their departure. Kosovo in comparison to the Balkan states continues to have the highest unemployment rate of young people and women in the region. One in five women is not at all active in the labour market, despite the fact that in recent years women have graduated more at all levels of education. Employment at the level of Balkan states is still far from European standards, where between 2010 and 2017, gender employment was close to countries such as Albania, Serbia, and Montenegro, but this phenomenon is not reflected in the state of Bosnia and Herzegovina and Kosovo.

Temporary contracts are a concerning factor in the Western Balkans, where on average every fourth employee had a temporary contract, having that Kosovo has a high growth of 10%, and this is very useful for contractors because such a form of contracting does not bring security and support to the work activity. The lack of unemployment was aggravated by the continued emigration of people with higher education, where Germany, the largest destination country, is attracting people of various profiles such as IT, medicine, engineering, etc., this phenomenon has mainly affected these countries such as Albania, Bosnia and Herzegovina, Kosovo and Northern Macedonia, etc.

Through this work, we have managed to discover many indicators that should be very important for readers and researchers who are faced with the same nature of the research, because through this study we have managed to identify the main employment problems facing the Western Balkans.

The paper contains a precise analysis of the causes of the impact of the decrease in unemployment. The main reason is the non-creation of strategic measures by the institutions, the non-creation of a genuine dynamic employment market, and the decline of low educational employment because the market is focused on secondary and higher education.

In the paper, we have made comparisons of the labour market in the Western Balkans, where some countries face a lack of qualifications for IT and medical personnel, where high emigration to developed countries has resulted in a lack of personnel in these professions.

Despite economic growth in 2018 compared to that in 2017, the labour markets of the Western Balkans improved at a slower pace in 2018 compared to a year ago, where employment increased by only 1.1%, and employment quality is increasing with the creation of new countries in the Western Balkans. The youth unemployment is of concern, which is very high in the Western Balkans, where the 35% rate is twice as high as the EU average, which means that more than one-fifth of the youth population was not involved in employment, where the negative factor is the increase in the tax on social security contributions that affects the reduction of wages. A major concern in Europe is that almost the entire region is facing an aging and shrinking population due to low birth and high emigration rates. Thus, governments need to take concrete action through strategic plans and special budgets, by stimulating a more active workforce to naturally increase the population so that the population does not suffer from the rate of aging contraction. Professional standards shall serve as a guarantor of the qualifications of individuals in various fields. The standards of the profession, which shall be created in line with the European Qualifications Framework, aim to increase the quality to meet the needs of different and specific jobs. The process of developing these standards should be accelerated in the future.

The paper is very important for future research because it can give many favorable results regarding the factors that influence the emigration of young people abroad, the inequality of employment of educated women, where the lack of meritocracy is worrying, the political circumstances, and economic and unequal access.

The paper also has a special importance that reflects much data regarding the impact of the labor force on economic growth, based on whether the investments made were adequate to increase a real labor market and which employment sectors were more to be sought after and more favourable for employment.

The paper is important because it shows the differences in employment according to gender, age, and education between the countries of the Western Balkans, and which country of the Western Balkans has used the most favourable social policies in the treatment of employees.

As a limitation of this research, it may be that some countries have not provided us with more detailed information, regarding the strategic decisions they have undertaken for the employment of women and men with low education, as well as the repatriation of young people from countries of developed.



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