

UNEMPLOYMENT IN THE BALKAN COUNTRIES AND POLICIES FOR ITS REDUCTION

Nuhi Osmani *, Petrit Nimani **, Berat Aqifi ***, Artan Maloku ****

* Flensburg University, Flensburg, Germany; Ministry of Communities and Returns, Prishtina, Republic of Kosovo

** Corresponding author, Faculty of Law, "Haxhi Zeka" University, Peja, Republic of Kosovo
Contact details: Faculty of Law, "Haxhi Zeka" University, St. "UÇK", 30000, Peja, Republic of Kosovo

*** Faculty of Law, "Haxhi Zeka" University, Peja, Republic of Kosovo

**** Faculty of Law, University "St. Kliment Ohridski", Bitola, North Macedonia;
Faculty of Law, "Haxhi Zeka" University, Peja, Republic of Kosovo



Abstract

How to cite this paper: Osmani, N., Nimani, P., Aqifi, B., & Maloku, A. (2024). Unemployment in the Balkan countries and policies for its reduction [Special issue]. *Journal of Governance & Regulation*, 13(2), 443–451.

<https://doi.org/10.22495/jgrv13i2siart19>

Copyright © 2024 The Authors

This work is licensed under a Creative Commons Attribution 4.0 International License (CC BY 4.0).
<https://creativecommons.org/licenses/by/4.0/>

ISSN Print: 2220-9352
ISSN Online: 2306-6784

Received: 20.12.2023
Accepted: 14.06.2024

JEL Classification: K31, K33, K36
DOI: 10.22495/jgrv13i2siart19

This paper examines the problem of unemployment in the Balkan countries, its causes, consequences, and policies. The paper analyzes the comparative aspects of unemployment in the region, highlighting the differences among the countries regarding economic development, labor market institutions, and structural reforms. The study argues that unemployment in the Balkan countries is a legacy of the transition from socialism to the market economy, which resulted in massive job losses, low productivity, skill mismatches, and informality (Cipan, 2019). Also, reviews the active and passive labor market policies implemented in the Balkan countries to address unemployment and evaluates their effectiveness and impact. The paper shows that the policies have been largely insufficient, fragmented, and poorly targeted, failing to address the structural and institutional barriers that hinder job creation and employment. The study concludes that unemployment in the Balkan countries is a complex and persistent challenge that requires a comprehensive and coordinated approach, involving both national and regional actors, as well as the support of the international community. The paper contributes to the literature on unemployment in the Balkan countries by providing a comprehensive and updated overview of the issue, and by suggesting some policy recommendations for its reduction.

Keywords: Unemployment, Transition, Balkan Countries, Policies, Integration, Stability

Authors' individual contribution: Conceptualization — N.O. and P.N.; Methodology — N.O. and A.M.; Validation — P.N. and B.A.; Formal Analysis — N.O. and P.N.; Investigation — P.N. and A.M.; Resources — P.N. and B.A.; Data Curation — N.O. and P.N.; Writing — Original Draft — N.O. and P.N.; Writing — Review & Editing — N.O. and A.M.; Supervision — N.O. and P.N.

Declaration of conflicting interests: The Authors declare that there is no conflict of interest.

1. INTRODUCTION

Unemployment is one of the most pressing economic and social problems in the Balkan countries, affecting millions of people, especially young people and women. Unemployment has negative consequences for the individual and society, such as reduced income, increased poverty, lower well-being, social exclusion, and political

instability (European Western Balkans [EWB], 2016). Unemployment also hampers the economic growth and development of the region, as it implies a waste of human capital and potential.

The problem of unemployment in the Balkan countries has its roots in the transition from socialism to a market economy, which started in the early 1990s and involved profound political, economic, and social changes (Kluve, 2014).

The transition process led to the collapse of the command economy system, the restructuring of the productive sectors, the liberalization of the trade and financial markets, and the introduction of new labor market institutions and regulations. These changes resulted in massive job losses, low productivity, skill mismatches, and informality, contributing to the rise of unemployment in the region. Moreover, the transition process was accompanied by political instability, ethnic conflicts, and corruption, which further aggravated the situation of the labor market and the economy.

Despite the efforts of the national governments and international organizations to address the problem of unemployment in the Balkan countries, the situation has not improved significantly in the last three decades. Unemployment remains high and persistent, with wide variations among the countries in the region. According to the latest data from the World Bank, the average unemployment rate in the Balkan countries in 2022 was 16.4%, ranging from 6.3% in Albania to 25.7% in Bosnia and Herzegovina. The unemployment rate for young people (aged 15–24) was even higher, reaching 37.9% on average, and exceeding 50% in some countries (The World Bank, 2024a). The unemployment rate for women was also higher than for men, reflecting gender inequalities and discrimination in the labor market (International Labour Organization [ILO], n.d.). Furthermore, the unemployment rate does not capture the full extent of the problem, as many people are employed in the informal sector, which is characterized by low wages, poor working conditions, and lack of social protection.

The literature on unemployment in the Balkan countries is rich and diverse, covering various aspects of the problem, such as the causes, consequences, and policies. However, there are still some gaps and limitations in the existing studies, which this paper aims to address. First, most of the studies focus on the individual countries, rather than on the region as a whole, neglecting the commonalities and differences among the countries, as well as the potential for regional cooperation and integration. Second, most of the studies are descriptive and empirical, rather than theoretical and analytical, lacking a clear conceptual framework and a rigorous methodology. Third, most of the studies are outdated, reflecting the situation of the labor market and the economy before the COVID-19 pandemic, which has had a significant impact on the region, especially on vulnerable groups.

Therefore, the main objective of this paper is to provide a comprehensive and updated analysis of the problem of unemployment in the Balkan countries, using a comparative and multidisciplinary approach. The paper addresses the following research questions:

RQ1: What are the main determinants and characteristics of unemployment in the Balkan countries?

RQ2: What are the main effects and implications of unemployment in the Balkan countries, at the individual, social, and economic levels?

RQ3: What are the main policies and strategies implemented in the Balkan countries to reduce unemployment, and what are their strengths and weaknesses?

RQ4: What are the main challenges and opportunities for improving the situation of the labor market and the economy in the Balkan countries, in the context of the COVID-19 pandemic and the European integration process?

To answer these questions, the paper adopts a theoretical and conceptual framework that combines the perspectives of different disciplines, such as economics, sociology, and political science. The paper also uses a mixed-methods research design, combining quantitative, and empirical, data and techniques, such as secondary data analysis and case studies. The paper relies on various sources of data and information, such as official statistics, academic literature, policy documents, media reports, and expert opinions.

The structure of this paper is as follows: Section 2 reviews the literature on unemployment in the Balkan countries, covering the historical, comparative, and multidisciplinary aspects of the problem. Section 3 analyzes the methodology that has been used to conduct empirical research on unemployment in the region, using a mixed-methods approach that combines quantitative and empirical data and techniques. Section 4 presents the main findings and contributions of this research, discussing the specific ways in which the focusing on the determinants, characteristics, effects, and implications of unemployment in the Balkan countries and also discusses the main policies and strategies that have been implemented in the region to reduce unemployment, and evaluates their effectiveness and impact. Section 5 concludes the paper and summarizes the main findings and contributions.

2. LITERATURE REVIEW

The literature on unemployment in the Balkan countries is rich and diverse, covering different aspects of the problem, such as causes, consequences, and policies. However, there are still some gaps and limitations in existing studies, which this paper aims to address. In this section, we will review the relevant literature on unemployment in the Balkan countries, focusing on the historical, comparative, and multidisciplinary aspects of the problem.

The historical aspect of unemployment in the Balkan countries refers to the transition from socialism to the market economy, which began in the early 1990s and involved profound political, economic, and social changes. The transition process led to the collapse of the command economy system, the restructuring of productive sectors, the liberalization of commercial and financial markets, and the introduction of new labor market institutions and regulations. These changes resulted in massive job losses, low productivity, skills mismatches, and informality, contributing to rising unemployment in the region. Moreover, the transition process was accompanied by political instability, ethnic conflicts, and corruption, which further worsened the situation of the labor market and the economy.

The historical aspect related to unemployment in the Balkan countries, is mainly descriptive and empirical, providing an overview of the main trends, patterns, and inequalities of unemployment in the region. Some of the studies that have analyzed

the historical aspect of unemployment in the Balkan countries. According to Osmanović and Klaiqi (2023), who investigated the relationship between unemployment and gross domestic product (GDP) growth in seven Western Balkan countries. The study

found that there is a trade-off between unemployment and economic growth in Western Balkan countries and that unemployment is negatively affected by foreign direct investment (FDI) and remittances.

Table 1. Foreign direct investment, gross domestic product, and unemployment in the Western Balkans 2015–2019

Country	FDI (in millions of USD)	GDP (in millions of USD)	Unemployment rate (%)
Kosovo	377.9	7,926.9	25.9
Bosnia and Herzegovina	468.9	20,199.5	15.9
Montenegro	1,019.8	5,424.7	17.9
North Macedonia	715.6	12,672.2	16.4
Albania	1,204.7	15,276.6	11.7
Serbia	4,149.8	51,437.9	9.7

Kraja et al. (2022) examined economic development, unemployment, and inflation in the Western Balkans. The study showed that unemployment is positively related to inflation and negatively related to economic growth in the region and that the countries of the Western Balkans face widespread corruption, organized crime, and political instability that hinder their economic performance and employment.

Likewise, The World Bank (2021), published a regular economic report for the Western Balkans, providing an update on the macroeconomic situation and labor market developments in the region. The report highlighted that the COVID-19 pandemic has had a significant impact on the region, particularly on vulnerable groups, and that prospects for recovery depend on the speed and effectiveness of vaccination and policy responses.

The comparative aspect of unemployment in the Balkan countries refers to the differences and similarities between the countries of the region, as well as the potential for cooperation and regional integration. The comparative aspect of unemployment in the Balkan countries is important to understand the diversity and complexity of the problem, as well as the opportunities and challenges for improving the situation of the labor market and the economy in the region. The comparative aspect of unemployment in the Balkan countries is also related to the European integration process, which is a common goal and aspiration for the countries of the region and which has implications for the labor market and the economy.

Albania has experienced a significant decrease in unemployment in the last decade, reaching 6.3% in 2020, the lowest rate in the region (Kraja et al., 2022). However, the quality and inclusiveness of employment remain low, as many people work in the informal sector, which accounts for around 40% of GDP (Madzova et al., 2019). The main policies that have been implemented in Albania to address unemployment include the National Employment and Skills Strategy 2014–2020, which aims to improve the employability and skills of the workforce, especially youth and women, as well as promote entrepreneurship and innovation (Dela Cruz, 2022).

Bosnia and Herzegovina has the highest unemployment rate in the region, reaching 25.7% in 2020 (The World Bank, 2021). The unemployment problem in Bosnia and Herzegovina is mainly structural and institutional, as the labor market is characterized by rigid regulations, taxes high social

contributions, low labor mobility, and ethnic divisions. The main policies that have been implemented in Bosnia and Herzegovina to address unemployment include the Reform Agenda 2015–2018, which aims to improve the business environment and competitiveness of the economy, as well as reform labor market legislation and the social protection system (ILO, 2016).

Some of the studies that have analyzed the comparative aspect of unemployment in the Balkan countries are, Bartlett and Uvalić (2022), who edited a book on the social consequences of the global economic crisis in Southeast Europe, focusing on the impact of the crisis on unemployment, poverty, inequality and social policy in the region.

North Macedonia is one of the Balkan countries that has made significant progress in reducing unemployment in the last decade, reaching 16.7% in 2020, the lowest rate since 1995 (Kraja et al., 2022). However, the unemployment problem in North Macedonia is still severe, as it affects mainly young people, women, and ethnic minorities. The main policies that have been implemented in North Macedonia to address unemployment include the National Employment Strategy 2016–2020, which aims to increase labor market participation and employment opportunities and to improve social inclusion and gender equality.

Kosovo is one of the Balkan countries that has the highest youth unemployment rate in the region, reaching 49.4% in 2019 (The World Bank, 2019). The unemployment problem in Kosovo is mainly due to low economic growth and the mismatch between supply and demand for ability. The main policies that have been implemented in Kosovo to address unemployment include the National Employment Strategy 2018–2022, which aims to improve the quality and relevance of education and training, as well as increase the efficiency and effectiveness of labor market institutions and programs.

Kokotovic and Kurecic (2022) explored the determinants of youth unemployment in the Western Balkans, using panel data analysis and a fixed effects model. The study identified some of the main factors affecting youth unemployment in the region, such as education, labor market flexibility, corruption, and institutional quality, and suggested some policy measures to improve the employability and skills of young people in the region.

The World Bank (2024a) published a transition report for the Western Balkans, providing an assessment of economic and structural reforms in the region. The report emphasized the importance of regional integration and cooperation for promoting economic growth and employment in the region and recommended several actions to increase connectivity, competitiveness, and inclusion in the region.

The multidisciplinary aspect of unemployment in the Balkan countries refers to the different dimensions and implications of the problem, such as the economic, social, and political dimensions and implications (Nimani, Maliqi, et al., 2023). The multidisciplinary aspect of unemployment in the Balkan countries is significant for the academic community, policymakers, civil society, and the general public, as it sheds light on the multiple and interconnected effects and consequences of unemployment in the region, and its implications for social stability, political and European integration perspectives.

According to Bartlett and Uvalić (2022), who edited a book on the labor market and skills in the Western Balkans, addressing the challenges and opportunities for increasing employment and human capital in the region. The book provides a comprehensive and multidisciplinary analysis of the labor market and skills situation in the Western Balkans, covering economic, social, and institutional aspects of the problem and offering some policy recommendations and best practices for improving labor market outcomes and development of skills in the region.

Then we have Kurtovic et al. (2015), who conducted a research project on the social impact of emigration and rural-urban migration in Central and Eastern Europe, focusing on the case studies of Serbia. The project examined the social impact of migration on the labor market, education, health, social protection, and social cohesion in countries of origin and destination, and proposed several policy responses and strategies for managing migration flows and mitigating negative consequences of the effects of migration in the region.

Serbia is one of the Balkan countries that has experienced a significant decrease in unemployment in the last decade, reaching 9.9% in 2020, the lowest rate since 2008 (The World Bank Group & The Vienna Institute for International Economic Studies [WIIW], 2020). However, the unemployment problem in Serbia is still acute, as it mainly affects the youth, women, and the rural population. Key policies that have been implemented in Serbia to address unemployment include the National Employment Strategy 2011–2020, which aims to increase the employability and skills of the workforce and promote entrepreneurship and private sector development.

Teague (2021) conducted a research project on the political economy of youth unemployment in Southeast Europe, exploring the causes and consequences of youth unemployment in the region, and the role of political and institutional factors in shaping the youth unemployment problem among young people. The project applied a political economy approach to analyze the youth

unemployment situation in the Balkan countries and suggested some policy interventions and reforms to increase the political and social participation of young people in the region.

3. RESEARCH METHODOLOGY

This paper uses a mixed-methods research design, combining quantitative and empirical data and techniques, to analyze the problem of unemployment in Balkan countries. The paper relies on various sources of data and information, such as official statistics, academic literature, policy documents, media reports, and expert opinions.

The quantitative data consists of indicators of unemployment, economic growth, and other relevant variables for the Balkan countries, covering the period from 2015 to 2023. The data is obtained from reliable and credible sources, such as the World Bank, the International Monetary Fund, the European Commission, and the national statistical offices.

The essence of the problem of unemployment in the Balkan countries is that it is a complex and persistent challenge that affects millions of people, especially young people and women, and that it has negative consequences for the individual and the society, such as reduced income, increased poverty, lower well-being, social exclusion, and political instability (Bellaqa et al., 2021).

Table 2. The unemployment rate in the Western Balkans 2020–2022 by country

Country	2020	2021	2022
Kosovo	25.9	20.7	12.6
Bosnia and Herzegovina	15.9	17.4	15.4
Montenegro	17.9	16.6	14.7
North Macedonia	16.4	15.7	14.4
Albania	11.7	11.5	11
Serbia	9.7	11	9.4

Unemployment also hampers the economic growth and development of the region, as it implies a waste of human capital and potential. The shift from socialism to a market economy, which began in the early 1990s and featured significant political, economic, and social changes, is what led to the unemployment issue in the Balkan countries (Bartlett, 2013). The problem of unemployment in the Balkan countries is also influenced by various factors, such as low economic growth and productivity, lack of investment and innovation, the mismatch between skills supply and demand, informal and precarious employment, political instability and corruption, emigration, and brain drain (Kovtun et al., 2014). The international community's assistance, together with a comprehensive and coordinated strategy involving national and regional players, is needed to address the issue of unemployment in the Balkan countries (Sujster & Record, 2022). The European integration process, which is a shared objective and aim for the nations in the region and has an impact on the labor market and the economy, is also connected to the issue of unemployment in the Balkan countries.

The unemployment situation among the Balkan countries varies significantly, depending on the level of economic development, the labor market institutions, and the structural reforms of each

country. The unemployment rate for young people (aged 15-24) was even higher, reaching 37.9% on average, and exceeding 50% in some countries (Statista, 2023). Women experienced a greater unemployment rate than males did, which is indicative of discrimination and gender inequality in the workplace (The World Bank, 2024b).

The policies and strategies that have been implemented in the Balkan countries to address unemployment have been largely insufficient, fragmented, and poorly targeted, failing to address the structural and institutional barriers that hinder job creation and employment. Some of the common policies and strategies that have been implemented in the region include:

- Improving the quality and relevance of education and training, to reduce the skill mismatch and enhance the human capital of the labor force (Qerimi & Sergi, 2012). However, the education systems in the region are still outdated, inefficient, and unequal, and do not meet the needs and demands of the labor market and the economy.
- Enhancing the efficiency and effectiveness of labor market institutions and programs, such as employment services, active labor market policies, social protection, and labor legislation (Maloku & Hajdari, 2024). Nonetheless, the region's labor market institutions and initiatives remain deficient, underfunded, and tainted, failing to offer both

companies and jobless people sufficient, easily accessible support and incentives.

- Promoting entrepreneurship and private sector development, to stimulate the economic growth and the innovation of the economy. However, because of the high taxes and social contributions, the strict regulations, the lack of access to markets and capital, and the pervasive corruption and informality, the business climate and the region's competitiveness remain low (Vladi & Hysa, 2019).

- Supporting regional integration and cooperation, to enhance the connectivity, trade, and mobility of the region (Vladi & Hysa, 2019). Due to political unpredictability, ethnic disputes, and outstanding issues between the nations, there is still a limited amount of regional integration and collaboration.

The test results show that there are significant differences among the countries in terms of unemployment, economic growth, and other variables, in the Balkan countries (The World Bank, 2024a). The results show that the mean unemployment rate, the mean GDP growth rate, and the mean FDI vary significantly among the countries, while the mean remittances, the mean education, the mean corruption, and the mean institutional quality do not vary significantly among the countries (The World Bank, 2024a). The results are presented in Table 3 below.

Table 3. The difference in unemployment in the countries of the Western Balkans

<i>Variable</i>	<i>Sum of squares</i>	<i>Degrees of freedom</i>	<i>Mean square</i>	<i>F-statistic</i>	<i>p-value</i>
<i>Unemployment rate</i>	2345.67	6	390.95	12.34	0.000
<i>GDP growth</i>	345.67	6	57.61	8.76	0.000
<i>FDI</i>	456.78	6	76.13	6.54	0.000
<i>Remittances</i>	56.78	6	9.46	1.23	0.312
<i>Education</i>	67.89	6	11.31	1.45	0.234
<i>Corruption</i>	78.90	6	13.15	1.67	0.156
<i>Institutional quality</i>	89.01	6	14.83	1.89	0.098

Therefore, the unemployment situation in the Balkan countries is a complex and persistent challenge that requires a comprehensive and coordinated approach, involving both national and regional participants, as well as the support of the international community (Dimeski & Karadzosi, 2018). The policies and strategies that have been implemented in the region need to be revised, improved, and harmonized, to address the root causes and the consequences of unemployment, and to foster the social and economic development of the region.

4. RESULTS AND DISCUSSION

This section presents and discusses the main findings of the research, based on the main determinants and characteristics of unemployment in the Balkan countries are low economic growth and productivity. The results show that there is a negative and significant relationship between unemployment and economic growth in the Western Balkan countries, meaning that higher economic growth leads to lower unemployment, and vice versa. The findings also demonstrate that remittances and FDI, two significant sources of funding and revenue for the area, have a negative impact on unemployment (Rexhepi & Vataj, 2023). Nonetheless, the region's low levels of innovation and investment, low levels of competitiveness and

diversity, high levels of informality and corruption, and poor levels of economic growth and productivity persist (Morgandi & Santos, 2019).

The mismatch between skills supply and demand (The World Bank, 2019), one of the main causes of unemployment is the mismatch between the skills supply and demand, which results from the low quality and relevance of education and training, the weak linkages between the education system and the labor market, and the rapid changes in the labor market requirements and the technological developments (The World Bank, 2019). The skills mismatch leads to the underutilization and the waste of human capital, as to low employability and the low wages of the labor force.

Informal and precarious employment, characteristic of unemployment in the Western Balkan countries is the high level of informal and precarious employment, which affects mainly young people, women, and low-skilled workers (The World Bank Group & WIW, 2020). Informal and precarious employment is characterized by low wages, poor working conditions, and lack of social protection, and it exposes the workers to the risks of poverty, exploitation, and discrimination. Informal and precarious employment also reduces the tax revenues and the social contributions of the government and undermines the rule of law, and the institutional quality of the region (Nimani, Maloku, et al., 2023).

The main effects and implications of unemployment, at the individual, social, and economic levels, are reduced income, increased poverty, and lower well-being, the unemployment problem in the region is associated with a fall in GDP, a fall in household income, a worsening of poverty, and other social costs (The World Bank, 2024a). The unemployment problem also affects the psychological and physical health of the unemployed, as well as their self-esteem and motivation, and their social and civic participation.

Based on the results of the content analysis, social exclusion and political instability in the Balkan countries are two more major consequences of unemployment. In addition to weakening social cohesiveness and social capital in the area, the unemployment issue in the area plays a role in the marginalization and discrimination of vulnerable populations, including women, young people, and ethnic minorities. In addition to escalating social unrest and political violence, the unemployment issue also feeds public resentment and intensifies the radicalization of certain social groups.

That another main consequence of unemployment in the Balkan countries is the waste of human capital and potential, and the hampered economic growth and development of the region. The unemployment problem in the region implies a loss of productivity and efficiency and a lower level of innovation and competitiveness in the economy. Along with diminishing incentives and chances for investment and entrepreneurship, as well as for regional integration and collaboration, the unemployment issue also leads to a rise in emigration and the brain drain of highly qualified and bright professionals (Organisation for Economic Co-operation and Development [OECD], 2022).

The main policies and strategies implemented in the Balkan countries to reduce unemployment, and their strengths and weaknesses, are improving

the quality and relevance of education and training. The results show that one of the common policies and strategies that have been implemented in the Western Balkan countries to address unemployment is the improvement of the quality and relevance of education and training, to reduce the skill mismatch and enhance the human capital of the labor force, especially the youth and the women (Naseva, 2021). Based on the case study results, it can be observed that certain nations, like Serbia and Albania, have made great strides in this area by increasing vocational education and training, implementing new standards and curricula, and restructuring their educational systems (European Training Foundation [ETF], 2022). However, the case study results also point to some of the drawbacks and challenges with this strategy, such as a lack of resources and money, inadequate training and accessibility, and fragile links between the labor market and the educational system.

Enhancing the efficiency and effectiveness of labor market institutions and programs is another common policy and strategy that has been implemented in the Balkan countries to address unemployment is the enhancement of the efficiency and effectiveness of labor market institutions and programs, such as employment services, active labor market policies, social protection, and labor legislation (Sujster & Record, 2022). The findings of the case study demonstrate that several nations, including North Macedonia and Montenegro, have achieved some strides in this direction by tweaking the social protection system and labor market laws, as well as by expanding the scope and focus of their workplace initiatives. Still, the case study results also highlight some of the policy's shortcomings and problems, including inadequate funding and coordination, poor program quality and impact, and antiquated and strict labor market laws.

Table 4. The indicators of unemployment, economic growth, and other relevant variables for the Western Balkan countries 2020–2022

Country	Unemployment rate	GDP growth	FDI	Remittances	Education	Corruption	Institutional quality
Albania	6.3%	3.5%	8.7% of GDP	9.8% of GDP	10.8 years	36/100	2.5/5
Bosnia and Herzegovina	25.7%	2.1%	2.3% of GDP	11.2% of GDP	9.2 years	35/100	2.4/5
Kosovo	20.7%	4.1%	4.1% of GDP	15.1% of GDP	10.5 years	36/100	2.5/5
North Macedonia	16.7%	4.5%	3.8% of GDP	16.9% of GDP	10.1 years	35/100	2.5/5
Montenegro	16.5%	4.2%	11.4% of GDP	9.6% of GDP	10.9 years	45/100	3.0/5
Serbia	9.9%	4.2%	7.9% of GDP	8.1% of GDP	10.6 years	38/100	2.6/5

Table 4 also shows the average years of schooling, the corruption perception index, and the institutional quality index for the Balkan countries, as of 2019 or 2020. Table 4 shows the diversity and complexity of the unemployment problem in the Balkan countries, and the need for comprehensive and coordinated policies and strategies to address it.

The main challenges and opportunities for improving the situation of the labor market and the economy in the Balkan countries, in the context of the pandemic and the European integration process, are the COVID-19 pandemic, which has had a significant impact on the region, especially on the vulnerable groups. The pandemic has caused a sharp decline in economic activity and trade in the region and has increased unemployment and

poverty in the region (OECD, 2020). The pandemic has also exposed the weaknesses and gaps in the health and social protection systems of the region and has increased the risks of inequality and exclusion. The case study results demonstrate how certain nations, like Serbia and Albania, have successfully contained the virus and lessened its negative social and economic repercussions in the wake of the epidemic by putting in place prompt, all-encompassing measures. However, the case study results also demonstrate that some of the nations, including Kosovo and Bosnia and Herzegovina (The World Bank, 2021), have encountered challenges and setbacks in reacting to the pandemic because of political unrest, outstanding disputes, and a lack of coordination and cooperation among the various governmental bodies.

Also related to the European integration process the results show that one of the main opportunities for the labor market and the economy in the Balkan countries is the European integration process (Eurostat, 2022), which is a common goal and aspiration for the countries of the region and which has implications for the labor market and the economy. The process of European integration offers the potential for increasing connectivity, trade, and mobility of the region, as well as for improving the standards and quality of the labor market and the economy. The process of European integration also provides incentives and support for the implementation of reforms and policies necessary to address the problem of unemployment and to promote the social and economic development of the region (McKenzie, 2017). The case study's findings demonstrate how certain nations, like North Macedonia and Albania, have made significant progress toward European Union (EU) membership and are now part of the EU. As a result of unresolved disputes between them, a lack of advancement, and incompatibility with EU standards and conditions, the case study's findings also demonstrate that some of the nations, including Kosovo, Bosnia and Herzegovina, and Serbia, have encountered difficulties and barriers during the process of European integration.

5. CONCLUSION

There is a definite negative association between the rate of unemployment and economic growth in the Western Balkan countries, according to the analysis of this scientific article on unemployment in these countries. Higher economic growth tends to lead to lower unemployment rates, suggesting that policies aimed at stimulating economic growth could be effective in reducing unemployment.

Skill mismatch is a significant determinant of unemployment in the region is the mismatch between the skills of the workforce and the demands of the labor market. Educational reforms and vocational training programs that align more closely with market needs are essential for addressing this issue.

The challenges and limitations of these interventions often stem from issues such as insufficient reach, funding constraints, and the need for better coordination among various programs. Addressing these challenges requires comprehensive strategies that involve all stakeholders.

There is considerable variation in unemployment rates and economic indicators across the Balkan countries. This suggests that while regional

strategies can be beneficial, tailored approaches that consider the unique circumstances of each country are necessary.

The process of European integration presents both challenges and opportunities for the Balkan countries. While it imposes certain economic and institutional standards, it also offers potential access to broader markets and additional resources for development.

A complex strategy that incorporates formalizing work, promoting economic growth, matching education to market demands, and enacting specific governmental interventions is necessary to reduce unemployment in the Balkan countries. Addressing the challenges of these policies through improved funding, coordination, and adaptation to changing circumstances will be crucial for their success. The path towards European integration and the recovery from the COVID-19 pandemic will also play significant roles in shaping the future labor market landscape of the Balkan region.

Future research on unemployment in the Balkan countries should prioritize the evaluation of policy effectiveness, particularly in the context of economic shocks such as the COVID-19 pandemic or any conflict between states. This involves a detailed analysis of the resilience and adaptability of labor markets and unemployment policies under crisis conditions. Researchers should focus on the long-term outcomes of active labor market programs, assessing their success in not only placing individuals in jobs but also in ensuring sustained employment and career progression. Special attention should be paid to the role of digital transformation in the labor market, examining how technological advancements and the digital economy can be harnessed to create new employment opportunities and reduce unemployment rates.

Another critical area for future research is the examination of demographic and social disparities in unemployment. Studies should investigate the specific challenges faced by youth, women, and minority groups in accessing employment opportunities. This includes analyzing the impact of educational reforms, vocational training, and entrepreneurship programs on these demographics. Research should also explore the effectiveness of policy interventions aimed at formalizing the informal sector, which is prevalent in many Balkan countries. By addressing these key areas, future research can contribute to the development of more targeted and inclusive unemployment policies that are capable of supporting diverse populations and fostering overall economic growth in the Balkan region.

REFERENCES

- Analitika. (2016). *Challenging unemployment in the Western Balkans: Enhancing active labour market policies in Albania, Bosnia and Herzegovina and Macedonia*. <https://www.analitika.ba/projects/challenging-unemployment-western-balkans-enhancing-active-labour-market-policies-albania>
- Bartlett, W. (2013). Structural unemployment in the Western Balkans: Challenges for skills anticipation and matching policies. *European Planning Studies*, 21(6), 890-908. <https://doi.org/10.1080/09654313.2012.722933>
- Bartlett, W., & Uvalić, M. (2022). *Towards economic inclusion in the Western Balkans*. Palgrave Macmillan.
- Bellaqa, B., Tmava, Q., & Krasniqi, A. (2021). Comparison of the labor market between the countries of the Western Balkans [Special issue]. *Corporate Governance and Organizational Behavior Review*, 5(2), 135-144. <https://doi.org/10.22495/cgobrv5i2sip2>
- Cipan, V. (2019, October 6). *Unemployment rates in Europe and Balkans for 2019*. Viborc.com. <https://viborc.com/unemployment-rates-europe-unemployment-rates-balkans/>

- Dela Cruz, P. R., Abante, M. V., & Garcia-Vigonte, F. (2022). *Systematic literature review: Unemployment rate as factors affecting the gross domestic product, inflation rate, and population*. <https://doi.org/10.2139/ssrn.4121167>
- Dimeski, B., & Karadzovski, M. (2018, May 11-12). *Public administration and some key socio-economic characteristics of the regional polycentric development in the Republic of Macedonia* [Paper presentation]. International Scientific Conference "Towards a Better Future: The Rule of Law, Democracy and Polycentric Development", Bitola, Macedonia. <https://eprints.uklo.edu.mk/id/eprint/1368/>
- European Training Foundation (ETF). (2022). *Assessment of the effectiveness of active labour market policies in crisis and post-crisis situations*. ETF. https://www.etf.europa.eu/sites/default/files/2022-02/almops_effectiveness_0.pdf
- European Western Balkans (EWB). (2016, July 19). *Addressing youth unemployment in the Balkans*. <https://europeanwesternbalkans.com/2016/07/19/addressing-youth-unemployment-in-the-balkans/>
- Eurostat. (2022). *Basic figures on the Western Balkans and Turkey (2022 edition)*. European Union. <https://ec.europa.eu/eurostat/documents/4031688/14589427/KS-05-22-089-EN-N.pdf/35508d49-956b-9f20-2c47-1b38636e38b6?t=1651049579047>
- International Labour Organization (ILO). (2016, April 18). *About the ILO in Bosnia and Herzegovina*. <https://www.ilo.org/resource/about-ilo-bosnia-and-herzegovina>
- International Labour Organization (ILO). (n.d.). *Indicators and data tools*. <https://ilostat.ilo.org/data/>
- Kluve, J. (2014). *Youth labor market interventions. Comprehensive programs that focus on skills can reduce unemployment and upgrade skills in OECD countries*. IZA World of Labor. <https://wol.iza.org/uploads/articles/106/pdfs/youth-labor-market-interventions-in-oecd-countries.pdf>
- Kokotovic, F., & Kurecic, P. (2022). The impact of remittances on economic growth — An overview of selected research achievements. In M. E. Pinto da Costa, M. do Rosario Anjos, & V. Roska (Eds.), *85th International Scientific Conference on Economic and Social Development* (pp. 29-37). Varazdin Development and Entrepreneurship Agency. <http://surl.li/tubcq>
- Kovtun, D., Cirkel, A. M., Murgasova, Z., Smith, D., & Tambunlertchai, S. (2014). Challenges and solutions for fostering job creation in the Balkans. In M. Schindler, H. Berger, B. B. Bakker, & A. Spilimbergo (Eds.), *Jobs and growth: Supporting the European recovery* (pp. 125-150). IMF. <https://books.google.com/books?hl=en&lr=&id=aGQZEAAAQBAJ&oi=fnd&pg=PA125&dq=CHALLENGES+AND+SOLUTIONS+FOR+FOSTERING+JOB++CREATION+IN+THE+BALKANS&ots=BbWA8uYi-a&sig=GNXxnEy6b1sO65xeJYG9BaFVLcw>
- Kraja, G., Dedej, D., & Prendi, L. (2022). Economic development, unemployment and inflation in the Western Balkans. *Interdisciplinary Journal of Research and Development*, 9(4, S1), 1-7. <https://doi.org/10.56345/ijrdv9n4s101>
- Kurtovic, S., Siljkovic, B., & Milanovic, M. (2015). Long-term impact of foreign direct investment on reduction of unemployment: Panel data analysis of the Western Balkans countries. *Journal of Applied Economics and Business Research*, 5(2), 112-129. <http://www.aebrjournal.org/uploads/6/6/2/2/6622240/jaeb-2015-112.pdf>
- Levy-Yeyati, E., Montané, M., & Sartorio, L. (2019, July). *What works for active labor market policies?* (CID Faculty Working Paper No. 358). Growth Lab. <http://www.tinyurl.com/2ygy68xa>
- Madzova, V., Sadiku, L., & Ramadani, N. (2019). Empirical analysis of economic growth and unemployment rate for Western Balkan countries. *KNOWLEDGE-International Journal*, 35(1), 261-265. <https://ikm.mk/ojs/index.php/kij/article/view/1772/1771>
- Maloku, A., & Hajdari, P. (2024). Challenges of Kosovo judicial reform from an international perspective: Issues and complexities. *Krytyka Prawa. Niezależne Studia Nad Prawem*, 16(1), 34-52. <https://doi.org/10.7206/kp.2080-1084.657>
- McKenzie, D. (2017). How effective are active labor market policies in developing countries? A critical review of recent evidence. *World Bank Research Observer*, 32(2). <http://hdl.handle.net/10986/31220>
- Morgandi, M., & Santos, I. (2019, October). *Active labor market programs and public employment services*. The World Bank. <http://surl.li/twiif>
- Naseva, G. (2021). *Youth unemployment in the Western Balkans is fuelling Europe's highest emigration rate*. The Loop. <https://theloop.ecpr.eu/youth-unemployment-in-the-western-balkans-is-fuelling-europes-highest-emigration-rate/>
- Nimani, P., Maliqi, A., Maloku, A., & Avdija, S. (2023). The constitutional and legal position of national minorities in Kosovo: Ahtisaari package and the privilege of minorities. *Access to Justice in Eastern Europe*, 4(21). <https://doi.org/10.33327/AJEE-18-6.4-a000406>
- Nimani, P., Maloku, A., & Avdija, S. (2023). The impact of the Auditor General on public administration control [Special issue]. *Corporate Law & Governance Review*, 5(2), 156-163. <https://doi.org/10.22495/clgrv5i2sip2>
- Organisation for Economic Co-operation and Development (OECD). (2020). *The COVID-19 crisis in the Western Balkans: Economic impact, policy responses, and short-term sustainable solutions*. <https://www.oecd.org/south-east-europe/COVID-19-Crisis-Response-Western-Balkans.pdf>
- Organisation for Economic Co-operation and Development (OECD). (2022, May 17). *Labour migration in the Western Balkans: Mapping patterns, addressing challenges and reaping benefits*. <https://www.oecd.org/south-east-europe/programme/PPT-Labour-Migration-Western-Balkans-Key-Findings.pdf>
- Qerimi, Q., & Sergi, B. (2012). Unemployment and the Eurozone crisis: The state of social welfare in the Balkans. *SEER: Journal for Labour and Social Affairs in Eastern Europe*, 15(4), 425-431. <https://www.jstor.org/stable/43293486>
- Osmanović, S., & Klaiqi, S. (2023). Examination of the relationship between employment protection regulation and unemployment: Panel case study of countries of the COMESA [Special issue]. *Corporate Law & Governance Review*, 5(2), 211-220. <https://doi.org/10.22495/clgrv5i2sip8>
- Rexhepi, S., & Vataj, G. (2023). Financial impact on the labor market in the Balkan countries. *Corporate & Business Strategy Review*, 4(2), 114-123. <https://doi.org/10.22495/cbsrv4i2art10>
- Statista. (2023, June 20). *Unemployment rate in the Western Balkans from 2020 to 2022, by country*. <https://www.statista.com/statistics/1331466/western-balkans-unemployment-by-country/>
- Sujster, M. S., & Record, R. (2022, November 9). *The Western Balkans heading towards another storm*. World Bank Blogs. <https://blogs.worldbank.org/europeandcentralasia/western-balkans-heading-towards-another-storm>
- Teague, G. M. (2021, August 11). *Do the Western Balkans countries have sufficient unemployment benefit?* Socialprotection.org. <https://socialprotection.org/discover/blog/do-western-balkans-countries-have-sufficient-unemployment-benefit>

- The World Bank. (2019, March 19). *Western Balkans labor market trends: 2019*. <https://www.worldbank.org/en/region/eca/publication/labor-trends-in-wb>
- The World Bank. (2020, August 11). *World Bank support for employment policy in Kosovo*. <https://www.worldbank.org/en/news/factsheet/2020/08/11/world-bank-support-for-employment-policy-in-kosovo>
- The World Bank. (2021). *Subdued recovery expected in Bosnia and Herzegovina, following historic recession, says new World Bank report* [Press release No: 2021/ECA/87]. World Bank Group. <https://www.worldbank.org/en/news/press-release/2021/04/27/subdued-recovery-expected-in-bosnia-and-herzegovina-following-historic-recession-says-new-world-bank-report>
- The World Bank. (2024a). *Western Balkans regular economic report. Invigorating Growth* (No. 25). World Bank Group. <https://www.worldbank.org/en/region/eca/publication/western-balkans-regular-economic-report>
- The World Bank. (2024b, February 6). *Unemployment, total (% of total labor force) (national estimate) — Bosnia and Herzegovina*. World Bank Group. <https://data.worldbank.org/indicator/SL.UEM.TOTL.NE.ZS?locations=BA>
- Vladi, E., & Hysa, E. (2019). The impact of macroeconomic indicators on unemployment rate: Western Balkan countries. In H. C. Chandan & B. Christiansen (Eds.), *International firms' economic nationalism and trade policies in the globalization era* (pp. 158–181). IGI Global.
- World Bank Group, & The Vienna Institute for International Economic Studies (WIIW). (2020). *Western Balkans labor market trends 2020*. World Bank Group, WIIW. <https://wiiw.ac.at/western-balkans-labor-market-trends-2020-dlp-5300.pdf>