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LACK OF QUALIFIED WORKFORCE IN KOSOVO: BUSINESS CHALLENGES IN THE CONTEXT OF VISA LIBERALIZATION

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Abstract

As Kosovo endeavors to meet global standards amidst rapid technological advances and increasing international market demands, its path to sustainable development encounters notable obstacles. This research paper investigates the challenges faced by the Kosovo's business sector, stemming from a significant lack of qualified workforce. This shortage impedes not only competition and business growth but also stifles innovation, adaptation to technological advancements, and overall expansion. This study methodically examines the repercussions of this skills deficit on local enterprises through a detailed statistical data analysis, interviews with business representatives, and an extensive review of prior research. Additionally, it assesses how visa liberalization could influence the local labor market by potentially intensifying brain drain—where skilled individuals might emigrate in search of better opportunities, thereby further depleting local talent pools. The paper proposes targeted recommendations to enhance educational systems, vocational training, and workforce development strategies. These suggestions aim to foster sustainable, innovative, and vigorous economic growth, enabling Kosovo to integrate more effectively into the global economy and harness the advantages of increased labor mobility. This analysis provides critical insights into strategic planning necessary to overcome labor market challenges, crucial for Kosovo's economic and social progression.

Keywords: *qualified workforce; globalism; economic development; business sector; Kosovo*

1. Introduction

In Kosovo, there is a critical shortage of skilled workers, making it challenging for businesses to operate effectively. To compete in the international market and achieve economic growth, a qualified workforce is essential in today's rapidly changing economy. Kosovo faces complex challenges closely linked to the country's historical, socio-economic, and educational circumstances. Historically, Kosovo has undergone various phases of economic and political development, which have deeply influenced the structure of the workforce and the ability to meet market demands for qualified professionals.

After the Kosovo War and the subsequent post-war period, many young adults took the opportunity to study abroad and pursue international careers, leaving a noticeable gap in the labor market. In terms of socio-economic development, Kosovo has a high unemployment rate, especially among the youth, which impacts the formation and development of a qualified workforce. The pronounced lack of professionals with specific skills and qualifications is the result of a misalignment between the education sector and development trends and labor market needs. Furthermore, the recent liberalization of visas has further facilitated the mobility of these young, educated individuals, potentially exacerbating the "brain drain" challenge and increasing the need for strategies to retain and utilize this talent within Kosovo.

To provide a theoretical foundation for this study, we will apply labor economics theories, specifically human capital theory, which suggests that investments in education and training increase worker productivity. This theoretical framework will assist in analyzing how Kosovo's educational policies and labor market strategies can be synchronized to improve workforce quality.

The lack of workforce has a significant impact on key sectors, including industry, services, technology, and science. The industrial sector depends heavily on technical workers and specialized engineers, while the service sector needs experts in management and sales. The technology and science sectors, known for their rapid growth, require a workforce that possesses knowledge and skills specifically tailored to the current market conditions. It is crucial to understand the impact of a qualified labor force on the performance and competitiveness of businesses in Kosovo on a global level. This research aims to identify the main obstacles, reasons, and consequences of this scarcity and will suggest strategies to address it. With the influence of globalization and the pressure for economic growth, it is essential for Kosovo to focus on developing a qualified and prepared workforce for the challenges of the 21st century.

2. The Workforce and its Importance for the Economic Development of a Country

The labor force is a fundamental asset of a nation and plays a crucial role in its economic progress. It encompasses the skill, knowledge, and experience of individuals who actively participate in the production and provision of goods and services within an economy. A well-trained, educated, and motivated labor force can have a favorable effect on the expansion of products, the emergence of innovative ideas, and enhanced competitiveness in the global market. A decrease in workforce participation negatively affects the economy and poses significant challenges. While factors such as education and life expectancy are beneficial, they also exert pressure on pension systems and necessitate adjustments in various sectors (International Labour Organization, 2019). This trend, combined with an aging workforce, challenges the ability to adapt and innovate in the labor market.

To better understand the impact of the workforce on economic development, we take Germany as an example. Germany, with a well-known history as an industrial country and a strong education and vocational training system, has achieved a skilled workforce that has helped keep the country at the forefront of industrial and advanced economies. The dual vocational education and training system in Germany is key to the competitiveness and innovative capacity of the German economy, playing a vital role in the country's social cohesion. The quality of vocational education and training in Germany ensures a seamless transition for young people from school and vocational training to employment (Federal Ministry of Education and Research, 2015). This has helped Germany achieve the lowest youth unemployment rate in the European Union. These attributes have gained global recognition, substantially boosting the reputation of Germany's educational and vocational system, both domestically and internationally.

Another example is Sweden, known for its robust social policies and significant investments in education and research, which has fostered a workforce that promotes innovation and supports a stable and thriving economy. As a result, Sweden has maintained a competitive position in the global market and ensured a high standard of living for its people.

A country's economic development relies heavily on having a skilled and competent workforce, along with a favorable business environment. This fact is clearly demonstrated by the success stories of Germany and Sweden, two European nations with robust economies and well-trained workforces that significantly contribute to their economic progress and stability. In an era characterized by rapid technological advancements and intense global competition, the ability of a nation to effectively prepare its workforce is crucial for achieving economic success. A skilled and competent workforce serves as more than just a means to enhance productivity, it also ensures a stronger position on the global stage. However, Kosovo, despite its youthful and

potentially prosperous population, faces a significant shortfall in workforce qualifications. This deficiency has directly impacted the pace of economic growth in the country and presented obstacles for numerous businesses. Investments in education and training, focusing on improving workers' skills and qualifications, represent the pathway for Kosovo toward a more stable and competitive economy.

A survey conducted by the German-Kosovo Chamber of Commerce in May 2023 regarding the investment and business climate in Kosovo indicates that 58% of the 103 participating businesses assess the lack of qualified workers as a high risk to their economic development in the next 12 months (German-Kosovar Economic Chamber, 2023). Therefore, workforce qualification is an undertaking that cannot be ignored.

2.1 Comparative Analysis with Similar Economies

In efforts to address the shortage of qualified workforce in Kosovo, it is crucial to consider the experiences and strategies of other countries that have faced similar challenges. A comparative analysis of Albania and North Macedonia can provide valuable insights and uncover effective methods of managing these challenges. These two neighboring countries have socio-economic histories and contexts similar to Kosovo, especially in the context of freedom of movement in EU countries, which these countries gained many years before Kosovo.

Common Challenges

Both Albania and North Macedonia have experienced high levels of youth unemployment and brain drain, both phenomena present in Kosovo as well. These challenges have been exacerbated by educational systems that often do not align with the needs of the local and global job markets. Particularly, brain drain has been a persistent issue due to limited employment opportunities and better living and working conditions in more developed countries.

Implemented Strategies

In Albania (Republic of Albania, National Agency for Education, Vocational Training, and Qualifications, 2021) and North Macedonia (Ministry of Education and Science of the Republic of Macedonia, 2018), governments have taken measures to improve the link between education and the job market through reforms in educational systems and the promotion of professional and technical training programs that are more geared towards required skills. For example, both countries have increased investments in education in fields such as science, technology, and engineering, thus responding to the needs of developing sectors like information and communication technology. Additionally, various programs have been implemented to increase youth participation in the job market through internships and training closely linked to local industries. These programs not only help reduce youth unemployment but also provide a clearer path from education to employment.

Lessons for Kosovo

Curriculum Reform: It is vital for educational systems in Kosovo to be updated to include skills and knowledge that are in demand in the current job market. This includes integrating new technologies and teaching methods that encourage critical and creative thinking.

Partnerships with the Private Sector: Strengthening collaborations between educational institutions and the private sector can provide practical experience for students and ensure that the skills they acquire are relevant to business needs.

Employment-Oriented Programs: Developing and implementing programs that offer work-based training and professional practices can help reduce the skills gap and prepare young people for the challenges of the job market.

3. Reasons for the Lack of Qualified Workforce in Kosovo

Kosovo, one of the youngest countries in Europe, has undergone rapid social and economic changes since its independence in 2008. However, the shortage of a skilled workforce remains a significant challenge for the nation. This deficit stems from various interconnected factors, necessitating a comprehensive understanding and implementation of effective solutions to promote the country's progress and prosperity.

A primary reason for this shortage is the misalignment between the educational system and the needs of the modern labor market. Many educational institutions offer outdated curricula, leaving graduates ill-prepared for today's job demands, especially in rapidly growing sectors such as information technology and engineering. Additionally, a significant brain drain occurs as many of Kosovo's most capable individuals move abroad in search of better opportunities, attracted by higher wages and more substantial career prospects. This outflow is compounded by the limited professional development opportunities available locally, deterring skilled workers from either returning or remaining in the country.

Moreover, Kosovo's private sector, still in development, often lacks the robustness required to invest heavily in employee training and development. This shortfall in investment in human capital means that even when young professionals enter the workforce, they may not receive the necessary training to enhance their skills to meet specific industry requirements. Addressing these issues is crucial for Kosovo to develop a qualified workforce capable of supporting sustainable economic growth and development.

3.1 Employment Policy Context

Employment policies in Kosovo play a critical role in enhancing the conditions of the labor market and fostering the country's economic development. These policies must address not only the creation of new job opportunities but also issues such as the adaptation of educational curricula to meet the diverse demands of the labor market. It is crucial to include and activate at-risk groups, such as women and youth, in the labor market to fully leverage Kosovo's workforce potential. Additionally, increasing investments in key sectors and promoting entrepreneurship are vital steps towards developing a more dynamic and inclusive economy.

Another critical aspect of employment policies involves enhancing access to professional and developmental training that enables workers to improve their skills and prepare for labor market challenges. This necessitates close collaboration among educational institutions, businesses, and governmental agencies to ensure that training programs are relevant and market-oriented. Building and implementing employment policies in Kosovo requires a comprehensive approach involving all major economic stakeholders, including the private sector, educational institutions, non-governmental organizations, and international partners. Only through robust and coordinated engagement can labor market challenges be effectively addressed and its full potential harnessed.

3.2 Education and Vocational Training

Recent developments in Kosovo's education sector have shown noticeable improvements. Nevertheless, challenges remain, particularly in vocational education, which aims to meet the demands of the labor market. One primary concern is the lack of alignment between curricula and educational programs with current industry and business trends. This disparity often results in a skills gap among graduates, leaving them inadequately prepared to meet market expectations. Consequently, many young individuals lack the necessary skills and knowledge to effectively enter the job market and contribute to the country's economic growth.

Germany serves as a valuable example when addressing obstacles in education and vocational training. The country has implemented a unique educational model called the "dual system," which combines academic learning with practical training. This innovative approach has successfully established a strong connection between educational institutions and businesses, enabling graduates to smoothly transition into the workforce.

The approach modeled by Germany holds potential for Kosovo and other countries experiencing a shortage of qualified workers. Adopting a similar strategy could bring substantial benefits. Strengthening cooperation between

educational institutions and private sector stakeholders to identify and tackle specific market requirements is crucial. Addressing these needs will improve graduates' skills and stimulate employment opportunities and foster global competition. Germany's prosperous path and established methodology can serve as a benchmark for Kosovo and other regions in overcoming educational and vocational training challenges.

3.3 Labor Migration and its Challenges in the Context of Visa Liberalization

Amid globalization, technological advancements, and changing economic landscapes, Kosovo, known for its complex history and young population in transition, is witnessing a notable migration of its most skilled and educated individuals seeking prospects overseas. This departure of talent, comprising skilled innovators and experts, results in a considerable gap within Kosovo's professional, research, and academic domains. The 2022 report by the Organisation for Economic Co-operation and Development (OECD) confirms this trend, indicating that Kosovo has a deep history of migration and a rapidly expanding diaspora in OECD countries. Approximately 22% of Kosovo's population currently resides in these countries (OECD, 2022).

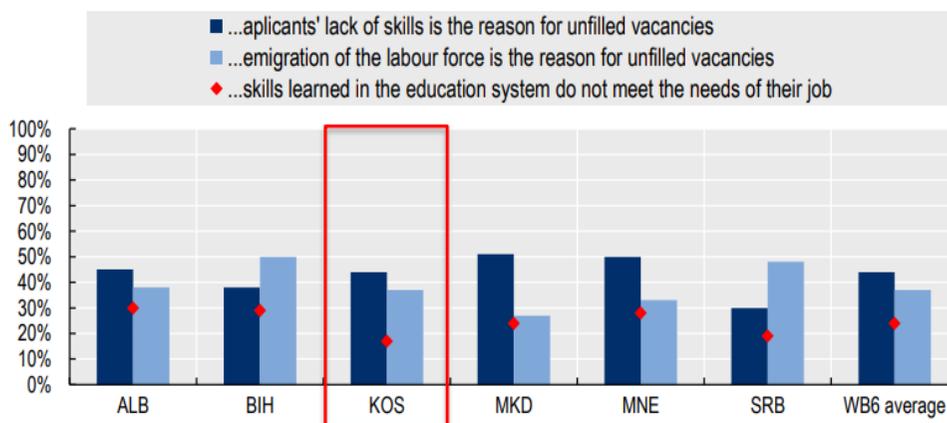


Figure 1: Skills mismatches and labour shortages in the WB6

Source: RCC (2021), Balkan Public Opinion Barometer 2021; Balkan Business Opinion Barometer 2021

This situation becomes even more pronounced with the visa liberalization for the citizens of Kosovo, which became a reality at the beginning of January 2024. The visa liberalization represents a significant development and a major step forward for the country and its people. This process deserves a thorough analysis due to its considerable impact on the country's future.

First, it is essential to focus on the right of Kosovo's citizens to freedom of movement, symbolizing international recognition and respect of Kosovo as a sovereign state. This achievement allows citizens to travel freely to Schengen area countries for various purposes, such as tourism, cultural visits, and family trips. This process enables Kosovo's citizens to become closely acquainted with the citizens of European Union countries and their history, significantly contributing to the economic and cultural development of Kosovo.

Second, it is important to analyze how visa liberalization has opened a new chapter with new opportunities and challenges for businesses and the labor market in Kosovo, particularly in relation to the qualified workforce. This change could lead to increased emigration of this workforce, as every citizen of Kosovo now has greater opportunities to find and secure employment in European Union countries, especially in Germany, a favored destination for the youth, where procedures for employing foreigners have recently been simplified.

For the talented and qualified citizens of Kosovo, there is now a somewhat easier opportunity to find employment, particularly when traveling for tourism. This arises from the possibility of establishing contacts with potential employers and initiating employment relationships, which consequently heightens the risk of a “brain drain” in Kosovo, and the loss of valuable human resources essential for the country's development.

This situation requires well-thought-out strategies to retain talent within Kosovo, including investments in career development, improving working and living conditions, and offering fiscal incentives to businesses that employ qualified individuals and to the individual workers themselves. Protecting the qualified workforce within Kosovo's borders is essential to ensure a sustainable and healthy future for the country's economy. To achieve this balance, Kosovo must establish and implement sustainable policies that encourage freedom of movement and support and develop the workforce within the country. This includes close collaboration with the private sector and educational institutions to ensure that Kosovo's workforce is well-prepared, qualified, and aligned with the labor market needs, thereby maintaining a strong and healthy economy in Kosovo.

3.4 Lack of Investment in Skill Development

Current educational and workforce policies in Kosovo are undergoing significant changes to meet the demands of a developing society. Governments have consistently strived to enhance the quality of education and address the challenges posed by a dynamic labor market influenced by global advancements in science and technology.

A key focus of Kosovar governments has been the investment in educational infrastructure. This includes the construction of new schools and the refurbishment of existing ones to create a more conducive learning environment

for students. Concurrently, investments have been directed towards technical and vocational education, aimed at improving the quality of education and aligning curricula with the requirements of the labor market. The ultimate aim is to equip students and young individuals with the knowledge and skills necessary for successful integration into the job market. This entails the development of training and skills enhancement programs tailored to the needs of the job market.

Fostering collaboration between educational institutions and the private sector is another crucial aspect of Kosovo's current educational and workforce policies. This entails forging partnerships and joint initiatives to ensure that educational and training programs are in line with the demands of the job market and offer practical opportunities for students and workers.

However, despite these efforts, Kosovo faces a lack of investment in skill development. Businesses and institutions have made limited investments in workforce training, resulting in a shortage of innovative skills and qualifications in the market. This gap between demanded and available skills has contributed to a high unemployment rate and decreased competitiveness in the job market, negatively impacting the country's economic growth and social development. According to the World Bank (2019), the skills gap is a significant barrier to employment and productivity in Kosovo, with many young people lacking the necessary skills to meet labor market demands (World Bank, 2019). Similarly, the United Nations Development Programme (UNDP, 2022) emphasizes the need for businesses to have a trained workforce in fields that align with market demands (UNDP Kosovo, 2020).

In contrast, countries like Finland serve as exemplary models in investing in education and skill development. For instance, Finland's apprenticeship training program, which combines classroom instruction with on-the-job training, has been highly effective in producing skilled workers tailored to industry needs (European Commission, 2021). Additionally, initiatives such as the Finnish National Agency for Education's continuous learning projects provide lifelong learning opportunities for adults, ensuring the workforce remains adaptable and proficient in new technologies (Finnish National Agency for Education, 2021). Finland's close collaboration between businesses, institutions, and educational bodies has led to a flexible and adaptable job market with low unemployment rates and a thriving economy. Kosovo must prioritize investment in skill development and workforce training to address this disparity and ensure sustainable economic and social progress.

3.5 Infrastructure and Business Environment

The current state of infrastructure and business conditions in Kosovo does not provide an ideal environment for the development and expansion of new businesses, especially those that are technologically advanced and innovative. This situation results in a shortage of job opportunities for specialists and

experts, creating a mismatch between the skills required and those available in the market. However, by implementing appropriate interventions, such as improving digital and physical infrastructure, easing administrative procedures for business establishment and operation, creating technology parks and business incubators, and promoting public-private partnerships, Kosovo has the potential to create a more favorable business environment.

Estonia serves as a prime example, as it has made significant investments in its infrastructure and achieved remarkable success in establishing a commendable ecosystem for startups and innovators. By taking inspiration from Estonia's approach, Kosovo could prioritize the development of innovation hubs, business incubators, and technology parks to stimulate the emergence of fresh enterprises.

In addition to creating more job prospects, this would also offer a platform for specialists and experts to enhance and expand their expertise. These endeavors have the potential to motivate local talent to stay in Kosovo and nurture their professional paths, thus making a valuable contribution to the economic growth and advancement of the country. Consequently, it is crucial for both the government and the private sector to join forces in tackling obstacles and fostering innovation and employment opportunities.

3.6 Perception and Evaluation of Professions in Kosovo and the Importance of Cooperation between Industry and Education

In the socio-cultural milieu of Kosovo, there exists a complex assessment of professions. Certain sectors and areas of study are regarded as more esteemed and sought-after, while others do not enjoy the same level of favorability. This partiality, shaped by historical and cultural influences, creates a fragmented perception of specific occupations among the younger generation, leading them towards career paths that may not necessarily align with the actual demands of the job market. Consequently, some sectors face a shortage of specialists, whereas others experience an overabundance of professionals.

This situation presents considerable obstacles to the country's economy and sustainable development. Switzerland's experience, characterized by its longstanding collaboration between the private sector and educational institutions, provides valuable insights for Kosovo. A strong partnership between industry and education can pave the way for a more suitable and balanced labor market, where professionals are trained to meet the specific needs of different sectors.

While fully adopting the Swiss model may pose challenges, embracing and implementing some of its principles, such as integrating work experience into academic programs and fostering collaboration between schools and businesses, can result in a more appropriate educational system in Kosovo. This would not only enhance the skills and expertise of the younger generation but also refine the perception and evaluation of professions within Kosovar society.

4. Strategies and Initiatives for Employment and Skills Development in Kosovo

Kosovo, striving to integrate into the European and global labor markets, faces significant challenges primarily related to equipping and adapting its workforce to meet the dynamic demands of various employment sectors. The youth, a substantial portion of the population, encounter particular difficulties in this regard. Despite holding educational qualifications and possessing a strong desire to work, many young individuals struggle to secure employment opportunities that facilitate growth and professional advancement. A major contributing factor is the lack of a clear and coordinated policy for employment and workforce training. In the absence of a well-defined direction and vision, initiatives and programs aimed at skill development and the integration of young individuals into the labor market often fall short.

However, a notable shift occurred in 2018 when the Government of Kosovo approved the 2018-2022 Sectoral Strategy of the Ministry of Labor and Social Welfare (Government of Kosovo, Ministry of Labour and Social Welfare, 2018), alongside the Action Plan for Increasing Youth Employment (Government of Kosovo, Ministry of Labour and Social Welfare, 2018). These documents, integrated within the broader framework of the National Development Strategy and the Economic Reform Program, signify a renewed awareness and tangible commitment to workforce development and adaptation.

The Strategy and Action Plan were crafted with a clear vision and multiple objectives. They aim not only to reduce unemployment rates but also to enhance the skills and qualifications of workers. The goal is to increase the competitiveness of young individuals in the job market and provide high-quality training for professional qualifications. Furthermore, this comprehensive plan aligns with the needs of both the private and public sectors, ensuring effective coordination and collaboration among various stakeholders. A crucial aspect of this strategy is aligning the education system and professional training with the actual demands of the labor market. This involves establishing a sustainable connection between educational institutions and businesses, ensuring that young people acquire the necessary knowledge and skills to prepare them for the challenges and opportunities of the labor market.

While this strategy and action plan are still in the implementation phase, continued efforts to raise awareness and cultivate a sustainable culture of learning and adaptation are essential. This involves considering technological changes, innovations, and new trends that impact labor market dynamics.

With the conclusion of the Sectoral Strategy of the former Ministry of Labor and Social Welfare 2018-2022, the Government of Kosovo, through the Ministry of Finance, Labor, and Transfers, in alignment with the Economic Reform Program 2022-2024, aims to improve and expand public employment and professional training services according to labor market demands.

Consequently, the draft Employment and Labor Market Strategy 2023-2027, along with the Action Plan 2023-2024, were prepared and made available on the public consultation platform on January 15, 2024.

The draft Employment Strategy of Kosovo for 2023-2027 outlines the country's approach to promoting a dynamic and inclusive labor market. This document focuses on addressing current challenges and leveraging opportunities within the global economy. The draft strategy aims to reduce unemployment through targeted interventions, skills development, and enhanced coordination between the public and private sectors, thereby positioning Kosovo towards a more flexible economy. Overall, the draft strategy provides a solid foundation and comprehensive analysis of the current situation, specifying numerous objectives. The timely approval of this strategy will open new opportunities in Kosovo's labor market.

5. Steps Towards a More Qualified Workforce in Kosovo

The shortage of a skilled workforce is a significant concern for any nation striving for economic progress and improved quality of life. In Kosovo, with its youthful population and substantial human resources, this challenge is particularly pronounced.

The demand for skilled workers exceeding the supply has been identified as a key challenge for Kosovo in the 2023 Economic Reform Program of the European Commission (European Commission, 2023). This underscores the need for reforms in the education system to enhance quality and reduce skill shortages, aiming to increase employment, especially for young people and women facing difficulties in finding their first professional experiences. Additionally, substantial investments in digital infrastructure and legal framework development are necessary.

To effectively address this issue, Kosovo must adopt strategic and well-coordinated measures, including:

1. Education Reform and the Promotion of a Continuous Learning Culture
2. Strengthening Relations between Public Institutions and the Private Sector in Addressing the Challenges of the Contemporary Economy
3. Increasing Investment in Development, Infrastructure, and Technology as a Tool for a Strong Economy
4. Employment, Migration, and Diaspora Relations Policies
5. Supporting Local and International Initiatives

5.1 Education Reform and the Promotion of a Continuous Learning Culture

One of the primary challenges for Kosovar society is adapting its education system to the dynamics of the labor market and contemporary societal demands. Education, the foundation of an informed and capable nation, requires continuous renewal and adaptation. Kosovo must invest in curricula reflecting current needs and emerging trends while prioritizing teaching methods that foster critical thinking, creativity, and innovation.

The Kosovo Education Strategy 2022-2026 addresses governance and quality assurance in vocational education and training (VET), linkage of VET with the labor market, and adult education (Government of Kosovo, Ministry of Education, Science, Technology and Innovation, 2022). Challenges such as limited managerial autonomy, insufficient funding, and weak connections with the labor market hinder system improvements. The strategy aims to enhance governance, financing, and the integration of information management systems to align education with labor market needs and technological developments while promoting lifelong learning. A key priority is adopting skill-focused teaching methods to improve quality and equity in education. Vocational and technical training is increasingly recognized as essential for young people, providing a strong foundation for careers and practical experience.

In the digital age and era of globalization, knowledge and skills must be continuously renewed. As Dewey emphasizes in "Democracy and Education," "Education, in its broadest sense, is the means of ensuring the continuity of life in society" (Dewey, 1916). Education should not be seen merely as preparation for life but as an integral part of daily life and ongoing change. Cultivating a culture of continuous learning is imperative. Therefore, it is vital to support and encourage citizens to expand their horizons through training programs, seminars, and workshops.

Partnerships between educational institutions, businesses, and international organizations can play a key role in this endeavor. By working together, these entities can create programs and initiatives that support the continuous improvement of citizens' skills and knowledge, preparing them for the challenges of a constantly changing world.

5.2 Strengthening Relations between Public Institutions and the Private Sector in Addressing the Challenges of the Contemporary Economy

In an era dominated by technological revolutions, globalization, and fierce international competition, market dynamics are changing rapidly. Public institutions and the private sector must intensify their cooperation and coordination to ensure continuous and adapted workforce training to meet market demands (American Chamber of Commerce in Kosovo, 2017). This

cooperation should extend beyond education and training to include research and development, innovation, and technology transfer.

Sustainable partnerships with the private sector aim to create an environment where work practices, training, and mentoring help young people adapt to current and future business needs. This not only strengthens competitiveness and adaptive capacity but also helps the economy become more resilient and better prepared to handle unexpected changes.

Workplace training and practical experiences significantly impact many EU countries. For instance, in Germany, over half a million companies participate in the dual education system, while in Austria, around 35,000 companies offer training positions for young people (ALLED 2, 2023). Collaboration among employers, workers, educational systems, and students enhances the importance of school-based training through public-private partnerships, joint financing, and curriculum reform.

To remain competitive, Kosovo must adapt to new trends and realities. Improving cooperation between the public and private sectors is crucial to creating structures that promote transparency, accountability, and mutual benefits. Public-private partnerships should be structured so both sectors share risks and benefits equitably, encouraging businesses to invest in innovative projects and allowing public institutions to benefit from the private sector's expertise and efficiency.

Regular dialogue through forums, conferences, and joint committees can help identify common goals and facilitate cohesive policy implementation. These platforms enable stakeholders to exchange ideas, discuss challenges, and brainstorm potential solutions in real-time, fostering a proactive approach to economic issues.

Simplifying regulatory procedures to encourage entrepreneurship and enable businesses to respond more swiftly to market changes is also vital. Reducing bureaucratic obstacles can enhance business agility, enabling them to innovate and scale operations effectively.

Incentivizing companies to invest in local talent development through tax breaks or subsidies can boost job creation and ensure that workforce skills are continuously upgraded. This not only prepares individuals for high-demand roles but also attracts foreign direct investment by showcasing a commitment to developing a highly skilled labor pool.

Integrating these strategies can help Kosovo cultivate a dynamic economic ecosystem that supports sustainable growth, accelerates technological adoption, and prepares its workforce for future challenges. This proactive and integrated approach is crucial for maintaining momentum in developing a competitive edge in the rapidly evolving global marketplace.

5.3 Increasing Investment in Development, Infrastructure, and Technology as a Tool for a Strong Economy

Investments in research and development are essential for building a sustainable and competitive economy. By focusing on this direction, Kosovo can open doors for new specializations, promoting innovation and strengthening its competitive position globally. Opportunities for international cooperation and strong relations with strategic partners will help access new technologies and the latest knowledge. An integral part of this strategy is focusing on infrastructure and technology development (Council of the European Union, 2015). Modern infrastructure, coupled with advanced technology, creates ideal conditions for a strong economy, attracting talent and fostering new skills and specializations. These investments are crucial for economic growth and improving the quality of life for all citizens, ensuring rapid and sustainable economic development in Kosovo.

Enhancing Kosovo's economic strategy requires expanding efforts in educational reforms that closely align with industry needs. This approach bridges the gap between current educational outputs and the evolving demands of the global marketplace. Incorporating more STEM (Science, Technology, Engineering, and Mathematics) education into curricula can prepare Kosovo's future workforce for modern industry challenges. Integrating digital literacy and critical thinking skills from an early age will equip young Kosovars with the tools necessary to thrive in a digital world.

Fostering a culture of entrepreneurship and innovation can significantly contribute to Kosovo's economic vitality. Establishing incubation centers and tech parks provides entrepreneurs with essential resources, mentorship, and networking opportunities to transform their innovative ideas into successful businesses. These facilities act as catalysts for technological advancement and economic diversification, encouraging domestic and foreign investment.

Government policies should promote private sector involvement by offering tax incentives for investments in research and development, renewable energy, and green technologies. This stimulates economic growth and contributes to a more sustainable and environmentally friendly development model.

Effectively engaging with the Kosovar diaspora to harness their skills, capital, and connections can further accelerate economic growth. Programs designed to facilitate knowledge and technology transfer from diaspora communities to Kosovo can tap into a vast reservoir of untapped potential. Implementing these measures enhances Kosovo's global competitiveness and creates a dynamic and resilient economy attractive to investors and skilled professionals worldwide. These initiatives are critical for transforming Kosovo's economic landscape and ensuring long-term prosperity for its citizens.

5.4 Employment, Migration, and Diaspora Relations Policies

In response to significant emigration challenges, Kosovo must renew its employment and migration policies. The primary goal is to retain local talent and attract Kosovar professionals living abroad to return and contribute to the national economy. Implementing strategies that make Kosovo an attractive destination for its diaspora and other qualified professionals is crucial. As highlighted in the Stabilization and Association Agreement between the European Union and Kosovo, the government must progressively harmonize its legislation with the EU in fields such as working conditions, health and safety at work, and equal opportunities (Council of the European Union, 2015).

Enhancing fiscal incentives for businesses is one effective method, but broader reforms are also necessary. Overhauling the educational system to better align with global job market demands ensures that the skills of returning professionals are adequately utilized and valued. Promoting a stable and supportive business environment is vital, involving reducing bureaucratic hurdles for new businesses, improving legal protections for entrepreneurs, and enhancing economic infrastructure, including roads, telecommunications, and legal and financial systems.

Fostering a vibrant cultural and social life can attract the diaspora back to Kosovo. Enhancing the quality of life through arts, entertainment, and community activities appeals to individuals who have experienced diverse cultures abroad. Government and private sector initiatives should focus on creating social programs and cultural festivals celebrating both traditional and contemporary aspects of Kosovar culture. According to the United Nations Development Programme, investments in employee training and development within businesses are critical for reducing emigration and increasing overall employee satisfaction (UNDP Kosovo, 2020). Improving worker skills and developing educational infrastructure are key elements for bridging the gap between labor market demands and available skills, contributing to a more sustainable and robust workforce.

A survey conducted by the GAP Institute in December 2014 revealed that a significant portion of young Kosovars plan to emigrate after visa liberalization, with 33.4% under 24 years old and 31.4% aged 25-34. The main destinations include Germany (71.4%), Switzerland (11.7%), and Austria 5.3% (GAP Institute, 2024).

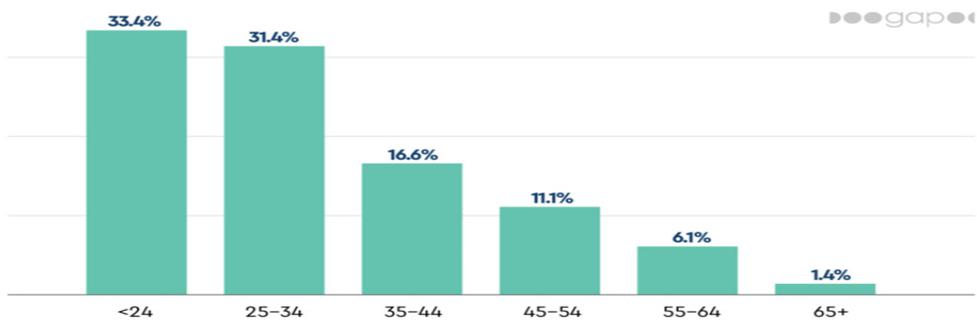


Figure 2: Age Groups of Citizens Planning to Emigrate

Source: GAP Institute (2024), Propensity to Emigrate from Kosovo Following Visa Liberalization: Implications for the Workforce.

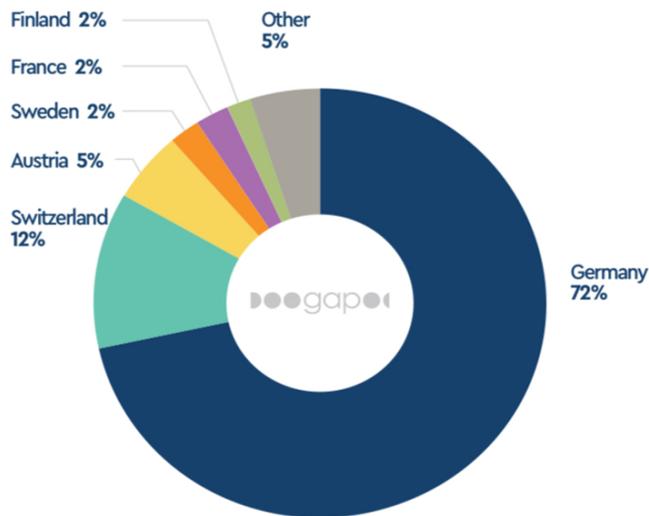


Figure 3: Main Destinations for Citizens Planning to Emigrate

Source: GAP Institute (2024), Propensity to Emigrate from Kosovo Following Visa Liberalization: Implications for the Workforce.

This data underscores the importance of developing targeted programs connecting the diaspora with local businesses and government agencies. These

programs could facilitate knowledge exchange, offer mentorship opportunities, and lead to joint ventures leveraging the unique skills and international experiences of the Kosovar diaspora.

Implementing these policies and initiatives can create a dynamic and inviting environment in Kosovo, retaining home-grown talent and attracting skilled expatriates to return and drive the country's development forward. This integrated approach is essential as Kosovo navigates the complexities of global migration and seeks to bolster its economy through enhanced engagement with its diaspora.

5.5 Supporting Local and International Initiatives

In an increasingly interdependent world, cooperation and interaction between local and international initiatives are essential for economic and social development. For Kosovo, where the potential for growth and transformation is significant, support and engagement with these initiatives are key tools for progress. The European Commission (2021) emphasizes the role of international support in Kosovo's economic reform programs, highlighting how international organizations provide valuable platforms for knowledge exchange, best practices, and innovations (European Commission, 2021). These establishments offer training, workshops, and diverse programs designed to enhance workforce capabilities, fostering a more proficient, knowledgeable, and adaptable labor force.

However, it is equally crucial to acknowledge the significance of local initiatives and projects. These endeavors possess a deeper understanding of the community's reality and specific requirements, enabling them to effectively tackle a wide range of challenges. Implementing these initiatives can develop customized programs to cater to local communities' specific needs, emphasizing areas that require the most qualification.

The convergence of local and global initiatives has the potential to generate a symbiotic relationship that reinforces and enhances workforce capabilities on a broader spectrum. This not only improves the caliber of work but also bolsters the country's competitiveness in the global marketplace. These partnerships offer a platform to establish networks and robust ties between local and international counterparts, facilitating the attraction of investments, resources, and expertise valuable for future progress.

In conclusion, supporting local and international initiatives is not only a tool for skill enhancement but also a way to build a healthier and more sustainable ecosystem that fosters economic and social development.

Conclusion

The lack of a qualified workforce has emerged as one of the most pressing challenges for businesses in Kosovo, both local and international. This shortage has stifled the potential for business expansion, productivity enhancement, and active competitive participation in international markets. From a macroeconomic perspective, this deficiency poses significant challenges for Kosovo in attracting foreign investments and increasing exports. This factor is particularly critical when considering the country's economic development and its ability to create new jobs.

A primary cause of this deficiency is the lack of alignment and coordination between the education system and the labor market. Vocational qualification and workforce training are vital and should be considered priorities. Substantial intervention is required in structuring and delivering education and training programs in the country. Despite efforts by Kosovo's education system to adjust to the evolving demands of the job market, considerable work remains to ensure the workforce is adequately equipped to face present and future challenges. It is essential to recognize that the shortage of skilled labor is not an isolated problem, it has far-reaching implications for the country's economy. Companies struggling to find qualified employees may experience increased operational costs, reduced productivity, and adverse effects on long-term growth and stability.

Efforts have been made by the government, organizations, and individuals to address this problem. However, it is crucial to continuously monitor and evaluate the effectiveness of the strategies and actions taken to adapt to market challenges and changes. This issue must be considered not only an immediate concern but also a long-term priority. Achieving this goal will necessitate a collaborative commitment from the private sector, government, and educational institutions to devise and implement suitable strategies that can address the shortage and contribute to the growth of a resilient and sustainable economy in Kosovo.

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