

Trends and Challenges of Unemployment Rate by Gender in the Republic of Kosovo: A Regional Comparative Study

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Abstract

The Republic of Kosovo is facing numerous problems in many areas, such as political situation, low economic growth, high unemployment, and high trade deficit. In general, the situation of Kosovo's economy is in a deep crisis for many years now. Weak labor market indicators and high level of unemployment, remain a great concern and persisting challenges for the country. The aim of this study is to examine the development of unemployment rate by gender for the period 2005-2015 in the Republic of Kosovo from a multi-dimensional perspective, which is based on official data from the Labor Force Survey (LFS) conducted by Kosovo Agency of Statistics (KAS) for the case of the Republic of Kosovo. This is achieved by comparing national trends with other selected Balkan countries, such as Macedonia, Albania, Serbia, Montenegro and Bosnia and Herzegovina using LFSs data provided by International Labor Organization and state statistical institutes of the respective countries. Findings show that the rate of unemployment in the Republic of Kosovo is significantly higher than in other countries. A decreasing trend exists throughout the observed period, with a drop of 8.5 percent point from 2005 – 2015 and with R-squared value 0.6409. The inequality between male and female unemployment rate in the Republic of Kosovo is noticed. The average of the male unemployment rate was 34.4%, and the female unemployment rate was 50%. Findings show that averages of the unemployment rate by gender compared to the Balkan selected countries were 22%, respectively 24.2%. When observing the unemployment among various age groups and the level of education attainment, notable disparities are evident.

Keywords: Labor market, male unemployment; female unemployment; age groups; education attainment.

Introduction

Issues related to the labor market mark social and political debate in the Republic of Kosovo. In Kosovo, such a topic remains one of the most debated problems since the unemployment rate hits 32.9% (KAS, 2016), a rate much higher than in any other Balkan countries. Weak labor market indicators, in particular, unemployment rate, remains a great concern and a persisting challenge for the country.

This paper tries to explain the development of unemployment rate by gender for the period 2005-2015 in the Republic of Kosovo from a multi-dimensional perspective. This while comparing national trends with other selected Balkan countries, such as Macedonia, Albania, Serbia, Montenegro and Bosnia and Herzegovina using LFSs data provided by International Labor Organization and state statistical institutes of the respective countries.

In the first part of this paper, the rate of unemployment is briefly discussed, as well as the rate of unemployment by age, by gender and by the level of education. In the end, we compare and analyze trends and challenges of the development of unemployment rate by gender in the Republic of Kosovo with selected Balkan countries.

Countries that have been selected for this research have different macroeconomic policies, but they have the same targets as policies to create new jobs and more sustainable labor market. The analysis is based on a research methodology combining extensive literature review, whenever they are available, and with analytical data from different reports and statistics.

1. Literature review

In recent decades, in many European countries, the unemployment rate had been substantially higher (Borjas, 2015). The unemployment rate gives the fraction of labor force participants looking for work. Many persons who would like to work might have withdrawn from the labor force because they could not find jobs.

The labor market is a very dynamic issue since it is dependent on different factors that have a direct influence in it like; competition, investments, economic development, competition in human capital and the activity of labor force. Therefore, we can say that labor market is very dynamic and information that reaches the labor market often is not available that is to say that sometimes the information is asymmetric. Given that labor market is not dependent only from supply and demand of the human capital but also from legislation, employment policies, development policies, the system of education and so on (Beqiri, 2016).

Unemployment is a serious disease which is related to macroeconomic and other negative consequences. Women, young people, and those with low education levels are most likely to suffer from unemployment (World Bank, 2012). From the high level of employment in the previous system, unemployment reached a very high level in the early stages of transition, with women being more affected than men by employment cuts (Beqiri, 2016).

For objective reasons, there is a considerable gap between the usage of the work factor as an abstract concept and the unemployment rate as a statistic. This is so because a complete measurement of the phenomenon of unemployment is impossible. Thus, in most countries, the unemployment rate is given as a proportion between the number of those actively seeking a job and who cannot find one and the total number of the workforce that consists of skilled persons aged 16-64 years (Skenderi & Uka, 2015).

However, this measurement has some limitations that make it unsuitable for extracting decisive estimates and conclusions on the state of the labor market. The first of these limitations is the exclusion of discouraged workers (Qiriçi, 2005). These include individuals who have given up on looking for a job for various reasons. In Kosovo, discouraged workers make up to 14.1% of the workforce (KAS, 2015). In addition to this, they believe no jobs are available. This is very important because, in potential economic success, this force can be activated and can serve as a resource of work.

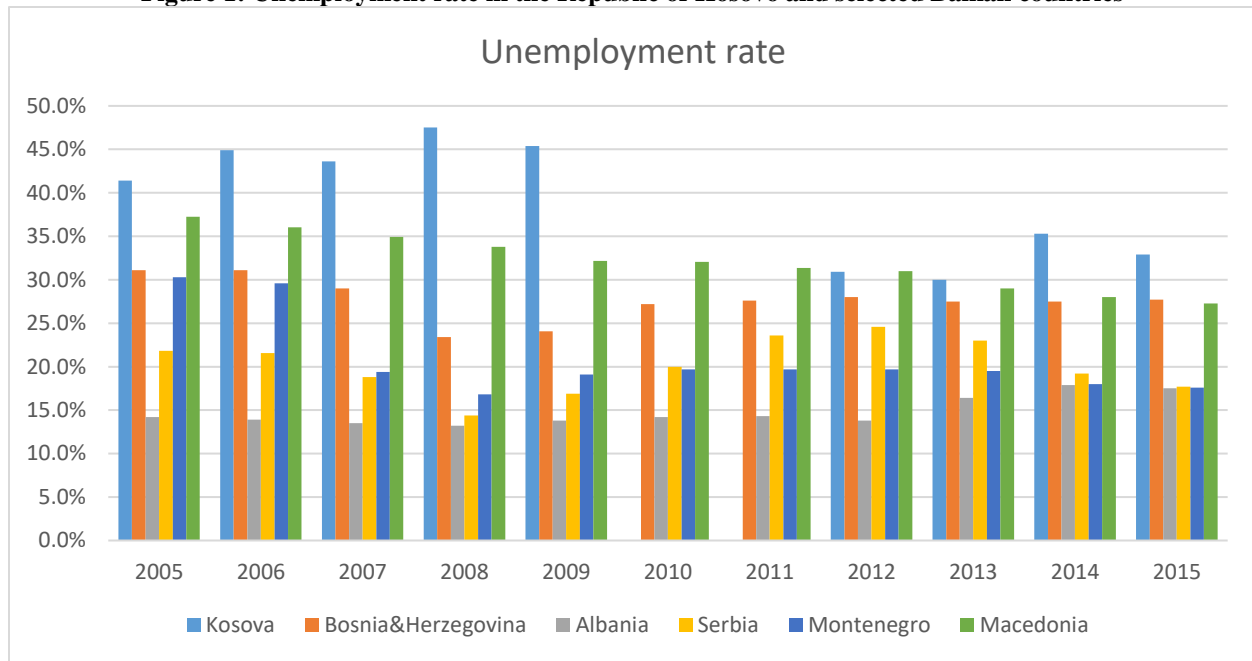
Under this understanding, in Kosovo, the problem remains in the growth rate of inactivity. From 2005 to 2015 the unemployment rate dropped to 8.5 percent point, but participation in the workforce has also fallen to 11.6 percent point. A large proportion of inactive persons, 21% of them, are justified with household duties or several other similar reasons and can be activated in the labor market either with the opening of new jobs or with other specific policies.

2. Methodology

To properly understand the unemployment by gender, it is essential to consider the development of the labor market from a much broader perspective as well as to observe changes in the labor market in general. A close look at other labor market indicators such as the rate of economically active and inactive population and unemployment trends is deemed warranted in this case. Needless to say, this is with respect to both gender gaps and aggregate level (national level) rates. A valuable source in the capturing of events in the labor market is the Labor Force Survey (LFS), which is executed annually by the State Statistical Offices of various selected Balkan countries. Hence, for the sake of harmonized labor market data, in particular for comparison purposes, data analysis of trends of the unemployment rate by gender in the Republic of Kosovo is based on official Labor Force Survey data published by the Kosovo Statistic Agency of the Republic of Kosovo. Additionally, Labor Force Survey data of selected Balkan countries is published by International Labor Organization and state statistical institutes of the respective countries.

3. Data Analyses

A key challenge for Kosovo's economy is its labor market. It has the highest unemployment rate in Europe. A decreasing trend exists throughout the observed period with a drop of 8.5 percent point from 2005 – 2015 and with R-squared value 0.6409.

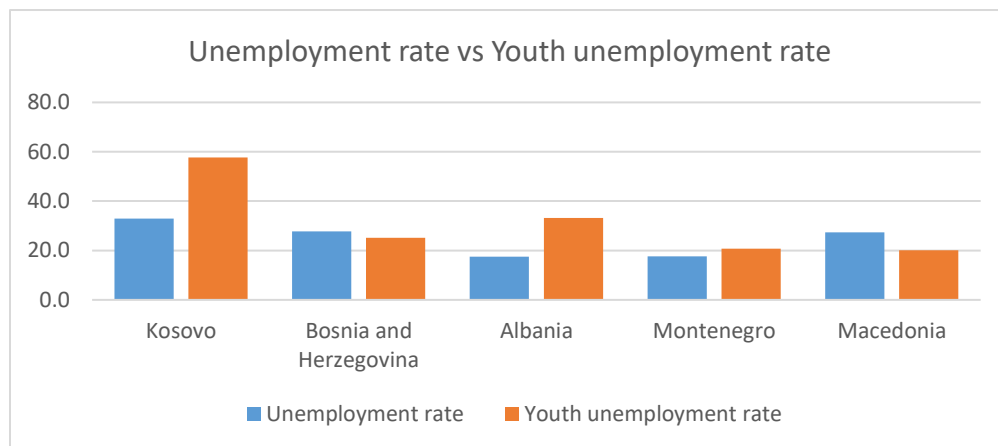
Figure 1: Unemployment rate in the Republic of Kosovo and selected Balkan countries


Source: Author's own work based on LFS data, Kosovo Agency of Statistics

*The Labor Force Survey is not realized in 2010 and 2011 in Kosovo.

Kosovo's most daunting economic challenge, however, is its unemployment rate of 32.9% (KAS, 2015), which is the highest in the SEE region. This is exacerbated by nearly 25-35,000 young individuals entering the labor market each year with only a small portion of graduates finding employment; resulting in youth unemployment estimated to be the highest in Europe (OCDE, 2013) at near 58% (KAS, 2015).

As in most economies in the selected Balkan countries (with the exception of the Republic of Macedonia and Bosnia and Herzegovina) the rate of youth unemployment exceeds the average unemployment rate. Youth unemployment in Kosovo is 57.7%, above the selected Balkan countries average.

Figure 2: Unemployment rate and youth unemployment rate in 2015.


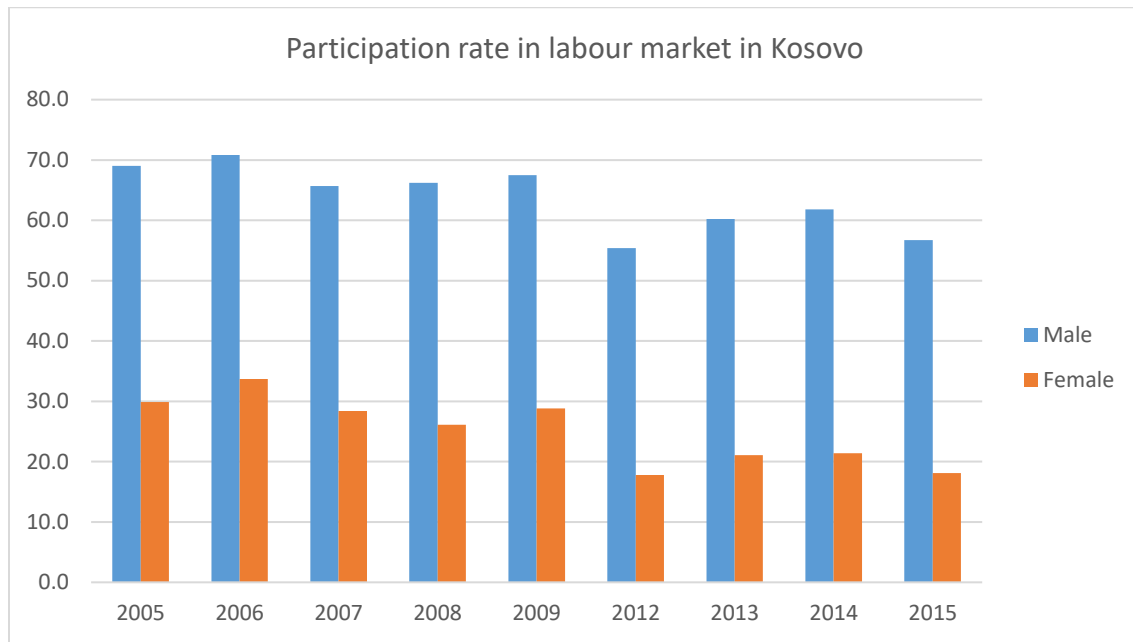
Source: LFS, Kosovo Agency of Statistics.

*No data available for youth unemployment rate for Serbia.

The socio-economic situation is challenging in Kosovo. No country in Europe has so few females in the formal labor market. According to the latest labor force survey in 2015, 18.1% of female participate, compared to 56.7% of male. The participation of female in labor market is alarming. The trend continuously is decreasing,

and if we analyze 2005-2015, we will find that significant decline exists with a drop of 11.8 percent point and with R-squared value 0.7497.

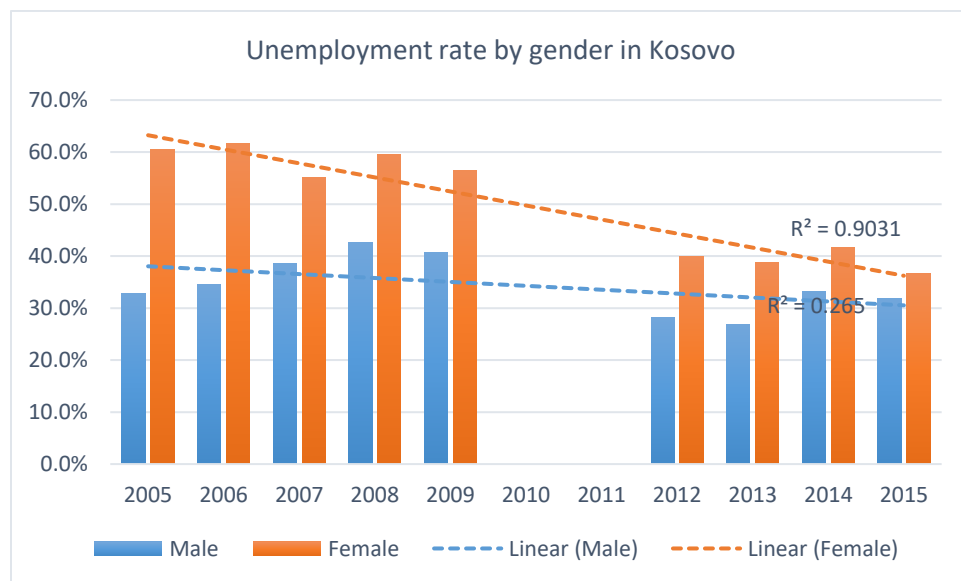
Figure 3: Participation rate in labour market in the Republic of Kosovo



Source: Kosovo Agency of Statistics

The gender gap in unemployment in some countries had disappeared, both groups had an equal unemployment rate. In Kosovo, the female unemployment rate is still higher than male unemployment rate (36.6% compared with 31.8%). If we analyze the trend of unemployment by gender, we will find that Kosovo had a downward trend for both genders, but with a more significant decline in female unemployment rate, with a drop of 23.9 percent point from 2005–2015 and with R-squared value 0.9031.

Figure 4: Unemployment rate by gender in the Republic of Kosovo

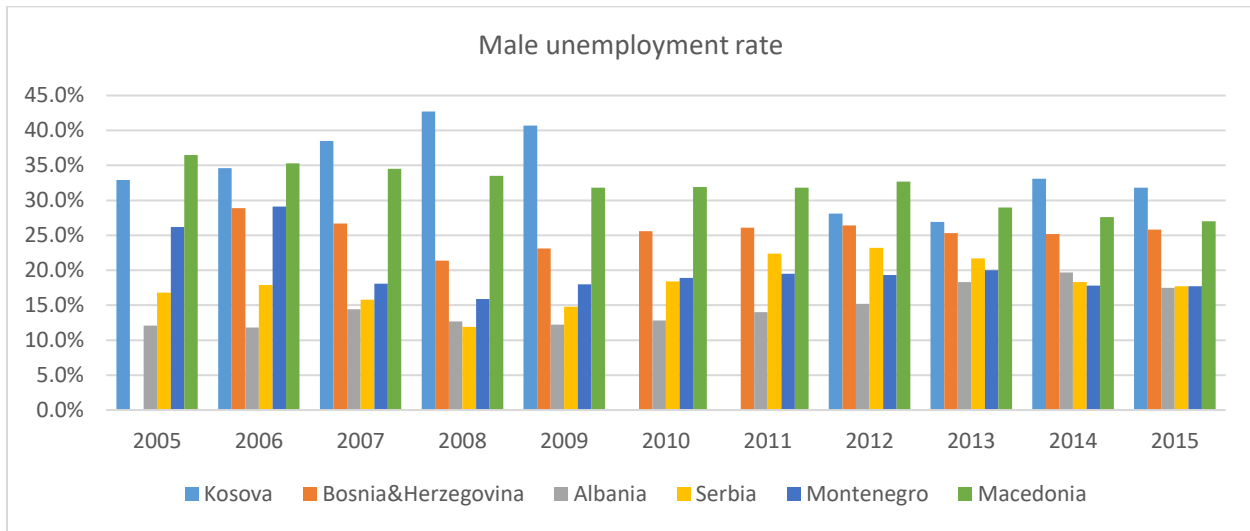


Source: Kosovo Agency of Statistics

From selected Balkan countries Kosovo's male unemployment rate was higher than other countries, except in 2005 and 2006 where Macedonia had a bit higher percentage than Kosovo. In overall downward trend is

noticeable for Kosovo, Macedonia and Montenegro, the consistent trend for Bosnia and Herzegovina, and upward trend for Serbia and Albania.

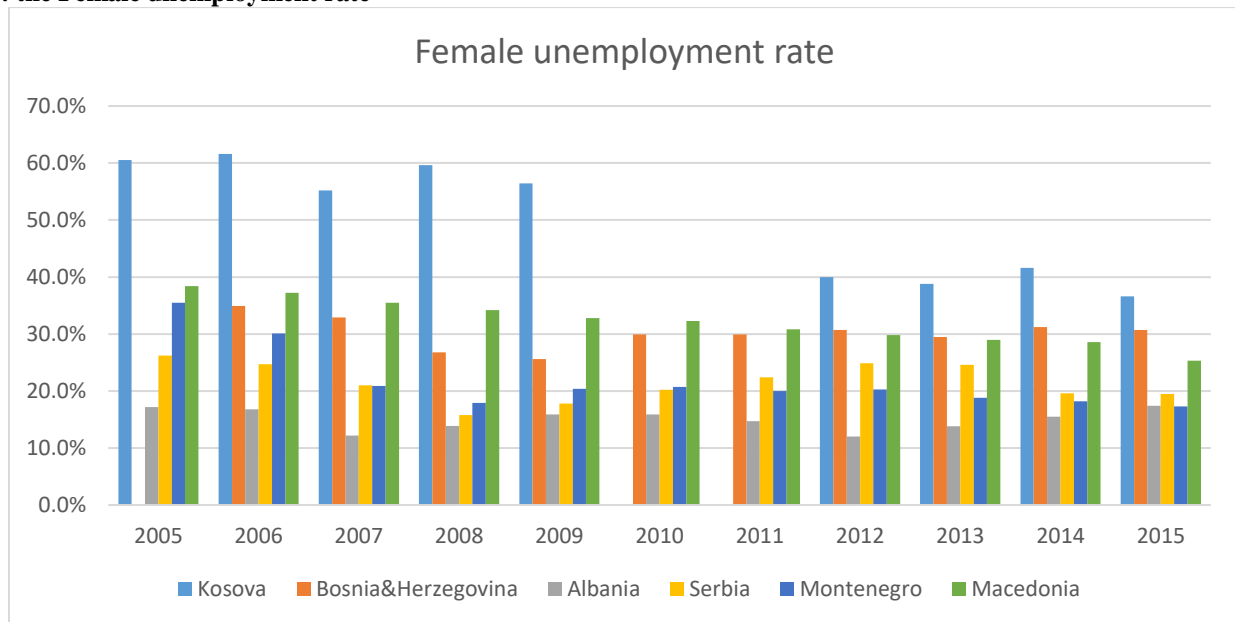
Figure 5: the Male unemployment rate



Source: Author's own work based on LFS data, Kosovo Agency of Statistics

On the other side, the female unemployment rate in Kosovo was significantly higher than all compared countries, especially for the period 2005-2009. In overall downward trend is noticeable for Kosovo, Macedonia, and Montenegro; the consistent linear trend for Albania, Serbia and Bosnia and Herzegovina.

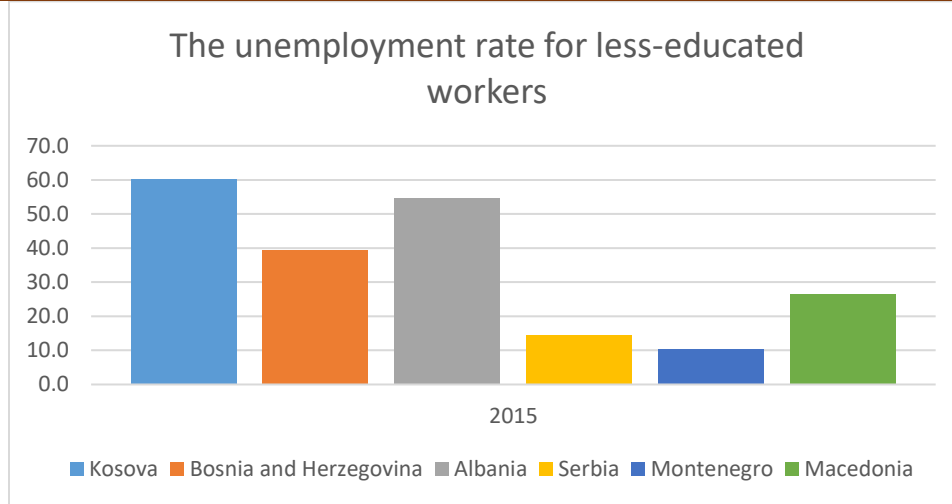
Figure 6: the Female unemployment rate



Source: Author's own work based on LFS data, Kosovo Agency of Statistics

The unemployment rate is much higher for less-educated workers. In 2015, 60.3% of total workers of which 51.3% female and 64.2% male workers with lower education (less than primary, primary and lower secondary education) were unemployed in Kosovo. Compared with other selected Balkan countries, Kosovo has the highest rate of unemployment for less-educated workers, followed by Albania (54.6%), Bosnia and Herzegovina (39.5%), Macedonia (26.5%), Serbia (14.5%) and Montenegro (10.5%).

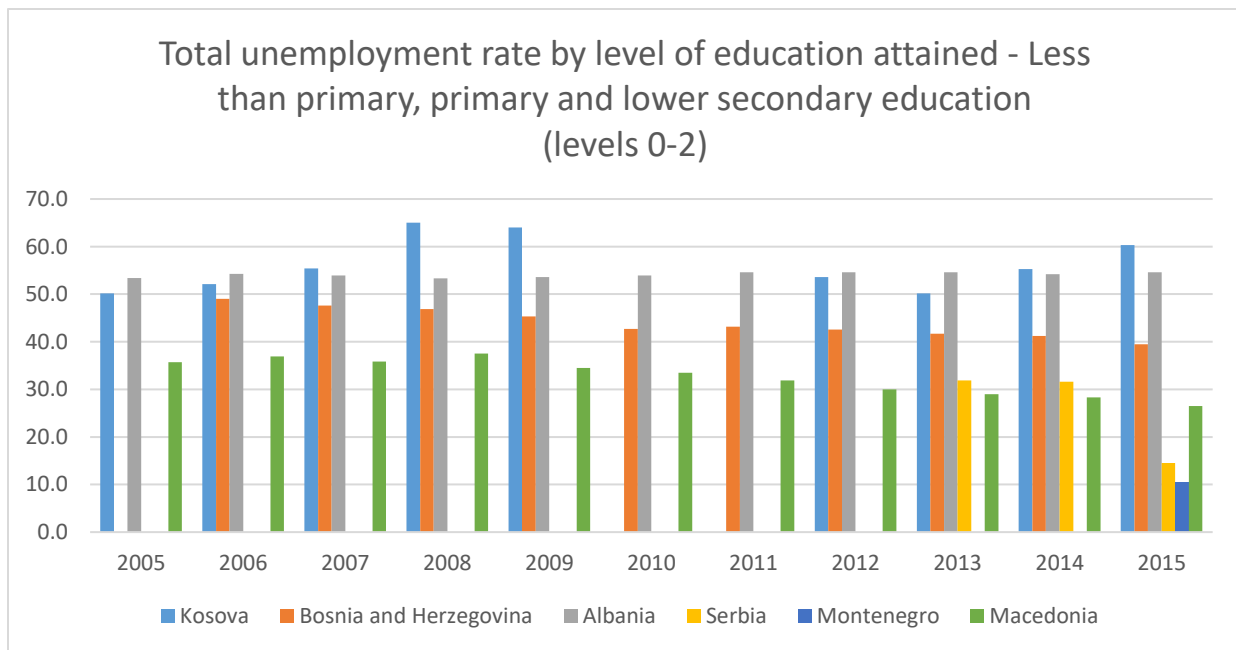
Figure 7: The unemployment rate for less-educated workers



Source: LFS, Kosovo Agency of Statistics

If we analyze the trend of the unemployment rate for workers with lower education for the period 2005-2015, we will find that Kosovo had upward and downward fluctuations over the years, but generally with a high stable linear trend. The sustainable trend had all comparative countries, despite Serbia and Bosnia and Herzegovina that have had a downward trend.

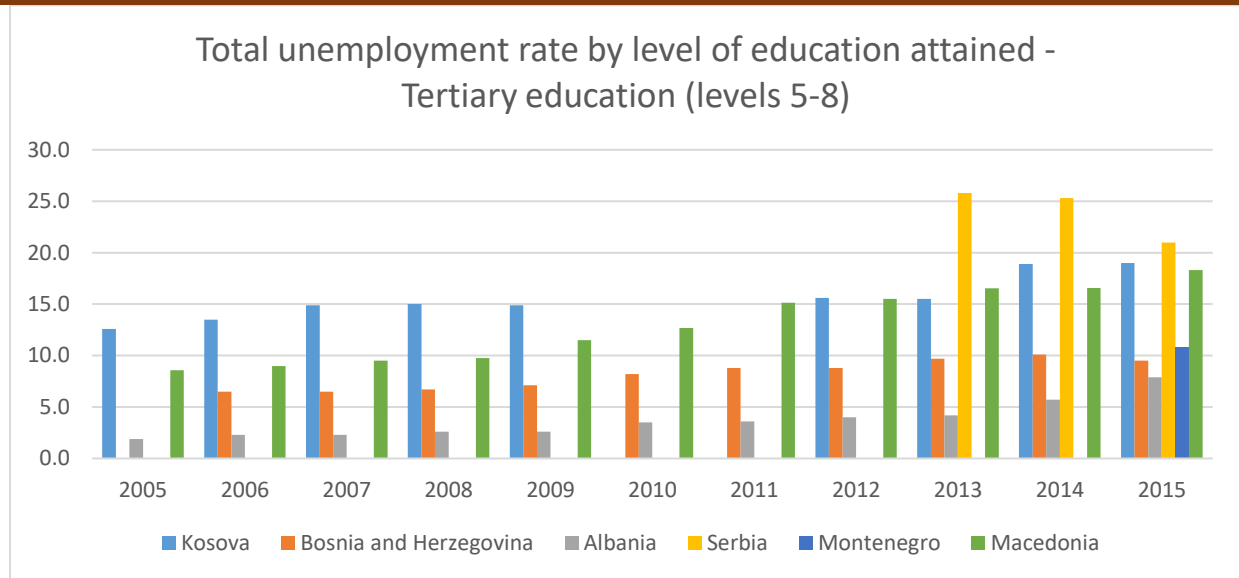
Figure 8: Total unemployment rate by level of education attained - Less than primary, primary and lower secondary education (levels 0-2)



Source: Author's own work based on LFS data, Kosovo Agency of Statistics

On the other side, the trend of the unemployment rate for workers with tertiary education in the Republic of Kosovo for the period 2005-2015 increased by 6.4 percent point and with R-squared value 0.8094. In overall, at all selected Balkan countries an upward trend exists for the unemployment rate for workers with tertiary education, except Serbia.

Figure 9: Total unemployment rate by level of education attained – Tertiary education (Levels 5-8)



Source: Author's own work based on LFS data, Kosovo Agency of Statistics

4. Conclusions

The unemployment rate may not fully reflect the situation of the labor market in a country. The exclusion of discouraged workers and the growing rate of inactivity are some of the main reasons for this. The official unemployment rate would obviously be much higher if some of these persons were reclassified as being part of a more broadly defined "labor force." This is to say that the unemployment rate provides us with some useful insights about the labor market. Unemployment is a disease against which we all try to fight, but no matter how big and powerful it is, it nevertheless, develops and makes its own.

A key challenge for Kosovo's economy is its labor market. It has the highest unemployment rate (32.9%) and youth unemployment rate estimated to be the highest in Europe at near 58%. As in most economies in the selected Balkan countries (with the exception of the Republic of Macedonia and Bosnia and Herzegovina) the rate of youth unemployment exceeds the average unemployment rate.

No country in Europe has so few females in the formal labor market. According to the latest labor force survey of Kosovo in 2015, 18.1% of female participate, compared to 56.7% of male. Participation of female in labor market is continuously decreasing, and during the period 2005-2015, a significant decline exists with a drop of 11.8 percent point. These results are very low, and they should be the main focus of consideration from the local government and policymakers.

The gender gap in unemployment in some countries had disappeared, both groups had an equal unemployment rate. In Kosovo, the female unemployment rate is still higher than male unemployment rate (36.6% compared with 31.8%). From selected Balkan countries Kosovo's male unemployment rate was higher than other countries, except in 2005 and 2006 where Macedonia had a bit higher percentage than Kosovo. On the other side, the female unemployment rate in Kosovo was significantly higher than all compared countries, especially for the period 2005-2009.

The unemployment rate is much higher for less-educated workers. In 2015, 60.3% of total workers of which 51.3% female and 64.2% male workers with lower education (less than primary, primary and lower secondary education) were unemployed in Kosovo. Compared with other selected Balkan countries, Kosovo has the highest rate of unemployment for less-educated workers, followed by Albania, Bosnia and Herzegovina, Macedonia, Serbia, and Montenegro. The trend of the unemployment rate for workers with tertiary education in the Republic of Kosovo for the period 2005-2015 increased by 6.4 percent point and with R-squared value 0.8094. In overall, in all the selected Balkan countries an upward trend exists for the unemployment rate for workers with tertiary education, except Serbia.

Looking forward, Kosovo has opportunities for economic progress: the youngest population in Europe and potential for development. However, there is a need for more people to enter the labor market. Human capital development should be a priority for policymakers.

Considering that unemployment in Kosovo is mainly a consequence of the inherited economic development. The key issue is to create appropriate macroeconomic policies and to ensure conditions for operation for the national labor market, which will be able to keep current jobs and to create new jobs.

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