

COMPARISON OF THE LABOR MARKET BETWEEN THE COUNTRIES OF THE WESTERN BALKANS

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Abstract

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The improvement of the labor market, the management, the expansion of foreign direct investment, etc., all play a key role in the economic development of the Western Balkans. The main purpose of this study is to analyze and compare trends in employment, unemployment, gross domestic product (GDP), foreign direct investment (FDI), labor market management and to study the effects of foreign direct investment on employment in the Western Balkans (Albania, Bosnia and Herzegovina, Kosovo, North Macedonia, Montenegro, and Serbia) between 2015 and 2019. However, evidence for FDI's impact is mixed (Navaretti & Venables, 2004). In terms of methodology, comparative and empirical analyses of the strength of the correlation between the dependent variable of employment and the independent variable of FDI for the countries of the Western Balkans have been conducted. Based on analyses, the employment rate in the six Western Balkan countries in 2019 has improved when compared to 2018, except in Montenegro, where it has declined. This study will contribute to enhance understanding of the labor market and the impact of FDI on employment in the Western Balkan countries.

Keywords: Labor Force and Employment, Comparative, Gross Domestic Product, Investment, Management, Correlation

Authors' individual contribution: Conceptualization — B.B. and Q.T.; Methodology — B.B. and A.K.; Formal Analysis — B.B.; Investigation — B.B.; Writing — Original Draft — B.B. and A.K.; Writing — Review & Editing — B.B. and Q.T.

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1. INTRODUCTION

This research report presents a comparative analysis between the Western Balkan countries on the gross domestic product (GDP), labor force, employment rate, unemployment rate, foreign direct investment (FDI), and the correlation between employment and FDI in the six Western Balkan countries including Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia, and Serbia.

The study's goal is to examine labor market indicators in the Western Balkans and the relationship between the dependent variable, which in this case is Employment, and the independent variable, which in this case is FDI.

The significance of this study is that, in addition to having a positive impact on the design of sustainable labor market policies that will contribute to the economic development of Western Balkan countries, it will also contribute to reducing the information gap for the labor market regarding Western Balkan countries, in order to have an enrichment of the literature with information relevant to the labor market in comparative and empirical terms. The review of literature is intended for researchers, regulators, and practitioners alike (Velte, 2020).

The findings of this study show that FDI is observed to have a weak correlation between employment and FDI in most Western Balkan

countries, with the exception of Albania, where we have a strong positive correlation.

The opening of these economies to FDI is one of the most important conditions for the successful process of economic restructuring of countries in transition, including the Balkan region. The basic areas to be created for educating the community about the importance of legal standards are governance structure, policymaking, documentation readiness, and review mechanism (Vento, Chiappini, & Lia, 2018).

Measuring the impact of labor investment on employee performance is critical (Sitorus & Sitorus, 2017).

Academics and executives have both studied socio-economic responsibility, including the labor market (Emmanuel, Carvalhal da Silva, & Avila, 2012).

Employment and unemployment in the Western Balkans have historically been inadequate. For many years, employment has been regarded as one of the most major challenges confronting any society, particularly those that have gone through the transition period following the fall of the communist system in Albania or the socialist system in the countries of the former Yugoslav Republic.

According to data from statistics of Western Balkan countries from 2005 to 2019, it appears that Kosovo has had a higher unemployment rate over the years, with the highest unemployment rate being reached in 2008 with about 47.5%, followed by North Macedonia, which reached the highest unemployment rate of about 37% in 2008, then Montenegro in 2005 with about 29.6%, and Serbia reaching the highest unemployment rate in 2014 with about 17.5%.

According to the data presented above, Kosovo has the highest unemployment rate among Western Balkan countries between 2005 and 2019, followed by Bosnia and Herzegovina. In terms of employment in the Western Balkans, the highest level of employment in historical terms was reached in 2019 with 45.6% for the age group 15+, a 1.4 percentage point increase from 2018 (Eurostat, 2020).

Despite an increase in employment in 2019 over 2018, it remains well below European standards. The negative labor market situation in the Western Balkan countries is exacerbated by informality, a lack of preparation in connection with the supply of jobs, long-term unemployment, gender disparities in employment, and so on.

When comparing 2010 to 2015, unemployment in the Western Balkans fell by about 200,000 people, from 1.7 million in 2010 to 1.5 million in 2016, though it is unclear how many of these people went from unemployment to employment and were not inactive (World Bank & WIIW, 2018).

In 2019, unemployment in all Western Balkan countries fell to its lowest level in history, ranging from 10.3% in Serbia and 11.5% in Albania to 25.2% in Kosovo (World Bank Group, 2020).

The above-mentioned indicators were compared between these six countries from 2015 to 2019. Comparing the unemployment rates of Western Balkan countries, Kosovo appears to have the highest rate, while Bosnia and Herzegovina is behind Kosovo in terms of the unemployment rate.

Serbia leads the way in FDI among the Western Balkan countries, followed by Albania. Econometric analysis has been conducted to test this study's

hypothesis, which identified correlations between FDI, on the one hand, and employment, on the other.

Based on the results of the analysis, it was determined that in the Western Balkans, the population aged 15–64 has decreased, which has caused a decline in birth rates.

Emigration, especially family emigration, has also exacerbated the situation. The comparison of the national employment rates in 2019 and 2018 reveals that in Albania there was a 9.1% improvement in employment in 2019, compared with other countries that have shown a slight improvement.

Enhancing the implementation of active labor market policies has been key to the improvement of the employment rate, and emigration has also been instrumental in reducing the unemployment rate in Western Balkan countries.

Based on a comparison of unemployment rates between Western Balkan countries in 2019, Kosovo has a higher unemployment rate of about 25.7%, followed by Bosnia and Herzegovina with about 18.4%.

COVID-19, as a sudden and unplanned event, will have a negative impact on both the Western Balkans and worldwide, where the virus not only destroys social order but also devastates our economy and leads to widespread deaths.

Though labor market conditions in the Western Balkans have improved during 2019, the impact of the COVID-19 pandemic in 2020 has negatively affected economic growth, with pandemic-related unemployment increasing. As determined by a report published by the International Labour Organization (ILO), the pandemic's economic effects are among the most severe since World War II. According to the report, 2.7 billion employees are affected by restrictions against COVID-19, or globally, we are predicted to have an increase in global unemployment of 25 million through 2020 (ILO, 2020).

By comparing the trends for FDI between Western Balkan countries for the period 2015–2019, it appears that Serbia has absorbed the most FDI.

There are, however, significant uncertainties and problems with Kosovo, Bosnia and Herzegovina, and other Western Balkan countries. Eventually, by reducing the region's countries' uncertainty about EU membership, they will be able to receive the same benefits in terms of FDI, exports, employment, productivity, and growth (Jirasavetakul & Rahman, 2018).

The remainder of this study is organized as follows. Section 2 reviews the literature by introducing the main and recent studies related to this study, as well as the research's contribution to the literature. Section 3 is a research methodology. Section 4 includes the results and discussions, and Section 5 concludes with recommendations for future research.

2. LITERATURE REVIEW

Improving unemployment trends in the Balkans are not adequately accompanied by the management of active labor market policies, but nevertheless, the management of these policies has been shown to be important in helping workers return to work (Blanchard, Jaumotte, & Loungani, 2013).

If we compare the level of female employment in the Western Balkans with the countries of the European Union, the level of female employment

is also low, especially in Kosovo where female employment expressed in percentage is 11.9%, and in Bosnia and Herzegovina about 29.5%.

Several studies on the labor market in the Western Balkans have been conducted in terms of labor market indicators and measuring the effect of FDI on employment in host countries (Bartlett & Oruc, 2021; Perić & Stanišić, 2020; Sanfey & Milatović, 2019; Oruc & Bartlett, 2018; The World Bank, 2017; Selimi, Sadiku, & Reçi, 2016).

The gender gap in employment can be explained more by cultural factors, salary levels, family care, etc. (Reva, 2012). The labor force survey does not always contain appropriate questions to clearly identify informal employment based on the ILO definition (Krstić & Gashi, 2016).

Unemployment in the Western Balkans has declined from 1.7 million to 1.5 million people from 2010 to 2016, but it is not clear how many went from unemployment to employment, or became economically inactive (World Bank & WIIW, 2017).

Foreign investment can create financial stability, influence the progress of economic development and improve the social aspect.

In the last decade, there have been various studies analyzing the impact of FDI in the Western Balkans, the effects of FDI have also been observed in the labor market in the Western Balkans, but if we compare these effects we see that in these countries they have not been the same.

To investigate the effects of FDI, several studies have been undertaken regarding the positive effects of FDI inflows in host countries (Williams, 1997; Markusen & Venables, 1999; Haddad & Harrison, 1993).

Some empirical studies confirm the positive effects of FDI while some studies confirm the opposite, such as the study conducted by Estrin and Uvalic (2013).

According to some researchers dealing with FDI, foreign investment is seen as a solution to problems around the world, such as poverty reduction, improving the environment, etc., but there are also researchers who think the opposite, which means that they think that FDI is what causes those crises (Bajrami & Bellaqa, 2020). FDI has different objectives compared to those of the portfolio, where investors generally do not expect to have an impact on the management of the enterprise (OECD, 2008).

3. RESEARCH METHODOLOGY

For the realization of this research, data from credible sources were used, such as data from the World Bank, the International Monetary Fund, national statistics of the Western Balkan countries, etc.

Comparative and empirical analyzes were used. Empirical analysis of FDI employment data for the Western Balkan countries was conducted in order to measure the strength of the correlation between the dependent variable Y (Employment) and the independent variable X (FDI).

In this context, this research paper's problem is that FDI has had positive effects on employment growth in the Western Balkan countries. The hypothesis raised in this research that will be tested through the cause-and-effect is:

H1: FDI has positive effects on employment growth in the Western Balkan countries.

The formula for calculating the correlation coefficient is:

$$r = \frac{n(\sum XY) - (\sum X)(\sum Y)}{\sqrt{[n(\sum X^2) - (\sum X)^2][n(\sum Y^2) - (\sum Y)^2]}} \quad (1)$$

where:

n = number of values in each data set;

Y = dependent variable;

X = independent variable.

The purpose of the correlation analysis is to look at what direction the dependent variable Y will take, in this case: employment, when the independent variable X changes, in this case: FDI. The correlation coefficient calculates whether there is a linear relationship and at what level is this relationship.

The correlation coefficient is denoted by " r " and ranges from -1 to $+1$. We should remove or add variables in studies, keeping in mind that these variables affect different results, so we must be very careful when examining them (Wu, Lin, & Wu, 2012). Measuring the impact of labor investment on employee performance is critical (Sitorus & Sitorus, 2017).

To assess the strength of the correlation between employment and FDI, we can use alternative methods such as the Kolmogorov-Smirnov test, Lilliefors test, CDF (cumulative distribution function) analysis, and so on.

4. RESULTS AND DISCUSSION

4.1. The trend of economic growth in the Western Balkan countries

Based on comparative analyzes between the countries of the Western Balkans regarding the GDP indicator, the GDP in 2019, in Albania, results in 2.2%, whereas in 2018, it resulted in 4.1%; if we compare the GDP of 2019 with 2018 we notice that in Albania there was a decline in GDP by 1.9%.

In 2019, in Bosnia and Herzegovina, resulted in 2.6%, whereas in 2018 resulted in 3.7%, if we compare the GDP of 2019 with 2018, in Bosnia and Herzegovina there was a decline in GDP of 1.1%.

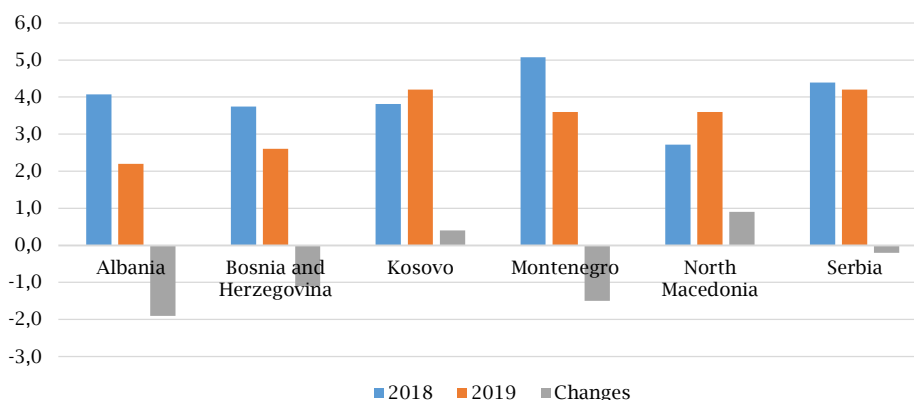
There was also a decrease in GDP in Serbia in 2019 compared to 2018, where it decreased by 0.2%, whereas in Montenegro the decrease in GDP was by about 1.5%.

The countries that have had GDP growth in 2019 compared to 2018 were North Macedonia with an increase of about 0.9% and Kosovo with an increase of 0.4% (Table 1).

Table 1. GDP trend in the Western Balkans 2018–2019, expressed in %

Country	2018	2019	Changes
Albania	4.1	2.2	-1.9
Bosnia and Herzegovina	3.7	2.6	-1.1
Kosovo	3.8	4.2	0.4
Montenegro	5.1	3.6	-1.5
North Macedonia	2.7	3.6	0.9
Serbia	4.4	4.2	-0.2

Source: Data analyzed by the authors based on official data of national statistics of the Western Balkan countries.

Figure 1. GDP trend in the Western Balkans 2018–2019, expressed in %

Source: Data analyzed by the authors based on official data of national statistics of the Western Balkan countries.

4.2. Comparison of the labor force, employment, and unemployment between the countries of the Western Balkans

4.2.1. Workforce in the Western Balkan countries 2015–2019

The working-age population according to Eurostat definitions includes the population aged 15–64. The working-age population is divided into the labor force or economically active force and non-labor force or economically inactive, where inactive persons are not considered part of the labor force.

The workforce includes employed persons and unemployed persons who are actively looking for work. Labor force participation rate is the percentage of a country's working-age population that is actively engaged in the labor market.

The calculation of the rate is conducted by dividing the number of the employed and unemployed that are actively looking for work by the number of the working-age population aged 15–64 expressed as a percentage.

This can also be presented through the following formula:

$$\text{Participation rate in the workforce} = \frac{\text{Employed} + \text{Unemployed}}{\text{Working age population}} * 100 \quad (2)$$

Based on comparative analyzes between the countries of the Western Balkans, it emerges that in 2019 Albania had a workforce of 1,430,000 inhabitants, Bosnia and Herzegovina of 952,300 inhabitants, Kosovo of 488,400 inhabitants, Montenegro of 287,300 inhabitants, North Macedonia of 964,000 inhabitants, and Serbia a workforce estimated of 3,236,900 inhabitants.

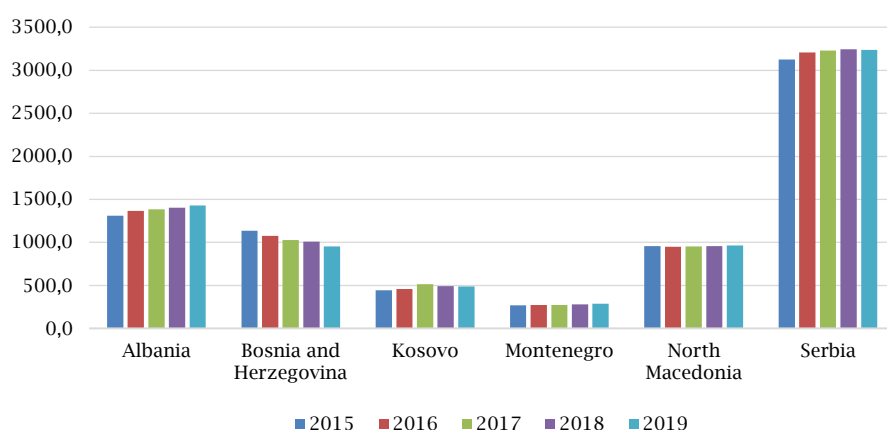
Based on the analysis of the labor force trends of 2019 compared to 2018, it results that in 2019, there has been an increase of labor force in Albania by 1.8%, in Montenegro by 2.6% and in North Macedonia by 0.7%.

There is a labor force decrease in 2019 compared to 2018 in Serbia and Kosovo, but the most significant decrease in the labor force is in Bosnia and Herzegovina by 5.5% (Table 2).

Table 2. Labor force trends in the Western Balkan countries 2015–2019 per thousand persons, the change expressed in %

Country	2015	2016	2017	2018	2019	Changes
Albania	1310.7	1364.9	1385.4	1404.1	1430.0	1.8
Bosnia and Herzegovina	1136.2	1074.0	1026.3	1007.9	952.3	-5.5
Kosovo	443.3	459.3	515.4	491.3	488.4	-0.6
Montenegro	268.9	272.5	273.2	279.9	287.3	2.6
North Macedonia	954.9	948.6	954.2	957.6	964.0	0.7
Serbia	3126.1	3208.8	3229.8	3245.1	3236.9	-0.3

Source: Data analyzed by the authors based on official data of national statistics of the Western Balkan countries.

Figure 2. Comparison of labor trends in Western Balkan countries 2015–2019 per thousand persons

Source: Data analyzed by the authors based on official data of national statistics of the Western Balkan countries.

4.2.2. Employment rate trends in the Western Balkan countries

Employed population includes the population aged 15–64, who are employed or actively looking for work. Equation (3) below was used to calculate the employment rate.

According to the data of 2019, it results that the highest employment rate emerges in Albania with about 61.2%, Serbia with 49%, North Macedonia with 47.3%. While Kosovo, Montenegro, and Bosnia and Herzegovina have the lowest employment rate.

Based on the comparative analysis between 2019 and 2018 regarding the employment rate, it turns out that in 2019 there is a more pronounced increase in the employment rate in Albania by 9.1%, in Kosovo by 4.2%, in North Macedonia we have an increase in the employment rate by 2.2%, while a slight increase in the employment rate is in Bosnia and Herzegovina and Montenegro.

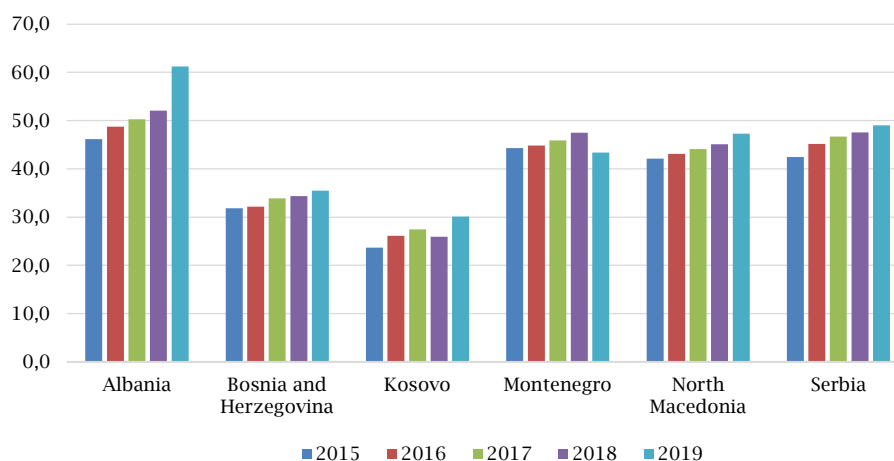
Of the six countries of the Western Balkans in 2019 compared to 2018, we have a decrease in the employment rate only in Montenegro by 4.1% (Table 3).

$$\text{Employment to population ratio} = \frac{\text{Employed population}}{\text{Working age population}} * 100 \quad (3)$$

Table 3. Employment rate trends in the Western Balkans 2015–2019, expressed in %

Country	2015	2016	2017	2018	2019	Changes
Albania	46.2	48.7	50.3	52.1	61.2	9.1
Bosnia and Herzegovina	31.9	32.2	33.9	34.3	35.5	1.2
Kosovo	23.6	26.1	27.4	25.9	30.1	4.2
Montenegro	44.3	44.9	45.9	47.5	43.4	-4.1
North Macedonia	42.1	43.1	44.1	45.1	47.3	2.2
Serbia	42.5	45.2	46.7	47.6	49.0	1.4

Source: Data analyzed by the authors based on official data of national statistics of the Western Balkan countries.

Figure 3. Comparison of employment in the Western Balkan countries 2015–2019

Source: Data analyzed by the authors based on official data of national statistics of the Western Balkan countries.

4.2.3. Unemployment rate trends in the Western Balkan countries

The unemployment rate represents the percentage of the labor force that is not employed. The labor

force is defined as the basis for this indicator and not the working-age population.

The unemployment rate is found according to the following formula:

$$\text{Unemployment rate} = \frac{\text{Unemployed}}{\text{Labor force}} * 100 \quad (4)$$

Based on the comparative analysis of unemployment between the countries of the Western Balkans, it results that Kosovo has a higher unemployment rate of about 25.7%, although there is a decrease in the unemployment rate from 2018 to 2019 by 3.6%, Kosovo leads the unemployment rate in the Western Balkan states.

We say this because Kosovo has an unstable labor market, as there is a high informality in employment also noting that the largest percentage of employees within the contingent of employees in Kosovo have temporary contracts (Bellaqa, 2020).

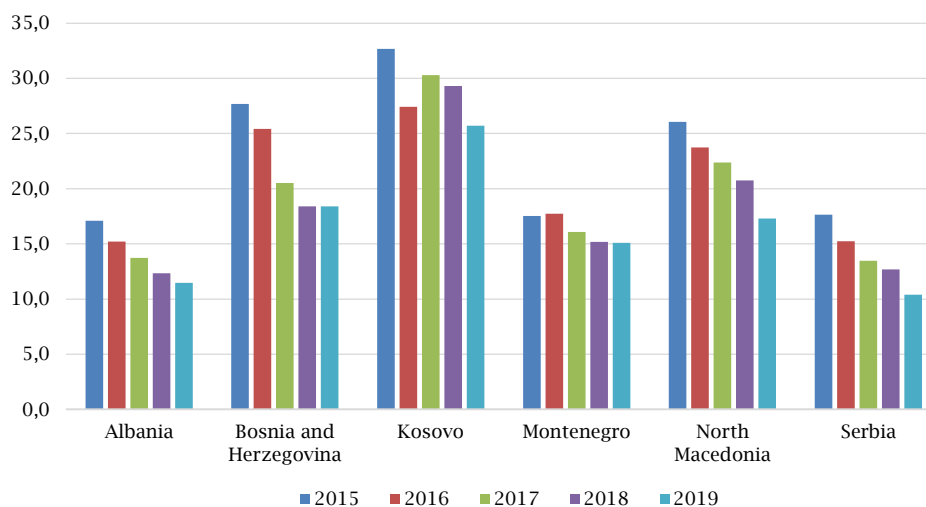
After Kosovo, Bosnia and Herzegovina ranks with 18.4%, followed by Serbia with 17.3%. In 2019, a more pronounced decline is noted in the unemployment rate in Kosovo and North Macedonia, while there is a slight decrease in the unemployment rate in Serbia, Albania, and Montenegro, whereas in Bosnia and Herzegovina there is no difference in the unemployment rate between the year 2019 and the year 2018 (Table 4).

Table 4. Unemployment rate trends in the Western Balkans 2015-2019, expressed in %

Country	2015	2016	2017	2018	2019	Changes
Albania	17.1	15.2	13.7	12.3	11.5	-0.9
Bosnia and Herzegovina	27.7	25.4	20.5	18.4	18.4	0.0
Kosovo	32.7	27.4	30.3	29.3	25.7	-3.6
Montenegro	17.5	17.7	16.1	15.2	15.1	-0.1
North Macedonia	26.1	23.7	22.4	20.7	17.3	-3.4
Serbia	17.7	15.3	13.5	12.7	10.4	-2.3

Source: Data analyzed by the authors based on official data of national statistics of the Western Balkan countries.

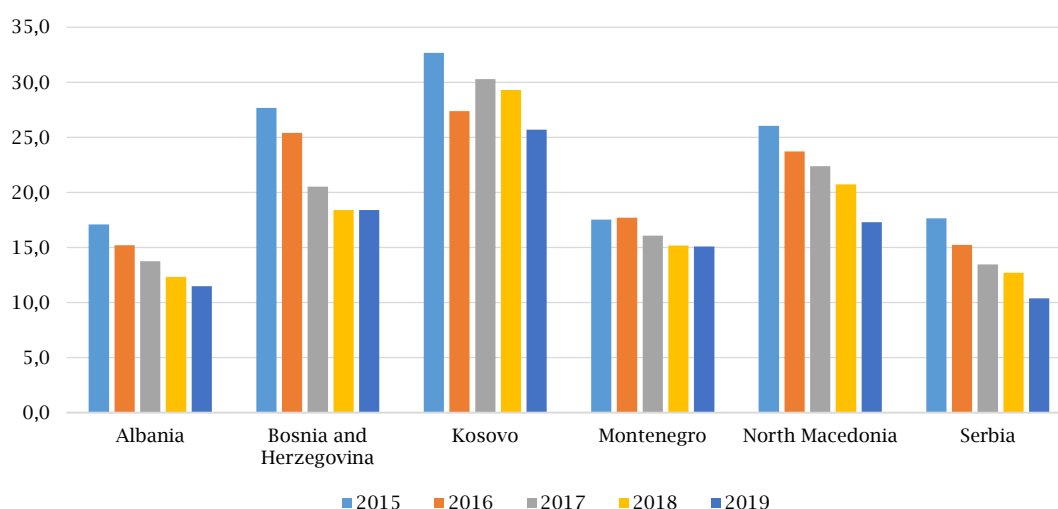
Figure 4. Comparison of unemployment in the Western Balkans, expressed in %



Source: Data analyzed by the authors based on official data of national statistics of the Western Balkan countries.

Regarding FDI, based on comparative analysis, it results that the country that has absorbed more FDI is Serbia; in 2019 the value of FDI in Serbia has reached 4 billion 263 million dollars, then after

Serbia, Albania has absorbed more FDI; in 2019, the value of FDI in Albania reaches the value of 1 billion 201 million dollars, while other Western Balkan countries have absorbed less FDI (Figure 5).

Figure 5. Comparison of FDI trend between Western Balkan countries during 2015–2019 (in millions of EUR)

Source: Data analyzed by the authors based on World Bank data.

4.3. Empirical analysis

Regarding the empirical analysis, respectively, the correlation between the dependent variable Y

(Employment) and the independent variable X (FDI), the value of the correlation between these two variables between the countries of the Western Balkans varies, this can be seen through Table 5.

Table 5. Correlation of employment with FDI in the Western Balkan countries 2015–2019

Country	Variables	Year					Correlation 2015–2019
		2015	2016	2017	2018	2019	
Albania	Employment (in thousands)	1.087	1.157	1.195	1.23	1.266	+1
	DFI (in millions \$)	990	1.044	1.022	1.204	1.201	
Bosnia and Herzegovina	Employment (in thousands)	822.5	801	816.2	822.1	820.9	-0.28
	DFI (in millions \$)	308.3	313.1	509.4	594.8	390.2	
Kosovo	Employment (in thousands)	296	331	357	345	363	-0.66
	DFI (in millions \$)	343	243	286	318	285	
Montenegro	Employment (in thousands)	221	224	229	237	243	-0.01
	DFI (in millions \$)	699	226	560	485	418	
North Macedonia	Employment (in thousands)	705	723	740	759	797	-0.16
	DFI (in millions \$)	296	549	380	648	549	
Serbia	Employment (in thousands)	2.574	2.685	2.733	2.832	2.733	0.07
	DFI (in millions \$)	2.343	2.355	2.894	4.071	4.268	

Source: Data analyzed by the authors based on official data from national statistics in Western Balkan countries, from Institute of Statistics¹, Agencija za statistiku Bosne i Hercegovine (Agency for Statistics of Bosnia and Herzegovina)², Kosovo Agency of Statistics³, MONSTAT⁴, Republic of North Macedonia State Statistical Office⁵, Statistical Office of the Republic of Serbia⁶, The World Bank Group⁷.

¹ <http://www.instat.gov.al/en/themes/labour-market-and-education/employment-and-unemployment-from-lfs/#tab2>

² <https://bhas.gov.ba/Calendar/Category/13#>

³ <https://ask.rks.gov.net/en/kosovo-agency-of-statistics/social/labour-market>

⁴ <https://www.monstat.org/eng/page.php?id=22&pageid=22>

⁵ https://www.stat.gov.mk/OblastOpsto_en.aspx?id=14

⁶ <https://www.stat.gov.rs/en-us/oblasti/trziste-rada/anketa-o-radnoj-snazi>

⁷ <https://data.worldbank.org/indicator>

Based on the empirical comparative analysis between the Western Balkan countries, during the 2015–2019 period, it is noticed that there is a weak correlation between the dependent variable (Employment) and the independent variable (FDI) in most of the Western Balkan countries, with the exception of Albania where we see a strong positive correlation.

The empirical analyzes for each country are presented below.

- In Albania, the value of $r = +1$ represents a strong positive correlation between Employment and FDI (equation (5)).

- In Bosnia and Herzegovina, the value of $r = -0.28$, therefore, there is a weak negative

correlation between Employment and FDI (equation (6)).

- In Kosovo, the value of $r = -0.66$ represents a negative average correlation between Employment and FDI (equation (7)).

- In Montenegro, the value of $r = -0.01$ represents a weak negative correlation between Employment and FDI (equation (8)).

- In North Macedonia, the value of $r = +0.16$ represents a weak positive correlation between the Employment variable and FDI (equation (9)).

- In Serbia, the value of $r = +0.07$ represents a weak positive correlation between Employment and FDI (equation (10)).

$$r = \frac{5 * 1158063 - 994.471 * 5.935}{\sqrt{[5 * 980105 - 994.471^2][5 * 7.063899 - 5.935^2]}} = \frac{5790316 - 5902.185}{3911553 - 0.09527} = \frac{5784414}{3911552} = +1 \quad (5)$$

$$r = \frac{5 * 1729442 - 4082.7 * 2115.8}{\sqrt{[5 * 3334015 - 4082.7^2][5 * 958612 - 2115.8^2]}} = \frac{8647212 - 8638177}{1635.26 - 316450} = \frac{9035.29}{-314815} = -0.28 \quad (6)$$

$$r = \frac{5 * 497228 - 1475 * 1692}{\sqrt{[5 * 440843 - 1475^2][5 * 575420 - 1692^2]}} = \frac{2486140 - 2495700}{28590 - 14236} = \frac{-9560}{14354} = -0.66 \quad (7)$$

$$r = \frac{5 * 549862 - 2388 * 1154}{\sqrt{[5 * 1263226 - 2388^2][5 * 266676 - 1154^2]}} = \frac{2749310 - 2755752}{613586 - 1664} = \frac{-6442}{611922} = -0.01 \quad (8)$$

$$r = \frac{5 * 1816192 - 2422 * 3724}{\sqrt{[5 * 1254722 - 2422^2][5 * 2778644 - 3724^2]}} = \frac{9080960 - 9019528}{407526 - 25044} = \frac{61432}{382482} = 0.16 \quad (9)$$

$$r = \frac{5 * 43.45688 - 15.931 * 13.557}{\sqrt{[5 * 54.19978 - 15.931^2][5 * 36.7935 - 13.557^2]}} = \frac{217.2844 - 215.9766}{17.20211 - 0.175266} = \frac{1.307808}{17.02685} = 0.07 \quad (10)$$

4.4. Discussion

One of the findings of this research is that based on a comparative analysis of GDP between 2019 and 2018 it turns out that in 2019, GDP in Albania has decreased by 1.9%, Bosnia and Herzegovina has had a decrease in GDP by 1.1%. Serbia also saw a 0.2% drop in GDP, and Montenegro by 1.5%.

The countries that have had GDP growth in 2019 compared to 2018 were North Macedonia with an increase of about 0.9% and Kosovo — 0.4%.

Based on the analysis of the labor force trends of 2019 with 2018, it results that in 2019 we have an increase of labor force in Albania by 1.8%, in Montenegro by 2.6%, and in North Macedonia by 0.7%. There's been a decrease in the labor force in 2019, compared to 2018, in Serbia, Kosovo, but there's also been a more significant decrease in the labor force in Bosnia and Herzegovina by 5.5%.

The employment rate according to the comparative analysis between 2019 and 2018 results that in 2019 there has been a more pronounced increase in the employment rate in Albania by 9.1%, in Kosovo by 4.2%, in North Macedonia by 2.2%, whereas there's been a slight increase in the employment rate in Bosnia and Herzegovina and Montenegro.

Out of the six countries of the Western Balkans during 2019, compared to 2018, only in Montenegro we see a decline in the employment rate by about 4.1%.

In terms of unemployment among the Western Balkan countries, it emerges that Kosovo has a higher unemployment rate of about 25.7%, followed by Bosnia and Herzegovina with 18.4% and Serbia with 17.3%.

Based on the empirical comparative analysis between the Western Balkan countries, in the period 2015–2019 between the dependent variable Employment and the independent variable FDI, it is noticed that in most of the Western Balkan countries we have a weak correlation (r) between Employment and FDI.

According to the results of empirical analysis, FDI does not seem to have created significant new employment opportunities in the period from 2015 to 2019, with the exception of Albania where FDI has played an essential role in creating new jobs.

In Albania, the correlation value is +1; in Bosnia and Herzegovina, the correlation value is -0.28; in Kosovo, the correlation value is -0.66; in Montenegro, the correlation value is -0.01; in North Macedonia, the value of the correlation is +0.16, and in Serbia, the value of the correlation between Employment and FDI turns out to be +0.07.

Regarding FDI, the country that has absorbed FDI the most is Serbia, with the value of FDI in Serbia in 2019 reaching 4 billion 263 million dollars, followed by Albania, with the value of FDI in Albania in 2019 reaching 1 billion 201 million dollars, whereas other WBC are less absorbers of FDI.

5. CONCLUSION

The importance of the study's findings will be an important input in the development of effective labor market policies that will affect the improvement of the Western Balkan countries' economic development.

One of the conclusions drawn from this paper is that in Albania, Bosnia and Herzegovina, Kosovo, North Macedonia, Montenegro, and Serbia in the period 2015–2019 there's been an improvement in the employment rate, except for Montenegro, but the employment rate, as well as unsustainable employment, is still not at a satisfactory level. Kosovo compared to other Western Balkan countries, has a higher unemployment rate followed by Bosnia and Herzegovina.

GDP in 2019 compared to 2018 has decreased in Albania, Bosnia and Herzegovina, Montenegro, and Serbia. While countries that have had a slight increase in GDP in 2019 compared to 2018 were North Macedonia and Kosovo.

The labor force in 2019 compared to 2018 has increased in Albania, Montenegro, and North Macedonia while the shrinkage of the labor force in 2019 compared to 2018 has occurred in Serbia and Kosovo, with the most pronounced workforce contraction being in Bosnia and Herzegovina.

In 2019, the highest employment rate turns out to be in Albania compared to other Western Balkan countries, while the lowest employment rate turns out to be in Kosovo.

Based on a comparative analysis of unemployment in the Western Balkans, it turns out that Kosovo has had a higher unemployment rate during 2019, followed by Bosnia and Herzegovina.

Regarding FDI, based on comparative intermediate analyzes, it results that Serbia is the country that has absorbed the most FDI, followed by Albania.

Empirical analyzes for the Western Balkan countries, in the period consisting of the years from

2015 to 2019, in most Western Balkan countries we see a weak correlation between employment and FDI with the exception of Albania where we have a strong positive correlation.

One of the recommendations arising from this research paper is to improve the management of active labor market policies in order to promote employment.

The encouragement of FDI and creating a more favorable business climate by improving the business environment result in the creation of new jobs. Providing staff in accordance with the needs of the labor market, therefore, there should be a more stable coordination of relevant actors at the national level.

National statistics should provide as much information as possible on macroeconomic indicators in order for the relevant actors involved in managing and drafting policies at the national level to improve the labor market in order for them to be more sustainable.

Advancing legislation to protect employees as well as advancing legislation to encourage investment in the businesses' specific skills.

Providing a larger number of vocational training for employed and unemployed job seekers in accordance with the trends of the labor market economy, etc.

We also recommend that future researchers consider the effect of FDI on employment by conducting cross-year comparisons of the effects of FDI on employment and tracking the dynamics of labor market indicators in these countries.

This paper is significant for future research into the relationship between FDI and employment in the Western Balkans, as well as the use of comparative analysis among these countries.

Furthermore, the paper had limitations in terms of empirical and comparative analysis due to the lack of new and comprehensive data.

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