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# **KOSOVO Labor Market Study: Policy Challenges of Formal and Informal Employment**

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Abbreviations and Acronyms

DM	Deutsch Mark
GDP	Gross Domestic Product
ILO	International Labour Organization
KFOR	Kosovo Force
LFS	Labor Force Survey
LM	labor market
LSMS	Living Standards Measurement Survey
MLSW	Ministry of Labor and Social Welfare
OECD	Organization for Economic Cooperation and Development
PISG	Provisional Institutions of Self Government
SOK	Statistical Office of Kosovo
SRSG	Special Representative of the UN Secretary General
SFRY	Socialist Republic of Yugoslavia
UNMIK	United Nations Interim Mission in Kosovo

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## Executive Summary

**Employment is a major challenge for policy makers in Kosovo, and the creation of well-paying jobs is a major policy objective.** This study examines the labor market side of this policy objective, seeking to understand and analyze the labor market and the sources of employment, both formal and informal. Ultimately, the successful creation of plentiful and well-remunerated employment opportunities resides in policies that would ignite economic growth in Kosovo, including macroeconomic stability and right sizing the public sector.

**Kosovo's labor market policies are generally right on track for the flexibility that characterizes well-functioning labor markets in market economies.** In particular, the low level of payroll taxes is extremely important in keeping the cost of labor down and providing an incentive to employers to employ more labor. Labor-intensive growth is Kosovo's objective for economic development, and keeping the cost of labor highly competitive in the region is a key ingredient to achieving this objective.

**In Kosovo, it appears that any kind of economic activity (informal or formal) is a bulwark against poverty** and that marginally-subsistent activities are not as widespread (or else are severely under-reported because respondents don't consider them to be "real work" and owing to stigma). People in Kosovo think of "work" as essentially only formal employment. Working in the informal sector or in a family business or on a garden plot of land are not considered by respondents to be "work" even though they obtain income from these activities. However, since the income is irregular and unpredictable and is not a formal paycheck, people do not consider themselves to be "working" even though they should be counted as employed in standard labor market analysis. These perceptions of what constitutes "real work" in Kosovo are very important for interpreting the results of household and individual surveys, particularly those that are used to measure unemployment rates.

**This report concludes that the "most likely" unemployment rate in Kosovo is 23-33 percent of the labor force,** although the formal labor market is analyzed based on the adjusted LFS data that put unemployment at around 40 percent in 2001.

### Macroeconomic Overview

**Kosovo was traditionally the poorest part** of the former Socialist Republic of Yugoslavia (SFRY). In 1988—the last full year of autonomy under the SFRY constitution—recorded output per head was 28 percent of the SFRY average. Over the succeeding six years, GDP contracted by 50 percent, falling to less than US\$400 per head by 1995, according to official statistics.

**Economic growth has been significant,** driven by reconstruction spending, private transfers from Kosovars living abroad, and the presence of a large number of expatriates in Kosovo. Estimates suggest that GDP in 2002 was equivalent to around \$900-\$1000 per capita. Following double-digit growth rates in 2000, estimates show that real GDP growth has fallen somewhat in 2001 and 2002. Indicators of disposable income and consumption suggest an even

stronger recovery of aggregate demand since 1999. In 2002, consumption and investment combined were almost twice as high as 2002 GDP, reflecting the magnitude of foreign assistance, largely spent on imports. Furthermore, with remittances over the past three years estimated at some 25-30 percent of GDP annually, national income is significantly higher than GDP. Due to massive official and private transfers, imports of goods and non-factor services are estimated to have reached around 100 percent of GDP in 2002, albeit down from 150 percent in 2000.

### **Formal Labor Market Analysis**

**The Kosovo population is one of the youngest in Europe** and the rate of natural increase of population is believed to be one of the highest in Europe. One-third of the population is under 15, about half of it under 24, and only about 6 percent of the population is older than 65.

**Despite difficult postwar conditions and abnormal circumstances during most of the 1990s, Kosovo's labor market is on its way to functioning normally.** Stimulated by institutional flexibility and liberal wage determination framework, employment has rebounded to prewar levels, but unemployment rate is still large, particularly at its seasonal peak. Further expansion of employment has been prevented by both insufficient labor demand, partly caused by the war destruction of production capacities, and by skills mismatch – the fact that labor force participants, many of whom are unskilled, do not possess the skills needed in a market economy. The institutional void created by unusual postwar circumstances provides a unique opportunity to steer the development of labor market legislation and institutions (among others, the labor code, collective bargaining, and income support system) so as to promote flexibility, job creation, and equitable labor market outcomes.

**Labor force and employment participation has been low, and unemployment high.** In November 2002, labor force participation rate in Kosovo was 41.3 percent, with male participation rate at 56 percent and women participation rate at only 27 percent, which are the lowest rates in the Balkan region. Although Kosovo's postwar employment quickly rebounded to a historically high level, employment rate in 2002 was a low 43 percent in urban and 30 percent in rural areas. And reflecting difficult labor market situation, postwar unemployment rates have been quite high – as high as 41 and 47 percent in 2001 and 2002, respectively. Because the two last official labor force surveys both took place in winter and thus measure employment at its seasonal low and unemployment at its peak, no reliable estimates exist about the non-seasonal employment and unemployment rates. Labor force participation rates are particularly low for young workers and women, even more so in urban areas.

**Liberal wage determination system has promoted labor mobility and employability.** In contrast to some successor countries of Yugoslavia (for example, Bosnia and Herzegovina and Slovenia), Kosovo's liberal, flexible wage determination system has spurred labor mobility and employability, and produced only a small wage gap between men and women. Moreover, labor demand has been stimulated by small tax wedge on the use of labor, which has helped keeping a non-segmented labor market. For example, those under oral contract faced little reduction in their wages in comparison with those with written contracts. However, non-competitive product

markets (such as the one in the financial sector) contributed to above-normal wages in some sectors.

**Ethnic minorities have faced exceptional labor market difficulties.** Econometric results show that the members of Kosovo's ethnic minorities have faced higher probability of being unemployed, and have been paid less, than Albanians with similar characteristics.

**Kosovo's labor force possesses outdated skills which are only modestly rewarded in the market economy.** It seems that the weak labor force attachment in the 1990s of many older workers degraded their skills, and that the parallel education system reduced labor market performance of the recent generations of school-leavers. This is suggested by small implied returns to education (for example, the estimated returns to education in the private sector are only 2 percent per year), as well as the fact that wages of persons who were either over- or under-qualified for a job did not differ significantly, other things equal, from wages of persons who had suitable qualifications for the job. Moreover, multinomial logit results show that the higher the education of a person, the more likely he/she is unemployed, other things equal.

**Private sector employment takes place almost exclusively in small firms.** In contrast to public firms, private firms operate with extremely small firms – in 2002, firms smaller than 10 workers employed as many as 91 percent, and smaller than 20 workers 97 percent of private sector employment.

**Household characteristics affect both labor force participation and the likelihood of poverty.** Econometric analysis shows that members of large households face lower probability of both unemployment and employment, and also larger probability of poverty. Moreover, the presence of employed workers in the household reduces, and the presence of other unemployed increases the likelihood that the household is poor.

**International Comparisons.** Having large unemployment, and low employment and labor force participation rates, particularly of the youth and women, Kosovo compares unfavorably to its Balkan and other transition comparators. Wage outcomes are more favorable, with Kosovo's male-female gap being very low, and the wage structure reflecting the influence of market forces, thereby promoting flexibility. The review of institutions showed that Kosovo's employment protection legislation is extremely liberal and the taxation of labor set at internationally low level.

#### **Informal Sector Analysis**

**About half of jobs in Kosovo are informal,** and payroll taxes are not paid nor withheld at two-thirds of jobs. Finally, 40 percent of household respondents reported that they did one of 22 informal activities (self-identification), although only half of these had responses which would classify them as "employed." The most common informal activity was growing crops in a garden or private plot—11 percent of households reported this activity.

**Poverty was not correlated with informal employment.** The overall extreme poverty rate was 7.5 percent, but the poverty rate of the informally employed was only 4 percent depending on definition.

**Desire for Formal Employment.** Many respondents who are working full-time informally characterized their dream as finding a high-paying “regular” job. Only a few respondents were content with their informal situation, even though many reported earnings sufficiently high to keep their households out of extreme poverty. Respondents had little tolerance for the uncertainty associated with their informal activity earnings and for the long hours.

**Social Capital and Extended Families and Friends.** Social capital seemed to be quite high among the informally active case studies, virtually all of them mentioned that others who work informally in their line of business would help out, but several did report that social cohesion had worsened since the war. Extended family structure and close relationships with neighbors (particularly in rural areas) were cited by respondents as more than important “coping devices” but rather simply normal and the way households operate in Kosovo. Almost three-fifths of the households surveyed reported that they had a friend or relative working abroad.

**Remittances.** A quarter of households reported that they received cash or non-cash assistance from friends or relatives abroad, but when asked to quantify this, only 16 percent answered—however the mean amount stated was a substantial 40 percent of average per capita consumption (and accounted for 58 percent of per capita reported household income). Thus private remittances are demonstrated to be a very important income source for Kosovar households and a huge bulwark against extreme poverty. Only 3 households of the 90 that stated the amount of remittances received were extremely poor.

**Assistance.** Exactly 10 percent of households reported that they received cash or in-kind assistance from relatives or friends living in Kosovo, and the same percentage reported that they assisted others. Assistance may be an unusually sensitive topic—while only 10 percent reported “assistance,” fully 26 percent of households reported that they had borrowed money from relatives or friends.

### **Policy Considerations**

**There is actually not much scope for labor market policies alone to solve the unemployment problem in Kosovo** as Kosovo already has an acceptable labor code that does not promote rigidities in the labor market, flexible wage determination, and low payroll taxes, so there is no reason for recommendations to improve the functioning of the labor market. However, it is absolutely critical for Kosovo to maintain these sound labor market policies. In particular, the World Bank strongly cautions against any increase in payroll taxes to fund improved employment institutes or unemployment benefits or insurance of any kind. The poverty benefit can be strengthened if additional protection for the unemployed is desirable and affordable.

**Even with low payroll taxes and a flexible labor code, the informal sector in Kosovo is pervasive.** Raising the cost of formality by increasing taxes would run directly counter to the objective of growing good jobs in the formal sector and providing incentives to companies to formalize. The size of the informal sector in Kosovo is a puzzle as the rate of payroll taxes is among the lowest in the region. It could be the legacy of the past whereby many Kosovars survived only through the informal sector, it could be that registration procedures are still not working effectively, and it could be that even low payroll taxes are still an incentive for evasion. On the latter point, it is instructive to note that 50 percent of jobs were informal in the sense of unregistered or without written employment contracts, but a full two-thirds of jobs were informal in the sense of not paying social security taxes.

**Policy challenge.** In order to improve living standards and well-being among the population, policymakers are now faced with the challenge of generating sustainable growth that increases employment and raises real wages. This will require private sector development and investment in education; the creation of efficient labor market institutions; and establishment of an effective safety net.

#### **Creating an Enabling Environment for Growth**

**Sustainable economic growth** that raises employment and increases wages will require strong private sector led growth. This in turn requires an enabling environment for direct investment, both domestic and foreign. Small private firms are universally recognized as playing an important role in generating employment and raising productivity. Policymakers should not at this stage be unduly concerned about the informal sector, but rather adopt strategies (growth, formal sector job creation, training, etc) that will gradually draw actors currently in the informal sector into the formal economy.

**Education and training.** Measures to facilitate job creation will have little effect if new entrants into the labor market and workers don't have adequate skills.

**A flexible labor market** is desirable in a market economy: it allows the labor market to adjust swiftly to changing economic conditions, and it tends towards a more efficient allocation of labor. With a flexible labor market and higher job turnover rates, appropriate labor market institutions and an adequate safety net become important complements to the labor market

#### **Creating Efficient Labor Market Institutions**

**The current Kosovo labor code provides a flexible regulatory regime.** It is appropriate for the present, where there is a large informal market and the formal market is still taking shape.

**Severance pay.** The current labor code mandates the payment of severance as an end-of-service gratuity to workers who are laid off for non-disciplinary reasons. In transition economies, severance pay has had an important role in facilitating enterprise restructuring: it has served to facilitate labor shedding from state enterprises.

**Minimum wages** are instituted to protect unskilled workers against limited bargaining power and poverty, but because they raise the costs of less skilled workers to the employers, they reduce their chances of being hired. Obviously, any consideration of minimum wage regulations would apply only to the formal sector, and under current circumstances where the formal economy is still finding its way, it should not be considered a priority.

#### **Enhancing Public Protection Through a Safety Net**

**Active labor market programs.** The basic purpose of active labor market programs is to match the demand and supply of labor but employment services in Kosovo currently do little of this in the absence of adequate resources and well-trained employment counselors.

**Labor market information.** To provide more accurate information to policymakers, labor force surveys should be conducted at least twice per year (one in the high- and one in the low-employment season), and should include questions on informality and economic activity as defined in the four ways used in the Informal Study.

**Public works** programs serve as a means of providing low-wage jobs to those who are willing to take them. Normally, they may serve as a short-term bridge between more permanent jobs, especially in environments where jobs are few and far between, i.e. Kosovo.

**Unemployment insurance or assistance.** The combination of constrained budget resources and large numbers of unemployed make both unemployment insurance and unemployment assistance unlikely options for an unemployment benefit in Kosovo at this point in time. We strongly oppose the introduction of these which would necessitate payroll taxes, eroding the flexible functioning of the labor market and driving up the cost of formality.

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## I. Introduction

Employment is a major challenge for policy makers in Kosovo, and the creation of well-paying jobs is a major policy objective. This study examines the labor market side of this policy objective, seeking to understand and analyze the labor market and the sources of employment, both formal and informal. Ultimately, the successful creation of plentiful and well-remunerated employment opportunities resides in policies that would ignite economic growth in Kosovo, including macroeconomic stability and rightsizing the public sector. These policies are examined in the forthcoming Country Economic Memorandum for Kosovo.

This study looks exclusively at the labor market and concludes that Kosovo's labor market policies are generally right on track for the flexibility that characterizes well-functioning labor markets in market economies. In particular, the low level of payroll taxes is extremely important in keeping the cost of labor down and providing an incentive to employers to employ more labor. Labor-intensive growth is Kosovo's objective for economic development, and keeping the cost of labor highly competitive in the region is a key ingredient to achieving this objective.

About half of jobs in Kosovo are informal. Unlike Russia (Braithwaite 1995) and some low-income transition countries (Yoon 2003), the informal sector in Kosovo is not strongly bimodal. Bimodality in the informal sector means the combination of extremely high-paying "top end" informal jobs such as currency speculation or import-export operations along with substantial marginally-subsistent activities such as rag-picking or resale of subsidized bread. Interestingly enough, while 90 percent or more of respondents had heard of most of the entire range of informal activity in Kosovo, in general, self-identification of any informal activity was strongly associated with absence of poverty. In Kosovo, it appears that any kind of economic activity is a bulwark against poverty and that marginally-subsistent activities are not as widespread (or else are severely under-reported because respondents don't consider them to be "real work" and owing to stigma).

Perceptions of what constitutes "real work" in Kosovo are very important for interpreting the results of household and individual surveys, particularly those that are used to measure unemployment rates. This report concludes that the "most likely" unemployment rate in Kosovo is 23-33 percent of the labor force, although the formal labor market is analyzed based on the adjusted LFS data that put unemployment at around 40 percent in 2001. The "most likely" rate lies between the large range spanned by the official Statistical Office of Kosovo (SOK) statistics from the Labor Force Survey (LFS) and the rate calculated from the LSMS which was co-financed by the World Bank and used as a basis for the Poverty Assessment (World Bank 2001). It was determined by using information on how "work" is perceived as well as an examination of several quantitative adjustments to the various unemployment rates (Annex One).

The assessment of the "most likely" unemployment rate hinges critically on findings from the quantitative survey of the informal sector and the accompanying qualitative work commissioned by the World Bank for this report and completed by Prism Research (hereafter the Informal Study). The Informal Study strongly suggests that many respondents in Kosovo undertake economic activity but do not regard this activity as "work." Therefore, when asked in

a highly formal survey such as the LFS if they “worked” for at least one hour in the preceding reference period, the average respondent employed in informal work might say “no” – thus leading to their ultimate classification as either “out of the labor force” (if not looking for a job) or “unemployed.” However, in the standard labor market analytic sense, this respondent should be counted as employed if doing economic activity for some sort of cash or in-kind remuneration, no matter how erratic the earnings.

In the Informal Study, 223 respondents out of 560 households surveyed reported that they personally did at least one of 22 kinds of informal activity. However, only one-half of these respondents replied that they had done at least one hour of work in the reference period and therefore could be classified as employed. Where are the other half? Only a small percentage of them reported that they were looking for work—most of them were out of the labor force according to the standard classification. Adding these misclassified out of the labor force persons back into the employed total would reduce the informal study unemployment rate from an unadjusted 30 percent to 25 percent, which is a substantial reduction.

Furthermore, in the qualitative case studies and focus groups, it sharply emerged that people in Kosovo think of “work” as essentially only formal employment. Working in the informal sector or in a family business or on a garden plot of land are not considered by respondents to be “work” even though they obtain income from these activities. However, since the income is irregular and unpredictable and is not a formal paycheck, people do not consider themselves to be “working” even though they should be counted as employed in standard labor market analysis. An additional factor is the distrust that some informal study respondents professed about the government, which again might lead these respondents to reply that they were not working for fear of admitting to what might be deemed illegal economic activity.

Finally, it should be noted that engagement in subsistence agriculture (i.e. the production of agricultural goods exclusively for own final consumption by the household itself) is not included in the SOK LFS definition of employment.

## II. Macroeconomic Overview

Since the end of the conflict in June 1999, there has been considerable progress on all fronts towards peace and economic recovery in Kosovo. On the basis of the UN Security Council Resolution 1244, the Secretary General established UNMIK as the transitional administration of Kosovo; to be replaced over time with self-governing local institutions. When UNMIK arrived in Kosovo in mid-1999, it faced the massive task of reconstruction in a post-conflict environment, restarting the basic institutions of government and economic activity, as well as overseeing the rapid return of the nearly 1.3 million refugees and internally displaced persons.

The combination of sound economic policies, institution building and large-scale donor assistance has yielded impressive results in Kosovo over the past three years. Kosovo's reconstruction has proceeded well, due to the initiatives of the population and the speedy commitment of donor support. Since 1999, donor commitments in the order of €2.3 billion have been made, of which about €2 billion was disbursed by end-2002, well in line with the requirements of the medium-term Reconstruction and Recovery Program of November 1999. Economic growth has been strong, driven by reconstruction spending, private transfers from Kosovars living abroad, and the presence of a large number of expatriates in Kosovo. According to recent estimates, current GDP per capita is about twice as high as the officially recorded level of the mid-1990s.

Kosovo has been gradually progressing towards self-government. Following the adoption of the Constitutional Framework in May 2001 and the Kosovo-wide elections in November 2001, responsibility for administering the territory is now shared between UNMIK and a provisional Kosovar Government. While the Provisional Institutions of Self Government (PISG) have significant responsibility in governing Kosovo, the Special Representative of the UN Secretary General (SRSG) retains the power to ensure security (in coordination with KFOR), exercise a number of specific reserve powers, and set the "broad parameters" of fiscal policy.

Yet the setting in Kosovo remains unique and complex in a number of ways:

- The institutional setting required to implement power sharing between UNMIK and the PISG is highly intricate and fluid. There is currently considerable uncertainty as to the precise institutional arrangements between UNMIK and the PISG. In addition, the approval of any legislation entails a lengthy process. The recent establishment of a Transfer Council was designed to speed up the pace of the transfer of power from UNMIK to PISG.
- More generally, the political circumstances affecting Kosovo and the Balkan region also remain complex, and there has been no significant progress towards a resolution of Kosovo's final status. UNMIK is still facing significant difficulties in asserting its authority in the mainly Serbian populated northern part of Kosovo.
- The legacy of destruction related to the conflict, the withdrawal of Kosovar Serbs from public administration after 1999, and a decade of absence of Kosovar Albanians from the management of public institutions has hampered local capacity building. Local capacity is very limited, and key positions, including at some of the ministries transferred to the PISG, remain occupied by internationals.

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- The transition towards a market economy in Kosovo only started in 1999, and market-oriented legislation and behaviors are still developing. There remains an overwhelming nostalgia for 1989, the last year in which Kosovo was an autonomous republic, and the view remains among some that government institutions, utilities and enterprises ought to be restored to what they were in that year.
- Infrastructure is highly dilapidated, following the 1999 conflict and a more general neglect of operations and maintenance spending during the 1990s.

Kosovo was traditionally the poorest part of the former Socialist Republic of Yugoslavia (SFRY). In 1988—the last full year of autonomy under the SFRY constitution—recorded output per head was 28 percent of the SFRY average. Over the succeeding six years, GDP contracted by 50 percent, falling to less than US\$400 per head by 1995, according to official statistics.

Preliminary estimates suggest that GDP in 2002 reached around €2 billion equivalent to around \$900-\$1000 per capita. Following a double-digit growth rate in 2000, estimates show that real GDP growth has fallen somewhat in 2001 and 2002. It continues to be driven by reconstruction spending, private transfers from Kosovars living abroad, and the presence of a large number of expatriates in Kosovo. According to recent estimates, official transfers and the local spending of expatriates together generate currently about one-fourth of value added in the economy. This not only creates distortions – mainly an expansion of the public sector at the expense of the private sector and of services at the expense of traded goods – but also makes the economy especially sensitive to cutbacks in donor support.

Indicators of disposable income and consumption suggest an even stronger recovery of aggregate demand since 1999. In 2002, consumption and investment combined were almost twice as high as 2002 GDP, reflecting the magnitude of foreign assistance, largely spent on imports. Furthermore, with remittances over the past three years estimated at some 25-30 percent of GDP annually, national income is significantly higher than GDP. Due to massive official and private transfers, imports of goods and non-factor services are estimated to have reached around 100 percent of GDP in 2002, albeit down from 150 percent in 2000. These large official and private transfers have helped to cover the trade deficit, and thus generate a roughly balanced current account.<sup>1</sup>

Kosovo has also made impressive progress in macroeconomic stabilization. Following the adoption of the German Mark in 1999, prices are estimated to have grown at an average rate of 2-3 percentage points per quarter in 2000 and 2001, reflecting the gradual removal of exemptions from sales tax, VAT and customs duties. Kosovo successfully converted to the use of the euro in early 2002. While the adoption of a hard currency has been critical in helping to establish macroeconomic stability, it is also placing a relatively heavy burden on fiscal policy.

Despite the impressive economic recovery, poverty is still widespread, with survey results suggesting that over half of the population was poor in late 2000.<sup>2</sup> Moreover, this analysis

<sup>1</sup> Transfers associated with the activities of the Kosovo Force (KFOR) are not included in any of these figures.

<sup>2</sup> Recent findings based on Household Budget Survey data from June-November 2002 of a sample of 1200 households suggest that there has been very little change in the poverty profile since late-2000. This Survey is being conducted by the Statistical Office of Kosovo, with Technical Assistance from the World Bank.

also found that about 12 percent of the population lived in extreme poverty, i.e., had insufficient income to afford food consumption above the minimum daily caloric requirements. Furthermore, there remain also significant problems in education and health. In education, striking inequalities exist across income, ethnic groups and gender. Problems are especially apparent at the secondary school level, where only one-half of Albanian girls between the ages of 15-18 were enrolled in school in end-2000. Enrolment is even lower for the non-Albanian, non-Serb children<sup>3</sup>. The limited health data suggest that Kosovo ranks the lowest in Europe on virtually every health indicator. Infant mortality, maternal health and immunization coverage are areas of particular concern.

UNMIK and the Kosovars have made good progress in putting in place the enabling environment for a market economy. This effort was assisted by the implementation of a massive donor assistance program, which started in 1999, and which helped set the stage for economic reconstruction and recovery. These broad-ranging and coordinated efforts have been implemented on a fast track to help Kosovo make up for lost time. Key achievements in the sphere of economic policy include:

- *Fiscal policy.* Establishing the institutional framework for fiscal policy and designing and implementing a budget increasingly financed through local taxation; Formatted: Indent: Left: 0.5", Hanging: 0.38", Bulleted + Level: 2 + Aligned at: 0.75" + Tab after: 1" + Indent at: 1", Tabs: Not at 1"
- *Private sector development.* The creation of a reformed framework for encouraging the growth of private, small and medium enterprises and transferring viable existing public enterprises into private hands. Formatted: Indent: Left: 0.5", Hanging: 0.38", Bulleted + Level: 2 + Aligned at: 0.75" + Tab after: 1" + Indent at: 1", Tabs: Not at 1"
- *Banking reform.* Establishing an institutional and regulatory framework for banking in line with international standards, and attracting a number of banks which have begun operations. Formatted: Indent: Left: 0.5", Hanging: 0.38", Bulleted + Level: 2 + Aligned at: 0.75" + Tab after: 1" + Indent at: 1", Tabs: Not at 1"
- *Social reform.* Basic social assistance and pension schemes have been put in place. Formatted: Indent: Left: 0.5", Hanging: 0.38", Bulleted + Level: 2 + Aligned at: 0.75" + Tab after: 1" + Indent at: 1", Tabs: Not at 1"
- *Health and education.* Health and education services have been restarted, and education enrolment among Albanians is significantly higher than it was in the pre-conflict parallel system. Formatted: Indent: Left: 0.5", Hanging: 0.38", Bulleted + Level: 2 + Aligned at: 0.75" + Tab after: 1" + Indent at: 1", Tabs: Not at 1"

Achieving the new Government's objectives of a rapidly growing economy with increased private sector employment and an overall improvement in living standards will require decisive implementation of a broad-ranging structural reform agenda. These reforms will also enhance the economy's flexibility and resilience to shocks. This reform program will require three main pillars:

- improving the investment and private sector climate; Formatted: Indent: Left: 0.5", First line: 0", Bulleted + Level: 2 + Aligned at: 1.25" + Tab after: 1.5" + Indent at: 1.5"
- enhancing the economy's competitiveness and productivity; and,
- ensuring that the benefits of growth accrue equitably to all groups in Kosovo.

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<sup>3</sup> This category comprises a variety of peoples, often very different in their characteristics, ranging from Muslim Slav (including Bosniac and Gorani) to Roma, and including Turk, Croat and Montenegrin.

A basic requirement for fostering growth through investment and new business creation is an environment that provides a high degree of security and predictability. Kosovo has yet to establish an adequate business environment, where the rules of law are respected, property rights and claims are recognized, contracts can be enforced, and investors have access to capital. The even and fair enforcement of laws and regulations is also critical. The remarkable growth in construction and trade since the end of the conflict will not be sufficient to increase competitiveness and productivity over the medium term. While broad-based labor intensive economic growth will allow many Kosovars to regain income security, such growth may leave behind some members of society, including the poorly educated or those in poor health. The further development of Kosovo's human resource base will be critical for sustainable growth but the tight resource constraints and the prevalence of poverty in Kosovo will make this attainment a significant challenge.

### III. The Analysis of the Formal Sector

#### A. Introduction

The goal of the present study is to describe the main outcomes and institutions of the postwar Kosovo labor market, to identify its main problems, and to provide policy advice. This study will concentrate on a subset of issues dealing primarily with employment in the formal sector and unemployment, and it will be complemented by a separate analysis of the employment in the informal sector.

The analysis of the postwar labor market in Kosovo has so far received little attention, although high unemployment and its relation to poverty has been one of the most burning problems in Kosovo.<sup>4</sup> The interest in labor market outcomes stems from the following questions:

- How has the Kosovo's labor market responded to the physical and psychological devastation brought by the 1999 war?
- What are the implications of Kosovo's long-lasting ethnic conflict, particularly of its escalation in the early 1990s? This escalation denied Albanians access to public sector jobs, led to the massive layoffs of Albanian public sector workers, ensured Serbian dominancy in government and management, and pushed Albanian youth into a parallel education system. For example, has the decade long, forced absence of a large portion of Albanian labor force from formal employment produced by the 1990 purge of Albanians from state-owned (and Serbian controlled) enterprises degraded their skills and hindered their postwar re-employment? Similarly, has the quality of education deteriorated under the parallel system?
- Have the legacies of the socialist system – among others, high unemployment, an underdeveloped private sector, and non-market allocation of resources – been addressed?
- How large is unemployment and what are the coping mechanisms? In particular, how can one explain the alarmingly high official unemployment rate – 57 percent – reported by the Statistical Office of Kosovo based on the 2001 labor force survey?
- How large is employment, and in particular, what is the size of the private sector? What is the composition of employment by demographic groups, job, firm, and sector characteristics? In the postwar period, what happened to employment and labor force participation of women? And are labor market outcomes influenced by the traditional characteristics of Kosovar society, such as extended family relationships?
- What was the evolution of wages and has the unfettered labor market rewarded workers according to their marginal productivity?

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<sup>4</sup> Two notable exceptions are Riinvest (2003) and Funkhouser (2003), the studies presented a labor market conference in Prishtina in January 2003.

- What has been the role of labor market institutions? In particular, how has the institutional void created after the 1999 war – the postwar Kosovar labor market has been largely non-regulated – affected labor market outcomes, particularly wage formation? Has the resulting flexibility helped to absorb the shock of the war? Can any factors be identified which stand in the way of clearing the labor market?

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A clear limitation of the present analysis is the non-existence of time-series data. While there have been labor force surveys in each year during 1999-2002, there is a large gap in data for 1990-99. For this period, not only is there a lack of survey data, but also all administrative data on employment and wages disappeared in Spring 1999 (and may have been taken out of Kosovo).

The structure of this chapter is the following. Section 2 of the report provides a background for the analysis by reviewing the main circumstances relevant to the postwar functioning of the labor market. Section 3 analyzes labor market participation, the structure and determinants of employment and unemployment, and the link between labor market activity and poverty. Section 4 investigates wage determination by examining the structure and distribution of wages, and identifying the determinants of wages. Section 5 concludes.

The analysis in this chapter is based primarily on the 2001 and 2002 LFS data, adjusted to take into account as out of the labor force those who are registered as unemployed.

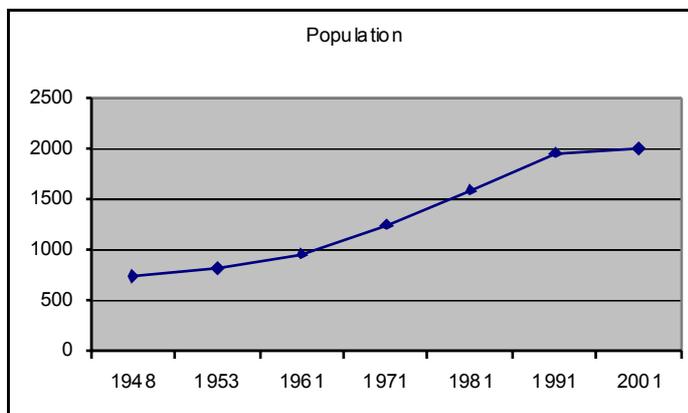
## **B. Background: The Postwar Labor Market Circumstances**

Below we provide the background to the analysis by summarizing the most important starting points – circumstances which influenced the postwar functioning of Kosovo's labor market. We review the recent evolution of the Kosovo's population, summarize the legacy of the socialist system, briefly discuss the escalation of the Kosovo ethnic conflict and mention some of the consequences of the war devastation, and point out that the postwar period created an unusual situation of an institutional void – a void that allowed the labor market to be exceptionally free from institutional and regulative interventions.

### ***Population of Kosovo***

The Kosovo population is one of the youngest in Europe. Its fast growth after World War I came to a halt in the 1990s (Figure 2.1). Starting at the end of 1980s, ethnic and political tensions in the region reduced fertility, increased mortality, and induced many individuals to emigrate, both within as well as outside Kosovo. Still, the rate of natural increase of population is believed to be one of the highest in Europe, as the strong reduction of the population growth in the 1990s may be a temporary phenomenon.

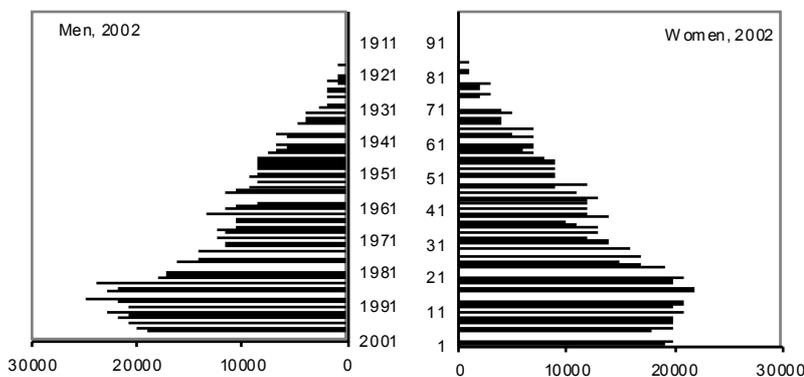
**Figure 2.1: Population of Kosovo, 1948 – 2001 (in thousands)**



Sources: Official population censuses 1948- 1991; own estimate for 2001.

In comparison to developed countries, the population of Kosovo is much younger. One-third of the population is under 15, about half of it under 24, and only about 6 percent of the population is older than 65 (Figure 2.2). While the population pyramid is very fat, the reduced fertility after 1991 is clearly manifested.

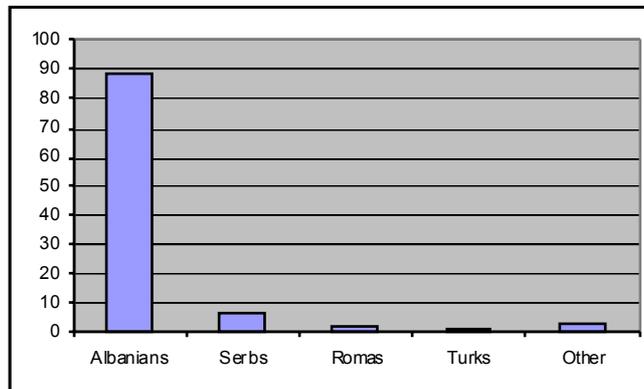
**Figure 2.2: Population Pyramid, Kosovo, 2002**



Source: Kosovo Macroeconomic Monitor, August 2002.

Kosovo has been traditionally a multiethnic society. In the last forty years, the share of Albanians increased from about two thirds to the current 88 percent share. The share of Serbs – which in the first half of the last century amounted to 24-32 percent – gradually declined to 6 percent in 2001 (Figure 2.3). The current share of other ethnic groups (Romans, Turks, and others) is about 6 percent.

Figure 2.3: Ethnic Composition of Kosovo's Population, 2001



Source: *Civil Registration*, UNMIK, December 2001

Kosovo's Albanian population is also known for its traditional society. About 70 percent of households live in single family units, but about 20 percent of households are multiple family households with 2, 3, or more families living together (Tomczynska, 2002). The average household size is 6 members in urban and 7 in rural areas, which is much more than in developed economies (Table 2.1). The society is built on strong household units, with household head deciding about many things which in more modern societies are left to individuals. This may influence the decision of individuals about their labor market participation (particularly women's), the priority of individuals within the family in accessing jobs (with some decision-making power resting on household heads), as well as the type of work individuals may undertake (for example, work in the state vs. the private sector).

#### *The legacy of the socialist system*

The post war Kosovar labor market has also been strongly influenced by the legacy of the previous, socialist system, where the allocation of labor and other production factors was guided by more ideological than market forces. The 1989 data – showing the situation at the eve of the break-up of the socialist Yugoslavia – point to large unemployment, both open and hidden, the latter reflecting the practice of overstaffing in large, socially-owned enterprises (Mencinger, 1990).<sup>5</sup> Kosovo's unemployment rate was 36 percent in 1990 and it increased to 68 percent just before the 1999 war (Hoti, 2002). The non-viability of many Kosovar enterprises was underscored by a large net inflow of resources from the rest of Yugoslavia, an inflow which prevented the collapse of unprofitable enterprises (Kraft and Vodopivec, 1992).<sup>6</sup> It has to be emphasized that Kosovo was by far the least developed region of the SFRY: in 1988, Kosovo's

<sup>5</sup> Mencinger (1990) finds that at the end of the 1980s, about 20 percent of workers were redundant in Yugoslavia, and that this percentage was even much higher in Kosovo.

<sup>6</sup> Kraft and Vodopivec (1992) quantified redistributive flows among Yugoslav firms and showed that Kosovo's manufacturing firms – belonging to the least developed region of Yugoslavia – were heavily subsidized: in 1986, they received net subsidies amounting to 145 percent (!) of their value added (they were subsidized through grants and, above all, heavily subsidized credits).

level of GDP per capita was 24 percent of the average level of Yugoslavia, with Slovenia being the most developed region with the GDP level double the average (Statistical Yearbook of SFR Yugoslavia, 1990), and Kosovo's wages in 1990 were 53 percent of the Yugoslav average.

Reflecting wide regional disparities in development, many Albanians emigrated from Kosovo, with destinations that included more developed regions of Yugoslavia (particularly Slovenia), as well as Western Europe. Under Yugoslavia, the first, economic wave of emigration from Kosovo to Western countries began with the liberalization reforms of the second half of the 1960s. Coinciding with the collapse of Yugoslavia, economic migrations were replaced by political emigrations, mostly from urban areas, with destinations mainly in Western Europe. As a consequence, currently Kosovo has a large diaspora, mostly living in Western Europe.

#### *The Kosovo ethnic conflict and the 1999 war*

Following the abolishment of Kosovo's autonomous status in 1989, the conflict between the Serbs and Albanians strongly escalated and culminated in the 1999 war. Suggestive about dimensions of the ethnic conflict before the 1999 war are two developments with important labor market consequences:

- To ensure their dominancy, Serbs took over top positions in government and state enterprises. Among others, in the beginning of the 1990s socially-owned enterprises laid off about 145,000 Albanian workers (estimate of Riinvest, 2003).
- As a response to curriculum changes deemed unacceptable, Albanians pulled their children out of the official and formed a "parallel" education system. The classes under this system – which comprised education at the primary, secondary and tertiary levels – often took place in private houses, with many classes combined. This system was in place from 1991/92 until 1998/99.<sup>7</sup> Although many of the teachers simply transferred from the formal to the "parallel" system, the consequences of the parallel system are not sufficiently understood. In all likelihood, the quality of education at the primary level was not affected, but at higher levels, the quality probably did suffer (among others, because curriculum reforms which took place in all other transition economies were absent in the Kosovo parallel's system).

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The 1999 war created a lot of physical destruction, as well as economic and psychological damage. According to Riinvest estimates, the overall damages because of the war in 238 state-owned enterprises are around one billion DM. Some well-known enterprises physically damaged by the war are Ereniku, Ferronikel, and Post and Telecom. Moreover, most of 14,000 small and medium enterprises in Kosovo reported war damage (68 percent of them reported damage to their equipment, and 55 percent damage to buildings).

The escalation of political and military conflict also dramatically intensified emigrations, as well as internal displacements. It is estimated that at least 140,000 Albanians left Kosovo between May 1998 and March 1999, and during the March-June conflict about 800,000 of them fled from Kosovo (Tomczynska, 2002). In contrast, Kosovo Serbs started to emigrate or relocate

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<sup>7</sup> Personal communication with Avdullah Hoti, Riinvest.

within Kosovo after the end of the military conflict. It is estimated that about 200,000 Serbs and other ethnic minority groups left Kosovo, or moved to the area of North Mitrovica. The conflict thus produced also a massive internal displacement – before the military conflict, 260,000 persons were already displaced within Kosovo, and an additional 500,000 persons were displaced as a result of it.<sup>8</sup>

War atrocities, violence, and displacement inflicted huge psychological damage. Research sponsored by the World Bank (Post-Conflict Mental Health Project) showed that in post-conflict societies mental disorders are widespread and may represent a major obstacle to economic development. Poor mental health reduces job opportunities of affected individuals and stands in the way of developing human and social capital.

The war also brought lasting macroeconomic and labor market implications. First, traditional Kosovar trade links have largely been torn, particularly with the rest of FR of Yugoslavia. New trade partners, and new trading routes had to be sought. Second, the old governance and management structures have all but disappeared. Until 1999, top government and managerial positions had mostly been filled by Serbs, and – with few exceptions – they have been replaced by Albanians after the war. This task has been quite challenging, given the limited exposure of Albanians to such positions previously. And third, the war erased many important previous institutions. In the area of labor markets, this created an uncommon, remarkable institutional void (see below).

#### *Institutional void*

After the 1999 war, all prewar labor market legislation was put out of force in Kosovo. The labor market has thus functioned in a virtually unregulated way, with few formal arrangements regulating employment relationships and wage determination. Not only did the Yugoslav labor market legislation no longer apply in Kosovo – above all, the Labor Relations Law and collective agreements were put out of force – but also important social insurance programs such as pensions had to be amended so as to accommodate the disappearance of records during the war. The ensuing institutional void and radical reforms reflected not only the unwillingness to acknowledge legislation introduced by Serb-dominated legislature, but also the desire to hasten the transition to market – a transition which in the 1990s progressed very slowly and unevenly, as well as the specific political and economic governance, with an important participation of international community.

To help ensure basic workers rights in Kosovo, in October 2001 a very basic Labor Code was put in place (“Essential Labor Law in Kosovo”, Regulation No.2001/27). Moreover, two important income support programs which have an important bearing on the labor market were also introduced: pensions and social assistance.

Notwithstanding the introduction of the above legislation, the rules that have governed the postwar labor market have fundamentally changed. In very important ways, the war brought

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<sup>8</sup> After the end of the conflict and upon establishment of the UN administration (UNMIK), over 70 per cent of the Kosovo Albanians displaced because of the conflict immediately returned to their places of residence. It is estimated that within three weeks, about 500,000 of them returned, and by the end of 1999, over 820,000 (Tomczynska, 2002). As of the end of 2001, over 900,000 persons returned to Kosovo since June 1999, and the intensity of the returns have apparently stabilized at a low level since then.

a “collective amnesia” the complete loss or disappearance of previous institutions in this area – with far reaching implications about labor market outcomes.

### **C. Labor Market Participation**

How did the Kosovo labor market function under the exceptional and difficult circumstances after the 1999 war? In this section, we provide the analysis of labor market participation. We examine the factors which influenced decisions to participate in employment and unemployment, and investigate the size and composition of employment and unemployment, including registered unemployment. We also examine the link between labor market status and poverty. The next section is devoted to the analysis of wages.

#### ***Overview of Labor Market (LM) participation***

In the postwar period, employment quickly rebounded. The 2001 and 2002 SOK Labor Force Surveys (LFS) estimate employment at 227,000 and 255,000, respectively (this is a non-seasonal employment; there is also a very strong seasonal component of employment, coming primarily from agricultural employment – see below). This is remarkably similar to the figure for formal sector employment in 1989, that is, from the last years of the socialist system, which put employment at 243,000 (Table 2.2). Assuming that the unstable 1990s did not expand employment, it follows that post-war employment quickly rebounded to a historically high level. Interestingly, the postwar employment rate has also remained at a level similar to the one in 1989 – in 2002, it was 22 percent (a much higher 35 percent for men, and 8 percent for women).

Table 3.1 shows much higher employment, and lower unemployment, in 2000 than in the two following years. This difference can be reconciled by taking into account strong seasonality of labor market participation in Kosovo. Namely, because both SOK LFS took place in winter, they measure employment at its seasonal low, and unemployment at its seasonal peak. In contrast, the figures of employment that come from a World Bank survey which was undertaken during the height of the agricultural season – June 2000 LSMS – are much higher, and unemployment much lower (Table 2.2). Note, however, that the employment rates produced by the World Bank and SOK surveys differ widely for rural areas, but not for urban areas (for both men and women, see Figure 2.4). This suggests that the main difference between 2000 and 2002 measures of labor force activity (employment, unemployment, and labor force participation) indeed comes from the seasonality of employment in agriculture, and that – despite seemingly wide differences – available household surveys do not provide inconsistent labor market activity measures.<sup>9</sup>

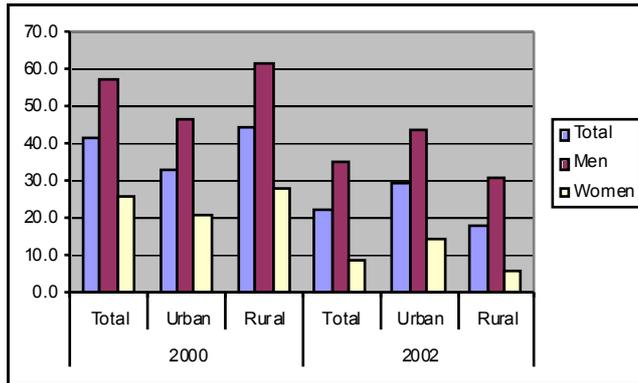
A comparison of the 2000 survey (which included seasonal employment) and the later two surveys (which excluded seasonal employment) puts the seasonal component of Kosovo postwar employment at about 250,000. This is probably an overestimate, perhaps the upper limit. Based on information about land ownership, Rinvest (2003), for example, estimates the agricultural seasonal component at 160,000, to which one should add a seasonal component of urban employment (primarily coming from construction). It is likely, however, that the sum of the two falls short of 250,000, the number implied above. Unfortunately, the Kosovo survey data

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<sup>9</sup> A thorough and extensive examination of the consistency of postwar Kosovo household surveys (the 2000 LSMS, SOK LFS 2001, and Rinvest 2002 survey), elaborating on the above point, is provided by Funkhouser (2003).

produced so far are therefore prone to measurement problems and they thus contain a large margin of error.<sup>10</sup>

**Figure 2.4: Employment Rate, by Gender and Type of Area, 2000 and 2002**



Source: 2000 LSMS, SOK 2002 LFS.

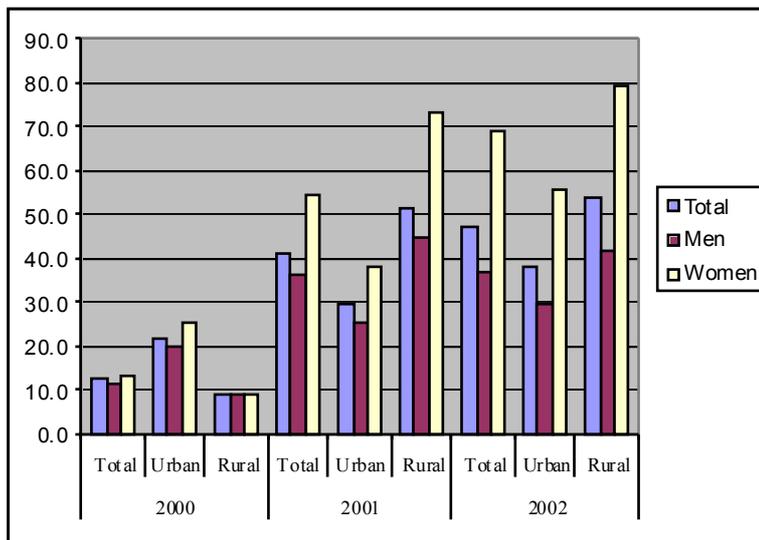
The postwar period has witnessed high unemployment rates – as high as 41 and 47 percent in 2001 and 2002, respectively.<sup>11</sup> (Interestingly, the unemployment rate in the late 1980s, although not quite comparable because it was based on registered unemployment, was of similar magnitude – 36 percent). These rates are not alarming, however, because they measure unemployment at its seasonal peak – Kosovo’s unemployment rate at its seasonal trough is bound to be much lower. Unfortunately, because the two official surveys (as well as the 2002 Riinvest survey) all took place in winter, no recent estimate of unemployment rate in low-unemployment season exists.

That unemployment indeed exhibits high seasonality can be recognized by comparing unemployment rates – separately by rural and urban areas – measured at the peak and trough of agricultural employment (Figure 2.5). While *rural* unemployment rates in 2000 (measured in June) are below 10 percent, they rose to the forties for men and even seventies for women when measured in November/December (in 2001 and 2002). In contrast, variation in *urban* unemployment rates between measurements in June and November/December are much smaller, particularly between 2000 (22 percent) and 2001 (29 percent).

<sup>10</sup> As discussed by Funkhouser (2003), all postwar Kosovo household survey data suffer from unreliable population data. This creates problems with sampling, as well as with the calculation of weights attached to interviewed population.

<sup>11</sup> Unemployment estimates for 2001 reported by Statistical Office of Kosovo (SOK, 2002) contain a upward bias which we purged from our calculations. As in the SOK definition, we classified a person as unemployed if he/she was of working age, not employed, seeking work in the last 4 weeks, and available (able and ready) for work. As an important deviation from the definition used by the Statistical Office of Kosovo, for the purposes of this study we did not count as unemployed those persons whose only way of searching for job consisted of “being registered with employment offices.” (By eliminating such persons, the overall unemployment rate in Kosovo in 2001 was reduced from the official estimate of 57.1 percent to 41.2 percent.)

**Figure 2.5: Unemployment Rate, by Gender and Type of Area, 2000 and 2002**

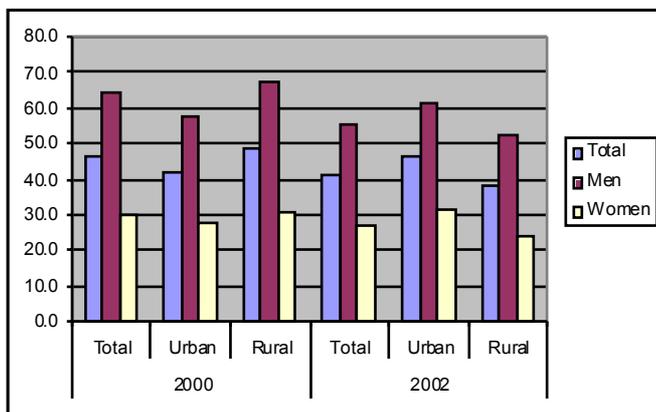


Source: 2000 LSM S, SOK 2001 and 2002 LFS.

Even though measured once in June (2000) and once in November (2002), the postwar labor force participation rate has remained at a much more stable level than its components – employment and unemployment rates (Figure 2.6). Overall, however, labor force participation rates are very low, and they are extremely low for women (see international comparison below).

*Labor force participation by age.* To shed more light on labor force participation, we examined participation rates by age, separately for both sexes and urban and rural areas. The participation of men, and to some extent, women in urban areas, conforms to a typical, inverse-U shape (Figure 2.7, Table 2.3). Note, however, that the participation rate of men, and particularly of women, in rural areas lags behind the one in urban areas. For men, it is lower at all age brackets; for women, participation in rural areas even exceeds the one in urban areas – but only until the age of 25. It seems that older women in rural areas are much less attached to labor market than in urban areas. This may be partly explained by cultural reasons – but as unemployment rates show, this is not the whole story: women in rural areas also suffer from the highest unemployment rates at all ages, with the unemployment rate as high as 90 percent at ages below 25 (Figure 2.8, Table 2.4). The inability to find non-farm jobs – as witnessed by their low employment rates at all ages (see Figure 2.9, Table 2.5) – is probably an important hindrance of stronger labor market attachment of rural women. The story of rural men is similar, but although their unemployment rates at all ages are above those in urban areas, and employment rates below, they show much stronger attachment to the labor market than rural women.

**Figure 2.6: Labor Force Participation Rate by Gender and Type of Area 2000 and 2002**



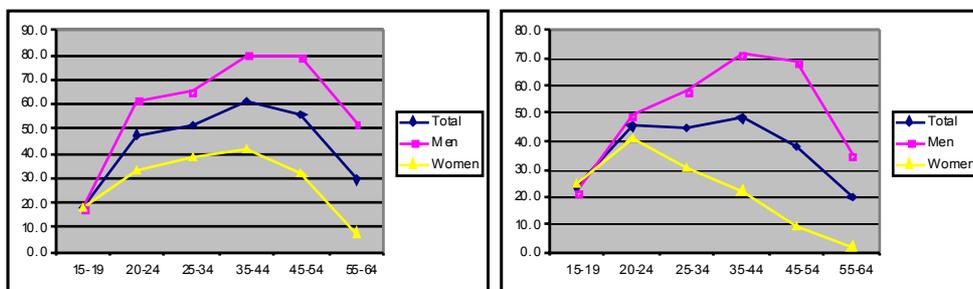
Source: 2000 LSMS, SOK 2002 LFS.

*Labor force participation by the level of education.* Education is another important determinant of labor force participation. Not surprisingly, the higher the educational level of workers, the higher are their employment rates and the lower are their unemployment rates (see Tables 2.3 and 2.4). This association is very strong and the probabilities of participation change monotonously across the levels of education – incomplete elementary, elementary, secondary (comprising high schools and vocational schools), and university, both in urban and rural areas. The strong association is preserved also for labor force participation, with higher levels of education having much higher participation rates, again both in urban and rural areas (Table 2.5).

**Determinants of labor force participation**

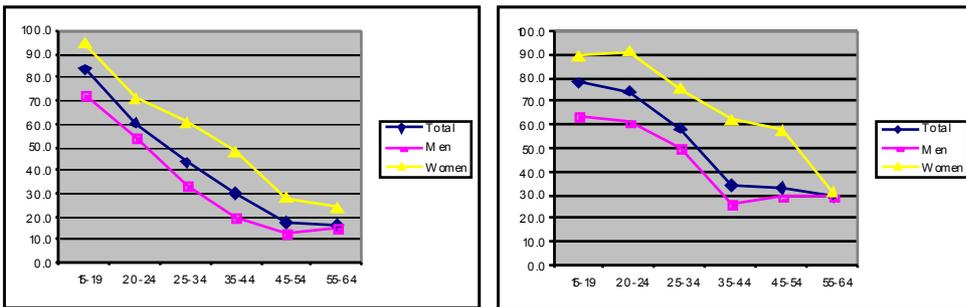
Above we considered labor force participation in association with particular variables – gender, type of area, and age. To learn more about the determinants of employment and unemployment, below we carry out also a multivariate analysis, whereby identifying net contributions of various variables. We will pay particular attention to how household characteristics influence labor force participation.

**Figure 2.7: Labor Force Participation Rate, by Gender, Age and Type of Area, 2002 (Urban on the left, Rural on the right)**



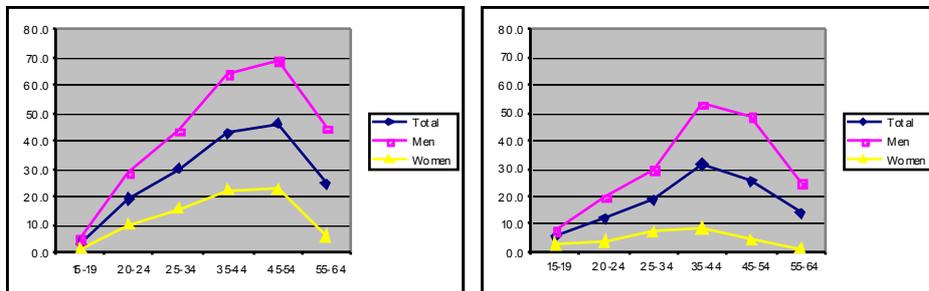
Source: SOK 2002 LFS.

**Figure 2.8: Unemployment Rate, by Gender, Age and Type of Area, 2002**  
(Urban on the left, Rural on the right)



Source: SOK 2002 LFS.

**Figure 2.9: Employment Rate, by Gender, Age and Type of Area, 2002**  
(Urban on the left, Rural on the right)



Source: SOK 2002 LFS.

In Table 2.6, we present multinomial logit results of the determinants of labor force status, separately by urban and rural areas. The results show how individual and household characteristics influence the probability that an individual is either unemployed or employed, as opposed to inactive (inactivity being the reference state). More specifically, the estimates show a percentage point difference in the probability of being unemployed (and separately of being employed) between a reference person and a person who differs from the reference person in a particular individual or household characteristic. A reference person is a male between 15 and 19 years old, Albanian, non-single, with children below 5 years of age, who is a member of a small family (with less than 5 members), living in a household whose head has an elementary education or less, with no more than one employed or unemployed person.

Turning first to the estimated probability of labor force status for the reference person, the results show that the probability of employment is very low, 3.4 percent and 4.7 percent, for urban and rural areas, respectively, and that probability of unemployment is quite high, 13.4 and 16.2 percent, for urban and rural areas, respectively. Given the chosen characteristics of the reference person (above all the age of the person), such probabilities conform to expectations.

Multinomial results show that both individual and household characteristics matter a lot. For women, the probability of both unemployment and employment is found to be significantly lower than for men, thus confirming the result from univariate analysis. Note that the labor force participation lag is even larger in rural areas. Age also matters tremendously: the probability of unemployment is the highest for the 20-24 year old persons, and is monotonously falling for older ones. Similarly, the probability of employment is increasing till the age of 45-54 (till 35-44 in rural areas), the groups for which probability of employment rises by 32 and 24 percentage points above the employment probability of the reference person (in urban and rural areas, respectively). Turning to the influence of ethnicity, the probability of unemployment is higher by 6 percentage points for non-Serbian minorities, in urban areas, and by 8 percentage points for Serbs, in rural areas. In contrast, in relation to employment probabilities, there were no statistically significant differences along ethnic lines. Somewhat lower probability of employment, again only in urban areas, is associated also with a single status.

Household characteristics also importantly influence the probability of labor force participation. First, in comparison to members of small households, members of medium and large households face a lower probability of unemployment (in large ones by 4 percentage points). Interestingly, also employment probabilities are reduced (by 1 percentage point), although the effect is significant only in urban areas. Second, having a more educated head of the family reduces the probability of unemployment and increases the probability of employment, although this effect is statistically significant only in urban areas. And third and perhaps most importantly, labor market experience of household members also matters. The presence of other unemployed in the household strongly increases the chances of unemployment (by 12 and 18 percentage points in urban and rural areas, respectively). Moreover, in rural areas only, the presence of other employed workers in the household increases chances of employment. The presence of children under 5 in the household does not affect the probability of labor force participation.

### ***Composition of employment***

What is the composition of Kosovo's employment -- what is its structure regarding gender, ethnicity, age, education, and work experience? Moreover, what kind of jobs do exist in Kosovo -- permanent or fixed term, are they agreed orally or in writing, how many workers want to work longer hours, and how many feel that they work in precarious conditions? What is the sectoral structure of employment in Kosovo? These are the main questions addressed in this subsection.

Counting only non-seasonal employment, at the end of 2002 public sector with 131,000 employed workers still exceeded the private sector, which employed 124,000 workers (Table 2.7). Of course, by counting also seasonal employment, private sector surpasses public sector employment by a large margin. The fragility of private sector employment, however, is seen from the fact that 37 percent of private sector workers are self-employed, and less than half of them are wage-workers. About one quarter of non-seasonal employment are civil servants, and only about 13 percent are workers in social- and state-owned enterprises.

In continuation we will focus on the 2002 survey and present various decompositions of employment, always distinguishing between private and public employment. It has to be emphasized that, due to the timing of the survey (November 2002), the data presented relate to the non-seasonal workforce, and that the characteristics of the seasonal component of employment may differ (for example, it is most likely less educated than the non-seasonal component).

#### ***Composition of employment by individual characteristics***

*Gender.* Of the Kosovo's non-seasonal employment, more than four fifths are men (Table 2.8). The proportion of men is even higher in the private sector -- 88 percent, while in the public sector women comprise 26 percent.

*Age.* The age composition of the non-seasonal workforce is skewed toward older persons -- only 14 percent of the non-seasonal workforce is younger than 25 years. This share is even much lower in the public sector -- 8 percent, while in the private sector it is 21 percent.

*Ethnicity.* A large majority of non-seasonal employment -- 88 percent -- are Albanians, with Serbs comprising 9 percent and other minorities 4 percent (Table 3.7). The share of Serbs in public sector jobs is higher -- 11 percent, and other minorities lower -- 2 percent.

*Education.* The percent of university educated workforce is relatively high, about 12 percent. Majority, 64 percent, has secondary education (high-school or vocational school), but there is also quite a significant part of the workforce which is unskilled, possessing only elementary education or less. Expectedly, the educational composition in the public sector is much more favorable than in the private sector.

*Work experience.* The workforce has relatively low experience -- 44 percent of workers has less than 5 years of work experience, and the percentage is even higher in the private sector -- 52 percent. For comparison, of the Bosnia's formal sector, in 2001 there were only 25 percent of workers with less than 5 years of work experience (World Bank, 2002).

*Possessing a second job.* In 2002, the percentage of workers which worked in two jobs was very small – on average, 1.7 percent of workers declared a second job. Most of second jobs were in the private sector.

### ***Composition of employment by job characteristics***

*Type of contract.* A large majority of the non-seasonal workforce, both in private and public sector – 91 percent – are permanent workers (Table 2.10). Kosovo's simple hiring and firing rules impose small adjustment costs and thus a large proportion of permanent workers is not surprising. Only just under half of the workers have a written contract – in violation of the provisional “Labor Code” (UNMIK, Regulation No. 2001/27 “On Essential Labor Law in Kosovo”). The use of apprenticeships is negligible.

*Hours worked.* In 2002, just over half of the non-seasonal workforce worked a normal workload: 40-49 hours a week. About half of the others worked long hours, and the other half reduced hours (Table 2.10). The distribution of working hours is much more compressed in the public sector, where three quarters of workers work normal hours. In contrast, as many as 43 percent of the private sector workers was working more than 50 hours per week.

*Precariousness of work.* To probe further into the conditions of employment, we also investigated whether non-seasonal workers held precarious jobs. As a precarious job we defined one which workers wanted to change because they:

- feared of being laid off or that enterprise would close down, or
- wanted a more stable job, a job more in line with their qualifications (if they were over-qualified for their current job), or better working conditions.

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Judged by that yardstick, about a quarter of jobs qualified as precarious, by far more in the private sector (42 percent), and only 8 percent in the public sector (Table 2.10).

*Underemployment.* Defined as jobs in which workers wanted to work more hours, only about 3 percent of jobs qualified as such (Table 2.10).

### ***Composition of employment by firm characteristics and sector of activity***

*Size of the firm.* Nearly 70 percent of non-seasonal employment in Kosovo takes place in firms smaller than 50 workers (Table 2.11). While larger units exist in the public sector, private sector employment operates with extremely small firms. In fact, in 2002 firms smaller than 10 workers employed as many as 91 percent (of whom there was 58,000 self-employed), smaller than 20 workers even 97 percent of private sector employment, and there are just one or two firms with more than 500 workers! This finding underscores how fragile is private sector employment and suggests that it consists primarily of family businesses.

*Sector of activity.* A large share of Kosovo's employment is still engaged in agriculture – 39 percent of total employment and nearly two thirds of private sector employment.<sup>12</sup> The share

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<sup>12</sup> To provide a picture of average yearly employment we replaced private agricultural employment from the 2002 survey with the estimate of the 2002 full-time equivalent private sector employment in agriculture. The above

of manufacturing is very small – 8 percent, with the share of public sector strongly exceeding the one of the private sector (Table 2.11). Apart from agriculture, the main private sector activities are trade and construction. General government employs 6 percent of the work force, education 8 percent, and health 4 percent.

### ***Composition of unemployment***

We have seen above that among the unemployed, two groups had particularly high unemployment rates: young men and particularly women, as well as unskilled workers. Below we consider unemployment from another angle – what is the composition of the unemployed.

*Gender.* Unemployed consist of 53 percent of men and 47 percent of women, with gender structure quite similar in urban and rural areas (Table 2.12).

*Age.* Age composition of the unemployed is of the inverse-U shape, with the 25-34 year age group contributing about one third of total unemployment. The heavy burden of the young is also evident, as over 40 percent of the unemployed is younger than 24 years. Again, the age structure of the unemployed is quite similar in urban and rural areas.

*Ethnicity.* The share of Albanians among the unemployed is 86 percent, with Serbs comprising 10 percent and others 4 percent. These shares are very similar to the shares of these groups in employment (compare Table 2.9 and 2.12).

*Education.* Nearly half of the unemployed is unskilled – possessing only elementary or unfinished elementary schooling. The advantage of education is clearly seen also by the very low, 1.4 percent share of unemployment of university graduates.

*Duration of unemployment.* Tight labor market conditions are reflecting in a very high proportion of long-term unemployed, which comprise 87 percent of the unemployed. Structure of duration of unemployment is similar in urban in rural areas.

*Source of unemployment time and gap since last employed.* A vast majority – 88 percent, are first-time job-seekers. Only 2 percent have been laid-off and 7 percent have become unemployed after finishing fixed-term appointments. Of the minority which worked before, about one third separated before 1999, and two thirds more recently.

### ***Discouraged workers***

According to labor force survey data, there were 227,000 unemployed in Kosovo in November 2002, producing an overall survey-based unemployment rate of 47.2 percent. This survey estimate is based on internationally accepted ILO-OECD definition. Yet, given the particularities of the Kosovo labor market – the consequences of the war and the lack of labor demand in particular – one may suspect that some groups of workers may be overlooked by traditional measures of unemployment. Below we therefore investigate how widespread is in Kosovo the phenomenon of *discouraged workers* – workers who share all other characteristics

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calculations thus assume 144,8 workers in agriculture – 143,000 in private and 1,800 in public sector, and the total employment of 373,500 workers.

of the unemployed except that they are not looking for a job because they believe that there is no suitable job available.<sup>13</sup> For the purposes of this study, we therefore classified as discouraged all workers who were: (i) not employed; (ii) were available (able and ready) for work; (iii) wanted to work, but; (iv) were not looking for job because they believed that there was no suitable work available (the 2001 and 2002 SOK labor force surveys allowed us to identify such individuals).

The survey data show that in 2001 there were 18,000 discouraged workers, and that their number was reduced to 7,000 in 2002 (Table 2.13). Bearing in mind that in 2001 the number of unemployed, under the standard ILO-OECD definition, was 159,000, and that it increased to 228,000 in 2002, these findings suggest that in Kosovo discouragement was not widely spread. It is also indicative that the level of discouragement strongly fell in 2002 – perhaps partly through a conversion of discouraged into unemployed workers.

In comparison to ILO-OECD unemployed, the group of discouraged workers consists of a higher proportion of women, and is considerably younger and less educated (compare Table 2.12 and 2.13). The composition of discouraged workers suggests that the labor force attachment of discouraged workers is weaker than the one of the ILO-OECD unemployed. Above all, a much lower share of discouraged workers have ever worked before.

#### ***Registered unemployment***

According to the employment office data, in 2002 there were 258,000 workers *registered as unemployed* (Table 2.14). Characteristics of these workers were similar to those of survey unemployed:

- 44.5 percent were women, which was much higher than the women's share in formal employment.
- There was a relatively high proportion of young workers – 25 percent of unemployed were younger than 25 years, 45 percent were 27 to 39 years old, and 31 percent were older than 40 years.
- A large majority of unemployed was unskilled. Very few registered unemployed possessed a university degree (2.3 percent), and about one quarter a secondary school diploma.
- A vast majority, 92 percent, were Albanians, 2 percent are Serbs, and the rest are other ethnic minorities.

Data on participants in training (1,700 participants during June-December 2002) and placed job-seekers (3,700 in 2002) suggest that the impact of employment office interventions on the labor market outcomes has been limited.

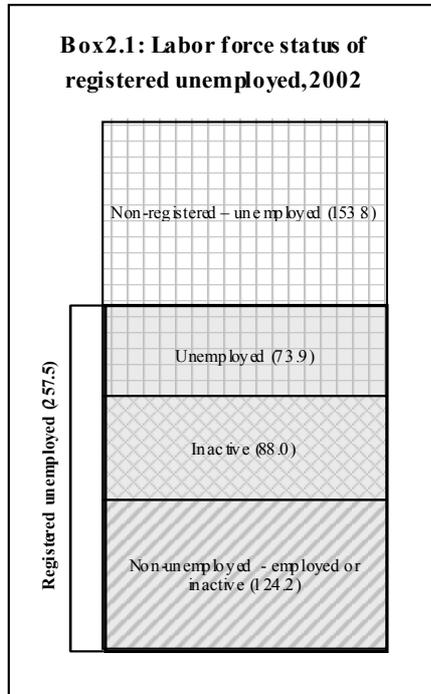
#### ***What is the labor force status of registered unemployed?***

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<sup>13</sup> For a discussion of incidence of discouragement in developed economies, see OECD (1995).

A labor force survey enables one to classify registered unemployed according to their labor force status. As we show in Box 2.1, out of 258,000 registered unemployed in Kosovo in 2002, only 74,000 (28.7 percent) qualified as unemployed according to the standard definition of unemployment. Several other interesting features also emerge:

- Among registered unemployed, there were 88,000 (34.2 percent of registered unemployed) who were known to be inactive, and additional 124,000 non-unemployed who were either inactive or employed (48.2 percent of registered unemployed) – the survey did identify their status.
- Large majority of ILO-OECD unemployed had not registered – there were 154,000 thousand unemployed (that is, more than two thirds of them) who did not approach employment offices to register.



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**Labor market status and poverty**

In this subsection, we investigate the link between the different population groups – above all, those related to labor market participation – and poverty. We first present simple relative risks of income poverty of different groups, and then examine the link economically.

**Relative risks of income poverty for different population groups**

In Figure 2.10 we present relative risks by population groups, that is, ratios of the income poverty rate of a particular group, divided by the poverty rate of the entire population, presented for each group separately by urban and rural areas. Values above 1.0 indicate above-average risk of income poverty (we use the overall income poverty rate, not the separate rate for urban and rural areas, to calculate relative risks). Note that on average, the relative risks are higher in rural areas.

In line with the relative poverty concept, we defined the income poverty line as the household income per equivalent adult equal to the 50 percent of the median income. In the absence of consumption data in the LFS, we were forced to use income definitions of poverty.<sup>14</sup> We used the OECD equivalence scale to calculate the number of equivalent adults.<sup>15</sup> According to this measure of income poverty, the overall income poverty rate for Kosovo is 19.2 percent,

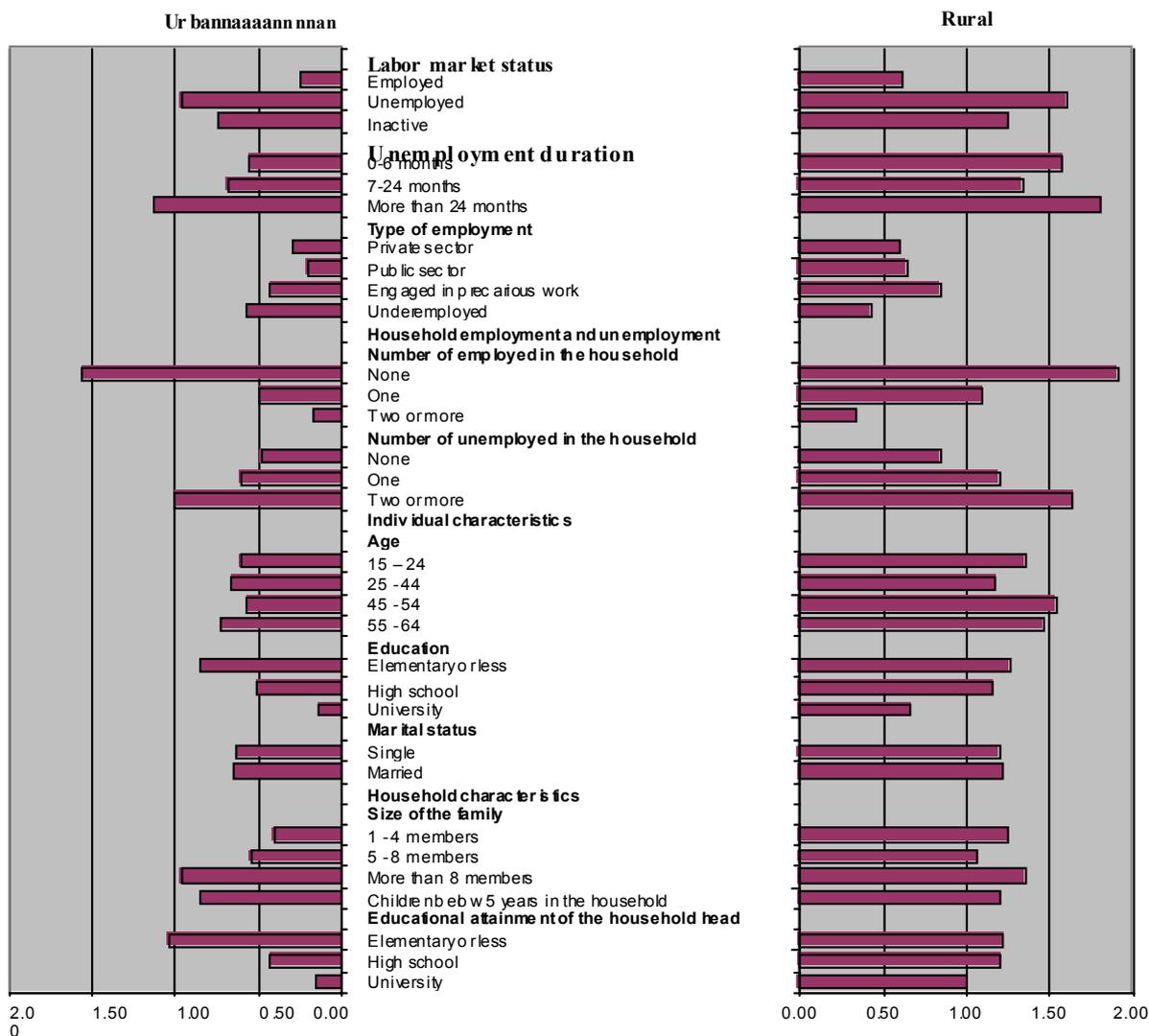
<sup>14</sup> The Informal Study was able to calculate consumption poverty, see below.  
<sup>15</sup> This scale uses a weight of 1 is for the first adult in the household, 0.5 for all additional household members aged 14 years and above, and a weight of 0.3 for all children under the age of 14 (Hagenaars et al, 1994).

with the income poverty rate in urban areas being 12.3 percent and in rural 23.2 percent. The obtained rates of income poverty thus seem to correspond to measures of extreme poverty (income sufficient to cover minimum food requirements) rather than overall poverty (basket of goods where food requirements are just a subset).<sup>16</sup>

The results clearly point to strong association of labor market outcomes and relative risks of income poverty. The risk of income poverty for employed workers, for example, is substantially smaller than average risk for entire population (the ratio is 0.25 and 0.62, for urban and rural areas, respectively – see Figure 2.10). The risk of income poverty for the unemployed is much higher than for employed, and in both urban and rural areas, the relative risk of unemployed is well above the average risk of population in the respective areas. Interestingly, the income poverty risk for inactive is smaller than for unemployed (obviously, they have other sources of income). Long spells of unemployment (those of over 2 years) are also associated with highly above-average risks of income poverty.

<sup>16</sup> According to World Bank (2001), extreme consumption poverty in 2000 in Kosovo was 11.9–12.5 percent, and overall poverty 48–53 percent; Funkhouser (2003) estimates the first at 21 and 35 percent, and the second at 52 and 72 percent, for urban and rural areas, respectively. Extreme consumption poverty in 2003 was estimated at 13.5 percent of the population in the Informal Study (reported below).

Figure 2.10: Relative Risks of Income Poverty for Different Population Groups 2002<sup>17</sup>



<sup>17</sup> Ratios of the income poverty rate of the particular group, divided by the income poverty rate of the entire population. A relative poverty concept is used, with the income poverty line defined as household income per head equal to the 50 percent of the median income, using the OECD equivalence scale (a weight of 1 is used for the first adult in the household, 0.5 for all additional household members aged 14 years and above, and a weight of 0.3 for all children under the age of 14 – Hagenaars et al, 1994).

As mentioned, the risk of income poverty is much smaller for employed workers. Interestingly, in terms of reducing poverty, public sector employment seems superior over private sector in urban areas, but not in rural. Workers who were found to work in precarious jobs (see above) are more prone to the risk of income poverty (the causality probably runs from income poverty to decision to take a precarious job), and so were the workers who declared that they were underemployed.

The presence of employed and unemployed workers in the household is also strongly associated with income poverty. Households with none employed face 1.6 and 1.9 times higher risk of income poverty, in urban and rural areas, respectively, than the entire population. Similarly, households with two or more employed face dramatically reduced risks of income poverty, with relative risk ratios being 0.2 and 0.3 for urban and rural areas, respectively. And unsurprisingly, the presence of unemployed strongly increases the income poverty risk, again both in urban and rural areas.

To some extent, individual characteristics also matter. This does not apply to age: the relative risks across different age groups are quite similar. But educational groups are strongly associated with risks of income poverty, particularly in urban areas. For example, while in urban areas the relative risk of income poverty for individuals with elementary or unfinished elementary education is 0.85, this risk falls to 0.14 university graduates. Interestingly, marital status seems not to be correlated with income poverty.

Lastly, household characteristics – the size of the family, and the educational attainment of the household head, the presence of children under 5 – are also strongly associated with income poverty. For example, in the urban areas, the relative risk of income poverty for large families (more than 8 members) is double the one of small families (4 or less members), and for households with uneducated head seven times higher than for household with university educated head. Interestingly, associations between family size and education with income poverty are virtually non-existent in rural areas. The presence of small children (under 5) is also positively related to income poverty, both in urban and rural areas.

#### ***Household determinants of income poverty***

The above results show associations of poverty with different individual and household characteristics. To probe further into this relationship and, in particular, to identify independent (net) contributions of household characteristics, we below analyze the link also econometrically. We selected a particular set of household characteristics as the reference, and studied how deviation from those characteristics affected the probability of being income poor. The reference household is a small household (4 members or less), with no presence of small children, having one employed and none unemployed workers, with an Albanian household head possessing an elementary education or less.

The econometric results are broadly in line with the above univariate analysis (Table 3.14). Above all, labor market characteristics strongly affect the probability that household is income poor. First, the households with no employed worker face 21 and 16 percentage points higher probability of being income poor, in urban and rural areas, respectively, than household with one employed. Conversely, households with two or more employed are less likely to be income poor than households with just one employed (by 4 and 6 percentage points, in urban and

rural areas, respectively). Similarly, the presence of unemployed increases the likelihood of the household being income poor: households with two or more unemployed are more likely to be poor than those with no unemployed, by 2 and 3 percentage points in urban and rural areas, respectively.

Some other household characteristics also preserved significance once studied in the multivariate framework. For example, households with university educated household heads are statistically less likely to be income poor (in urban areas). Similarly, medium size and particularly large households are also more likely to experience income poverty than small households, again both in urban and rural areas. Moreover, Serbian households are also more likely to be income poor – but this result holds true only in urban areas. The presence of small children does not influence the likelihood of being income poor.

### *Summary*

In the postwar period, Kosovo's employment quickly rebounded to historically high levels: non-seasonal employment in 2002 amounted to about 250,000 workers, and there was also a significant seasonal component of employment (primarily in agriculture). Nevertheless, unemployment rates have been quite high, particularly in the urban areas (because the two last official labor force surveys both took place in winter and thus measure unemployment at its peak, no reliable estimates exist about the non-seasonal unemployment rates). Labor force participation rates are particularly low for young workers and women, even more so in urban areas. Econometric analysis confirmed the strong influence of household characteristics on labor force participation (particularly of the size of the household and presence of other employed and unemployed in the household).

Among the employed non-seasonal workers, women comprise less than 20 percent, and younger than 25 years only 14 percent. The workforce possesses relatively good formal education, with 12 percent possessing university and 64 percent secondary education. Only 10 percent of workers works under the fixed-term contract and about quarter in precarious jobs. But private sector employment takes place almost exclusively in small firms, with firms smaller than 10 workers employing 91 percent of the workforce.

In 2002, there were 228,000 unemployed, measured at its a seasonal peak. As in other transition economies, young and unskilled are disproportionately affected by unemployment. There is a very large share of long-term unemployed – 87 percent. Discouragement does not seem to be widespread. The number of registered unemployed – 258,000 – even exceeds the number of unemployed under the ILO-OECD definition, but 29 only percent of registered unemployed qualified as ILO-OECD unemployed.

Relative risks of income poverty strongly varies according to different population groups, with unemployed, and long-term unemployed in particular, persons engaged in precarious jobs, and unskilled especially prone to income poverty. The probability of income poverty is also strongly linked to household characteristics – above all, to the presence of unemployed and the absence of employed workers in the household, the educational attainment of the household head, and the family size.

#### D. Analysis of Wages

As mentioned, the Kosovo postwar labor market has been functioning under exceptionally few labor market regulations, and collective bargaining framework is yet to evolve. It is therefore of particular interest to examine the structure of wages and, in particular, to identify the determinants of wages. For example, how large is a wage-gap between men and women? How has the market rewarded education and work experience? And which sector is paying higher wages, private or public?

In continuation we first present the structure of wages by main population groups as well as by types of jobs and sectors of economic activity. We then analyze wage determinants, that is, independent contributions of particular personal, job and firm characteristics, by regression analysis.

##### *Structure of wages*

Table 2.11 shows average net monthly earnings by gender, work experience, education, and sector in 2002. The main findings are as follows:

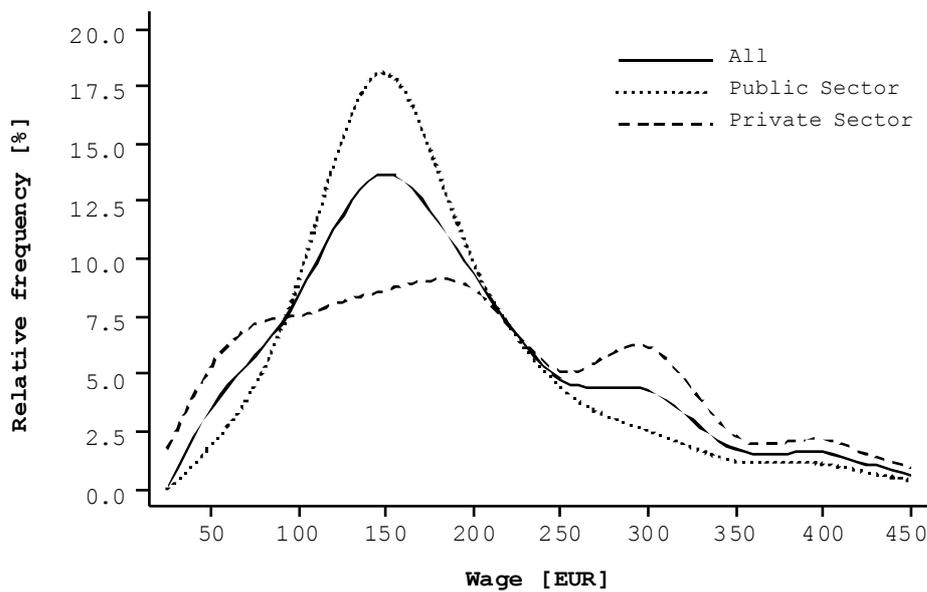
- The average monthly wage amounted to 197 Euros. Given the level of wages of 396 DM in 2001, this means a reduction of 2.8 percent from the previous year (assuming the conversion rate 1 Euro = 1.95583 DM).
- Private sector average wages exceeded wages in the public sector by 16 percent. Moreover, wage differentials in the private sector were larger than those in the public sector (Figure 4.1).
- Men's wages exceeded women's by 10 percent. Interestingly, the difference was 22 percent in the private sector, while women earned slightly more than men in the public sector.
- Wages increased with age – but only in the private sector, and only till the age of 35-44; in the public sector, the highest wages were paid to the 20-24 year group. (Corresponding wage behavior was associated with work experience, with the highest wages in the 11-20 year category, in the private sector, and 2-5 year category, in the public sector.)
- Albanians earned 8 percent higher wages than Serbs. The difference in the private sector was higher even higher, but in the public sector Serbs earned higher wages than Albanians.
- Better educated workers earned higher wages, both in private and public sector.
- Surprisingly, workers under the fixed-term contract earned more than permanent workers. This unusual results was the consequence of a large, 39 premium paid to the fixed-term workers in the public sector – in contrast, in the private sector permanent workers commanded a premium of 29 percent. Workers under written contract were also better paid than those under the oral.
- There are large differences in wages across sectors of economic activity, both in private and public sectors. Among the highest paid sectors are finance, insurance, and real estate, and also private sector construction and hotels and restaurants.

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**Results of earnings function estimation**

The above results are based on simple averages, that is, not taking into account that different groups may differ in many characteristics, not just one. To isolate the effects of individual characteristics, we therefore analyzed 2001-02 wages also using the standard, Mincerian earnings function approach. Table 2.16 shows the results, for both all workers together and separately for private and public sector.

**Figure 2.11: Distribution of Net Monthly Wages, 2002**



*Male-female wage gap.* Above we noted that the male-female wage gap was substantial in the private, but small in the public sector. To what extent these outcomes change once we account for systematic differences in skill characteristics among the sexes, and in jobs they held? The earnings function results show that once other observable differences are accounted for, the male-female gap in the private sector amounts to 8 percent, and is insignificant in the public sector (Table 2.17). In the light of international evidence, even the gap in the private sector is small (see below); the nonexistence of the gap in the public sector probably reflects both the presence of a public sector wage scale, as well as selection effects (given a much lower participation rate of women, it is likely that more capable women participate).

*Ethnicity.* Holding observable personal, job, and sector characteristics constant, Serbs earn significantly less than Albanians. This gap is all due to pay differences in the private sector, where Serbs earn, other things equal, 36 percent less than Albanians; the difference in the public sector is insignificant (as is the pay difference between other minorities and Albanians). The large wage gap in the private sector may be due to non-accessibility of suitable job opportunities, or because of specific circumstances of employment which force them to accept lower pay.

*Family and household status.* While marital status did not influence wages, household heads reported wages which were by 10 percent higher than those reported by otherwise identical individuals. This may reflect selection effects (more able individuals becoming household heads), or the ability of household heads to use their position to access better paid jobs.

*Education.* Earnings function estimates show positive returns to education in both sectors, private and public. Interestingly, both private and public sector reward additional investment in schooling at approximately the same rate (with the private sector paying a somewhat lower premium for vocational and university education, and public sector the a high-school education). Viewed from the international perspective, the returns to education in Kosovo are very low (see below).

*Work experience.* In line with the results from simple averages across the groups, earnings function estimates show that work experience in the private sector commands a significant premium: in comparison to workers with less than 2 years of experience, workers with 6 to 20 years of experience command a premium of 20 percent, but that the premium ceases to exist for levels of work experience beyond 20 years. Earnings function estimates also show that no premium is associated with work experience in the public sector. These findings about returns to work experience are very important. The pattern of returns to experience in Kosovo deviates from the one in other regions of former Yugoslavia which preserved strong institutional oversight over wage determination (see below) and suggests that the absence of wage regulations has brought a significant advantage to Kosovo, enabling larger mobility and employability of older workers.

*Returns to type of contract.* In line with the above univariate results, the unusual premium attached to fixed-term contract is preserved also in the multivariate framework. This applies only to the public sector (which pays, other things equal, fixed-term workers 38 percent more than those employed under permanent contract) – there is no difference in the pay of the two groups in the private sector. There are several other job circumstances which also affect significantly worker's pay:

- workers under the oral contract are paid on average 6 percent less than those under the written contract;
- those engaged in precarious jobs are paid 26 and 16 percent less in private and public sector, respectively; and
- those working long hours are paid, on average, 21 percent more, and those working short hours 25 percent less than those working normal hours.

Working as an apprentice, having a second job, and being underemployed (that is, wanting to work longer hours) does not significantly affect wages.

*Qualification for work* Interestingly, workers whose qualification exceeded job requirements were not paid differently than those who possessed suitable qualification for the job – neither did workers who were formally under-qualified for the job. Obviously, the market disregards formal qualifications and rewards according to the on-the-job productivity. These findings also suggest that formal education may not suit the needs of the market economy.

*Returns to sector and economic activity.* Regression results confirm that private sector is paying higher wages: controlling for other observable characteristics, the premium paid by a private firm is 22 percent, slightly more than shown by simple comparisons of average wages. Most likely, this premium is a compensation for lesser job stability and higher effort level in private sector jobs.

The results also show that the sector of economic activity matters. Other things equal, some sectors pay lower, some higher wages. In the private sector, wages of agriculture and logging, as well as trade are significantly lower than those in manufacturing; in public sector, wages are higher – other things equal – in finance, insurance and real estate, hotels and restaurants, and also government.

The above findings allows one to evaluate how appropriate is the pay of Kosovo's civil servants. Taking into account the fact that the public sector is paying, on average, 22 percent lower wages than private, a premium of 11 percent (over jobs in manufacturing) associated with government jobs does not seem to be excessive. Other things equal, government employees are still paid 11 percent below what they may earn in the private sector (ignoring selection issues). Of course, this gap may well be compensated by the stability, as well as perks associated with government jobs.

*Firm size.* Larger firms paid higher wages. In the private sector, there was a high 30 percent premium for working in a firm larger than 50 workers; in the public sector, the premiums were 7 and 12 percent in medium (50-499) workers and large firms (more than 500 workers), respectively.

*Year effects.* As mentioned, the comparison of simple averages suggested that nominal wages decreased by 2.8 in 2002 compared by the year before. In contrast, once changes in the workforce composition are taken into account, wages in 2002 grew by 10 percent in the private and by 6 percent in the public sector (it follows that in 2002, there was an increase of the share of workers with below-averaged wages).

### ***Summary***

The above results reflect a normal process of wage formation in a market economy, but they also convey disturbing facts about the returns to some specific groups. As documented above, in Kosovo in 2001-02, higher skills and more effort were rewarded by higher returns. Above all, better education, and in the private sector, work experience between 6 and 20 years, commanded a statistically significant wage premium, as did working long hours. Lower productivity jobs – such as those under oral contract and precarious jobs – paid lower returns. Reflecting higher risks and more demanding jobs, private sector jobs also offered a premium over public sector jobs, other things equal. One other positive development is a small gender wage gap.

There are also some worrisome developments reflected in the wage formation. Above all, accounting for observable characteristics, in 2001-02 Serbs were earning less than Albanians in the private sector (but not in the public sector), the fact which warrants further inquires into the circumstances which contribute it. Moreover, public sector seems to be paying a high premium

to its fixed-term workers, a premium which is not matched by the private sector and is unusual in the light of international experience.

#### **E. Comparison of labor market outcomes and institutions with the Balkan region**

Many of the Kosovo's labor market outcomes compare unfavorably to those of its neighbors. This is true for labor force participation, particularly of women, as well as unemployment, including youth unemployment. On the other hand, comparisons of wage outcomes are more favorable for Kosovo. Below we present these comparisons in more detail, as well as review the main labor market institutions and discuss their likely effects on labor market outcomes.

##### ***Comparison of labor market outcomes***

As shown in Table 2.17, the Kosovo labor force participation rate of 41 percent is extremely low. Among other Balkan countries, in Bosnia and Herzegovina, Bulgaria, Croatia, and Macedonia also have very low rates (ranging from 48 to 53 percent), while the rates in other Balkan countries are somewhat higher (in Romania, for example, it is 63 percent). Kosovo female participation rates lag even further behind those in other Balkan countries, producing the highest gap between male and female labor force participation in the region.

The sectoral structure of employment reveals that Kosovo has the highest share of employment in agriculture among the Balkan countries (36 percent), and by far the smallest share of manufacturing.

The Kosovo unemployment rate of 47.2 percent is much higher than in other Balkan countries, and so is the registered unemployment rate (together with Bosnia and Herzegovina). Unemployment registers in Kosovo also show a very high proportion of those registered for more than 12 months, and a high proportion of young among the unemployed. As in other countries, the share of unskilled unemployed vastly exceeds the share of skilled unemployed.

Very interesting is also the comparison of Kosovo's wage outcomes with the ones in other Balkan regions and transition countries in general:

- Studies in other transition countries show that *returns to education* are higher, sometimes much higher than the ones found by this study for Kosovo (Table 2.18). For example, in comparisons to a worker with primary education, university educated workers earn 36 to 43 percent more in Kosovo, but 63-74 percent more in Bosnia and Herzegovina, 77 percent in Poland, 93 percent in Bulgaria and 117 percent more in Slovenia. Low returns to education show that the market value of education in Kosovo is lower than elsewhere, the fact that can well be attributed to weak, non-marketable skills produced by the Kosovar's education system.
- Very insightful are also the results on *the returns to work experience*. Both by the pattern (the fact that the premium decreases for workers with over 20 years of experience), as well as by its size, the estimated experience premium of Kosovo workers resembles the one in market economies. It thus deviates from the pattern of returns to experience in some other regions of former Yugoslavia, where remnants of the socialist-era wage determination mechanism mandate automatic

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wage increases with work experience, thus contributing to rising returns to experience for workers with more than 20 years of experience (see Orazem and Vodopivec, 1995, for the experience of Slovenia, and World Bank, 2002, for the experience of Bosnia and Herzegovina).<sup>18</sup> The practice of mandatory wage increases is obviously not in line with falling productivity of older workers; in this respect, the absence of wage regulations has brought a significant advantage to Kosovo, enabling larger mobility and employability of older workers.

- As mentioned above, the Kosovo's *male-female wage gap* is small by international standards (in 2002, it was 8 percent in the private sector, and there was no significant difference between the pay of men and women in the public sector). For example, in the late 1990s the wage gap was 29 percent in Bulgaria, 24 percent in Hungary, 25 percent in Macedonia, 31 percent in Poland, and 9 percent in Slovenia (Rutkowski, 2001).

### ***Comparison of institutions***

Following the events of 1999, the labor market institutions introduced to Kosovo have been extremely liberal and have therefore imposed little constraints on the demand for labor. Most importantly, employment protection – particularly provisions about the regular employment – was less limiting than in other transition as well as most OECD countries. Moreover, wage determination was largely left to market forces, with taxes on labor set at internationally low levels, with no mandatory private sector minimum wage, and with the social partners still finding the ways to launch the process of collective bargaining. Below we put the Kosovo's employment protection legislation and taxes on labor in international perspective.

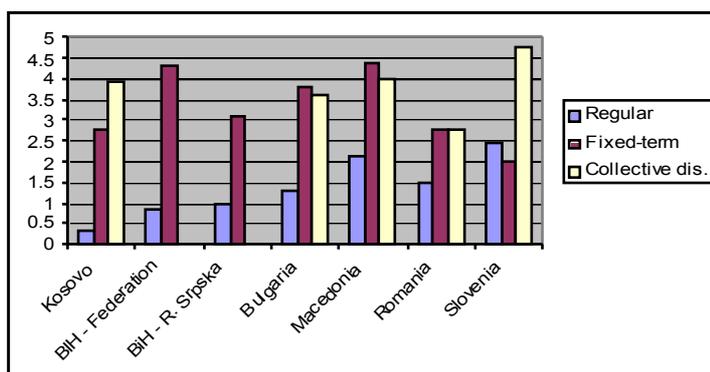
*Employment protection legislation.* To ease international comparisons, we followed the OECD (1999) methodology which assigns numerical scores to a number of aspects of employment protection legislation (EPL), with higher values reflecting more restrictive legislation (the range is from 0 to 6). The methodology evaluates regulations about *regular contracts*, based on the difficulties in procedures for layoff: necessary delays to start a notice, the length of notice period, the value of severance pay; the definition of unfair dismissal, the length of the trial period, the value of compensation for unfair dismissal, and the frequency of reinstatement in the case of an unfair dismissal. As for *fixed-term contracts*, the methodology takes into account: valid cases other than the usual “objective,” maximum number of successive contracts, maximum cumulated duration of fixed term work, and legislation about temporary work agencies: type of work for which such work is legal, restrictions on number of renewals, and maximum cumulated duration. Lastly, the methodology takes into account the following regulations about *collective dismissals*: definition of collective dismissal, additional notification requirements, additional delays involved, and other specific costs to employers (see OECD, 1999, for details).

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<sup>18</sup> For example, in line with the collective agreements' requirement that wages are to increase by 0.6 percent for each year of work experience, formal sector wages in the Federation BiH commanded a large premium: in 1999, in comparison to workers with 2-5 years of experience, a 10 percent premium was attached to experience from 11 to 20 years, a 18 percent premium to experience from 21 to 30 years, and even a 35 and 58 percent premium to experience to the group of 31 to 40 and over 40 years, respectively (see World Bank, 2002).

The EPL scores produced by the above methodology clearly show that Kosovo has an extremely liberal employment protection, particularly regarding regular employment (Figure 2.12, Table 2.19). Its summary score for regular employment is 0.3 at a 0 to 6 range – much lower than of any other transition country (as a group, transition countries’ score is 2.2). Note that the Kosovo’s score is much lower even in comparison to Bosnia and Herzegovina, where new EPL legislation (under the technical assistance of the ILO and World Bank) was introduced in 2000. The summary score for fixed-term contracts is relatively higher (indicating more restrictive legislation). Note, however, that this is exclusively the consequence of non existence of the legislation on temporary work agencies, which translates into most restrictive scores in three out of six indicators about fixed-term contracts – in fact, regulations of fixed-term employment are very liberal. The only area where Kosovo’s employment protection is relatively strict are the collective dismissals – given the structure of the economy, an area which is probably less important at this point (also note that the scores on collective dismissals reflect the additional burden imposed on employers in cases of mass layoffs as opposed to non-mass layoffs, and this additional burden is large in Kosovo simply because non-mass layoffs are very liberal).

**Figure 2.12: Comparison of employment protection legislation of Kosovo with Balkan countries, late 1990s/early 2000s**

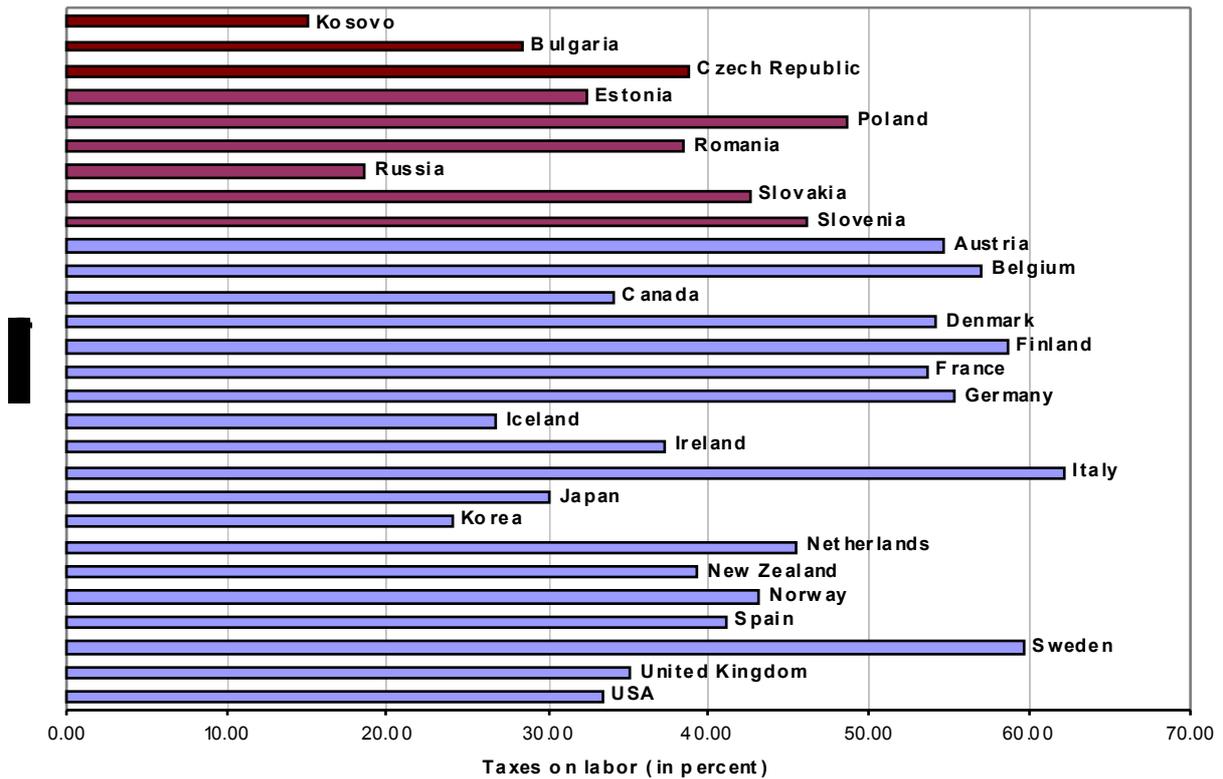


Source: Table 2.19.

*Taxation of labor.* The use of labor in Kosovo is taxed very modestly. An international comparison show that with 15 percent tax wedge, Kosovo is ranked the lowest among all transition and developed economies included in our sample (see Figure 2.13). Other things equal, low taxes stimulate the demand for labor – so Kosovo’s high unemployment cannot be attributed to excessively high taxation of labor.

In addition to liberal employment legislation and low taxes, it is worth mentioning two other features which also contribute to the liberal nature of the Kosovo’s labor market. First, there is no private sector minimum wage (although the minimum wage of Euro 95 in the public sector may have some influence over the wage setting in the private sector). Second, there is no income support for the unemployed – the support which is often found to increase the equilibrium rate of unemployment and reduce the probability of exit from unemployment of benefit recipients (on the efficiency effects of unemployment insurance, see Vodopivec and Raju, 2002).

Figure 2.13: International comparison of labor taxation in Kosovo, late 1990s/early 2000s



Sources: Haltiwanger et al (2003). For Kosovo, we assumed a 10 percent contribution rate on wages for pension contributions, and a 5 percent personal income tax (which applies to monthly wages in the range of Euro 51 – 250, the category with the vast majority of workers (see Figure 2.11).

*Summary*

Having large unemployment, and low employment and labor force participation rates, particularly of the youth and women, Kosovo compares unfavorably to its Balkan and other transition comparators. Wage outcomes are more favorable, with Kosovo’s male-female gap being very low, and the wage structure reflecting the influence of market forces, thereby promoting flexibility. The review of institutions showed that Kosovo’s employment protection legislation is extremely liberal and the taxation of labor set at internationally low level.

How can one square the above-mentioned unfavorable labor market outcomes with the labor market institutions known to promote job creation and flexibility of the labor market? Clearly, on the labor demand side, the above review has not identified any of the constraints: employment protection legislation does not impose excessive costs and thus cannot be blamed for reducing labor market flows and employment rates.<sup>19</sup> Similarly, lower levels of labor taxation than in other countries increase, other things equal, the demand for labor.

On the supply side, however, the above comparisons suggest that the labor force lacks adequate skills. Most importantly, the returns to education in Kosovo are much lower than in other countries, even its neighbors. A low skill level of the workforce may be the consequence of a long absence from the formal labor market of many workers during 1990s, and/or the low quality of Kosovo's education, particularly under the parallel education system. This suggests the presence of large skills mismatch, with important policy implications.

While outdated skills may be one factor which hinders the performance of the labor market, solving the above puzzle of unfavorable labor market outcomes requires also to search for the answer outside the labor market. Non-conducive macroeconomic environment – above all, the political instability, is likely one of the main explanations for the lack of investment and thus for the lack of demand for labor. Other factors include lack of infrastructure; non-conducive business environment, hindering the creation of new firms and growth of existing ones; heavy red tape; and mistrust in the system in general.

## F. Conclusions

The chapter's results show that despite difficult postwar conditions and abnormal circumstances during most of the 1990s, the Kosovo's labor market is on its way to functioning normally. Stimulated by institutional flexibility and liberal wage determination framework, employment has rebounded to prewar levels, but unemployment rate is still large, particularly at its seasonal peak. Further expansion of employment has been prevented by both insufficient labor demand, partly caused by the war destruction of production capacities, and by skills mismatch – the fact that labor force participants, many of whom are unskilled, do not possess the skills needed in a market economy. The institutional void created by unusual postwar circumstances provides a unique opportunity to steer the development of labor market legislation and institutions (among others, the labor code, collective bargaining, and income support system) so as to promote flexibility, job creation, and equitable labor market outcomes.

The main findings about the postwar performance of the Kosovo formal labor market are as follows:

**Labor force and employment participation has been low, and unemployment high.** In November 2002, labor force participation rate in Kosovo was 41.3 percent, with male participation rate at 56 percent and women participation rate at only 27 percent, which are the

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<sup>19</sup> There is considerable evidence on the negative effects of restrictive employment protection: it reduces employment and contributes to part-time employment and self-employment (see Heckman and Pages, 2000, and OECD, 1999), and it also stifles labor market flows, thereby often hindering labor force adjustment and the reallocation of jobs, and slowing down aggregate productivity growth (see Davis and Haltiwanger, 1999).

lowest rates in the Balkan region. Although Kosovo's postwar employment quickly rebounded to a historically high level, employment rate in 2002 was a low 43 percent in urban and 30 percent in rural areas. And reflecting difficult labor market situation, postwar unemployment rates have been quite high – as high as 41 and 47 percent in 2001 and 2002, respectively. Because the two last official labor force surveys both took place in winter and thus measure employment at its seasonal low and unemployment at its peak, no reliable estimates exist about the non-seasonal employment and unemployment rates. Labor force participation rates are particularly low for young workers and women, even more so in urban areas.

**Liberal wage determination system has promoted labor mobility and employability.** In contrast to some successor countries of Yugoslavia (for example, Bosnia and Herzegovina and Slovenia), Kosovo's liberal, flexible wage determination system has spurred labor mobility and employability (both among young as well as old workers), and produced only a small wage gap between men and women. Moreover, labor demand has been stimulated by small tax wedge on the use of labor, which has helped keeping a non-segmented labor market. For example, those under oral contract faced little reduction in their wages in comparison with those with written contracts. However, non-competitive product markets (such as the one in the financial sector) contributed to above-normal wages in some sectors.

**Ethnic minorities have faced exceptional labor market difficulties.** Econometric results show that the members of Kosovo's ethnic minorities have faced higher probability of being unemployed, and have been paid less, than Albanians with similar characteristics.

**Kosovo's labor force possesses outdated skills which are only modestly rewarded in the market economy.** It seems that the weak labor force attachment in the 1990s of many older workers degraded their skills, and that the parallel education system reduced labor market performance of the recent generations of school-leavers. This is suggested by small implied returns to education (for example, the estimated returns to education in the private sector are only 2 percent per year), as well as the fact that wages of persons who were either over- or under-qualified for a job did not differ significantly, other things equal, from wages of persons who had suitable qualifications for the job. Moreover, multinomial logit results show that the higher the education of a person, the more likely he/she is unemployed, other things equal.

**Private sector employment takes place almost exclusively in small firms.** In contrast to public firms, private firms operate with extremely small firms – in 2002, firms smaller than 10 workers employed as many as 91 percent, and smaller than 20 workers 97 percent of private sector employment.

**Household characteristics affect both labor force participation and the likelihood of poverty.** Econometric analysis shows that members of large households face lower probability of both unemployment and employment, and also larger probability of poverty. Moreover, the presence of employed workers in the household reduces, and the presence of other unemployed increases the likelihood that the household is poor.

#### IV. Informal Labor Market Analysis

The pervasiveness of the informal sector in transition economies has been well-established mostly based on assumptions about the share of GDP accounted for by the informal sector (Schneider 2002, Johnson and Kaliberda 1996, Johnson, Kaufmann and Schliefer 1997, Yoon 2003). Survey research on the topic has been relatively under-developed, with most of the literature relying at best on a single question in the LFS (whether the respondent had a written contract). Given the importance of the informal sector in Kosovo, it was decided to commission a survey of Kosovars to ask about the extent of informal sector activities. This survey consisted of a quantitative questionnaire, and qualitative sources of information, including case studies and focus groups. Both aspects of the research were conducted by Prism Research of Kosovo and Bosnia.

The main findings of the quantitative research were:

- The unemployment rate was between the LSMS and LFS estimates, closer to LSMS findings, varying between 29 and 23 percent depending on definition.
- About half of employment in Kosovo is informal. Of the 597 employed, approximately half of them were working in the informal sector by two ILO criteria: (i) whether they had a signed contract; and (ii) whether the enterprise was registered. The degree of measured informality was higher by the third ILO criteria of whether payroll taxes were paid or withheld—some two-thirds of the respondents were informally employed based on this standard. Finally, 40 percent of household respondents reported that they did one of 22 informal activities (self-identification), although only half of these had responses which would classify them as “employed.”
- Poverty was not correlated with informal employment. The overall extreme poverty rate was 7.5 percent,<sup>20</sup> but the poverty rate of the informally employed was only 4 percent depending on definition. The 40 percent of households self-identified as doing an informal activity were disproportionately under-represented in the two lowest consumption deciles, constituting only 13 percent of the bottom 20 percent in terms of per capita consumption.
- The vast majority of respondents had heard of the 22 informal activities in the Kosovo context. The most common informal activity was growing crops in a garden or private plot—11 percent of households reported this activity.
- Private remittances and income are under-reported but not severely.

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<sup>20</sup> This poverty rate of 7 percent in 2003 is close to the 11.9 percent found in the LSMS (World Bank 2001). This rate was calculated by using the same assumptions about equivalence as in the Poverty Assessment and based on a consumption module and included the imputed value of food consumed from own production. However, the surveys had very different methodologies and the definition of consumption is not exactly the same, so readers are cautioned against concluding that extreme poverty in Kosovo has sharply fallen since 2000. At the same time, one could expect some improvement in 2003 after the immediate post-war period when the LSMS was fielded. A different source of data for 2002 from SOK had an extreme poverty rate of 9.8 percent (SOK forthcoming).

- Borrowing from other households is frequent, but fewer report receipt of “assistance.”

The main findings of the qualitative research were:

- Extended family structure is extremely important in maintaining consumption above the poverty line—families that can mix strategies of informal employment plus farming a private plot of land with having most members economically active leads to better outcomes.
- Social capital is high among those who work informally.

#### **A. Four definitions of informality**

Informality is difficult to define precisely, but the ILO (Husmanns 2002) has suggested three working definitions that are easily obtained from household surveys: (i) whether the person has a written employment contract; (ii) whether the enterprise is registered; and (iii) whether payroll taxes are paid or withheld from salary (Table 3.1). The first question (on written employment contract) was also asked in the SOK LFS. Finally, we use a fourth definition of “self-identification” whereby respondents were given a list of 22 informal activities and asked whether they knew of the activity, had friends who did the activity, or did the activity themselves (Table 3.2). If the last was affirmed, the respondent was characterized as self-identified informally employed, regardless of how the respondent answered the employment questions.

In the quantitative survey, half of the employed reported that they had no written contract, which was also the share who reported this in the SOK LFS. Additionally, half reported that their place of work was not registered. Two-thirds reported that social security taxes were not paid. A total of 223 household respondents (all aged 15 or above) reported that they did at least one of the 22 informal activities specified—this is 39.8 percent of the household respondents surveyed reporting at least one kind of informal activity. Of these 223, only half identified themselves as employed (answered that they worked for pay for at least one hour the previous month, or worked in an unpaid family business for one hour). However, only 24 of these 223 respondents met the ILO criteria to be unemployed (no work and looking for work). 88 of them were classified as “out of the labor force” because they replied that while they had no “work,” they were not looking for a job.

The fact that 40 percent of the self-identified were not classified as in the labor force points to the difficulty in interpreting survey results in Kosovo. By OECD definitions, most of these 88 individuals would be classified as employed (assuming that most did this activity as part of a family business or earned something, no matter how little, for it). But in Kosovo, these individuals do not consider themselves to be “working” even though they are active in the informal sector.

This has implications for employment and unemployment rates calculated from household surveys. If respondents don’t consider their activities in the informal sector to “really” be work then survey findings may significantly overstate true unemployment in Kosovo. With this in mind, it is useful to note that the unemployment rate from the informal survey is

closer to the LSMS rate than to the LFS. In the informal survey, 29 percent were unemployed (did not work and were looking for a job). However, if the self-identified informally active who were classified as unemployed were re-classified as working, the unemployment rate would have been 26 percent. Using a different definition of employment based on an “activity question,” the unemployment rate was 23 percent if the self-identified were included.

Many informal jobs are in small-scale enterprises. Approximately one-third of informal jobs (defined as either working in an unregistered enterprise or where social security taxes are not paid) were in firms of 1-10 employees. About one-half of informal jobs defined as working without a written contract were in such small firms.

### **B. Poverty and Informality in Kosovo**

An abbreviated consumption module was part of the quantitative survey, enabling analysis of informal and formal activity and poverty. Overall, employment of any kind was strongly associated with lack of poverty in the survey. The overall extreme poverty rate was 7.5 percent, which corresponds to the LSMS findings of about 12 percent of the population being extremely poor. Not surprisingly, the extreme poverty rate was lower for employed persons (4 percent) than the unemployed (7 percent), but interestingly enough, the type of employment (whether formal or informal) was not significant. For example, the extreme poverty rate for each category of the informally employed was below that of the unemployed or the average for the survey: (i) working in an unregistered enterprise, extreme poverty rate was 4.5 percent; (ii) no written contract, 3.9 percent; (iii) no social security paid, 4.1 percent; and (iv) self-identified informal activity, 4.5 percent extremely poor.

The fact that the “unemployed” have the same overall extreme poverty rate as average reinforces the arguments made about how Kosovars perceive “work.” For one thing, there are relatively few unemployed in the Informal Study—about 10 percent of the adults in the survey and an unadjusted 30 percent of the “labor force.” As demonstrated in the qualitative findings, it is clear that “unemployed” persons in Kosovo have access to the income of other household members or remittances and further, that meeting the criteria of “unemployed” does not mean “economically inactive.”

The other correlates of poverty in the informal labor survey were quite similar to the findings of the LSMS: in particular, family size and the number of children were strongly correlated with poverty (except for large extended families with several adults working) and ethnicity—none of the Serbs in the informal survey were poor.

Self-identification was associated with lack of poverty—only 13 percent of the self-identified households were in the lower 2 consumption deciles, while 35 percent of the self-identified households were in the uppermost 3 consumption deciles. Generally speaking, informal employment in Kosovo was associated with a lack of extreme poverty, which is in contrast to the situation in Russia where the informal sector was characterized as “bi-modal” (Baithwaite 1995) with a large segment of subsistence activity on the lower end of the scale. In Kosovo, it appears that economic activity of any kind (formal or informal) is correlated with a reduced risk of extreme poverty.

## C. Other Findings

### *Desire for Formal Employment*

Many respondents who are working full-time informally characterized their dream as finding a high-paying “regular” job. Only a few respondents were content with their informal situation, even though many reported earnings sufficiently high to keep their households out of extreme poverty. Respondents had little tolerance for the uncertainty associated with their informal activity earnings and for the long hours.

#### **Box 3.1. Yearnings of the Informally Employed for Regular Employment**

Only 4 of 18 respondents engaged in the informal sector reported that they were content with their informal job and were not interested in a formal one: a child-care worker, an accountant who runs his own relatively lucrative business, and two informally employed as a secondary activity to their full-time formal job--a repairman and a gardener. Two-thirds (12 out of 18) reported that they wanted a “regular” job with higher earnings and one person dreamed of emigration, but was willing to work informally abroad if emigration was achieved.

### *Social Capital and Extended Families and Friends*

Social capital seemed to be quite high among the informally active case studies, virtually all of them mentioned that others who work informally in their line of business would help out, but several did report that social cohesion had worsened since the war.

Extended family structure and close relationships with neighbors (particularly in rural areas) were cited by respondents as more than important “coping devices” but rather simply normal and the way households operate in Kosovo. Only one person in the case studies reported that she did not pool her income with her family members, and this appeared to be more from the fact that her parents had sufficient income of their own and wanted her to save her wages rather than from any lack of mutuality in the household.

Extreme poverty is not strongly correlated with household size—it is lower than average for smaller households (5 and under) and higher than average for medium households (6-8 members), but lower again for households with 9 or more members (Table 3.3). This U-shaped pattern suggests that having young children in medium size families is a risk factor for extreme poverty, but that living in large extended families with more adults capable of earning income is a bulwark against extreme poverty. This finding from the quantitative study is clearly demonstrated in the qualitative work, in which those studied identified their access to income from other extended family members as an important source of household sustenance.

Almost three-fifths of the households surveyed reported that they had a friend or relative working abroad, but were reticent about discussing financial or in-kind assistance from those abroad.

### *Income and Assistance*

The Informal Study was characterized by a relatively low degree of under-reporting of income but the refusal rate of the quantitative survey was high (Annex Two), reflecting the sensitive nature of the questions posed and the length of the interview. Under-reporting of household income existed in the Informal Study—average per capita reported consumption was 1.4 times the level of mean per capita reported household income (this is relatively low under-reporting of income). A decile analysis of per capita income and consumption revealed that under-reporting of income was least pronounced in the mid-range, and most marked at the lowest and highest deciles – a conventional finding.

A quarter of households reported that they received cash or non-cash assistance from friends or relatives abroad, but when asked to quantify this, only 16 percent answered—however the mean amount stated was a substantial 40 percent of average per capita consumption (and accounted for 58 percent of per capita reported household income). Thus private remittances are demonstrated to be a very important income source for Kosovar households and a huge bulwark against extreme poverty. Only 3 households of the 90 that stated the amount of remittances received were extremely poor.

Exactly 10 percent of households reported that they received cash or in-kind assistance from relatives or friends living in Kosovo, and the same percentage reported that they assisted others. Assistance may be an unusually sensitive topic—while only 10 percent reported “assistance,” fully 26 percent of households reported that they had borrowed money from relatives or friends.

## V. Policy Considerations

Employment is a major challenge for policy makers in Kosovo, and the creation of well-paying jobs is a major policy objective. Ultimately, the successful creation of plentiful and well-remunerated employment opportunities resides in policies outside of the labor market that would ignite economic growth in Kosovo, including macroeconomic stability and rightsizing the public sector. These policies are examined in the forthcoming Country Economic Memorandum for Kosovo.

Kosovo's labor market policies are generally right on track for the flexibility that characterizes well-functioning labor markets in market economies. In particular, the low level of payroll taxes is extremely important in keeping the cost of labor down and providing an incentive to employers to employ more labor. Labor-intensive growth is Kosovo's objective for economic development, and keeping the cost of labor highly competitive in the region is a key ingredient to achieving this objective.

There is actually not much scope for labor market policies alone to solve the unemployment problem in Kosovo as Kosovo already has an acceptable labor code that does not promote rigidities in the labor market, flexible wage determination, and low payroll taxes, so there is no reason for recommendations to improve the functioning of the labor market. However, it is absolutely critical for Kosovo to maintain these sound labor market policies. In particular, the World Bank strongly cautions against any increase in payroll taxes to fund improved employment institutes or unemployment benefits or insurance of any kind. The poverty benefit can be strengthened if additional protection for the unemployed is desirable and affordable.

Even with low payroll taxes and a flexible labor code, the informal sector in Kosovo is pervasive. Raising the cost of formality by increasing taxes would run directly counter to the objective of growing good jobs in the formal sector and providing incentives to companies to formalize. The size of the informal sector in Kosovo is a puzzle as the rate of payroll taxes is among the lowest in the region. It could be the legacy of the past whereby many Kosovars survived only through the informal sector, it could be that registration procedures are still not working effectively, and it could be that even low payroll taxes are still an incentive for evasion. On the latter point, it is instructive to note that 50 percent of jobs were informal in the sense of unregistered or without written employment contracts, but a full two-thirds of jobs were informal in the sense of not paying social security taxes.

What is critical for policy makers in Kosovo as far as labor market policies are concerned is to "not fix what is not broken" – that is, to maintain the flexibility of Kosovo's labor market and to not increase payroll taxes.

Ultimately in Kosovo and most countries of the world, labor market policies alone are not sufficient for increasing labor demand and eliminating bottlenecks in labor supply. Non-labor market constraints on labor demand include insufficient aggregate demand (sphere of macroeconomic policy) and political uncertainties that may impede investment in Kosovo (sphere of government and international policy), while labor supply may be constrained by a

skills mis-match from the legacy of the parallel education system and by “brain drain” from emigration of skilled workers from Kosovo. Relaxing these constraints require action in spheres other than labor market policy.

While Kosovo has made substantial progress in recent years in achieving macroeconomic stability and relatively high levels of economic growth, unemployment and poverty remain widespread, and growth appears to be slowing down after the initial post-conflict reconstruction boom. In order to improve living standards and well-being among the population, policymakers are now faced with the challenge of generating sustainable growth that increases employment and raises real wages. This will require private sector development and investment in education; the creation of efficient labor market institutions; and establishment of an effective safety net.

#### A. Creating an Enabling Environment for Growth

Sustainable economic growth that raises employment and increases wages will require strong private sector led growth. This in turn requires an enabling environment for direct investment, both domestic and foreign<sup>21</sup> - first and foremost political and macroeconomic stability, but also a focus on such matters as an open environment that facilitates competition in product markets, a skilled work force, a flexible labor market, adequate protection of property rights, development of financial markets, and a predictable business environment that is free of undue privilege and administrative discretion and maintains high standards in providing administrative services (licensing and registration requirements, inspection), thereby reducing the cost of starting and running businesses.

Small private firms are universally recognized as playing an important role in generating employment and raising productivity. Here, the Government and policymakers can have an important nurturing role that may have significant longer term benefits: it should actively encourage small enterprise; and it should facilitate their growth. Here, the Kosovo Micro Credit Bank plays an important role in capitalizing small enterprise, as do a number of private business services. Policymakers could envisage other supportive measures, for instance encouragement of business incubator schemes, which have achieved good results in supporting the growth of small businesses in other parts of the world. Such schemes package technical advisory services that small entrepreneurs need (bookkeeping, legal advice, marketing, etc) and draw on scale efficiencies in providing physical facilities and utility services.

*The informal sector.* The informal economy in Kosovo is relatively large, and it provides employment to a considerable fraction of the labor force. Most jobs are in small-scale trade and services. While jobs in the informal sector are precarious, they are important in absorbing the overflow of mainly unskilled workers from the formal sector. In that sense, the informal sector in Kosovo should not be seen as the result of an intrusive state imposing high taxes and driving entrepreneurs into the informal economy – in fact, taxes are quite low which is an important advantage for Kosovo, and Government is hardly **intrusive** – **but rather as driven by poor** opportunities in the formal sector and providing a coping strategy for survival. To the extent that

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<sup>21</sup> Particular attention might be paid to attracting direct foreign investment, which may have a large impact on productivity and overall growth by providing new sources of capital into what may currently be a capital-constrained environment, as well as technology and business acumen.

this is the case, it is not obvious that informal activity of this nature constitutes a significant loss to the state's finances in terms of foregone tax revenues. Therefore, policymakers should not at this stage be unduly concerned about the informal sector, but rather adopt strategies (growth, formal sector job creation, training, etc) that will gradually draw actors currently in the informal sector into the formal economy.

**The business incubator  
A mechanism for small business promotion**

Business incubators are set up to address the main obstacles that fledgling entrepreneurs encounter: undercapitalization and poor management. Physical space and utilities are often unaffordable for the startup, and access to business services (bookkeeping, legal services, marketing advice, etc) may be difficult. An incubator scheme may be set up in a vacant building that can house a number of small enterprises. It may provide a variety of services: below market rate rents; on-site business assistance at low or no cost; assistance in obtaining financing; shared utilities at low or no cost; flexible leases; flexible space arrangements; employee training and placement services, etc. Applicants go through a screening process – business plans are examined and potential tenants are interviewed by seasoned business people, including the manager, who should be an experienced entrepreneur, before they are accepted into the incubator. Normally, incubators have a graduation policy that may require firms to exit the subsidized, nurturing environment after a period of time, between three to five years. It should be easier to leave an incubator than to enter it. Incubators are not panaceas, however, and their experience in Balkan countries has been mixed.

**Education and training.** Measures to facilitate job creation will have little effect if new entrants into the labor market and workers don't have adequate skills. Sustainable economic growth, and high levels of domestic and foreign direct investment, will require a skilled and well-educated labor force: a low-skill work force and a low-wage strategy is unlikely to attract investment or sustain employment opportunities. While the high level of unemployment among both younger and older workers may indicate general imbalances in demand and supply, they may also indicate structural weaknesses that reflect deficiencies in the education and technical/vocational training systems. This requires attention from policymakers to issues of worker education and training. There will be a need for investments in education that provides general and transferable skills, which enhance worker mobility, and are likely to increase productivity and wages; and there will be an increased need for updating the skills and competencies of the work force.

However, rather than relying only on changing curricula to influence educational programs, policymakers should also consider introducing a Kosovo-wide assessment of learning achievement. This instrument can help guide the reallocation of resources by providing an objective measure of student performance, facilitating quality control, and indicating areas and educational programs that require additional funding. Implementation in turn will require building the capacity to design and carry out the testing, as well as to analyze and act upon the results of these assessments.

While structural weaknesses may explain some of the unemployment, especially among experienced workers, some caution should be exerted in undertaking training programs. The

experience from OECD countries with training programs for the unemployed is mixed. Broadly targeted training programs appear to seldom raise either employment chances or earnings. Programs targeting particular problems (e.g. for skills in short supply) obtain better results; and the impact is greatest for individuals whose problems are clearly identified and only moderately severe. Better targeting of training programs means focusing training programs on younger adult men and women, rather than on older adults and youth.

*Labor market flexibility.* In a market economy, a flexible labor market is desirable: it allows the labor market to adjust swiftly to changing economic conditions, and it tends towards a more efficient allocation of labor, i.e. from less productive to more productive jobs. Together with investments in physical and human capital, a flexible labor market is essential for increasing labor productivity. From a macroeconomic perspective, a flexible labor market is associated with high job creation and lower unemployment rates.

The weakening of barriers to domestic and foreign competition that is implied by an open market economy, requires moving away from the previous protected environment of lifetime employment and stable wages. Competing firms need flexibility to reallocate, reduce or increase their work forces when economic conditions demand it, and workers will be moving from lower productivity jobs or firms to higher productivity ones, and in a growing economy new jobs will be created, increasing employment and reducing unemployment. Workers may be more exposed to lay-offs than previously; wages will become increasingly differentiated, reflecting returns to education and relative productivity of jobs and workers. Real wages for younger, highly educated workers in the private sector are likely to increase, while older, less educated workers, with obsolete work experience may not realize significant wage gains.

With a flexible labor market and higher job turnover rates, appropriate labor market institutions and an adequate safety net become important complements to the labor market.

## **B. Creating Efficient Labor Market Institutions**

Labor market institutions encompass the regulatory framework, addressing employment and working conditions, minimum wage laws and industrial relations. In deciding on the particular structure of the regulatory framework, its implications for labor market flexibility need to be taken into consideration and trade-offs made between the constraints the regulatory framework places on employers and the security it provides workers. From the employer's perspective, the regulatory framework should not unduly hinder his/her ability to adjust the size and composition of the work force and wages to changes in product demand. The worker, assuming he or she is employed, may prefer a higher degree of employment protection; if the worker is unemployed, he or she may prefer a more dynamic labor market, where the chances of finding work are better.

The current Kosovo labor code provides a flexible regulatory regime. It is appropriate for the present, where there is a large informal market and the formal market is still taking shape. As the market develops, a somewhat more elaborate code, especially with regard to employment and working conditions, including temporary and part-time work, notification requirements and unfair dismissal provisions, may be called for. However, when introducing any revisions, care must be taken regarding their impact on termination costs, which are key indicators of the strength or bite of labor legislation.

*Severance pay.* The current labor code mandates the payment of severance as an end-of-service gratuity to workers who are laid off for non-disciplinary reasons. In an environment that has no unemployment compensation system and very low levels of government-secured pensions, the intent of severance pay is commendable. However, while it is an important social protection benefit for the worker; it also is a burden for the enterprise and introduces an inefficiency into the labor market. Normally, it is assumed that the employer is responsible for termination. However, where worker dislocations are the result of structural changes in the economy over which an individual employer may have no control, it may be more appropriate that severance becomes the responsibility of the government. This, in turn, brings important fiscal considerations into play.

In transition economies, severance pay has had an important role in facilitating enterprise restructuring: it has served to facilitate labor shedding from state enterprises. Kosovo is also facing the perspective of restructuring state enterprises and generating large numbers of lay-offs. The fiscal implications of related severance payments need to be taken into account: an indicative estimate of such costs for a “representative” state enterprise set them at some 6 million euros for a cohort of 10,000 enterprise workers with varying years of service.<sup>22</sup>

Labor regulations usually include provisions about industrial relations: unions, collective bargaining and resolution of industrial disputes. Unions provide workers with a collective voice and increases their bargaining power vis-à-vis management. They play an important role in determining wage levels, and they may create an environment where workers rights and contractual obligations are respected. As such, they contrast with unions during the socialist era, where they were aligned with management. Unions can also have an adverse labor market impact, putting upward pressures on wages, promoting insider (employed worker) interests at the expense of the unemployed and at the cost of longer periods of unemployment. The adverse effects of unions can be mitigated through the bargaining process: in many countries, there is a trend towards decentralization of the bargaining process, and most bargaining takes place at the level of the firm, which tends to support labor market efficiency. Often, bargaining is a tripartite process, involving employers, unions and the Government.

There are several considerations that argue against industry-wide bargaining. A major one is that private employers are less likely to engage in industry-wide agreements that do not reflect the particularities of each of the firms involved. This greatly reduces worker bargaining power. In instances where state-owned enterprises can follow uniform employment and wage rules, even if sometimes this implied a few enterprises within the industry had to receive financial support from the state, industry-wide agreements were **feasible**. **Today's dominance** of private sector employers tends to preclude this option. If private enterprises do not follow industry-wide agreements, workers will be subject to much less protection. Then, a decentralized wage settlement procedure would provide an alternative, allowing more worker protection.

Minimum wages are instituted to protect unskilled workers against limited bargaining power and poverty, but because they raise the costs of less skilled workers to the employers, they

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<sup>22</sup> Kosovo - Current Pension and Social Assistance Systems: A Short- to Medium Term Perspective (World Bank draft monograph, 2002)

reduce their chances of being hired. If minimum wages are being considered, their level should not exceed a low share of the average (formal sector) wage, e. g. some 25 to 30 percent to ensure that disincentives are prevented. Minimum wages may still have an adverse impact on the demand for low-skilled, low productivity labor. The actual employment impact is hard to determine, as it depends on numerous interacting factors that may be difficult to account for, and international estimates on the impact of the imposition of a minimum wage consequently vary significantly, depending on the context. Caution should be applied in linking the minimum wage to subsistence minimum, as this may quickly lead to fiscal and incentive problems. Obviously, any consideration of minimum wage regulations would apply only to the formal sector, and under current circumstances where the formal economy is still finding its way, it should not be considered a priority. Kosovo's policy of not having a minimum wage for the private sector is appropriate and should be maintained.

### **C. Enhancing Public Protection Through a Safety Net**

The purpose of a safety net is to protect individuals and households against economic shocks, i.e. sudden drops in income; or alleviate poverty by ensuring a minimum standard of living through various kinds of income transfers. The main income transfer programs currently existing in Kosovo take the form of pensions and a poverty targeted social assistance benefit. While there are rudimentary elements of a safety net targeted explicitly at workers – employment services and some training programs – these function at such a small scale as to have no meaningful impact. The main reason for this is the lack of sufficient budget resources to allow funding of programs much beyond those currently existing. Recently, a modest payroll tax has been introduced to finance a funded pension scheme. However, policymakers should not increase payroll taxes as a means of financing various safety net programs: low payroll taxes will keep labor costs down and increase the likelihood of employers to hire more labor.<sup>23</sup>

Still, safety net programs that focus on the labor market (unemployment benefits, active labor market programs) have an important role to play in increasing labor market efficiency and worker welfare over time – they facilitate the job search process and the transition between jobs, serving as a conduit for a better resource allocation, increased earnings and higher employment.

While budget resources for strengthening the labor market aspects of the safety net may be limited, the following considerations should be kept in mind when moving forward.

*Active labor market programs.* The basic purpose of active labor market programs is to match the demand and supply of labor, i.e. facilitate the exchange of labor. Employment services do this by identifying jobs, helping job seekers to assess employment opportunities and find jobs, and by matching job seekers with employers. It appears that employment services in Kosovo currently do little of this in the absence of adequate resources and well-trained employment counselors. An initial consideration for policymakers in Kosovo may be to evaluate

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<sup>23</sup> Indicatively, assuming a wage elasticity of labor demand of - 0.5, which is at the lower bound for OECD countries, a 10 percent increase in the payroll tax would increase gross wages by around 4 percent and induce about a 2 percent decrease in formal employment. Lowering payroll taxes will also have a fiscal impact. Assuming a wage elasticity of -0.5, the 10 percent increase in payroll taxes would lead to an 8 percent increase in revenues.

the role of the employment services network in light of what can be provided within existing financial constraints. In doing so, it is important to keep in mind that international evidence indicates that active labor market programs are most cost effective when providing job counseling and job information services: the focus of employment services should be to help individuals find jobs themselves rather than helping preserve or create new jobs.

*Labor market information* is an essential foundation for effective employment services: monitoring changes in employment and anticipating labor demand and supply needs nationally and in the catchment areas of each office are the building blocks on which job counseling and training priorities are determined. Maintaining information is a continuous activity, drawing on regular employer and household surveys, and on administrative information on the activities of the labor service. To provide more accurate information to policymakers, labor force surveys should be conducted at least twice per year (one in the high- and one in the low-employment season), and should include questions on informality and economic activity as defined in the four ways used in the Informal Study. Periodic labor force surveys conducted on a consistent basis provide the best means for deriving labor market information on unemployment and underemployment. Absent these surveys, information on unemployment is likely to be incomplete and dependent on administrative data collected by employment services. To the extent they have a limited presence in a country, policy makers would lack the information necessary for assessing levels and changes in unemployment and underemployment.

*Public works* programs serve as a means of providing low-wage jobs to those who are willing to take them. Normally, they may serve as a short-term bridge between more permanent jobs, especially in environments where jobs are few and far between, i.e. Kosovo. And they are designed to require high effort and low pay to ensure that only the neediest participate. However, there are legitimate questions about the cost-effectiveness of such programs, when measured against other income transfer programs: employment through public works means that a large share of the expended funds earmarked for income protection are diverted to material and capital costs. It becomes important that policymakers recognize the intentions that drive the decision to undertake public works schemes – income transfers, infrastructure development, or both.

*Unemployment insurance and assistance programs.* Unemployment benefits are the conventional income support programs for the unemployed. They can take the form of unemployment insurance (through a payroll tax allocated to a fund that generally is managed by a country's social security administration), unemployment savings accounts (a regular mandatory deposit of a percentage of the worker's salary to a savings account that is drawn down in case of unemployment), or unemployment assistance (a budget funded assistance scheme). Unemployment insurance and assistance usually require evidence of a sufficient work history, an acceptable reason for job separation and being able and available for work. Where both benefits exist, unemployment assistance is usually available only when the entitlement to unemployment insurance has been exhausted. In some countries, only unemployment assistance is available, and it may be poverty targeted. Unemployment savings accounts are sometimes designed to allow "borrowing" from the account under special circumstances, and usually any resources left on the account at retirement can be used against the old-age pension.

The combination of constrained budget resources and large numbers of unemployed make both unemployment insurance and unemployment assistance unlikely options for an

unemployment benefit in Kosovo at this point in time. We strongly oppose the introduction of these which would necessitate payroll taxes, eroding the flexible functioning of the labor market and driving up the cost of formality. Kosovo should follow the example of Turkey which had only severance payments for five decades and only very recently introduced unemployment insurance once rising income levels and administrative capacity were achieved.

Operationally, an unemployment savings scheme parallels the recently introduced funded pension scheme, and can be drawn on in case of unemployment. Arguably, it provides better incentives than other mechanisms to contribute to when employed and search for a job when unemployed; however, it does not pool risk and may therefore be less efficient than those that do so explicitly (insurance) or implicitly (budget funded schemes). Moreover, as the tax system is being built up in Kosovo, this is not the appropriate time to add to the payroll tax. In fact, the introduction of a meaningful unemployment benefit is not advisable at all under current circumstances; instead, the policymakers might more usefully consider means to strengthen the poverty benefit, which presumably would benefit the unemployed who are poor.

*In summary*, labor-intensive growth is Kosovo's objective for economic development, and keeping the quality of the work force competitive in the region is a key ingredient to achieving this objective. That said, a sound labor market strategy in Kosovo should focus on the following:

- a. A stable macroeconomic environment with stable prices and sound public finances, which encourages employment generating private sector growth;
- b. A benign business environment that encourages domestic and foreign direct investment in Kosovo;
- c. A nurturing entrepreneurial environment that encourages small and medium enterprise development that encourages gradual formalization of the informal sector;
- d. Education and technical/vocational training that enhances the appeal of the Kosovo labor force in an environment of increased skill intensity and international competition;
- e. Labor market regulations that balance labor market flexibility with worker protection;
- f. Maintaining a manageable payroll tax that does not discourage employment;
- g. Focusing the existing employment services on the provision of information on demand and supply in the labor market; and gradually expanding the services to job counseling, as resources permit;
- h. Refraining from other active labor market policies at this stage, possibly with the exception of public works when the intention is well-defined;
- i. Strengthening the poverty benefit, rather than introducing new income transfer programs.

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## **Annex One**

### **Reconciling Unemployment Estimates in Kosovo**

There are five surveys that are examined in this annex to assess the unemployment rate in Kosovo:

- 1 The 2000 Living Standards Measurement Survey (LSMS) with an unemployment rate of 12 percent;
- 2 The 2001 Kosovo Office of Statistics (KOS) Labor Force Survey (LFS) with an unadjusted unemployment rate of 57 percent;
- 3 The 2002 KOS LFS with an unadjusted unemployment rate of 55 percent (preliminary);
- 4 The 2002 Riinvest Survey with an unadjusted unemployment rate of 57 percent; and
- 5 The 2003 Informal Study with an unadjusted unemployment rate of 30 percent.

The tendency to not identify economic activity as work is clearly a major factor behind the large difference from the LFS and LSMS surveys with seasonality as the other major factor. It is important to understand that the methodology and questionnaires of the LFS and LSMS surveys are quite different, although the samples are not. The LSMS survey is set up to probe economic activity in a way that the LFS is not, and the fact that LSMS enumerators visited the households several times likely engendered trust in a way that a one-off official Government survey would not (Grosch and Glewwe 2000, Funkhouser 2003). As for seasonality, Kosovo is primarily an agrarian economy and the LFS were undertaken in December, when those seasonally employed in agriculture would respond that they were “not working.” The LSMS in contrast was conducted in June (and the Informal Study in May). Funkhouser (2003) concluded that there was no major inconsistency between the LFS, the LSMS, and the Riinvest surveys once certain adjustments were made because of seasonality and job seeking.

The 2001 LFS sample was drawn from the same sampling lists used by the LSMS to construct its sample (Funkhouser 2003), so the large variation in measured unemployment rates is not likely to have been due to different samples.

There are two major kinds of adjustments that can be made to the LFS and Riinvest surveys that bring their unemployment rates closer to the LSMS level: accounting for job searchers who aren't really looking for employment and accounting for seasonally unemployed. A peculiarity of Kosovo's social assistance program is that households are only eligible for social assistance if all adult members are registered as unemployed at the employment offices and visit the offices monthly to “look for a job.” Funkhouser (2003) argues strongly that these registered unemployed are not really “looking for a job” but rather looking to maintain their social assistance. Counting these as out of the labor force and not as unemployed would reduce the 2001 LFS unemployment rate from the unadjusted 57 percent to an adjusted 40 percent, and the 2002 Riinvest survey from 50 percent to 41 percent (Funkhouser 2003 Table 3).

Furthermore, Funkhouser is able to adjust the Riinvest survey (done in December) to take into consideration seasonality. If all those who report using land are considered as seasonally employed and counted as employed, then the Riinvest unemployment rate drops to 23 percent, which is essentially the same rate as in the Informal Study. Funkhouser (2003) concluded that

average annual unemployment in Kosovo is about 33 percent. This leads to our conclusion that the “most likely” unemployment rate is somewhere in the range 13-33 percent, and more likely in the range 23-33 percent, given the high rates found in the LFS.

At the same time, the LSMS unemployment rate remains lower at 12 percent as compared to 23-25 percent in the adjusted Rinvest and Informal Study surveys. Given the differences in survey methodologies, it is not possible to further quantify the difference in measured unemployment rates between the LSMS survey and the other surveys.

**Annex Two**  
**Text Tables**

**Table 2.1: Household characteristics, 2002**

	Total	Urban	Rural
Average household size	6.7	6.1	7.1
Number of households	275.3	113.4	161.9
Number of employed in a household			
None	36.0	26.6	42.6
One	42.7	47.2	39.5
Two	15.7	19.7	12.9
Three or more	5.6	6.5	5.0
Number of unemployed in a household			
None	50.3	55.0	47.0
One	29.6	29.9	29.3
Two or more	20.1	15.1	23.6

Source: Kosovo LFS 2002 (data are preliminary).

Table 2.2: Overview of the Kosovo labor market

	1989	2000			2001			2002		
	Total	Total	Urban	Rural	Total	Urban	Rural	Total	Urban	Rural
<b>A. Employment</b>										
Total	243.4	492.3	110.9	381.5	226.6	124.2	102.5	254.8	123.6	131.3
Men	186.6	333.8	75.5	258.3	180.1	90.7	89.3	206.5	93.5	113.0
Women	56.8	158.5	35.4	123.2	46.5	33.4	13.1	48.3	30.0	18.3
Public sector	237.3	na	na	na	133.3	76.4	57.0	130.8	69.7	61.1
Private sector	6.1	na	na	na	93.3	47.8	45.5	124.0	53.8	70.2
<b>B. Unemployment</b>										
Total	139.0	67.8	30.5	37.3	158.5	51.5	107.0	227.7	76.7	151.0
Men	102.6	43.5	18.3	25.2	102.4	31.3	71.1	120.5	38.9	81.6
Women	36.4	24.3	12.2	12.1	56.0	20.2	35.8	107.2	37.9	69.3
<b>C. Labor force</b>										
Total	382.4	560.1	141.4	418.8	385.1	175.7	209.5	482.5	200.3	282.3
Men	289.2	377.3	93.8	283.5	282.5	122.0	160.4	327.0	132.4	194.6
Women	93.2	182.8	47.6	135.3	102.5	53.6	48.9	155.5	67.9	87.6
<b>D. Activity rates</b>										
<b>Employment rate</b>										
Total	22.2	40.9	32.8	44.0	19.6	26.9	14.8	21.8	28.6	17.8
Men	33.2	56.9	46.3	61.0	31.2	39.9	25.5	35.1	43.4	30.2
Women	10.7	25.6	20.2	27.8	8.1	14.3	3.8	8.4	13.9	5.0
<b>Unemployment rate</b>										
Total	36.3	12.1	21.6	8.9	41.2	29.3	51.1	47.2	38.3	53.6
Men	35.5	11.5	19.5	8.9	36.3	25.6	44.3	36.9	29.4	42.0
Women	39.0	13.3	25.7	8.9	54.6	37.7	73.2	68.9	55.8	79.1
<b>Labor force participation rate</b>										
Total	34.9	46.5	41.9	48.3	33.4	38.1	30.2	41.3	46.4	38.3
Men	51.5	64.4	57.6	67.0	49.0	53.7	45.9	55.5	61.5	52.0
Women	17.5	29.6	27.2	30.5	17.8	22.9	14.3	26.9	31.4	24.2
<b>E. Memorandum items</b>										
<b>Population</b>										
Total	1939.0	1970.2	574.2	1395.9	2003.5	774.3	1229.2	1839.8	689.2	1150.6
Men	1001.5	970.7	282.9	687.8	1036.4	391.8	644.5	932.6	346.0	586.6
Women	937.5	999.5	291.4	708.1	967.1	382.5	584.6	907.3	343.2	564.0
<b>Working age population (15 - 64)</b>										
Total	1095.0	1204.8	337.8	866.9	1153.8	461.0	692.7	1167.5	431.5	736.0
Men	561.3	586.3	162.9	423.5	577.1	227.3	349.8	589.0	215.4	373.5
Women	533.7	618.4	175.0	443.5	576.7	233.8	342.9	578.5	216.1	362.5

Source: Kosovo LSMS 2000, LFS 2001, LFS 2002 (data for 2002 are preliminary).

**Table 2.3: Employment rates by age, education and type of area, 2000–02**

	2000			2001			2002		
	Total	Urban	Rural	Total	Urban	Rural	Total	Urban	Rural
<b>A. Age</b>									
<b>Total</b>									
15-19	15.3	6.7	19.1	2.9	4.4	2.0	4.4	3.0	5.2
20-24	30.7	24.7	33.4	12.3	15.9	10.6	14.3	19.0	11.8
25-34	45.6	40.1	47.8	20.6	28.7	15.1	22.7	29.5	18.8
35-44	57.9	50.2	60.8	32.6	39.5	26.7	36.2	42.7	31.7
45-54	56.8	53.6	58.0	31.4	42.5	22.9	33.9	46.0	25.5
55-64	40.3	24.7	45.1	16.7	21.4	13.5	17.7	24.8	13.8
<b>Men</b>									
15-19	22.3	10.7	27.1	4.0	6.1	2.9	6.9	4.8	7.9
20-24	45.7	35.3	50.6	19.2	22.3	17.8	22.5	28.2	19.5
25-34	67.6	60.5	70.3	32.9	42.5	26.7	34.6	43.7	29.6
35-44	77.3	66.0	81.3	50.3	58.2	43.9	57.4	64.2	53.1
45-54	75.1	72.0	76.3	52.5	61.6	44.9	57.3	69.3	48.7
55-64	53.4	34.6	58.9	28.8	36.5	23.8	31.4	44.5	24.8
<b>Women</b>									
15-19	8.4	3.0	11.0	1.6	2.6	1.0	2.1	1.0	2.7
20-24	17.3	14.6	18.5	5.8	10.2	3.7	5.8	9.8	3.7
25-34	24.6	21.1	26.0	9.1	16.5	3.8	10.3	15.2	7.4
35-44	40.5	36.9	41.9	15.1	22.0	8.9	14.1	21.9	8.4
45-54	39.5	34.2	41.3	10.7	21.5	3.3	11.5	22.8	4.0
55-64	26.7	15.2	30.5	2.8	4.6	1.5	2.8	5.6	1.2
<b>B. Education</b>									
Unfinished elem.	n.a.	n.a.	n.a.	3.7	4.2	3.5	5.9	8.6	5.0
Elementary	n.a.	n.a.	n.a.	9.1	10.5	8.5	10.5	10.9	10.4
Vocational	n.a.	n.a.	n.a.	27.7	32.6	22.9	32.3	38.0	27.7
High school	n.a.	n.a.	n.a.	22.8	29.6	16.1	38.6	42.2	35.2
University	n.a.	n.a.	n.a.	68.5	70.2	65.8	78.3	78.1	78.6

Source: Kosovo LSMS 2000, LFS 2001, LFS 2002 (data for 2002 are preliminary).

**Table 2.4: Unemployment rates by age, education and type of area, 2000–02**

	2000			2001			2002		
	Total	Urban	Rural	Total	Urban	Rural	Total	Urban	Rural
<b>A. Age</b>									
<b>Total</b>									
15-19	23.5	47.7	17.5	80.0	58.9	87.8	79.4	83.6	77.7
20-24	26.2	41.7	19.0	64.7	53.7	70.0	69.0	60.0	74.0
25-34	12.6	20.6	9.6	46.3	33.4	57.1	52.1	43.0	58.2
35-44	8.1	15.7	5.5	27.6	23.2	32.4	32.1	29.8	34.2
45-54	5.5	8.2	4.5	19.6	16.9	23.2	25.0	17.3	32.8
55-64	2.7	2.0	2.8	18.9	12.1	25.0	23.3	16.2	29.1
<b>Men</b>									
15-19	17.9	38.1	13.3	76.5	47.9	85.6	66.5	72.9	63.6
20-24	23.7	39.0	17.0	58.7	46.7	63.6	58.1	54.4	60.6
25-34	11.6	18.0	9.3	41.8	32.1	49.3	43.3	32.9	49.8
35-44	8.8	16.0	6.6	24.9	19.9	29.7	23.6	20.0	26.3
45-54	6.4	6.3	6.4	19.2	16.9	21.8	21.8	12.9	29.2
55-64	3.3	2.9	3.4	18.2	12.0	23.6	23.1	15.2	29.0
<b>Women</b>									
15-19	34.9	65.2	26.7	85.7	72.6	92.0	90.5	94.5	89.1
20-24	31.3	47.2	23.5	75.8	63.3	83.6	84.8	70.5	91.1
25-34	15.1	26.8	10.5	57.4	36.3	79.2	68.9	60.2	75.5
35-44	6.9	15.2	3.6	35.2	30.4	43.7	53.9	47.9	62.1
45-54	3.7	12.2	1.1	21.5	16.9	37.3	37.2	28.2	57.3
55-64	1.4	n.a.	1.6	25.9	12.6	43.6	25.5	23.3	31.0
<b>B. Education</b>									
Unfinished elem.	n.a.	n.a.	n.a.	65.8	64.3	66.5	66.3	50.0	72.1
Elementary	n.a.	n.a.	n.a.	59.1	47.2	63.4	64.3	61.7	65.3
Vocational	n.a.	n.a.	n.a.	38.8	29.7	48.1	43.5	36.6	49.5
High school	n.a.	n.a.	n.a.	41.9	26.2	58.0	32.5	28.0	37.0
University	n.a.	n.a.	n.a.	12.5	12.5	12.5	9.8	10.0	9.6

Source: Kosovo LSMS 2000, LFS 2001, LFS 2002 (data for 2002 are preliminary).

**Table 2.5: Labor force participation rates by age, education and type of area, 2000–2002**

	2000			2001			2002		
	Total	Urban	Rural	Total	Urban	Rural	Total	Urban	Rural
<b>A. Age</b>									
<b>Total</b>									
15-19	20.0	12.8	23.2	14.4	10.6	16.6	21.5	18.0	23.3
20-24	41.6	42.4	41.2	35.0	34.4	35.2	46.1	47.6	45.3
25-34	52.2	50.5	52.9	38.4	43.1	35.2	47.2	51.7	44.7
35-44	63.1	59.5	64.4	45.0	51.5	39.6	53.3	60.8	48.2
45-54	60.1	58.4	60.7	39.0	51.1	29.9	45.1	55.6	37.9
55-64	41.4	25.1	46.4	20.6	24.4	18.1	23.1	29.6	19.5
<b>Men</b>									
15-19	27.2	17.3	31.2	17.2	11.7	20.1	20.5	17.9	21.8
20-24	60.0	57.9	61.0	46.5	41.8	48.8	53.7	61.7	49.5
25-34	76.5	73.8	77.6	56.5	62.5	52.6	60.7	65.1	58.2
35-44	84.8	78.5	87.0	66.9	72.6	62.4	75.2	80.2	72.0
45-54	80.3	76.8	81.6	65.0	74.1	57.4	73.2	79.6	68.7
55-64	55.3	35.7	61.0	35.3	41.5	31.2	40.8	52.5	34.9
<b>Women</b>									
15-19	12.9	8.7	14.9	11.4	9.5	12.6	22.6	18.2	24.6
20-24	25.2	27.7	24.2	24.1	27.7	22.2	38.3	33.3	41.0
25-34	29.0	28.8	29.0	21.3	25.9	18.0	33.2	38.2	30.2
35-44	43.5	43.6	43.4	23.3	31.6	15.8	30.6	42.0	22.3
45-54	41.0	39.0	41.7	13.6	25.9	5.2	18.3	31.8	9.4
55-64	27.1	15.2	31.0	3.7	5.3	2.7	3.8	7.3	1.7
<b>B. Education</b>									
Unfinished elem.	n.a.	n.a.	n.a.	10.8	11.7	10.4	17.6	17.2	17.8
Elementary	n.a.	n.a.	n.a.	22.2	19.9	23.2	29.5	28.5	29.9
Vocational	n.a.	n.a.	n.a.	45.2	46.4	44.1	57.1	60.0	54.8
High school	n.a.	n.a.	n.a.	39.2	40.1	38.3	56.7	58.6	55.0
University	n.a.	n.a.	n.a.	78.3	80.3	75.2	86.8	86.8	86.9

Source: Kosovo LSMS 2000, LFS 2001, LFS 2002 (data for 2002 are preliminary).

Table 2.6: Determinants of labor force status, by urban and rural area, 2001-2002\*

	Estimated probabilities				Mean values of variables			
	Urban		Rural		Urban		Rural	
	Unempl.	Em pl	Unempl.	Em pl	Unempl.	Em pl	Unempl.	Em pl
<b>A. Reference person*</b>	<b>12.33</b>	<b>3.37</b>	<b>16.16</b>	<b>4.74</b>				
<b>B. Gender</b>								
Female	<b>-5.97</b>	<b>-2.63</b>	<b>-7.68</b>	<b>-4.12</b>	.453	.256	.408	.134
<b>C. Age</b>								
20 to 24	<b>13.70</b>	<b>10.57</b>	<b>11.52</b>	<b>8.25</b>	.236	.090	.282	.120
25 to 34	<b>9.54</b>	<b>22.17</b>	<b>5.82</b>	<b>15.48</b>	.323	.267	.328	.267
35 to 44	<b>8.08</b>	<b>31.57</b>	<b>-0.97</b>	<b>29.29</b>	.210	.300	.135	.297
45 to 54	<b>-0.74</b>	<b>34.93</b>	<b>-7.52</b>	<b>24.64</b>	.096	.241	.070	.193
55 to 64	<b>-7.75</b>	<b>16.67</b>	<b>-11.72</b>	<b>12.43</b>	.026	.082	.029	.085
<b>D. Ethnicity</b>								
Serbian	0.84	-0.22	<b>7.89</b>	-0.72	.031	.041	.118	.105
Other minorities	<b>5.90</b>	-0.58	-1.71	0.34	.071	.034	.039	.052
<b>D. Education</b>								
High school	<b>5.52</b>	<b>6.43</b>	<b>4.57</b>	<b>4.69</b>	.582	.635	.453	.548
University	<b>12.00</b>	<b>25.99</b>	<b>1.73</b>	<b>30.27</b>	.056	.219	.017	.141
<b>E. Marital status</b>								
Single	-0.41	-0.33	-0.36	-0.49	.516	.521	.496	.486
<b>F. Household characteristics</b>								
<b>Family size</b>								
Medium (5-8 members)	<b>-3.09</b>	-0.35	<b>-3.42</b>	0.45	.544	.578	.442	.533
Large (9 members or more)	<b>-4.48</b>	<b>-1.03</b>	<b>-3.66</b>	-0.92	.265	.199	.454	.360
<b>Educational attainment of the household head</b>								
High school	-1.08	<b>0.98</b>	-1.79	-0.08	.471	.511	.335	.378
University	<b>-3.10</b>	0.80	-0.55	0.58	.107	.222	.062	.129
Missing	<b>-5.05</b>	-0.18	<b>-4.54</b>	<b>-1.30</b>	.050	.069	.073	.074
Presence of children under 5	-0.52	-0.33	-0.54	-0.07	.406	.379	.473	.468
Presence of other empl.	0.06	0.20	0.43	<b>1.81</b>	.590	.578	.486	.477
Presence of other unemployed	<b>12.37</b>	<b>0.00</b>	<b>18.48</b>	-0.40	.522	.311	.675	.428
Number of observations	13,763		10,477					
Wald $\chi^2$	2543.0		1742.0					
Pseudo R <sup>2</sup>	.207		.181					
Log likelihood	-10383.9		-7563.5					

Source: own computations based on Kosovo LFS 2001 and 2002 (data for 2002 are preliminary).

\*A reference person is a male between 15 and 19 years old, Albanian, non-single, with children below 5 years of age, who is a member of a small family (with less than 5 members), living in a household whose head has an elementary education or less, with no more than one employed or unemployed person. Probabilities associated with estimated coefficients which are significant at 5 percent level are reported in bold.

**Table 2.7: Number of workers, by ownership, 2002 (thousands)**

	LFS 2002	Ministry of Finance and Economy*	Kosovo Macroeconomic Monitor**
<b>Total</b>	254.8	341.4	na
<b>Private</b>	124.0	228	na
Worker	45.8	na	na
Employer	10.9	na	na
Self employed	58.3	na	na
Contributing family member	9.0	na	na
<b>Public</b>	130.8	113.4	na
Socially owned enterprises	na	17.7	na
State enterprises	na	15.5	na
Government - budget org.	65.5	63.9	58.6
Other	na	16.3	na

Source: Kosovo LFS 2002 (data for 2002 are preliminary); internal material of Ministry of Finance and Economy; Kosovo Macroeconomic Monitor – Tomczynska (2002).

\* Estimates of Ministry and Finance and Economy are based on data from Statistical office of Kosovo, Tax administration, and NGOs.

\*\* Kosovo Macroeconomic monitor uses data of Ministry of Public Services and Kosovo Business Register. Data from the Register are entered at the time of registration and have not been updated after that.

**Table 2.8: Structure of employment by individual characteristics, 2002**  
(in percent)

	Total	Private	Public
<b>All employed (thousands)</b>	<b>254.8</b>	<b>130.8</b>	<b>124.0</b>
<b>A. Gender</b>			
Men	81.0	88.4	74.1
Women	19.0	11.6	26.0
<b>B. Age</b>			
15-19	3.3	6.1	0.7
20-24	10.6	14.7	6.8
25-34	27.1	31.8	22.6
35-44	30.3	26.4	34.0
45-54	20.7	14.3	26.7
55-64	8.1	6.8	9.3
<b>C. Ethnicity</b>			
Albanians	87.8	88.8	86.8
Serbs	8.8	6.1	11.3
Others	3.5	5.1	1.9
<b>D. Education</b>			
Unfinished elementary	3.4	5.1	1.7
Elementary	20.7	31.7	10.3
Vocational	46.6	45.9	47.3
High school	17.5	13.3	21.5
University	11.8	4.1	19.2
<b>E. Work experience</b>			
Less than 2 years	11.5	15.2	8.2
3-5 years	32.4	36.5	28.7
6-10 years	14.9	19.0	11.0
11-20 years	23.3	19.4	26.9
More than 20 years	17.8	9.8	25.2
<b>F. Possessing a second job</b>			
	1.7	2.7	0.8

Source: Kosovo LFS 2002 (data are preliminary).

**Table 2.9: Structure of employment by job characteristics, private and public sector, 2002**  
(in percent)

	Total	Private	Public
<b>A. Type of contract</b>			
Permanent	91.3	91.5	91.2
Under written contract	69.8	24.9	85.5
Apprenticeship	0.3	0.5	0.1
<b>B. Hours per week</b>			
Less than 20	7.7	14.1	1.8
20 - 29	10.3	7.3	13.1
30 - 39	6.8	8.1	5.6
40 - 49	52.1	27.2	75.1
50 - 59	8.9	16.7	1.7
60 and more	14.3	26.7	2.8
<b>C. Having precarious job</b>	24.6	42.4	7.6
<b>D. Underemployed</b>	2.6	3.5	1.8

Source : Kosovo LFS 2002 (data are preliminary).

**Table 2.10: Employment by firm and sector characteristics, 2002** (in percent)

	Total	Private	Public
<b>A. Size of the firm</b>			
1 - 9	48.4	91.0	8.8
10 - 19	9.8	5.9	13.4
20 - 49	11.7	2.2	20.4
50 - 99	10.0	0.4	18.9
100 - 199	10.0	0.3	19.0
200 - 499	4.6	0.0	8.9
500 and more	5.5	0.1	10.5
<b>B. Sector of activity</b>			
Agriculture	38.8	64.0	1.8
Manufacturing	8.4	4.1	15.3
Utilities	3.4	0.2	9.2
Construction	7.6	9.2	2.5
Trade	11.6	14.7	2.5
Hotels	2.6	2.7	2.0
Trans&Comm	2.8	2.1	3.5
FIRE	0.6	0.3	1.1
Other	6.7	2.9	13.0
Government	6.0		16.8
Education	7.7		21.5
Health	3.9		11.0

Source : Kosovo LFS 2002 (data are preliminary).

**Table 2.11: Composition of unemployed workers and unemployment spells, 2002**  
(in percent)

	Total	Urban	Rural
<b>All unemployed</b>	<b>2278</b>	<b>76.7</b>	<b>151.1</b>
<b>A. Gender</b>			
Men	52.9	50.7	54.1
Women	47.1	49.4	45.9
<b>C. Age</b>			
15-19	14.2	12.5	15.1
20-24	26.4	24.4	27.5
25-34	32.8	32.1	33.2
35-44	16.0	20.6	13.8
45-54	7.7	8.0	7.5
55-64	2.8	2.6	2.8
<b>C. Ethnicity</b>			
Albani ans	86.0	94.4	81.7
Serbs	10.1	1.2	14.7
Others	3.9	4.4	3.7
<b>D. Education</b>			
Unfnished elementary	7.4	4.3	8.9
Elementary	41.7	34.5	45.3
Vocational	40.2	46.6	36.9
High school	9.3	11.9	8.0
University	1.4	2.7	0.8
<b>E. Duration of unem ployment</b>			
Less than 6 mont hs	6.7	5.8	7.2
7-12 months	5.9	5.2	6.2
1-2 years	15.1	15.0	15.2
2-4 years	47.0	51.1	45.1
4-7 years	16.1	12.8	17.7
7 years or more	9.1	10.2	8.6
<b>F. Source of unem ployment</b>			
First time job seekers	88.3	89.0	88.0
Laid off	2.4	3.3	1.9
End of f xed term job	6.7	4.2	8.0
Quit previous job	0.5	0.7	0.4
Other	2.1	2.9	1.7
<b>G. Las t time employed (percentage of those with previous work history, 2001 data)</b>			
Before 1990	4.5	6.1	3.2
1990-1994	15.6	14.5	16.5
1994-1998	15.3	15.2	15.4
Since 1999	64.6	64.2	64.9

Source: Kosovo LFS 2002 (data are preliminary).

**Table 2.12: Discouraged workers by individual characteristics, 2002 (in percent)**

	2001			2002		
	Total	Urban	Rural	Total	Urban	Rural
<b>All discouraged</b>	<b>17.5</b>	<b>4.9</b>	<b>12.6</b>	<b>6.6</b>	<b>1.3</b>	<b>5.3</b>
<b>A. Gender</b>						
Men	30.2	33.6	28.9	21.5	17.7	22.4
Women	69.8	66.4	71.1	78.5	82.3	77.6
<b>B. Age</b>						
15-19	22.1	19.2	23.2	28.2	36.8	26.1
20-24	29.4	17.2	34.0	10.9	2.5	13.0
25-34	24.6	34.8	20.6	25.1	32.3	23.3
35-44	12.7	15.0	11.9	15.7	18.6	15.0
45-54	8.1	7.8	8.2	14.8	9.9	16.0
55-64	3.2	6.0	2.1	5.3	0.0	6.6
<b>C. Ethnicity</b>						
Albani ans	94.4	96.9	93.4	81.9	93.3	79.1
Serbs	3.1	0.7	4.1	10.2	3.0	11.9
Others	2.5	2.4	2.6	7.9	3.7	8.9
<b>D. Education</b>						
Unfnished elementary	17.5	26.2	14.1	13.1	22.3	10.8
Elementary	64.9	49.3	70.9	65.2	54.8	67.7
Vocational	12.9	16.5	11.5	15.9	12.7	16.6
High school	2.6	5.8	1.3	6.0	10.3	4.9
University	2.2	2.3	2.2	0.0	0.0	0.0
<b>E. Previous work</b>						
Percent who never worked before	96.0	89.8	97.6	99.1	98.5	99.2

Source: Kosovo LFS 2001 and LFS 2002 (data are preliminary).

**Table 2.13: Number and structure of registered unemployed, December 2002**

	Number	Percent
<b>A. Number of registered unemployed</b>		
Total	2575	100.0
<b>B. Gender</b>		
Men	1429	55.5
Women	1146	44.5
<b>C. Age</b>		
16 - 24	65.4	25.4
25 - 39	114.7	44.6
40 - 54	56.4	21.9
55 and older	21.0	8.2
<b>D. Education</b>		
Unfinished elementary	145.8	56.6
Elementary	37.8	14.7
Secondary school	68.1	26.5
University (2 and 4 year degree)	5.8	2.3
<b>E. Ethnicity</b>		
Albanians	237.9	92.4
Serbs	6.8	2.7
Others	12.7	4.9
<b>Memorandum items</b>		
<b>Participants in training</b>		
Total (June - December)	1.7	
Of which women	0.8	
<b>Job seekers registered during the year 2002</b>		
Total	32.5	
Of which women	15.1	
<b>Job seekers placed during the year 2002</b>		
Total	3.7	
Of which women	1.1	
<b>Recipients of social assistance</b>		
	283.9	

Source: Ministry of Labour and Social Welfare.

Table 2.14: Determinants of poverty, by urban and rural area, 2001-02\*

	Estimated probabilities		Mean values of variables	
	Urban area	Rural area	Urban area	Rural area
<b>A. Reference household</b>	<b>4.80</b>	<b>8.32</b>		
<b>B. Number of employed in the household</b>				
None	<b>21.37</b>	<b>15.89</b>	.277	.439
Two or more	<b>-3.53</b>	<b>-6.02</b>	.267	.155
<b>C. Number of unemployed in the household</b>				
One	-.056	1.83	.266	.267
Two or more	2.10	2.60	.113	.203
<b>D. Ethnicity</b>				
Serbian	2.42	<b>9.02</b>	.051	.139
Other minorities	2.10	-0.24	.050	.058
<b>E. Educational attainment of the household head</b>				
High school	<b>-1.23</b>	-0.17	.554	.435
University	<b>-2.49</b>	-1.23	.178	.081
Missing	0.09	na	.003	.000
<b>F. Family size</b>				
Medium (4-8 members)	<b>3.04</b>	<b>4.01</b>	.579	.554
Large (more than 8 members)	<b>9.07</b>	<b>10.95</b>	.122	.254
<b>G. Presence of children under 5</b>				
	0.78	-1.10	.350	.417
Number of observations	3120	1995		
Wald $\chi^2$	362.2	164.1		
Pseudo R <sup>2</sup>	.228	.121		
Log likelihood	-931.0	-957.6		

Source: own computations based on Kosovo LFS 2001 and LFS 2002 (data for 2002 are preliminary).

The reference household is a small household (4 members or less), with no presence of small children, having one employed and none unemployed workers, with an Albanian household head possessing an elementary education or less. Probabilities associated with estimated coefficients which are significant at 5 percent level are reported in bold.

**Table 2.15: Average net monthly earnings by gender, education, and activity in private and public sector, 2002**

	Total	Private sector	Public sector
<b>A. Average net monthly earnings</b>	196.9	212.4	182.3
<b>B. Net monthly earnings by gender</b>			
Men	200.6	217.4	181.8
Women	180.2	170.5	184.0
<b>C. Age</b>			
15-19	133.6	138.1	107.5
20-24	186.4	174.8	210.3
25-34	206.3	224.1	184.1
35-44	203.7	228.2	186.4
45-54	189.8	205.6	180.7
55-64	190.5	234.8	152.4
<b>D. Ethnicity</b>			
Albanians	198.7	219.4	178.0
Serbs	183.5	164.5	193.3
Other minorities	202.4	215.9	162.7
<b>E. Net monthly earnings by level of education</b>			
Elementary or less	172.8	178.9	156.1
Vocational	201.4	221.8	181.8
High school	196.4	249.8	169.1
University	236.1	319.4	215.4
<b>F. Experience</b>			
Less than 2 years	191.9	201.9	174.4
2-5 years	210.8	208.9	213.1
6-10 years	193.6	217.8	159.2
11-20 years	205.5	244.9	179.4
21-30 years	174.7	190.6	168.0
31-40 years	168.4	209.8	141.9
<b>G. Type of contract</b>			
Permanent	199.2	226.7	176.1
Fixed-term	227.5	176.0	287.9
Written	189.3	245.3	182.8
Oral	190.3	203.7	165.7
Apprenticeship	125.0	146.7	60.0

**Table 2.15: Average net monthly earnings by gender, education, and activity in private and public sector, 2002 (continued)**

	Total	Private sector	Public sector
<b>H. Net monthly earnings by sector of activity</b>			
Agriculture	93.7	88.1	139.4
Manufacturing	184.7	237.8	160.1
Utilities	199.3	229.5	197.3
Construction	257.3	266.7	163.3
Trade	219.3	227.6	149.0
Hotels and restaurants	241.4	263.5	177.6
Transport and communications	206.6	219.5	193.9
FIRE	300.7	314.6	290.4
Government	191.3		191.3
Education	157.0		157.0
Health	158.9		158.9
Other	267.7	207.1	321.2

Source: Kosovo LFS 2002 (data are preliminary).

Table 2.16: Determinants of net monthly earnings, 2001-02<sup>1</sup>

	Estimated coefficients			Variable means		
	All	Private sector	Public sector	All	Private sector	Public sector
<b>A. Demographic characteristics</b>						
Female	-.012	-.083*	-.001	.196	.114	.260
Serb	-.160**	-.358**	-.049	.087	.053	.114
Other minority	-.057	-.070	-.091	.046	.064	.031
<b>B. Family and household status</b>						
Married	.045	.033	.033	.449	.496	.412
Head of the household	.057*	.105**	.018	.482	.448	.508
<b>C. Education</b>						
Vocational	.163**	.110**	.170**	.460	.477	.447
High school	.258**	.264**	.209**	.121	.106	.133
University	.430**	.359**	.427**	.191	.069	.288
<b>D. Experience</b>						
2-5 years	.070*	.074	.046	.269	.315	.233
6-10 years	.084*	.207**	-.062	.149	.191	.116
11-20 years	.045	.196**	-.061	.243	.180	.293
21-30 years	-.009	.086	-.068	.160	.092	.215
31-40 years	-.000	.208	-.091	.039	.023	.051
Missing	-.0149	.042	.025	.053	.084	.028
<b>E. Type of contract/job</b>						
Fixed-term	.253**	-.026	.375**	.102	.096	.106
Oral	-.056*	-.049	-.0322	.353	.608	.152
Working as an apprentice	-.502	-.346	-.283	.001	.002	.001
Precarious job	-.251**	-.262**	-.163**	.213	.368	.090
Having a second job	.023	-.056	.119	.012	.006	.016
Working long hours	.214**	.151**	.163**	.192	.203	.183
Working short hours	-.253**	-.367**	-.133**	.218	.440	.043
Underemployed	-.076	-.109	.078	.017	.028	.008
<b>F. Qualification for the job</b>						
Being overqualified	.019	.016	.007	.093	.127	.066
Being underqualified	.000	.030	-.035	.102	.160	.056

Table 2.16: Determinants of net monthly earnings, 2001-02 (continued)

	Estimated coefficients			Variable means		
	All	Private sector	Public sector	All	Private sector	Public sector
<b>F. Ownership type</b>						
Private	.218**	na	na	.442	na	na
<b>G. Sector</b>						
Agriculture & logging	-.449**	-.664**	-.117*	.077	.142	.025
Construction	.131**	.001	.130	.105	.198	.031
Transportation & communications	.034	-.078	.101	.047	.048	.045
Trade	-.002	-.136**	.071	.173	.345	.037
Hotels and restaurants	.124*	-.004	.175	.036	.065	.014
Public utilities	.037	-.116	.157**	.045	.006	.075
FIRE	.331**	.253*	.382**	.008	.007	.009
Education	-.073	-.023	-.007	.142	.004	.252
Health	-.147**	-.056	-.082*	.068	.007	.117
Government	.046	.192	.114**	.089	.006	.156
Other	.285**	-.131	.464**	.085	.068	.098
<b>H. Firm size</b>						
Medium (between 50-499 workers)	.049*	.302*	.067**	.254	.015	.443
Large (more than 500 workers)	.100**	-.137	.115**	.058	.002	.102
<b>I. Year 2002</b>	.053*	.098**	.061*	.428	.475	.391
Number of observations	4517	1881	2636	4517	1881	2636
R <sup>2</sup>	.312	.400	.324			

Source: own computations, based on Kosovo LFS 2001 and 2002.

<sup>1</sup> OLS estimation, based on December 2002 Kosovo Labour Force Survey. Dependent variable is ln(net monthly earnings). Wages from 2001 surveys were converted to Euros using the rate of 195583 DM for 1 Euro. Estimates significant at a 5-percent level are denoted by an asterisk, and at a 1-percent level with two asterisks. Reference person is a male, Albanian, single, not the head of the household, with elementary or unfinished elementary education and less than 2 years of work experience, having a permanent job and working with a written contract, who is engaged in a non-precarious job, does not work in a second job and works normal hours in a job that adequately matches his/her qualification, in the state-owned, manufacturing firm.

**Table 2.17: Comparison of labor market outcomes, Kosovo and Balkan countries**  
(late 1990s or 2000s)

	Kosovo (2002)	Bosnia and Herzegovina	Bulgaria	Croatia	Macedonia	Romania	Yugoslavia
<b>A. Population (in thousand)</b>	1,939	4,236	8,170	4,381	2,030	22,443	8,380
<b>B. Labor force participation (survey data)</b>							
Total	41.3	48.5	48.8	50.4	52.9	62.6	57.5
Male	55.5	63.2	54.0	57.8	64.4	70.7	65.9
Female	26.9	34.2	44.0	43.8	41.7	56.8	49.2
<b>C. Structure of employment by activities (survey data)</b>							
Agriculture	38.8	18.8	26.6	9.0	22.3	42.8	22.5
Manufacturing	8.4	36.2	29.0	31.3	33.5	26.2	26.4
Services	52.8	45.0	44.4	59.4	44.2	31.0	51.2
<b>D. Unemployment</b>							
Unemployment rate - LFS (December)	47.2	16.4	19.7	15.8	30.5	6.6	12.9
Unemployment rate – registered unemployment	40.8	38.0 (Fed) 40.1 (RS)	17.3	23.1	n.a.	8.6	27.9
Long-term unemployment (more than one year, in percent of total unemployment)	73.1	76.2 (Fed)	58.9	52.1	83.3	48.1	81.7
Percent of young among the unemployed (below 25)	40.6	29.8 (Fed)	21.6	n.a.	27.8	n.a.	34.5
Structure of unemployed by educational attainment							
• Primary or less	49.0	42.8	n.a.	n.a.	41.8	n.a.	23.9
• Secondary	49.5	55.3	n.a.	n.a.	51.0	n.a.	68.3
• University (2 years)	--	1.1	n.a.	n.a.	3.2	n.a.	4.3
• University (4 years)	1.4	0.8	n.a.	n.a.	4.0	n.a.	3.5

Source: for Bosnia and Herzegovina: World Bank (2002). For other countries, WIW database. For Kosovo, the following estimates of employment are used: agriculture - 144,800; manufacturing - 31,400, and services - 197,400.

**Table 2.18: Returns to education, late 1990s/early 2000s, transition countries**

	Unfinished primary	Primary	Vocational	Secondary technical	Secondary general	College	University
<b>Kosovo (2002)</b>							
Private sector	reference	reference	11.1		26.4		35.9
Public sector	reference	reference	17.0	20.9			42.7
<b>Bosnia (2001)</b>							
Federation	reference	insign.	11.9		18.4	38.8	74.5
Republika Srpska	reference	insign.	insign.		10.1	30.9	63.3
<b>Bulgaria (1997)</b>							
Total	reference		23.5		31.3	39.1	93.4
<b>Latvia (1998)</b>							
Men	reference		11.6	25.9		71.6	
Women	reference		16.2	2.8		58.4	
<b>Poland (1996)</b>							
Total	reference		9.3	31.5	34.0	34.4	77.4
<b>Slovenia (1998)</b>							
Total	reference	7.5	25.0		54.9	89.1.5	117.1

Source: Rutkowski (2001), World Bank (2002) own calculations for Kosovo.

Notes: Estimated using Mincer-type earnings functions, with (log) monthly earnings as dependent variable, and personal/firm variables as controls. The reported numbers are wage premiums obtained by workers with certain educational category over and above the wages of workers of the reference category (in percent), other things equal.

**Table 2.19: Employment protection legislation, transition countries, early and late 1990s\***

	Regular employment		Temporary employment		Collective dismissals		Combined score (regular and temporary employment)	
	Early 1990s	Late 1990s	Early 1990s	Late 1990s	Early 1990s	Late 1990s	Early 1990s	Late 1990s
<b>Kosovo</b>	na	0.3	na	2.8	na	3.9	na	1.5
<b>A. Transition economies</b>								
Average	2.4	2.2	3.5	3.4	2.5	3.4	3.0	2.8
BiH – Federation*	na	0.8	na	4.3	na	na	na	2.5
BiH – R. Srpska*	na	1.0	na	3.1	na	na	na	2.1
Bulgaria	1.3	1.3	2.8	3.8	3.6	3.6	2.1	2.6
Czech Republic	1.3	2.8	5.8	3.0		4.3	3.6	2.9
Estonia	2.9	3.1	3.4	3.9	2.0	2.6	3.2	3.5
Hungary	2.1	2.1	2.8	2.9	0.0	2.6	2.5	2.5
Macedonia*	3.9	2.1	5	4.4	4.2	4	4.4	3.2
Poland	2.2	2.2	3.3	3.3	3.9	3.9	2.8	2.8
Romania	1.4	1.5	2.8	2.8	1.8	2.8	2.1	2.2
Russia	3.6	3.6	3.8	3.8	4.1	4.1	3.7	3.7
Slovakia	na	2.6	na	3.9	na	4.4	na	3.3
Slovenia	3.8	3.9	4.3	2.8	4.8	5.1	4.1	3.4
Ukraine	3.1	3.1	2.9	3.4	0.0	0.0	3.0	3.3
<b>OECD countries**</b>								
Average	2.19		1.97				2.08	

Source: Haliwanger et al (2003), World Bank (2002), own computations for Kosovo (based on Regulation No. 2001/17 “On Essential Labour Law in Kosovo”)

\*The latest score refers to 2003

Following the OECD (1999) methodology, the above summary scores reflect the following aspects of employment protection legislation: (a) regular contracts: difficulties in procedures for layoff, delay to start notice, the length of notice period, the value of severance pay; definition of unfair dismissal; trial period, compensation for unfair dismissal and the frequency of reinstatement (b) fixed-term contracts: valid cases other than the usual “objective,” maximum number of successive contracts, maximum cumulated duration, and temporary work agency: type of work for which such work is legal, restrictions on number of renewals, and maximum cumulated duration; and (c) collective dismissals: definition of collective dismissal, additional notification requirements, additional delays involved, and other specific costs to employers. Note that the higher the score, the more restrictive is the legislation.

**Annex Three**  
**Informal Study Quantitative Survey Sample and Methodology**



**PRISM RESEARCH**  
Market, Media & Social Research

for the

**World Bank**  
**Kosovo Informal Labor Survey**  
**Quantitative Component**

Kosovo Survey March 2003

*i. Methodological & Technical Report*

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**Preface**

From March 5 March 13, 2003, Prism Research, under commission by and in consultation with Jeanine Braithwaite of the World Bank, conducted a survey in Kosovo to collect data on the informal labor market.

The method utilized for the survey was the administration of a questionnaire during face-to-face interviews. A total of 560 interviews were conducted on a representative sample of citizens - Kosovar Albanians and the Serb population.

This Methodological Report provides a description of the sampling methodology and procedure used; comparative tables showing how the sample parameters compare with known census and other demographic data; contact and non-response information.

**May, 2003**

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## I. METHODOLOGICAL REPORT

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### A. Summary of procedures

The face-to-face interview method was utilized in in-home interviews. Interviewers were instructed according to specific guidelines to go to randomly selected addresses at which to conduct interviews and to conduct interviews with the Head of Household. Interviewers read aloud the questions and the range of possible (coded) responses, presented the 'show cards', or in the case of open-ended questions, read only the question. The interviewer holds the questionnaire throughout the interview and marks in respondent answers.

### ***Sampling methodology & procedures***

A three-phase random stratified sample was designed for the purposes of this survey.

#### a. Population Statistics

The boycott of the 1991 census by the Albanian population of Kosovo and the enormous demographic shifts of the Albanian and Serb populations in the war and post-war period render all population data based on the 1991 census of very limited value of applicability as a basis of comparison of current population parameters.

Fortunately, the high turnout of over 90% of the Albanian population (16 years and over) in the Civil Registration in the period running up to the October 2000 Municipal, 2001 Parliamentary, and 2002 Municipal Elections in Kosovo greatly improved the population data available. It is our opinion that the Civil Register (Source: OSCE/UNMIK) is currently the most accurate and reliable source of data about the number, age and gender structure of the ethnic Albanian population in Kosovo by settlement/populated area.

In terms of data related to the Serb population and other ethnic minorities in Kosovo, the situation is not very good. The Serb population of Kosovo essentially boycotted the civil registration process in 2000. However, in 2001 an estimated 50% of Kosovo Serbs (resident population) was registered in the Civil Register. Current estimates of the number of Serbs remaining in Kosovo vary from between 75 000 to some 100 000. Of these, 60-70% is considered to be living in the northern part of Kosovo. The number of Serbs residing in the "enclaves" in central Kosovo is fairly well known given that a fairly small number live in these areas. For reasons of personal security they live in relative isolation in a set number of rural or urban settlements/enclaves.

For the purposes of the construction of the sample for this survey, population data about both the Albanian and Serb population in Kosovo, we used the data from the Civil Registry that is maintained by the OSCE combined with the official data of UNMIK and UNHCR regarding population numbers of the most significant ethnic minorities in Kosovo including Serbs, Gorani, Roma, Turks, and Bosniacs/Muslims. By population data in this case we primarily mean:

- ◇ *the total number of residents in Kosovo and its various regions*
- ◇ *the number of residents by municipality (including Prishtina)*
- ◇ *number of residents by ethnicity, settlement type (urban/rural, size of settlement), gender and age.*

#### Target Population

The target population for this survey is:

- Population of households – respondents: HEADS OF HOUSEHOLD

#### Sample size and selection of primary sampling points

To obtain 560 valid interviews, we used an initial sample size of 600. This initial sample was divided into 120 sampling blocks (5 interviews per each sampling point).

The following procedure was used in the selection of the primary sampling points:

1. In the case of this survey the territory of Kosovo will be divided into two ethnic-majority areas – Albanian-majority area and Serb-majority area. These two ethnic-majority areas differ considerably in the cultural, linguistic, economic and political sense, and de-facto form two separate entities.
2. A certain number of sampling blocks will be allocated to each of these two ethnic majority areas:
  - N=500 for Albanians majority areas
  - N=60 for Serbs majority areas
3. Each of these ethnic majority areas is divided into a certain number of geographic regions.

#### *For Albanian-majority areas.*

The sample will be divided between 5 regional units where Albanians are the ethnic-majority in Kosovo. These five regional units correspond to the KFOR Areas of Responsibility in Kosovo: UK, USA, France, Germany and Italy.

#### *For Serb-majority areas.*

Essentially there exists only one region in Kosovo where Serbs form the majority population: northern Kosovo. Other areas of Kosovo where Serbs live are in fact Serb villages or enclaves in central Kosovo and are surrounded by Albanian-majority areas. For the purposes of this research we will group these Serb enclaves into three geographic regions: Center, East, and South.

Data about the number of interviews conducted for each ethnic-majority area is presented in the table below:

	SAMPLE	
	N	%
Albanian majority area	500	89.3
Serb majority area	60	10.7
Kosovo	560	100

4. Each of two ethnic-majority areas is divided into a certain number of geographic regions.

*For Albanian majority areas.*

The sample is divided into 5 regional units with Albanians as majority in Kosovo. These five regional units correspond to KFOR Areas of Responsibility: UK, USA, (French area of responsibility was not done), Germany, Italy. These regions are essentially geographic areas of Kosovo each including a few municipalities and one major town/city. *See table below for detail of municipalities included in each region.*

*For Serb majority areas.*

Essentially there exists only one region in Kosovo where Serbs form the majority population being northern Kosovo – North Mitrovica, Zubin Potok, Leposavic and Zvecani. Other areas of Kosovo where Serbs live are in fact Serb villages or enclaves in inner-Kosovo and are surrounded by Albanian majority areas. For the purposes of this survey these Serb enclaves into two geographic regions: Center – the areas around Prishtina, Kosovo Polje, Obilic, Lipjan; and South – area of Strpce was included.

Data about the number of interviews conducted for each region is presented in the table below:

		SAMPLE			
		Serbs		Albanians	
		N	%	N	%
Serb Majority Areas	North	40	66.6		
	Central	10	16.6		
	South	10	16.6		
Albanian Majority Areas	UK KFOR			45	9.0
	USA KFOR			365	73.0
	GERMANY KFOR			45	9.0
	ITALY KFOR			45	9.0
Total		60	100	500	100

Each of these geographic regions within each ethnic-majority area was allocated a certain number of sampling blocks (out of the total number of sampling blocks allocated to the ethnic-majority area) proportional to the size of population living in these regions.

Each of the geographic regions is divided into a certain number of municipalities. All municipalities within each region are divided into three categories proportional to the number of people living in these municipalities. The categories are: regional centre, medium and low. Regional centers are included in the sample for each region by default. In each region at least one municipality from each category is selected. Each of the selected municipalities is allocated a certain number of sampling blocks (out of the total number of sampling blocks allocated to each region) proportional to the size of population in the category represented by the selected municipality.

Data about the number of interviews conducted for each municipality is presented in the table below:

				SAMPLE				
				Serbs		Albanians		
				N	%	N	%	
	North	MUNICIPALITY	Kosovska Mitrovica	30	5.3			
			Zubin Potok	10	1.8			
		Total		40	7.1			
	Central	MUNICIPALITY	Kosovo Polje	10	1.8			
		Total		10	1.8			
	South	MUNICIPALITY	Stipce	10	1.8			
		Total		10	1.8			
	Albanian Majority Areas	UK (KFOR AOR)	MUNICIPALITY	<i>Mitrovica</i>			45	8.0
			Total				45	8.0
				Podujeve			45	8.0
			Prishtine			320	57.2	
Total					365	65.2		
			Prizren			45	8.0	

		Total			45	80
			Peje		45	80
		Total			45	80

b. Selection of Secondary Sampling Points

*Selection of settlements within municipalities*

Within each municipality settlements were randomly selected from the list of the settlements. In each selected municipality and region approximately 75% of all interviews were conducted in urban and 25% in rural areas. Our estimate is that approximately 75% of the population in Kosovo now lives in urban areas and 25% in rural areas. According to the last census figures from 1991, 70% of the Kosovo population was living in rural and 30% in urban areas. However we cannot use this data because of the dramatic demographic changes resulting from the war and postwar period.

Due to the lack of reliable data on the number and percentage of people living in urban/rural areas in regions and municipalities, we decided to use ratio 75%/25% in all regions and municipalities in our sample.

*Selection of starting points*

In the selection of secondary sampling points a database of the streets in urban areas and villages in rural areas was used. This database contains the following information:

Region	Municipality	Type of settlement - Urban/Rural	Neighborhood Council	Settlement	Street/urban Village/rural
--------	--------------	----------------------------------	----------------------	------------	----------------------------

For each of the selected municipalities, a random computer selection of streets and villages was made from the far right column. For each municipality a reserve number of streets and villages were selected. It is often the case that selected villages are found to be deserted and/or completely devastated. In such cases, that village is replaced by the first village on the reserve list. In extreme cases, where the list of reserve villages is exhausted due to desertion or devastation, the interviewer is allowed to select the nearest neighboring village where it is possible to conduct the survey.

Selected streets are allocated a randomly selected number between 1 and 300, which represents the address of the starting point. If it is a three-digit number, and the selected street does not have that many numbers, the interviewer ignores the first digit and moves to the address at the remaining two-digit number (similarly for the single digit number if there is no address with the two-digit number).

c. Selection of households

*Random Walk Technique*

The Random Walk technique was used for selecting households. Interviewers were given addresses of a starting point for each secondary sampling point. In urban areas this was a specific household address. In rural areas it was a specific household or a landmark building such as the neighborhood council building, post office, or local school. Different size settlements required different directions for finding of starting point. In some cases the regional coordinator or supervisor determined the starting point after having visited the settlement.

The interviewer was directed to face the starting point so that it is north of her. She then chose the first street (house) to her right. Starting at this street (house), the interviewer proceeded in that direction and chose the second house as the first household for interviewing. If the second house was an apartment building (or has multiple dwelling units), she chose the second dwelling unit in this building to start the interviewing.

After the interview, she passed the next apartment or house and chose the fourth dwelling unit for the second interview. She proceeded in this pattern until the end of the street. At the end of the street, she moved to the next street on her right and continued the process until she completes the quota for that settlement.

*Multi dwelling residential units*

Each multi-dwelling unit is treated as one address. In one entrance the survey was conducted on only one floor, and in only one apartment. Interviewers were instructed that in each entrance they were to interview on the first floor in one building, and middle floor in second and top floor in third multi storey building.

d. Selection of Respondents

In each household the Head of Household was interviewed.

At the door, upon first contact the interviewer inquired about the number of families or households residing in one apartment or house, and the number of members of each household. Interviewers then carried out selection of the household to be included by selecting the household with fewer members, and at the next encounter choosing the household with more members. Interviewers kept a record of the number of households/ family units at each address.

If the Head of Household was not at home, she arranged to revisit that house if possible. Interviewers were directed to go on to the next household if they could not get the appropriate respondent after two attempts.

## B. Interviewers

### a. Recruitment and training

For the purposes of this survey 9 regional coordinators (6 in Albanian- and 3 in Serb-majority areas), 31 interviewers (26 in Albanian and 5 in Serb majority areas) and 6 controllers were selected to form the field team. Selection was made on the basis of aptitude, previous experience, age, gender, and regional origin.

Coordinators, interviewers and controllers are residents in various parts of Kosovo. For reasons of security of interviewers it was important to have interviewers who are relatively local to the various regions so they held a better knowledge of the situation in the area.

All of 9 regional coordinators participated in one full day training session in Prishtina and Zubin Potok. After this training the regional coordinators organized interviewer training sessions for the interviewers whose work they organize and supervise.

In these training sessions detailed Q-by-Q analysis was conducted, and role-play exercises were carried out.

#### *Pilot study*

Prior to the start of the main fielding each interviewer had to conduct and complete at least one interview successfully to indicate that they were qualified to work in the fielding. After completion of the 'test questionnaires', all questionnaires were collected, and discussion was held about problems encountered, questions raised etc. Interviewers were instructed to make note of all comments made by respondents in the course of the interview.

#### *Feedback*

On the basis of information gained from the direct observation of interviews, and feedback from the pilot study, the final version or field version of the questionnaire was adapted and completed.

### c. Supervision

As we said earlier each interviewer had to conduct at least one interviews with or without the attendance of a supervisor (depending on the level of errors from the pilot study).

During the conducting of fieldwork regional coordinators checked each completed questionnaire being submitted 'on the spot' to minimize the likelihood of incorrectly completed questionnaires being submitted or systematic interviewer errors going unchecked.

#### *Joint interviewer & supervisor training session*

In some cases a joint session with interviewers and supervisors was conducted. At this session supervisors familiarized interviewers with the errors that had been made, and additional training of interviewers that had not performed satisfactorily was conducted.

#### d. Controls

##### *Types of control*

Control of interviewers work in the field was conducted in two ways; as all interviewers are accommodated in major urban centers, at the end of each day in the field supervisors met with them and collected completed questionnaires. Technical control of the interviews was conducted immediately, and interviewers were informed of any errors made in the marking of responses.

Back-check is another system of control applied. Prism Research applies our own system of control where every interviewer, upon completing an interview, leaves with the respondent a specially designed 'Control Sheet' that explains the purpose and manner of control to the respondent. On the back of the 'Control Sheet' there is a brief questionnaire that the respondent is asked to complete independently once the interviewer has gone. The questions are related exclusively to the conduct of the interviewer during the interview process such as manner of asking questions, suggestiveness, prompting, or anything that might compromise the interview. The respondent is asked to keep the completed Control Sheet for a period of at least 7 days from the date of the interview (controls are conducted within 7 days of completion of fieldwork).

Control is conducted in the following manner: for each interviewer one or two Contact Sheets are selected – on each Contact Sheet there are 5 addresses at which interviews were conducted, as well as addresses where contact was made but interviews were not completed for whatever reason.

The controller goes to the listed addresses and asks respondents for the completed Control Sheet. If the respondent does not have the Control Sheet for any reason, the controller gives them an empty one and asks the respondent to complete the form. In this way control is made of whether or not the interviewer selected the address and the household member in accordance with the set selection criteria.

In the case that controls discover any problems with interviewer conduct, interviewers are asked for an explanation or to repeat the necessary number of interviews.

Using this method of control the full cooperation of the respondent is promoted, the possible compromising of anonymity of the respondent is neutralized as the purpose and method of control of the work of the interviewer is made very clear to the respondent.

#### C. Contact sheets

For every selected sampling point interviewers were instructed to keep a separate Contact Sheet in which all required information about the interview process itself is entered. The following information is included in the Contact Sheet:

1. Interviewer details & expenses incurred in reaching starting point
2. Data about duration of interviews in one sampling point
3. Data about starting point (address of starting point)
4. Data of all contacts made in course of field work

Interviewers were instructed to keep a record of literally all contacts made - completed and refused interviews, every knocking on a door - regardless of outcome. The following information was noted by interviewers:

- 1 - Number of contacts
- 2 - Questionnaire code (only for completed interviews)
- 3 - Code of contact outcome (one of the following codes)
  01. INTERVIEW COMPLETED
  02. INTERVIEW INTERRUPTED - RESPONDENT SAID HE/SHE WANTS TO CONTINUE BUT CONTACT NOT SUCCESSFUL
  03. INTERVIEW INTERRUPTED - RESPONDENT REFUSED TO COMPLETE INTERVIEW
  04. SELECTED HOUSEHOLD MEMBER IS ILL (PHYSICALLY OR MENTALLY)
  05. SELECTED HOUSEHOLD MEMBER IS AWAY/A BROAD
  06. SELECTED HOUSEHOLD MEMBER IS NOT PRESENT EVEN AFTER TWO VISITS
  07. PEOPLE WHO CANNOT BE INTERVIEWED IN HOUSEHOLD (FOREIGNERS, DO NOT SPEAK LANGUAGE, ETC.)
  08. THERE IS NO ANSWER AT THE DOOR OF SELECTED HOUSEHOLD AFTER SECOND VISIT
  09. PERSON WHO OPENED THE DOOR REFUSED PARTICIPATION IN SURVEY
  10. SELECTED HOUSEHOLD MEMBER REFUSES TO PARTICIPATE IN SURVEY
  11. SOME OTHER REASON THAT INTERVIEW WAS NOT CONDUCTED AT SELECTED ADDRESS -

- 4 - Number of households at address
- 5 - Gender and age (estimate if necessary) of respondent or contacted person
- 6 - Telephone number
- 7 - Evaluation of sincerity/honesty of respondents (on a scale of min. 1 to max. 5) - only for completed interviews
- 8 - Evaluation of co-cooperativeness of respondents (on a scale of min. 1 to max. 5) - only for completed interviews
- 9 - Interviewer notes and observations for each address (if needed)

At the end of each contact sheet the interviewer summarizes all problems or noteworthy observations made in the course of fieldwork at that sampling point. Interviewers are instructed to stress any problems with the questionnaire, specific questions, and the interviewing process.

The information from the contact sheets is summarized in the table in the 'Contact and non-response information' section of this report. The tables summarize the data about frequency and percentages contained in the contact sheets.

## ***2. Comparative tables - sampling parameters & available demographic data***

As mentioned earlier, it is extremely difficult to access accurate or reliable data about population parameters for Kosovo. The most accurate source of population information for the Kosovo Albanian population is the OSCE Civil Register database that is not yet available to the public. The data from the Civil Register would be a source of parameters for gender, age (16+), and the number of residents by settlement.

In the case of the Serb population of Kosovo, currently there does not exist any reliable source of data, or even estimates of population parameters, other than the number of families remaining in the villages/enclaves in inner-Kosovo and in Northern Kosovo.

For these reasons it is not possible to compare the sample structure with population parameters. In the case of the Albanian population it is possible to make a comparison by gender and age based on the estimates of the Statistical Bureau of FR Yugoslavia based on trend estimates of population growth/birth rates.

### ***Weighting***

We did not use any weighting procedure in this survey as the samples for Albanians and Serbs were treated as two separate sub samples.

### **D. Problems**

#### *Albanian majority areas*

There were no particular problems encountered in the fieldwork in the Albanian-majority areas, other than respondents complaining about the length of the survey. The interviewers did not have any particular problems with administration of the survey.

#### *Serb majority areas*

The standard problems resulting from the difficulties in communication with the enclaves were encountered. Travel between enclaves is made under KFOR escort and only on certain days.

The comments of respondents related mainly to the length of the questionnaire.

As the unemployment level in Serb enclaves is very high, compounded by a high level of distrust toward UNMIK, particularly in relation to Trepce mines and its passing into the control of UNMIK (as it employed a large number of Kosovo Serbs) – this resulted in the survey being viewed by respondents as a tool to test where and how people are working in order to determine how many people will be sacked from Trepce! This is reflected in the high refusal (low response) rate. However, as the sample is quite small, it cannot be considered representative.

#### *Length of interview*

The major problem (at the base of most others) in the course of interviewing was the length of the questionnaire. Response fatigue resulting from the large number of questions led to respondents losing patience, and in a few instances interrupting the interview.

*Treatment of missing values*

It is worth noting that in the preparation of the database for analysis there was no procedure applied to replace missing values. It was considered that the over sampling of thirty respondents adequately compensated for missing values in the questions where this was an issue.

3. Contact and non-response information

Table 02. Contact and non-response information for Albanian sample

Contact Result	Frequency	Percent
1-Interview completed	500	57.60
2-Interview interrupted-respondents revisited – not completed	2	0.23
3-Interview interrupted-respondent refused to complete	0	0.00
4-Selected household member is ill	5	0.58
5-Selected household member is away/abroad	2	0.23
6-Selected household member is not present after 2 visits	9	1.04
7-Foreigners and residents who do not speak language	4	0.46
8-No answer after second visit	138	15.90
9-Person who opened the door refused to participate	165	19.01
10-Selected household member refuses to participate	26	3.00
11-Other reasons that interview was not conducted	17	1.96
Total	868	100.00

*Response rate for Albanian sample*

On the basis of the data presented in the table above, the response rate was calculated using the formula:

$$\frac{1}{1+2+3+4+5+6+8+9+10+11} = 57.87\%$$

Table 03. Contact and non-response information by gender and age - Albanian sample

	TOTAL		GENDER				AGE							
	All		Male		Female		18 - 30		31 - 40		41 - 50		51 +	
	#	%	#	%	#	%	#	%	#	%	#	%	#	%
CONTACT 1	500	57.60	397	79.40	103	20.6	81	40.10	109	66.06	121	74.69	189	94.03
2	2	0.23	0	0.00	2	0.22	0	0.00	2	12.1	0	0.00	0	0.00
3	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
4	5	0.58	3	0.60	2	0.22	1	0.50	3	18.2	1	0.62	0	0.00
5	2	0.23	2	0.40	0	0.00	0	0.00	0	0.00	2	1.23	0	0.00
6	9	1.04	3	0.60	6	0.67	4	1.98	3	18.2	1	0.62	1	0.50
7	4	0.46	4	0.80	0	0.00	0	0.00	0	0.00	0	0.00	4	1.99
8	138	15.90	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
9	165	19.01	72	14.40	93	10.32	88	43.56	38	23.03	33	20.37	6	2.99
10	26	3.00	13	2.60	13	1.44	20	9.90	5	3.03	1	0.62	0	0.00
11	17	1.96	6	1.20	11	1.22	8	3.96	5	3.03	3	1.85	1	0.50
TOTAL	868	100	500	100	230	100	202	100	165	100	162	100	201	100

Table 04. Contact and non-response information for Serb sample

Contact Result	Frequency	Percent
1-Interview completed	60	35.71
2-Interview interrupted-respondents revisited – not completed	0	0.00
3-Interview interrupted-respondent refused to complete	0	0.00
4-Selected household member is ill	7	4.17
5-Selected household member is away/abroad	5	2.98
6-Selected household member is not present after 2 visits	5	2.98
7-Foreigners and residents who do not speak language	13	7.74
8-No answer after second visit	26	15.48
9-Person who opened the door refused to participate	39	23.21
10-Selected household member refuses to participate	11	6.55
11-Other reasons that interview was not conducted	2	1.19
<i>ii. Total</i>	168	100.00

*Response rate for Serb sample*

On the basis of the data presented in the table above, the response rate was calculated using the formula:

$$\frac{1}{1+2+3+4+5+6+8+9+10+11} = 38.7\%$$

Table 05. Contact and non-response information by gender and age - Serbian sample

	TOTAL		GENDER				AGE								
	All		Male		Female		18 - 30		31 - 40		41 - 50		51+		
	#	%	#	%	#	%	#	%	#	%	#	%	#	%	
CONTACT	1	60	35.71	37	43.53	23	40.35	14	41.18	10	27.78	12	38.71	24	58.54
	2	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
	3	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
	4	7	4.17	5	5.88	2	3.51	4	11.76	0	0.00	1	3.23	2	4.88
	5	5	2.98	5	5.88	0	0.00	2	5.88	2	5.56	1	3.23	0	0.00
	6	5	2.98	2	2.35	3	5.26	0	0.00	1	2.78	1	3.23	3	7.32
	7	13	7.74	6	7.06	7	12.28	3	8.82	6	16.67	2	6.45	2	4.88
	8	26	15.48	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
	9	39	23.21	21	24.71	18	31.58	8	23.53	13	36.11	11	35.48	7	17.07
	10	11	6.55	7	8.24	4	7.02	3	8.82	4	11.11	2	6.45	2	4.88
	11	2	1.19	2	2.35	0	0.00	0	0.00	0	0.00	1	3.23	1	2.44
TOTAL		168	100	85	100	57	100	34	100	36	100	31	100	41	100

## **Annex Four Case Studies**

Case Study / IDI Code – 1

Respondent Profile – **Sale of commercial products on a stand**

### **Personal socio-demographic information**

Sex: Male

Age: 33

Education: The respondent has completed secondary school for trading (commerce), and attended Economical Faculty for a year.

Health: Respondents claims to be in an excellent physical condition. He feels fit and able to perform any kind of work.

### **Household /family structure and profile**

They are 14 members of the family. The respondent lives together with his mother, wife, brother, who is also married, and nine children. Four children are his own, and five his brothers'. The youngest is one year old, and the oldest is eleven. Three children attend school, and the other six are below seven years and still did not start to go to school.

His brother also practice similar activity: he sells commercial products in a stall in a different part of the city. His brother has finished secondary school, and two years of Mechanic Faculty.

Respondent is married on the year of 1995. Respondents' wife has finished secondary school and she is not employed. She is a housewife.

He also has four sisters, and all of them are married and living with their families. Two of his married sisters live in the same neighborhood. Respondent has other two brothers. One of his brothers lives apart, in the same neighborhood. The second one has emigrated to America, and he currently lives there

Mother of the respondent is 76 years old. She is old and unable to look after herself. Other members of the family must always look after her.

They live in a village, and possess a house.

### **Household income**

Both the respondent and his brother practice similar sort of employment: they sell commercial products in a stand. The respondents' brother sells music cassettes, CD's, cosmetic products, etc. Respondent sell ice cream, sunglasses, cosmetic products, telephone cards (for prepaid users, both Vala 900 and Mobitel), etc.

While the respondent is situated in x in Prishtina, his brother is situated a five hundred meters away down the same road, near the building of x.

Beside the informal engagement of two family members, the mother of the two receives social aid for elderly people, 35 euros a month.

Respondent family does not have any other income. He claims that after the war, they received two or three times a remittance from their brother who lives in America but that was all that they received. His brother works in America, and has a family of his own – altogether six members of the family, his wife and four children.

Family possesses one hectare of land and respondent claims that they cultivate the land. They have a cow, and use the milk only for family needs. The harvest from the land is used for family needs; the maize is used to feed the cow, whereas the wheat is used for family needs.

### **Respondent employment history / experience**

#### **Formal employment**

Respondent has only a brief experience of work in the formal sector.

While he was in the University, in the year of 1991, he was forced to go to finish his military service. For six months he was situated in x. He used to be in the second line of the front.

After he completed his military service, he returned to Kosovo and paused for six months. He tried to emigrate, and used a false identity (possessed a passport of one of his relatives), as he did not have a passport of his own. He was caught in x. He was held by the police forces for eight days, and treated brutally. This was the main reason, as he claims, for not trying to emigrate again from the country.

In the year of 1992 he started to sell food products in the market. He practiced his activity for seven straight years. He used to buy food products in large quantities, and later sell them in retail.

After the war, he was engaged by the OSCE mission in Kosovo to work as an assistant with the Civil Registry. He used to measure the height of the people who used to go to the Civil Registry Center, fill up the application and precede them to other workers. At first, he had a three months contract and later, as the dead end for the registry was expanded, he worked for another 20 days.

During the time that he was employed with the OSCE, he had a three months contract. He mentioned some of the obligations and requirements of the contract; working hours were from nine to six o'clock, he had to work for six days a week, they got paid fifteen DM per day, they had a half an hour break during the day, they could miss from work mostly one day a month (they had to previously announce their absence, and get permission from their supervisor), etc. After the expiry of the contract none of the employees renewed the contract and worked under the same condition as they used to during those three months for another twenty days.

He was also employed during the three elections that were held in Kosovo, one time elections for the Kosovas' Assembly and two Municipal Elections. During all three times he was engaged for five to six days.

Respondent tried to get employed formally, first as a fireman and later as a policeman. He applied for this position but was not successful.

#### **Informal Labor Engagement**

After the war, respondent started to sell food products in the market. One of his friends offered him a stand in the x street, and the respondent claims that the stand was officially allowed by the municipal authorities to sell goods in that place. The license was issued for four months, and it has to be renewed every four months. The owner of the stand arranges the duties to receive the license and pays for it. Respondent pays to the owner of the stand 120 euros per month. It is a rather small stand, and made up of aluminum. Respondent changed the place of his engagement from the market to the present place for two and a half months.

Respondent claims that before his brother used to do all the supply of the goods. He used to tell him the price of each product and after the respondent would sell the products he would give all the money to his brother. His brother is three years older than him.

Respondent claims that the main reason for him practicing this activity is to earn money and support his family.

#### **Description and level of engagement**

Respondent travels everyday from his village to Prishtina. He travels for half an hour to an hour. Opening of his stand is dependent whether he has to go and buy goods or not. Usually he opens the stand at half past nine to ten o'clock in the morning. He works up until nine o'clock in the evening. During the day, he leaves a friend at the stand and he goes and eats lunch. He works six days a week regularly, and sometimes he works on Sundays as well.

He has a notebook where he keeps record of the things that he sells during the day.

He has an agreement with a company that sells ice cream. They have provided him with a refrigerator and he buys ice cream from them. Out of 100-euro worth of ice cream, respondent claims that he earns 20 euros.

Respondent claims that he is able to practice his labor all over the year. However, during the summer it's much easier, as the weather conditions are less harsh and the earnings are better. He claims that during the winter, frequently he only managed to cover the expenses that he has during the day, such as food, travel, rotten food that he has to throw, etc.

While he was working with the food products he didn't have a stand, he used to sell goods in a table near the market. He didn't use to pay anything for the place that he was using. He claims

that he was keeping only good and qualitative products, as the earnings are higher with the better quality and the easiness to sell goods is greater. If the quality of the product is low, then the probability to through larger quantity of goods due to decay is higher. Respondent claims that he is experienced identifying good products, as he is into this business for over 10 years now.

Currently, respondent and his brother have different suppliers. Respondent claims that he doesn't know where and which music to buy, and therefore can not help his brother for supplying him with the products he needs. Now, he knows the places where to buy products for himself and he buys the goods himself. He does not have any agreement with the suppliers. Nevertheless, he says that at the places where he usually buys goods, the sellers try to give to him better prices. On the other hand, he does not have any agreement with his customers as well. He claims that sometimes he tries to give cheaper prices to his regular customers, but this does not happen frequently. It happens that he gives products to the customers if they lack the exact amount of the money that is necessary to buy that product. Nonetheless, most of the customers do not seek for discount; they are familiar with the difficult conditions that the street sellers are facing.

Most of the customers come regularly to the respondent. He claims that the need to treat every customer with respect is necessary. Moreover, it's vital to serve the customers good as most of them will not visit him any more if he doesn't treat them good; if the customer is not treated well, then he can buy goods elsewhere, as there are dozen of other places where they can buy similar things.

Respondent claims that he works full capacity - he works almost 12 hours a day. He cannot have more products in his stand, as it is not possible due to limited space that he has. On the other hand, he doesn't have financial means to open a shop. Although he believes that he would be able to sell more if he has a shop, he thinks that the expenses of keeping a shop would be much higher than those of a stand and at the end all would be the same.

**Description of the advantages and disadvantages of current engagement**

Pros of the activity	Cons of the activity
1. It brings money and he is able to support the family	1. Difficult weather conditions
	2. Has to deal with all kind of people

**Income**

Respondent claims that on average he earns around 150 euros a month.

Respondent declares that his brother has bigger turnover during the month. His brother also pays less for the stand: he pays 30 euros a month to the municipal authorities. Moreover, his brother's earnings are around 300 euros a month. The main reason is that his brother works for three years in the same place, and he has gained a great number of regular customers who know him and buy things from him regularly. Respondent also claims that the range and quality of the articles condition the turnover. In addition, he mentioned that the place where his brother works is

frequented more by the people, and among others people who have been to the market pass through that road.

Respondent was hoping to get a stand near his brother, but it's impossible as all of them are occupied.

Respondent claims that the turnover differs very much between seasons. Moreover, he declares that the turnover is different in particular days of the week. The days that he sells mostly are Monday and Thursdays, whereas Tuesdays and Saturdays are weak. The beginning of the month is also more profitable.

Competition is very high near the place where the respondent has the stand. He says that the others are a little bit cheaper than he is; the other people who sell on the same street don't pay for the stand, as they sell the goods in a table. Respondent claims that if the others earn 5 euros a day, than all that money belongs to them. On the other hand, respondents' daily expenses are around 6 euros a day; he pays four euros a day for the rent of the stand, travel expenses, etc. Occasionally, municipal officials take out of the street the illegal sellers, but they come back within a week to their usual working place.

Respondent is not satisfied with the earnings. He doesn't have any possibility to save any money; all his earnings and earnings of his brother enables them only to support their family. They have nine children and their mother is sick, and she needs special attention. Three of the children are in school, and their expenses are high.

**Difference between his informal and formal work**

In formal work	Formal work
1. Extended working hours	1. Strict working hours – after six o'clock one can perform other activities
2. More responsibility (supply, etc.)	2. Less responsibility
3. Difficult working condition – all day in the street	3. Easier working condition – working inside
4. Low earnings	4. Higher earnings than in informal engagement
5. Independent, own boss	5. Have somebody all the time to tell you what to do
6. Possibility to suit working hours to other obligations	6. Employers can not be late

Respondent started to work on this particular stand two and a half months ago. He claims that March was not very successful; April was a good month and also the beginning of the May. Nowadays, he says that the turnover has decreased, and he believes that the main reason is that people lack money. In addition, the pupils have finished their school and the frequency of people has decreased.

Respondent claims that mostly he sells ice cream and sunglasses.

### **Plans / Hopes for the future**

For the future he hopes to get employed. He would prefer to work something else that brings more money to him, a job that is paid 250-300 euros a month. However, he claims that for up to two hundred euros he would not change his current employment, as he is currently earning that money and he knows how to do his job.

In the future, he plans to keep working in the stand where he currently is working. He has a written contract with the owner of the stand, and he hopes that the owner of the stand will get the license for the stand for another four months in the future. Respondent told him that he will not pay for the rent if the municipal authorities do not issue the license. If the license is not issued, then he would be forced to work something else. Since all his life he was engaged selling goods in the market or street, he would practice this activity in the future as well.

During the last year, while respondent was selling food products in the market he used to earn around 100 euros during the winter, and 200-300 euros during the summer.

For the future, due to difficult financial circumstance of the population, he believes that the turnover and his earnings will decrease.

He hopes that he would be able to emigrate to America, as his brother lives there. Respondent has a lot of children, and he says that it is difficult for all of them to go abroad. His brother has a Green Card, and soon will become an American citizen.

### **Community Coherence / Social Capital**

During all his life, he has worked only in Prishtina.

He lives in his village from the time he was born. They are seven households in his neighborhood, and all are relatives to each other. They visit each other frequently, and have good relations.

Mostly there are people from Prishtina that sell things near respondents' stand. However, there are also people from other place, mostly from the surrounding villages, and also from some more distant cities.

Respondent claims that there are no worker coming from abroad; workers who practice his type of work. However, he claims that there are people from Albania coming here and working as unskilled workers. Respondent says that they work for lower prices than the local people.

He says that there is solidarity between the people who work in the street. Mostly he helps others to watch for his products while they go to lunch, and this happens the same when he has a need to go and buy something. He claims that he looks after others products as if they are his own. In addition, he says that he and his colleagues used to provide each other with money, if the other didn't have, to buy supplies for their stands. He'd seek for the money and return it the next day.

In general, he believes that the relationships with the others are dependent on the attitude one has toward the others: if they seek for trouble, they will get trouble, or if they treat others nicely, he will gain respect.

Respondent claims that there is jealousy between the workers in the street, but it's nothing serious. Nobody involves into each other business, and leave them to deal with their customers without any implication.

Case Study / IDI Code – 2

Respondent Profile – **Clothes sewing - tailor for women**

### **Personal socio-demographic information**

Sex: Female

Age: 54

Education: The respondent has completed college (three years of tertiary education) for Albanian Language and Literature at x.

Health: The respondent does not have any health problems that would restrict her working capacities. She claims to be able of engaging in any type of work (other than heavy manual labor).

### **Household / family structure and profile**

There were five members of the family: husband, wife, two daughters and a son. The two daughters have married, and the respondent now lives with her 59 year old husband and their 21-year-old son.

The son is not a student. He has tried unsuccessfully to enroll in the University for the past two years. He wants to Physical Culture (Physical Education). He used to play for the basketball team called x. For medical reasons he had to skip trainings for six months and later left this activity. Currently he is doing work experience in a mobile telephone repair store.

The respondents' husband is employed. He is employed at the zinc and lead factory x (linked to the mines). He travels every day to work. He does not have a formal written contract with the employer, and none of the workers there have the terms of their engagement specified. According to the respondent, the workers in the mine factory are categorized in three levels based on the level of their earnings. They are hoping for improvement of the working conditions, and for development and utilization of factories capacities. The respondents' husband is an engineer of metallurgy.

Currently the family is living in a two-room flat that is owned by the respondents' sister. They own a three room flat in the northern part of x, and also a house that was not completely finished in x. They have not been able to reach their homes since the war. She says that she cannot even visit her homes, and she has lodged complaints with the relevant organizations engaged in these matters but received no information so far.

### **Household income**

Her husband was expelled from work on the 3rd of September 1989, whilst the respondents remained in her position until the crisis in Kosova (March 1999). Just after her husband was expelled from work, she started to practice her informal labor activity more frequently. The main reason for doing so was the difficult social and financial situation that was prevalent in the

country, and in her family as well. Up until that time, she mainly sewed for relatives and friends and she didn't charge them for her services.

Currently her husband is employed in the formal sector. He started to work in the same position as he was before he was expelled in the late 80's. After her eight hours working in the factory, she was practicing her informal labor in her home.

The respondent is engaged in informal sector and the son is on the way to become a mechanic for mobile telephones. He does not receive any money; only sometimes the owner of the shop gives him incentives.

The income of the household was also helped from the relatives of the family. In addition, one of the daughters is currently living abroad, in Denmark, and she sends remittances that supplement the families' budget occasionally. However, the respondent states that such incomes are not regular; they only receive such remittances occasionally.

#### E. Tabular presentation of the household budget

	<b>Husband (formally employed)</b>	<b>Wife (informally employed)</b>	<b>Other sources: incentives given to their son</b>	<b>Other sources: remittance from their daughter abroad and family</b>
<b>Amount</b>	Around 220 Euro	150-200 Euro	Occasionally	Rarely (more just after the war, less now)

Since the respondent's family was left without shelter after the war, as they could not go back to their homes, their relatives helped them quite frequently. The assistance was given in the form of money, as well as in the form of a place to stay. They are currently staying at the respondents' sister's apartment. The aid was more frequent immediately after the war, whereas now this assistance is occasional.

#### Respondent employment history / experience

##### Formal employment

The respondent used to work in the mine factory x. Her husband was (and is again) working in that factory, in the section of chemical industry. The respondent was working as a translator in the marketing department. Her department was responsible for buying and selling goods for the entire factory. For the last three years of her employment she was responsible for the procurement of fluids as well.

During the time when she was employed in the mine factory, she had a contract with all the specifications of her obligations and requirements. She had a long-term (not a term employment contract but an open full time engagement) contract, as she said, as were almost all the contracts during that time in state owned factories.

Currently she is hoping to get back to her old working position. She was working in the part of the factory that is situated in the northern part of Kosovo. She said that the factory was made up of 36 different departments. Currently only a few departments in the southern part of Kosovo are functioning.

The respondent was working in this factory for thirty years. First she started to attend University. After a year of her study she got married, and she eventually finished her college. After that she got employed and worked in that place up until the conflict.

Most of Albanians were expelled from public factories during the late 80's and early 90's. The respondent claims that they were told not to leave their places at work and give pretext to Serbian authorities to expel them from work. Forty-two Albanians remained in her department up until the war. As she claims, they faced many problems during the whole time of their employment.

#### **Informal Labor Engagement**

The respondent practices sewing of clothes. She has not had any formal training for this in her life, only that sewing was a passion of hers since her teenage years. Her mother was a tailor too, and also her two older sisters. From the very beginning she showed interest in sewing clothes, and first she started to sew clothes for her dolls as a young girl.

The respondent had a desire to learn sewing from an early age. She states that she always had ideas for new clothing, and she considers having great potential in the practice of her skills. She does all the work of clothes sewing, even draws sketches for the clients so they can see the model that she suggests for them to wear.

She claims not to need any further qualifications, as she knows her job. After the war she even conducted training sessions for some other people, through the organization X. It was a three month course given to young women. This organization offered her financial support to open her own shop, however, she didn't have any financial means of her own therefore she wasn't able to take up this offer.

After the war, she has also worked a few times as a translator. Somebody brought her material to translate, and this translation was for USAID. The respondent claims that this was only a few times, and the work was finished within a day or two. She didn't have any formal agreement whatsoever with the agency.

#### **Description and level of engagement**

The respondent sews all kind of clothes, for women only. She sews dresses, trousers, skirts, etc.

She has no other workers working with her, she practices her work alone.

Before she used to sew clothes for her family and relatives. Later she started to practice her work for money and the others as well, not just relatives and close friends.

She claims that sewing is a very difficult craft. The money, she says, does not come immediately. A tailor must wait up to two weeks to receive the money for the work. Overall, she claims that the work of the tailor is very hard and the earning of money is difficult.

She works from the two room apartment where they live, where she has put three sewing machines in one room. She lacks space and other conditions so she could perform her work more efficiently and effectively. She does not consider that her work is well paid. She considers that her work would be much more profitable and make more sense if she could own a shop, a working place, where she could also hire assistants who would help her sew the clothes. Only in this sense the earnings would be reasonable, and the job potentially well paid.

The respondent replied that first her priorities are to do all the housework, to prepare food and to keep the house clean. She also keeps some spare time for family visits and joint activities with her husband. She says that after all the other work is finished, she can get to her working activities.

The working capacity is not full, says the respondent. Although she has sometimes had cases that she has had to say no to customers, as she did not have time due to her family or other obligations, nor willingness to sew clothes for them.

The main reasons for her engagement in this craft are passion and financial issues. The respondent would place her passion for clothes making in the first place, as she said that she used to make clothes for her dolls when she was very young, and also sew clothes for her relatives a few years ago for free. However, currently the financial situation in her family is rather critical and she helps to support her family.

She has a rather strict working schedule. First, she makes appointment with her customers, and she likes when they are punctual. Time is valuable to her, and she values other people's time. After the first contact with the customers, she reaches only verbal agreements. She has her book, where she designs the clothes that she proposes to the customers. She also keeps other details about the customers in that book. The customers like to engage her as she gives them her opinion, and tries to make clothes that look good on the customers. She develops a design and after the approval from the client she starts working on the garments. She also makes the second appointment for a fitting. At the first appointment, both parties agree on the price of the clothes, so that she would not have any problems after the work is done. The customers sometimes bring the material.

Usually, the respondent works late at night. She claims that she likes to be free of other obligations and that she likes when she can devote all her attention and time to her work. She is accustomed to such working conditions since her student years. Frequently she works late hours, up to two o'clock in the morning. She works seven days a week, as long as she has clothes to finish.

Her work is not constant. Usually, her activities are more frequent during the spring and autumn, and also prior to holidays, such as New Year, Bajram, marriage season (late summer, autumn), etc.

For the past six months she did not notice any changes in her activities. The winter season is often a very low season; she did not have any work whatsoever during January and February of this year. In general, she didn't notice to have any changes for the past six months in the number of customers either.

Pros of her activity	Cons
She likes when the clients know what they want, and she is happy when she can give nice products to them and when the clients are satisfied	She has to work too much in order to achieve even limited income

The respondent claims that most of her customers are regular. Sometimes they bring friends and this is the usual way in which she gains new customers. She claims that all her customers come back, and most of them become regular customers.

Most of the clients are from Prishtina. She also had some foreign clients, from Turkey and from Finland. Some of the former customers from x. come to her as well and some of her former colleagues from x. have her sew their clothes. The respondent claims that sewing is very a difficult trade and some of her former colleagues have quit working.

#### **Income**

On average, she said that she earns one hundred fifty to two hundred Euros a month. Her husband earns around two hundred and twenty Euros a month. He pays for the everyday trip to the factory that is situated in x. They don't have any other regular income.

This money helps them fulfill their basic family needs. They can support their family with this money, but they cannot save any money. The respondent expressed her wish to be able to leave some fortune to her son, but they are not in a position to do this.

Although she is not completely satisfied with the earnings, she says that what they have is adequate. She is satisfied as they can earn the money by themselves, and they are not in a position to beg for mercy.

During the war, the respondent was in Tirana, Albania. She started to work in a shop where she sewed clothes. She was very satisfied with her work and the employer was happy to have her also. She was given the possibility to co-own that shop, but her husband and her son were only interested in going back to Kosovo. During the time, she had gained a lot of customers and they used to visit the shop looking for her. In addition, they also had a possibility to travel to Denmark, as her daughter was living there at that time. However, although she was interested in going abroad, her husband and son insisted that they go back to Kosovo.

#### **Plans / Hopes for the future**

She is interested to keep her current activity, and that she is also interested to get into the formal sector of employment. She keeps replying to the advertisements for vacancies, and the latest she applied was in the Ministry of Finance. The respondent says that employers are seeking for young people, but she is convinced that quality does not go with all means only with the youthness; she is certain that she could perform good on her work and that she only needs a chance to prove herself.

If she owned shop, than she thinks that she would be able to start her own business. She lacks financial means to start her own business. She claims to have intentions all the time of initiating her own shop; she considers the intention to be a sort of daydream, as her possibilities are limited.

The respondent declares to be interested in becoming engaged in formal sector, and to keep engaging in her informal employment activity as well. She is very hard working and has a great appreciation of the value of work. She declares that she will keep on trying to get formal employment.

Nonetheless, the respondent is not familiar that workers from abroad came and started to practice her sort of trade. She is not afraid of competition, as she thinks she provides good quality services at a reasonable price.

#### **Community Coherence /Social Capital**

The respondent moved to Prishtina after the war. She describes relationships with her current neighbors as somewhat superficial. She used to know the neighbors in her current apartment, as this was her sisters' flat and she visited her frequently. Now, she only has two or three neighbors that visit each other occasionally. With the others they only exchange greetings and little else. She believes that relationships in the community have changed compared to before the war, as she says that everybody is now preoccupied with their own problems.

The relationships with her colleagues at the factory where she worked before the war were very good and close. Currently, she has rather frequent contact with her former tailor colleagues and the relationships with them are very good as well. She says that they mainly discuss the trade that they practice.

Case Study / IDI Code – 3

Respondent Profile – **House cleaning**

**Personal socio-demographic information**

Sex: Female

Age: 40

Education: The respondent has completed secondary school for medicine, in x. She was a student of the Law Faculty, and she quit when she was in the third year of her studies.

Health: The respondent does not have any health problems that would restrict her working capacities. She is capable of engaging in any type of work.

**Household / family structure and profile**

The respondent lives alone with her husband. They live in a two room flat.

Her husband is currently unemployed. He has a degree in law.

Her parents are living in America. They were both employed in x. of Kosova, and they are now pensioners. Her brother also lives in America, and one of her sisters in Italy. Her other sister is married and lives in x.

She stayed in Germany from the year 1993 until 2000. During her stay in Germany she met her husband and they got married.

**Household income**

The respondent's husband is currently unemployed. Before the war, he used to work in the Agriculture Cooperative in x. He was expelled from work. After the war, he has worked in the Department of x, in the Ministry of Kosova and later owned a private practice in x. Later he opened a private practice, but he had to close due to insufficient work.

Currently, the only incomes of the family are earned through respondents' informal engagement. They have no other incomes whatsoever. They do not receive any remittance from her family, or from any other source.

## Respondent employment history / experience

### Formal employment

The respondent was a student up until 1993. At this time she emigrated to Germany. She reported that she had worked for three years without any day of rest. She says that her family owed some money, and she wanted to earn that money so they could repay their debt.

For the first three years, she used to keep two jobs. The first job was on a full time basis in a restaurant, and the other was in the x. factory, where she worked on a part time basis. In the restaurant she used to work informally, as she did not have any contract. This was because she wanted to avoid paying taxes, as all the workers who work full time in the Germany have to pay large amounts of tax. She was in the first category of workers, as she was unmarried, and her percentage of taxes was 39 per cent. Besides, her social aid would be cut if she reported that she was working on a full time basis. In her case, she didn't report that she is working, she kept receiving social aid, and the state would pay for her apartment.

In the factory she was working formally. She had a contract where all her duties and obligations were described. She was responsible to install some parts of the car. She had a regular pay, and she was working in the morning shift. At three o'clock she used to go to the restaurant, and work until midnight. In the restaurant she was working as a cook.

After three years, she quit the job at the factory and she remained only working in the restaurant.

During her stay in German, she was possessed a 'Duldung' visa – a so-called humanitarian visa. She says that mostly people from the Balkans were given such visas. Every three months she had to re-new her visa.

<i>F. Respondents earnings</i>	X. Factory	Restaurant
Earnings	620 DM	Did not define
Status	Formally employed	Informally Employed
Working time	Part time	Full time

When she returned from Germany, she got a job with the UNMIK. She was employed on July 2000. Her position was of a supervisor working for a company (name of the company – xъ) that used to clean and maintain UNMIK's premises. She was supervising the work of the cleaners.

She stopped working in UNMIK on the 31st of January 2003. Another company won the bid to maintain UNMIK's premises, a local company. She claims that she was interested to stay in the position that she was before, but she was unable, as they wanted to hire somebody else. Therefore, she remained without her job.

During the time when she was working with UNMIK, she had a detailed contract. She had a short-term contract that was renewed every month or two. All the staff that was employed by her company had short term contracts.

### **Informal Labor Engagement**

She started to work in the informal sector at the end of the year 2000. One of the international employers in UNMIK offered her a job to clean her flat. She was satisfied with respondents' performance at work, and she was willing to have her clean her house.

At the beginning they agreed to clean her house two times a week, and the salary was 200 DM. They agreed sessions to last for two hours, but the respondent's claims that usually she finishes everything in an hour. Later, they added the third session and increased the paying to 150 Euro (approx. 300DM).

The respondent used to spend the money that she was earning in her informal sector to pay for the courses that she was attending. She was learning English language and attended computer courses.

The respondent had no other sort of engagement in the informal sector during this time. At the time when she was employed in UNMIK, she was offered by another person to clean his flat but she could not keep with all the hard physical work. She was already working full time in UNMIK and three times a week was cleaning the other flat.

After she was left without the formal job, she kept applying to the advertisements for different positions in different organizations. As both of her parents were working for the x. of Kosova, she had a conversation to some of the managers in this institution. She delivered her CV in March, but she has not received any information so far.

### **Description and level of engagement**

Respondent is employed informally as a house cleaner. She cleans only one flat that has two rooms. She claims that her responsibilities are to vacuum the flat, clean the dust, wash the dishes, clean the windows and finish any other adjustment in the flat that needs to be made. She replied that the employer likes to have the place where she eats and stays during the night clean, and the other places needn't always be shiny.

The primary reason that she is engaged in this activity is financial.

She didn't have any training, as her present work does not require any special skills.

She works every Monday, Thursday and Friday. She says that the employer likes to have the house clean during the weekend, and therefore she does the cleaning on Friday as well. Usually, she starts working at around 10 o'clock in the morning. She has the keys to the apartment, so she doesn't have to wait for her employer to open the door.

The respondent has no contract with her current employer. They have reached a verbal agreement and they have not had any problems to date. She was sincere in her work and the employer is satisfied with her performance. Once it happened that she broke an ashtray, but there

was no problem with the employer as she said that it could happen to anyone. They have a good relationship and have not had any misunderstandings.

Respondent has a constant job - however, the employer is away three to four times a year for two or three weeks. During this time, she doesn't go to clean up her apartment and she does not get paid.

Respondent said that last year she wanted to quit her informal labor but was pressed by the employer not to do so. The reason was that she was tired with her full time job, and the part time one. Now she is glad that she didn't quit, as she would be totally unemployed.

Now she is not working full capacity. She keeps looking for a full time job, and she is not interested to find another place to clean in the mean time. Rather she would be working an office job, or have a similar position of a supervisor that she used to have.

She has thought about starting a business of her own, but she has no financial means. She would not go into the cleaning business by default; she says that she is interested in general to do any kind of business. She claims that she has no support from her husband, as he is more interested to work in his sphere of interests. In addition, he is not interested in doing any kind of business, as he was not successful with the private practice that he had.

The respondent claims that during the time when she was working in UNMIK and cleaning the private flat, she was frequently working under stress and she used to get very tired. She still cannot get over that period, although she claims that now she is more relaxed.

#### **Income**

The respondent receives 150 Euro a month. She receives no other income.

So far, she has received a few times incentives for working more than she usually does. This usually happens when her employer has a party, and the apartment is a mess. She says that usually she receives 10 to 20 Euros more every time she cleans the flat after a party.

The respondent claims that she is not satisfied with the earnings, primarily because she was used to receive more when she was working full time. She cannot even support basic needs of the family with the money that she receives now. They have to spend their savings so that they could fulfill their every day needs.

However, based on the amount of time that she spends working, she claims that the work is profitable. She finishes the work quickly and she does not put much effort in to her engagement. In comparison to what she currently receives, the respondent mentioned the post of an archivist that she applied in the Department of Justice where the salary is 140 Euros minus taxes. In the end, some 120 Euros remain and she would need to work five days a week, eight hours a day.

<b>House cleaning</b>		<b>G. Working as an archivist</b>	
<i>Pros</i>	<i>Cons</i>	<i>Pros</i>	<i>Cons</i>
1. Profitable	1. Not a long lasting job	1. Social insurance	1. Very low incomes
2. Short working hours	2. It is not constant	2. Working experience	2. Fixed working hours
3. High payment in comparison to the working hours.	3. Needs lot of engagement	3. Contribution for the retirement fund	

Respondent is not interested in having more clients, as she claims to be tired of this job.

**Plans / Hopes for the future**

The respondent is currently preparing the necessary documentation to emigrate to the United States of America. Both she and her husband see emigration as the only possibility. She is thinking to apply for a Green Card, or to follow the procedure of family reunion as her brother lives in America, and such circumstances facilitate their chances for emigration. In addition, she thinks that this time it will be forever and she has no intentions of coming back.

The respondent thinks that the situation in Kosovo is helpless and there is not going to be any prosperity for the next ten years.

In the United States she hopes to get employed in the medical sector. She has some background in medicine, as she has finished secondary school in this area. Nonetheless, she says that she would also be interested in engaging in any kind of work, as she knows that the earnings would be decent and she could survive with what she earns. She believes that in America, similar to the situation in Germany, the local people are not willing to do just any kind of job and she is more than interested to do whatever is available. In addition, she has a place to stay with her family and she believes she could save more money or spend her money more freely.

In the meantime, as she has plans to go abroad, she will keep on looking for any kind of formal employment.

As far as she knows, no workers from abroad came to Kosovo to practice similar activities as she does. The internationals are interested in hiring people that they trust to clean for their apartments. They give advantage to local people, so that they know where to find them if anything goes wrong. Otherwise, they hire female members of the family that leases the apartment. On the other hand, a very small number of Kosovo families engage people to have their houses cleaned.

**Community Coherence /Social Capital**

She has lived in Prishtina all her life. She lives in a two room flat. She used to live in the same building as her parents lived. All of the families that lived in that building used to be employed in the x. of Kosova.

Out of 15 apartments, 8 apartments were inhabited with Serb families. After the war all of them sold their apartments. She is satisfied with all the families that currently live in the building. She says that she has good relationships with all of them, and frequently visits one neighbor. She also has a lot of relatives living in Prishtina and she is rather close with them.

During the time when she was working in UNMIK, she had very good relationships with her colleagues. However, she claims that the other workers, the ones that she supervised, were not so hard working. She says that she was able to work for 13 straight hours while she was in Germany, while the cleaners here used to complain after cleaning a single hall. Whenever she had complaints from the personnel she used to report to her boss, who was international, and he used to take care of these problems. She reported that the number of lazy workers was pretty high.

Respondent claims not to notice any difference in the community relationships in comparison to prior to the war. She says that while she was in Germany, she used to say to her parents that out of the money that she sent to them to help some other families as well. Up to date, she was not in need and she didn't receive any help from nobody.

Case Study / IDI Code – 5

Respondent Profile – **Unskilled worker**

### **Personal socio-demographic information**

Sex: Male

Age: 26

Education: The respondent has completed primary school, in the village x.

Health: The respondent does not have any health problems that would restrict his working capacities. He claims to be able of engaging in any type of work.

### **Household / family structure and profile**

There are eight members of the family that live together with the respondent. His mother and father, both 56 years old, two younger brothers, a 25 year old and a 23 year old, the youngest sister who is 20 years old, and the respondent's wife and his son, who is nine months old.

Respondent has finished only the primary school. He claims that it wasn't possible for him to go to secondary school for various reasons, the school was far away, the family was living in difficult financial condition, and he wasn't interested to further attend the school. In addition, nobody from the family has finished more than the primary school.

### **Household income**

Currently, all three brothers are informally employed. They have no regular income whatsoever. The parents do not receive any social aid, as they still have not reached the minimum age that is required.

All three brothers are currently employed in the informal sector. They come to Prishtina near the city market, and work as unskilled workers. At the same time, this activity represents the only source of income for their family.

They have no close relatives who work abroad. They have distant relatives who live in Germany and Switzerland. They receive no means of help from neither of them.

They have a house in the village, and they have some land. They do not cultivate the land; they leave it as a meadow. They have two cows, and they use the milk only for family needs. The land is of a very low quality. They have some 60 acres of wood (forest). Their house was utterly damaged during the war and they had to rebuild it. The reconstruction of the house was enabled by the working activities of the respondent in the western countries.

### **Respondent employment history / experience**

#### **Formal employment**

Respondent after the primary school has mostly worked in their land and around the house. They have had some livestock and they were all engaged in this activity.

In the year of 1996 he emigrated to Germany. He said that he paid four thousand DM to travel to Germany illegally. In addition, he said that he had paid five hundred DM for housing and food during his travel.

While he was in Germany, he had no job for a whole year. He was waiting for a working visa and he was preparing the necessary documentation in order to stay in the country.

After a year, he had started to work in a company that cleans windows of the big buildings. He started to work as a practitioner, and later was able to perform the work alone.

Later, he changed the company and moved to a company that constructs green parks (parklands) in the city. The company was owned by a German. In this company he used to work as a skilled worker: he used to pave the path throughout the park with stones. He says that it was not a difficult task to perform; only that one needs physical predisposition to perform this activity.

He returned to Kosova after the war as he wanted to get married, and later could not travel to Germany as his application for a visa was refused by the entry clearance officer in the German embassy.

In both of these companies, respondents claims to have had a contract. He had an eight hours working day, three days leave for one month, incentives for working overtime, and other specifications. He claims that the taxes were very high, as he was on the first category of working people. He was unmarried, and based on other specifications the percentage of taxes for his earnings were set.

#### **Working experience and earnings of the respondent**

<b>Country</b>	<b>Type of company</b>	<b>Earnings</b>	<b>Status of his work</b>	<b>Duration</b>	<b>Year</b>
Germany	Cleaning company	2000 DM/per month	Formal employment	15 months	1997
Germany	Construction company	2500 DM/per month	Formal employment	20 months	1998
Slovenia	Construction company	450-500 Euro/per month	Formal employment	5 months	2000
Kosovo	Works on the street	150 Euro/per month*	Informal employment	Two seasons	2001-2003

\*Respondent reported the earnings that he makes together with two of his brothers

After the war, the respondent received a working visa to travel to Slovenia. He has a friend there who invited him, and who prepared the necessary documentation for him. He used to work in a construction company, as an unskilled worker. He had a six-month visa, but he could work only for five months. He returned to Kosova and later started to work in the informal sector.

### **Informal Labor Engagement**

Respondent has no form of other engagement, besides working in the informal sector. He practices the work of the unskilled worker, at the cities market in Prishtina. He travels almost every day from his village to Prishtina and goes back in the evening.<sup>24</sup>

He tried a few times to get employed in the x. KFOR that is situated in x., but was unsuccessful. He claims that they have hired few workers and they had no further need.

### **Respondent practice his work only in Prishtina. He doesn't go to any other city, as the need in other cities for such workers is small.**

#### **Description and level of engagement**

Respondent claims that they have to get up very early in the morning, often at three o'clock in the morning. They have to walk for six kilometers, to come to a road where the bus to Prishtina passes. The bus passes through that road at around six fifteen in the morning. At around seven thirty they are in Prishtina. Sometimes they hitch cars or trucks, and he says that this happens rarely.

When they arrive in Prishtina, they walk from the bus station to the cities green market. They usually arrive at the market at around eight o'clock. When they are successful and somebody hire them, they work up until six o'clock in the evening. Whole working day, from eight to six is paid 12.5 euros. He also says that if the meal is not included, then they might pay them 15 euros a day. After finishing the job, they go back to their village by bus. The last bus back to x. is at eight o'clock in the evening.

In cases when they are not employed by anybody, they wait until noon and then go to the bus station and leave for home. He says that usually later in the morning come people who have to load or unload things.

Usually they are employed to dig holes, to carry things, load and unload things into trucks, brake walls of apartments that are being reconstructed, work on the field, etc.

Respondent says that it might happen that he comes seven straight days a week in Prishtina. Usually, he is employed two days out of those whole seven days.

Respondent claims that this activity is very hard to perform. He said that often customers don't even tell them what is the activity that they will do; customers assume that they are paying for their day of activity, and workers are supposed to work during all day no matter what does the activity require to do. Moreover, he says that the day of work is not dependent on the activity; the price is the same as long as the working hours are the same.

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<sup>24</sup> Whenever respondent was referring to the form of employment that he and his brothers are engaged, refer to as 'working in Prishtina'. It seems that this phrase is a usual reference for practicing unskilled work.

There is no rule how frequently the three brothers come together to Prishtina to seek for work. Sometimes the three of them come here, and sometimes it's just two or one of them. Rarely does it happen that all three are engaged together by a single customer.

Respondent claims that all the money that is earned by him and his brothers are given to the common family budget, and out of this budget they buy things that are necessary for living. He claims that there are two members who smoke in the family, his mother is ill (she has diabetes; she must come every month to see the doctor in Prishtina), he has a small boy that needs attention and as every baby have special needs.

No written contract between the customers and the respondent has ever been reached. There were few cases that the respondent had to work for customers for more than one day, and that he was asked to give a lower price to the one he usually does. Once, he had worked for somebody for three days, and later was asked if he wants to work more, the customer would be ready to give him 12.5 euros instead of a 15 euros as he was paying the respondent in the beginning. He agreed and he worked two other days.

Usually the people who need laborers go to the place where these workers are situated. Some customers select the workers, whilst the others are just interested to have whoever is the nearest. Respondent claims that whenever somebody comes to seek for workers, a big mass of people surrounds them. As he mentioned, more than two hundred people go everyday at that place to seek for work, and some 10 per cent are successful.

Sometimes it happens that the customer offers to the workers to bring another worker the following day, and the respondent usually brings his brother or somebody else from the street that he knows.

Respondent claims never to have had any trouble with the customers. At the end of the day, the customers' gives him the money and thank him for the work.

There is no company that intermediates between the customers and the workers.

He says that he would be interested to have employment where he would be certain that he'd work every day. It's very hard to travel all the way from his village, and work only occasionally. Only the costs of travel are so expensive; when the three brothers come and they go back without working they spend 12 euros only for the trip.

As the biggest disadvantages that the respondent mentioned, while practicing his work in the street, is the misunderstanding that the workers sometimes have between each other. Everybody wants to work, and they push each other to approach to the customers. Respondent claims that he would never complain about the work, or about anything, it's just that he never wants to witness any possible contest with anybody.

**Income**

The respondent could only mention the amount of money the three brothers earn during one month. Taken out the expenses of travel, he claims that most frequently their monthly earnings are around 150 euro.

Respondent claims that in X. it is not possible to practice the activity of an unskilled worker, as there is no need. X., a close bigger city, has only a few such workers.

Respondent says that this kind of employment is seasonal. The season starts in April up until September and October. During the winter, the respondent said that he stays home.

Respondent is not satisfied with the earnings whatsoever. He claims that it is not possible to support the family with such earnings. He has some savings from the time he was working abroad and he must spend his savings to support the family. He has some savings that he saved from the time he was working in Slovenia, and currently he is spending that money.

For the next six months respondent has only hopes that he will have more work. However, he says that since the level of reconstruction in the city has decreased, it means less work for them. He claims that after the war there was far much work than today.

#### **Plans / Hopes for the future**

Respondent hopes that he will get formally employed in the future. He is skeptical whether it will be possible to get employed as the economical crisis in the country is evident. He mentioned a large factory that was functioning in his region and which is now closed. Moreover, he says that it is impossible to get somewhere else employed as in the private companies everybody employs his own family members or friends.

He hopes for a full time, formal employment. He'd like to have any kind of a job, no matter how low is paid. He'd rather prefer not think if he is going to be able to work the next day.

In addition, he plans to go abroad and work. He plans to go back to Slovenia and work seasonal job. He wouldn't like to emigrate with whole family, as he likes to stay here. However, he might be forced to go abroad and work as he claims that he has to support his family.

For the same work that the respondent is doing here, he claims he would earn up to 1600-1700 euro if he'd work abroad. Taken into account that the working hours here are expanded, 10 hours a day, than the earning abroad would be much higher than here. In addition, he says that the living prices are more or less the same here as they are in Germany. During his stay in Germany, there were cases when he was paid 25-30 DM per one working hour. For one working hour in Germany he has to work ten hours here.

Most of the people that go to the market and seek for job come from the villages near Prishtina. Respondent claims that there are also workers who come from Albania. He says that they give lower prices than the local people: they sometimes work for 10 euros a day. They have started to come immediately after the war. He says that the local people do not make any problems to

them, and they are able to work freely. He is aware that they have to come for the same reason, and they are in need as well.

**Community Coherence /Social Capital**

They live in the same village for three generations. They have a house there, three hectares of land and sixty acres of forest. They have sold forty acres of forest when the respondent was getting married, as they needed the money.

He claims that they have plans to get more engaged in agriculture in the future. He claims that he has no tractor and other means of cultivating his land, and he needs financial aid so he could be engaged in agriculture more.

There are fifty households in the village, and the relationship with all of them is good.

The relationship with the other workers in the street is good. Respondent mentioned that he knows some of the other workers, and he had no problem with any of them. Some workers, he says, are not fair and they impose on the customers to be selected.

Case Study/IDI Code – 6

Respondent profile – **Childcare**

### **Personal socio-demographic information**

Sex: Female

Age in years: 26

Education: The respondent has finished the primary school (eight years). She has attended the school in a village called x., near the village where the respondent was born, x. The reason why the respondent didn't attend the secondary school is because at that time, the houses were turned into schools and she could not travel to another village to go to school. She was hoping that a secondary school will be opened near her village but this was not the case and this is why the respondent was left with only 8 years of education. She has attended a course of clothes sewing but this is something that the respondent did only to fulfill the wish of her parents and not something that she enjoys doing.

Health: The respondent does not have any health problems that would impede her to work in full capacity.

### **Household/family structure and profile**

In the household of the respondent live eight family members. The family comprises of respondent's parents, her brother with his wife and three children. There are five adults in the household. Three children are under age 15. There are no students and no elderly people. The respondent has a sister who is married, a brother who lives in another house, and a brother who lives in Germany.

The respondent's parents have finished the primary school. Her brothers have finished high school; one has finished economical high school and the other automotive.

No one depends on the incomes of the respondent. The respondent's father received 50 Euros each month from the tubes factory where he used to work and her brother from Germany send them every month some money.

### **Household income**

The primary income earner in the family is the respondent. She receives 220 Euros per month.

The respondent mentioned that her brother in Germany earns more than her, but here in Kosovo, she is the primary income earner of the family.

The other income earner in the family is her father who receives 50 Euros per month. Her brother who lives with them is unemployed. He used to work in the tubes factory with his father but now he is not working.

The respondent claims that there are no other sources of incomes - no social security and no pension.

Her brother is working in Germany as transporter of goods.

The total average monthly income is approximately 500 Euros.

Regular are the respondent's salary 220 Euros and 50 Euros of the father.

### **Respondent employment history/experience**

The respondent has never worked before. This is her first working experience. She claims that she would like to work somewhere but she is aware of the fact that without knowing any foreign language or the work with computers it is difficult to find a job. She also does not have the secondary school finished she knows that she will not find any kind of job. The respondent is not currently employed in the formal sector.

### **Informal Labor Engagement**

The respondent takes care of two children in their house. One of them is 8 years old and the other is 5 years old. Taking care means feeding them, cleaning them, cleaning the house, playing with them, taking them to sleep, etc. She states that she does all the work herself. The house where she is working is her cousin's house. She feels free as if she is serving in her own house. She likes the people and especially the children. The respondent claims that her relationship with children is very special and she likes her job.

She works every day. Sometimes also during the weekends because the mother of the children is a doctor and whenever she has to go to work, she calls the respondent to work.

The respondent says that she is interested in keeping her job and she does not want to change it.

No other household members are involved in this activity.

The main reason that the respondent got engaged in this activity is because she was doing nothing special at home and she felt safe in her cousin's house. In addition, she likes children and she enjoys her job. The respondent has support from her family when she decided to start working as a childcare person.

She comes every morning to her cousin's house. She is working for nine months. She travels every day from/to village. She does the housework when the kids are sleeping and when they wake up, she concentrates on their needs and she takes care of them.

During the weekends sometimes she has day-off. Also for the different holidays she has vacation.

The respondent's earnings are not shared with her family members and neither are the duties. However, the respondent wants to buy food and clothes for her family though she is not requested to do so. She just spends her money with them because the family represents a saint institution.

She does not have any kind of agreement with the parents of the children that she cares. It is only verbal agreement. The agreement is not that detailed. Depending on the needs, the respondent does different kind of work.

The customers are very satisfied with the services of the respondent.

The respondent does not want to work in any company that practices the same activity. She says that the working conditions in any company would have been worse.

The advantage of the job is the fact that the respondent likes her job and she knows the people and she likes the fact that they are cousins.

### **Income**

The respondent earns 220 euros per month. In addition, she eats whatever she wants while her working hours.

The earnings do not vary for any reason. She has a fixed salary and it does not depend on anything.

There are no challenges to the respondent income earnings activity.

The respondent is very satisfied with the earnings.

She has chance to save money because no one depends on her earnings.

The respondent claims that she can support her family needs to some extent.

The respondent states that her job is profitable when looking at the required inputs and time spent. She thinks that she cannot do something else instead and earn this much money. As she states, without high school and knowledge of languages and computers it is difficult to work in a company or any institution.

The respondent says that her earnings have been the same in the last six months and she is expecting the situation not to change in the future as well.

### **Plans / Hopes for the future**

The respondent plans for the future are to continue to work in her cousin's house and take care of these two children.

She expects to be engaged in the same activities as she is now.

Since the mother of the children will continue to work, this will enable the respondent to continue to work in the house of her cousin.

The respondent does not have any concrete plans to develop or broaden or advance her activity.

She does not have any preferences to get engaged in the formal labor market. She is aware of the fact that she does not possess the necessary abilities and knowledge and that is why she does not seek for another job.

She does not prefer to work full time in a company for the same reasons as stated before.

The respondent thinks that she will earn the same amount of money in the future. This is the case because she will continue to do exactly the same type of work with the same people and that is why she is not expecting any changes.

The respondent sees herself living in Kosova but she does not have anything against living abroad. She has never lived abroad but since her brother lives in Germany, she would like to go and live there. She hopes that she will go somewhere in foreign countries to live although she does not have any concrete plan. None of the family members plan to leave Kosova and live somewhere else.

#### **Labor migration around Kosova and other countries**

The respondent provides her services outside her village. She travels every day by bus to come to the city of Prishtina and take care of children. She had never thought of working abroad.

The respondent does not have any idea about the earnings of people who do the same type of activity abroad. She didn't have any contact with foreigners and that is why there is no way to know this.

#### **Community Coherence / Social Capital**

She has been living in x. all her life. She was born in this village. She never lived outside her village.

Her family possesses a land in a village near x. They don't cultivate the land because the respondent claims that her family is more oriented towards education than agriculture.

The respondent knows her neighbors and they have good relationship. They see each other often. They help each other in different ways.

The respondent says that the relationships between people have changed a lot from before the war. People are now interested in their lives only. They don't care about others; they became somehow indifferent and selfish.

The respondent did not practice this activity before the war. She only started working as a childcare person nine months ago.

Case Study / IDI Code – 7

Respondent Profile – **Currency exchange**

**Personal socio-demographic information**

Sex: Male

Age: 39

Education: The respondent has completed secondary school for journalism, in x. He was in his senior year of study at the Law Faculty when he quit his studies in 1992.

Health: The respondent does not have any health problems that would restrict his working capacities. He is capable of engaging in any type of work.

**Household / family structure and profile**

There are six family household members. The respondent lives with his parents, his wife and two children. His father is 80 years old, his mother is 70 and his wife is 35 years old.

The family came to Prishtina from x. twenty-five years ago. They have sold their property in x. and moved to Prishtina.

His two children attend primary school, the first boy is in fourth grade and the second boy is in second grade.

The respondent's father was working in a construction company until the early 80-ties, at which time he retired. He had a position of workmen in that company. The company was in his hometown, x. Currently the respondent's father and mother receive social aid - the aid that all people ages over 65 receive in Kosovo.

His wife is unemployed; she has also finished secondary school. Her title, upon completion of secondary school, was a laboratory technician of physics. She has looked for work but has been unsuccessful. She has never been employed.

They all live in a house that is in the suburbs of Prishtina.

**Household income**

The respondent is the only member of the family household employed. He is engaged in informal labor. Both of his parents receive social aid in the amount of 35 Euro each.

The respondent has two brothers who live abroad - one in Switzerland and the other in Germany. The respondent's household has not received any financial support from the brothers since the respondent became involved in his informal employment in 1993.

## **Respondent employment history / experience**

### **Formal employment**

The respondent does not have a single day of experience in the formal sector of employment. He was in his senior year of law studies when he got married and had his first boy - this was in 1993. He had to get employed so he could support his family.

He said that his family was persecuted during the early 80-ties. The respondent did not mention the reasons why his family was persecuted. In early 80-ties his brother emigrated to Albania. His family members were unable to find any sort of formal employment. The local authorities did not issue them passports, and according to the respondent, they were frequently taken in by police for investigation.

### **Informal Labor Engagement**

The respondent started to work in informal sector in 1993. During this time he was a student. One of the reasons he quit his education without completing his degree was difficult situation in the parallel system of education. He tried to go abroad, but was returned from Austria. When he got back, his wife and his son were waiting for him and he had to work to support his family.

One of his relatives was engaged in currency exchange, and he proposed to the respondent to take up this activity. The respondent did not manage to find any other type of engagement. He reported that he tried a few times to get formally employed, but he was unsuccessful.

Most of the time the respondent practices his currency exchange activities in the streets of Prishtina. He said that there are cases when people come to his house to exchange money. Nonetheless, he was working at a certain street in Prishtina prior to the war, and this was the street near the city market. All the currency exchange people were situated in this region. After the war he has changed his location, and now he is practicing his work near the green market, which is situated near the street Ulpiana.

The main reason for his engagement in this activity is the need to support his family.

As said before, one of his relatives helped him in his early days of his engagement. Later, he found out himself the secrets of this job and could perform the work independently. He said that there wasn't a need for much training or knowledge to practice this work. He reported that being all day on the streets was sufficient to find out enough information so he could practice his work.

Before the war, the exchange currency between the Deutsche Mark and the Yugoslav Dinar was dictated by the presence of Dinar in the market. He said that this was the only indication for them to apply a particular exchange rate. There were no people that would tell them when to change the rate, as nobody could tell in the medium term, let alone the long-term, what is going to be the rate. He claims that he could foresee what is going to be the rate for the next day, but he could never predict the rate for an entire week ahead.

The main issue that dictated the exchange rate was the principle of demand and offer/proposal.

Nonetheless, people like him, who were working in the streets, were aware that there were some people who had sacks of money, that would get the money from the banks, and who used to do big business. However, he was mainly in contact with people who wanted to exchange their salaries, or the people who wanted to exchange foreign currencies for everyday use.

There were cases that the value of 10 DM, in the value of Dinars, was worth only 1 DM the next day. In these cases, when the presence of Dinars was high on the market, then the currency-exchange workers would not exchange Dinars for Marks; they would keep only DM in their possession. They would never take Dinars back home; they would stay as long as it took to have them exchanged for DM.

**Description and level of engagement**

His usual working day starts at eight o'clock in the morning and lasts up to five or six in the evening. He has no days off; he works seven days a week. During the weekend, the working hours are shorter. In addition, during some of the holidays he doesn't work, holidays such as: Bajram, New Year, etc.

The currencies that he exchanges are: American Dollar, Euro, Swiss Franc, English Pound, Canadian Dollar, Australian Dollar, Macedonian Denar, and Albanian Leke. He claims that the presence of Yugoslav Dinar is limited; he doesn't know the exchange rate for this currency now. He also says that the Deutsche Mark can be still exchanged in the market. There are some countries, such as Turkey, that still take the DM and they circulate this currency to these countries. The exchange rate for 1 DM is 0.5 Euro.

Currently, the respondent is working near the green market in x. He says that the currency exchange workers choose the place themselves where they want to work. He claims that he has regular customers, which consist up to 70 per cent of his customers. Most of the currency exchange workers have their regular customers.

The respondent claims that the work is constant; he can practice his work all year round.

Usually, when the exchange rate for American Dollar and Swiss Franc is low, then the turnover of the currencies is low. Customers wait for a better exchange rate for these currencies. Therefore, currency exchange workers have less work.

He heard people saying the weakness of American Dollar is due to the war in Iraq. He claims that it is impossible to predict the exchange rates, as for this case the war is over and the dollar is still going down. If one would know that the rate would go up, he would borrow money and buy dollars and put them aside. However, he doesn't believe that there are such people in Kosovo.

The respondent works alone; he has no partners. None of his relatives practice this work anymore.

There is no formal agreement between the respondent and the customers. He claims that his regular customers come to him as they trust him: they trust him that he will not cheat them with false money or would give them lower rates than others. On the other side, the only sort of agreement that he reaches with the customers is when they have large quantities of money to exchange. In these cases he gives them better rate, in comparison to when the quantity of money is low.

Overall, he has no trouble with the customers. However, there are cases when people try to exchange counterfeit banknotes. The respondent had such a case on the day of the interview. He claims that he has no trouble identifying the money if it is counterfeited or not. Euro and the American Dollar are the currencies that are mostly counterfeited, whereas American Dollar is the easiest one to identify. He also claims that there were cases when banknotes of American Dollar did pass through the device for identifying counterfeited money and was not noticed, whereas he could tell that the banknote was counterfeited.

The respondent claims that it never happened to have the customers return without finishing the job because he could not provide him with the service. He claims that he has colleagues that can lend him money so he can finish the job. The only matter is if the customers are not satisfied with the rate.

The respondent does not have any interest in opening an office that would exchange currencies, as with the presence of Euro in Kosova, such investment would not be viable. He claims that the turnover is not big enough for someone to be able to develop a serious business out of it. In addition, it would be different if a local currency would exist, as the need for exchange would be far greater.

Pros of doing this activity	Cons
1. A firm of income 2. Support for the family	1. Sometimes the weather conditions are very harsh, and it's difficult to stay out all day 2. This activity is rather dangerous: it was far more dangerous before the war, due to pursuit from the police authorities

The respondent claims that practicing his work was far more dangerous before the war. They were persecuted by the police as they were practicing illegal activities. Immediately after the war, they were frequently controlled by the KFOR troops, and they were controlled to see if they have counterfeited money. After a while the controls stopped and they could perform their activities without being interrupted by the police or any other authority.

**Income**

The respondent claims that his monthly earnings are generally between 300 to 400 Euros.

During the summer time he has more work and has more earnings. During the summer, he states, that people in general work more and they are more inclined to spend their money.

Due to high unemployment rate, the competition is now bigger. Due to high number of currency exchange workers, it is harder to gain more customers. The respondent claims that sometimes there are up to forty people in the area where he works.

The respondent is not satisfied with the earning; he claims that currently even having a monthly salary of 1000 Euro would not be sufficient for a decent living, as prices and other expenditures are very high. However, he reports that in addition to the aid that his parents receive, they all contribute to support the family. They spend all their income for one month; they don't have any possibilities to save any money. The financial condition in his family is considered to be average.

His two brothers that live abroad do not support his family by any means. They stopped sending remittance to him when he started working. However, he claims that they represent a strong support, as he knows that if there is a need then they would be there to help.

The respondent claims that the amount of his work is decreasing. This is mainly due to high unemployment. He reports that for the next six months he foresees his activity to decrease further. In addition, the number of customers has decreased during the last six months as well.

After the war, the earnings were far greater, due to higher number of customers. Furthermore, the difference between selling and buying foreign currencies is the same now as it was after the war (0.5 Euros, respectively 1 DM in the case of the mentioned currencies)

**The exchange rate between American Dollar and Euro today**

Status	American Dollar	Euro
Buy	100	87
Sell	100	87.5

**The exchange rate between American Dollar and DM immediately after the war**

Status	American Dollar	DM
Buy	100	199
Sell	100	200

**Plans / Hopes for the future**

His plans for the future are to look for another kind of employment. Up until then, he plans to go on working in the informal sector. Besides having difficulties practicing his work in older age, the decline in the level of work discourages the respondent from planning to practice this work in the future.

The respondent claims that there is no possibility to broaden his activities, as the need for such activity is limited.

**H. Characteristics mentioned by the respondent regarding the formal and informal employment**

Characteristics of the informal employment	Characteristics of the formal employment
1. No social insurance	1. Social insurance
2. Working hours not defined	2. Fix working hours
3. The activity is not secure for the future	3. Possession of a contract and feeling of security

The respondent states that he plans to finish his studies in the near future and try to get employed for what he has been educated.

During the crisis in Kosova, the respondents' family was living in Germany. They returned voluntarily. They thought that the situation in Kosova will change, and things will be better. In addition, the respondent claims that it was hard for him to adjust to the style of life that is present in Germany and he does not regret returning home. He does not have any intentions to go abroad in the future.

He practices his activities only in Prishtina

Respondent claims that people don't go to banks to exchange money, as the rate for exchanging foreign currencies is low.

He has no knowledge that workers from other countries come and practice his form of employment here. He also claims that currency exchange workers in Albania do not have any interest to come here and practice their work, as they earn more in their country. They have their national currency and therefore have more work. When he was in Albania during the summer, he saw people carrying a lot of money and he wasn't taken seriously when he wanted to exchange 100 dollars.

**Community Coherence /Social Capital**

He has lived in Prishtina for 25 years. Before he used to live in a village in the municipality of x. All of his neighbors lived in that street before the war as well, and he knows them all. The relationship with them is good. They visit one another occasionally, and mostly they talk to each other on the street. He rather prefers to get along with his relatives.

The relationships with his colleagues are good. He claims that they are all a little bit jealous, but nothing serious. They help each other whenever there is a need. They all have unwritten rules, they know what are the rules of the game and respect these rules. One of the rules is not to interfere into each others' business so much; whenever the customer's approaches one of them they back off and leave the other to do his work. Moreover, they hang around with each other and often drink coffee together.

The respondent claims that before the war the solidarity was greater: they all had a common enemy, as he reported. While working on the street, if one of them would notice that they are chased by the police, he would inform the others and they would all escape.

Case Study / IDI Code – 8

Respondent Profile – **Cooking to order**

***Personal socio-demographic information***

Sex: Female

Age: 55

Education: 14 years; higher education in x. She finished chemistry and physics higher education.

Health: The respondent does not have any health problems. She does not have any disease that can impede her to work in full capacity.

***Household / family structure and profile***

In the household of the respondent live 4 members. It is not an extended family. She lives with her husband and two children; one son and one daughter. There are four adults in the household. There are no children under 15 years; no students, no elderly people. The respondent's husband has finished the faculty of geography. The son and the daughter have finished secondary school and they are not studying. The respondent's husband is unemployed. Husband is depended on the respondent's incomes.

***Household income***

The respondent is not the primary income earner in the household. Her daughter has greatest salary. The respondent's son also works whereas the husband is unemployed. He does not receive pension. The respondent's daughter works as a secretary in an English private school whereas the son works as a waiter. No one from the respondent's family lives in foreign countries and they do not have any social security or pension or other sources of incomes. The total incomes including the respondent's formal and informal labor plus the salaries of both children. The regular types of incomes are 137 Euros of the respondent, 200 Euro of the son's incomes and 250 the daughter incomes.

***Respondent employment history/experience***

The respondent works as a teacher in primary school in x. She has been working there for thirty-three years. She is teaching chemistry and physics. She has one-year contract and these contracts are renewed each year. The salary is regular. Regarding the security of the job, as long as she has the contract, the respondent considers her job to be secure.

Working as a teacher in the formal sector is not the main source of respondent's income.

***Informal Labour Engagement***

Since the salary is too low, the respondent claims that she was forced to find another job or get engaged in another activity that will bring her more incomes. That is why she chose to bake cakes, specifically making baklavas. She has started baking baklavas for almost one year. The

respondent considers the most important job to be the one of the informal sector because of the higher incomes. When she works in the informal sector, she earns more money.

She claims that the job in the informal sector is the one she does best and the one that she spends more time doing because as she states, the incomes are extremely important motivator for her. She spends six hours making and baking the baklavas. Her husband helps her in the baking process. The most reliable source of income is the one in the informal labor.

The respondent is interested in keeping all these jobs and she would like to work even more in informal labor because she finds this job to be very profitable.

The other members of the household, except for the husband, are not involved in these activities that the respondent is engaged in.

The respondent uses one room in her house to make the baklavas. The clients come and pick up the baklavas when it is ready.

The main reason why the respondent got involved in the activity of baking cakes is because during the war her house and everything her family had got burned. They were left with nothing. That is why she had to start working something that she knew well. She has been making baklavas for ten years even when she lived in Mitrovica. She also made other kinds of food that she would send every morning in a restaurant. But after the war, first they had to find a place to live and a year ago, she finally has a room that she can use for baking baklavas because as the respondent claims, it takes a lot of place to practice this activity.

She was never trained to bake cakes. She knew this since she was young and she started practicing it when the family's financial situation got worse.

### ***Description and level of engagement***

The main source of incomes is the one from the informal labor.

The respondent travels every day to x. She spends two hours just for traveling. She has lectures in x. four times per week.

Her obligations are not divided and neither the incomes.

It was respondent's idea to start baking baklavas. Her daughter informed her friends that her mother bakes baklavas and then they liked it and they told other people and this is how customers find the respondent.

When she started working in Prishtina, she met another woman that makes different dishes and whenever the other woman finds out about someone who wants to buy baklava, she recommends the respondent.

The respondent has only verbal agreements with customers. There is nothing in the written form.

She never had inconveniences due to undefined obligations. They are always satisfied with the baklavas and she never had a case when the customer complained.

The respondent claims that she does not work full capacity because there are not sufficient numbers of people that want to buy baklavas. She would work more if there were more people interested in buying her baklavas.

The respondent's investments comprise all the ingredients that are used for making baklavas plus the baking. Sometimes, she made four baklavas per day. The only problem was the electricity, as she had to make her schedule fitting the power restrictions.

She is not interested in finding a job in a company that is engaged in similar activity. She never thought of starting her business.

The advantages is the fact that it brings more incomes but the disadvantages are the ones that she is using her home for this activity and the fact that she has to stand up all the time and this work is tiring.

### ***Income***

The respondent earns about 20 Euros per baklava and at school she gets the salary of 137 Euros.

The earnings vary from season because in summer more people get married and there are more celebrations and that is why she has more customers. In the winter and autumn she rarely has any request for baklavas.

There is no competition because the respondent states that her baklavas are really of high quality and people recommend her all the time.

The respondent is satisfied with the earnings.

She claims that there is a chance to save money. She can support family; not a luxurious life but a decent life.

Her job is profitable because she enjoys making baklavas and she earns enough.

The earnings have been lower during the last six months because of the season. There were fewer weddings and fewer celebrations.

### ***Plans/Hopes for the future***

The respondent plans to continue to work in the future in both the formal and informal sector unless she will have health problems. She claims that making baklavas is difficult job but this is

what she can currently do best. She says that she could give private lessons in physics and chemistry but she does not have a proper room to do so and that is why she is focused on baking baklavas.

The respondent prefers to work full time with fixed working hours. The respondent likes to work as a teacher with children but because of the low earnings she prefers to spend more time making baklavas and earning more.

She hopes that in the future she will earn more. Now the season of celebrations will come and she hopes she will have a lot of work from late May to July. She never thought of leaving Kosovo. She wants to stay here with her family.

She does offer her services outside the city. She used to sell her baklavas in x. and x. The respondent is aware that people who do the same thing in foreign countries earn much more than she does.

### ***Community Coherence / Social Capital***

The respondent was born in x. She is living in Prishtina since after the war. She lives in Prishtina for almost four years.

Her family does not have any property anywhere. They lost everything during the war.

She knows her neighbors and they often see each other. With all of them she has excellent relations, with colleagues she has excellent relations too. Because they didn't have apartment in Prishtina, they had to move several times and she was always satisfied with neighbors.

They always help each other. They can count on each other. The respondent says that people around helped her overcome all the problems she faced after she lost all her wealth during the war.

The respondent did practice this activity before the war. Teachers didn't have high incomes and she was obliged to work something else even before the war, and it was respondent's idea to start making baklavas. She thinks that there are differences in the relationships from before the war. People before the war were more kindhearted and they cared for each other more. After the war, people became more selfish in general.

Case study/IDI code - 9  
Respondent profile - tutor

### ***Personal socio-demographic information***

Sex: Female

Age: 33

Education: 17 years. The respondent has attended High School with emphasis on archiving in x.; She has earned the undergraduate degree in Albanian Literature and Language and one year of studies in English Literature.

Health: The respondent does not have any health problems. Sometimes she has pains in legs but this does not impede her to work in full capacity.

### ***Household / family structure and profile***

In the household of the respondent live 7 members. It is an extended family since she lives with the parents of her husband. She lives with her two daughters, her husband, husband parents and his sister. There are five adults in the household. There are two children under 15 years; no students, two elderly people. The respondent's father in law is an actor. he is not in pension. Mother in law was teacher, she is also in pension. The respondent's husband has finished the high school in Prishtina and he works in the x. of Kosova. His post title is Archive Assistant. All household members, except for the husband depend on the respondent's incomes.

### ***Household income***

The respondent is the primary income earner in the household. Her husband works as well but his earnings are lower than respondent's. The respondent's mother and father in law receive pensions, they receive 70 Euros for both of them, per month. The respondent's husband works only in that of Kosova. They don't have any other assistants. The respondent's brothers in law work and live in Germany. They work in a factory but they don't support the respondent's household with money. The total incomes including the pensions and informal labor are approximately 500 Euros. The regular types of incomes are 70 Euros and two salaries of 140 Euros.

### ***Respondent employment history/experience***

The respondent has worked as interviewer long time ago. Currently she is employed in formal sector as teacher of x. in the primary school x. in Prishtina. She teaches pupils of 6th and 8th grade. The respondent has a contract in the formal sector. She teaches pupils, she is engaged in other extracurricular activities, she helps pupils regarding the school newspaper etc. She is also engaged in organizing literary evenings in the school. She works in different tests that are applicable for competitions in school and in municipality.

She has been working for four years in school. Her contract is endless. Initially, she has three-month contract but then her contract was extended with no limit. The pay is regular and her job is secure.

Working as a teacher in the formal sector is not the main source of respondent's income.

### ***Informal Labour Engagement***

Since the salary is too low, the respondent claims that she was forced to find another job or get engaged in another activity that will bring her more incomes. That is why she chose something that is related to her profession. She teaches different kids at her home mostly grammar. These kids are mainly kids who are getting prepared to get enrolled in the college. Currently, the respondent has five pupils that she teaches at home. She has started this activity four months ago. For the respondent, the most important job is the one in the formal sector.

She claims that the job in the formal sector is the one she does best and the one that she spends more time doing because as she states, she has 24 hours per week teaching in the school. In the informal labor the respondent spends four hours two times per week. The kids do not differ that much and that is why she teaches them at the same time. This is the first generation of kids she is giving private classes at her home.

The most reliable source of income is the one in the formal labour whereas more incomes brings the activity in informal labor.

The respondent is interested in keeping all these jobs and she cannot get more involved in these activities because of other family obligations.

The other members of the household are not involved in these activities that the respondent is engaged.

She never conducted teaching activity outside her house. She prefers to teach kids at her home. The main reason why the respondent got involved in the activity of giving private classes is because of her poor financial status.

She claims that this is not the only thing she could do because the respondent knows English and French and she could translate and earn more money but she didn't find that kind of job and that is why she teaches Albanian language and grammar at her home. Her family members did not support her because as she mentioned before, she lives with her husband's parents and they mind children coming and their house but there was no other choice.

The respondent does not have a working room but she uses her bedroom for teaching children.

The respondent did not have any training related to this activity and she would like to have one if she had more time. Nevertheless, she has education related to teaching and this is what helps her a lot.

### ***Description and level of engagement***

The main source of incomes is the one from the informal labor.

The respondent chose to describe a Tuesday because in Tuesdays she has both in the school and private classes at home. She wakes up before 7 am because at 7:30 begins the first class at school. She has 6 hours of teaching on that day and she is also responsible for taking care of

everything that happens in the school both to students and teachers. It is very difficult day for the respondent, the breaks are short and during the breaks she has to stay in the school corridor and take care of pupils. She finishes her job at school around 12:15. She takes the bus because the school is far from the city. When she comes back from school, she does some work at her home and then at 1:15 children of the informal sector come. She teaches them for two and half hour. Every hour is paid 3 Euros and the child pays 48 Euros per month for the respondent's services.

Her job is not constant because sometimes children have other obligations and they don't come.

The respondent has only verbal agreements with children's parents. There is nothing in the written form.

She never had inconveniences due to undefined obligations. The children are satisfied with what the respondent provides to them because she takes this job with lot of responsibility and she makes sure that her communication with these kids is proper and she helps them as much as she can.

Children mostly complain about the vocabulary because there are some children who lived in England or Germany and their Albanian is not that good. But because the respondent is fluent in French and English she understands most of the things children say and she translates these words in Albanian and helps them learn Albanian better.

The respondent claims that she does not work full capacity because there are not sufficient number of children interested in having private classes. Her time is limited.

The respondent's investments comprise textbooks that she works with and her notebook.

She is interested in finding a job in a company that is engaged in similar activity. She never thought of starting her business.

The advantages is the fact that it brings more incomes but the disadvantages are the ones such as: at home, the respondent is aware of the fact that the pupil depends on her work and she has more responsibility and she works with her full capacity, therefore, she gets tired very much after two hours of teaching only a few pupil.

### ***Income***

The respondent earns about 400 Euros including the incomes from the formal sector, school. The earnings vary from season because in winter and spring there are more pupils interested in private classes. During the summer holiday they are not interested in taking private classes. Winter and spring is the time when pupils get ready for enrolment in colleges.

There is no competition because pupils come through a friend and she also teaches them maths and she recommends the respondent to the parents of these children.

The respondent is not that satisfied with the earnings.  
She claims that there is no chance to save money.

She can support family, the minimum needs.

Her job is not profitable because she gets tired too much and she could have worked as a translator or work somewhere in the private sector where employees get paid more.

The earnings have been lower during the last six months because she didn't have private classes.

### ***Plans/Hopes for the future***

The respondent does not plan to continue to work in the future in the formal sector because the salary is too low.

The concrete plan is to attend computer courses and she would like to work in a bank in Prishtina.

The respondent prefers to work full time with fixed working hours.

She hopes that in the future she will earn more. She never thought of leaving Kosova. She wants to stay here with her family.

She does not offer her services outside the city. She knows that in Swiss an Albanian professor that teaches children Albanian language is paid 2000 to 3000 Swiss Franks per month and in the formal sector even more.

### ***Community Coherence / Social Capital***

The respondent was born in Prishtina.

Her family does not have any property anywhere.

She knows her neighbours but they rarely see each other. With all of them she has good relations, with colleagues she has excellent relations.

They always help each other. Let's say when one of the colleagues is sick or something, the others replace her and teach instead of her and other ways of helping each other as well.

The respondent did not practice this activity before the war. She does not think that there are any differences in the relationships from before the war.

Before the war she didn't work and she didn't have colleagues but the relationships with neighbors were the same before the war as they are now.

Case Study / IDI Code – 10

Respondent Profile – **Growing of crops in a garden**

### **Personal socio-demographic information**

Sex: Male

Age: 54

Education: The respondent has completed primary school (eight classes), in the village x. near Prishtina.

Health: Currently respondents claims to be in the good physical condition. Previously he had some health difficulties, and these difficulties disabled him to work full capacity.

### **Household / family structure and profile**

There are seven members of the family: respondent and his wife, and five other children.

The youngest child is twenty years old. All the others are above this age. There are three daughters and two boys. All of them have finished secondary school. One boy tried to enroll in the university, but could not pass the exam required to get enrolled. He wanted to study architecture. Currently he is preparing for the next years exam, and he is attending some courses that will enable him to do better on this exam.

They live in a house.

### **Household income**

The household has several incomes. Beside the respondents' activity, who is engaged in the informal labor, one of his sons is employed. Also, two of the daughters work in a store that is owned by the family. They have a store that is build within their house and they sell groceries.

The family has no member that work abroad.

They have no other social or other aid that they collect from other sources. However, the respondent was previously employed in a public company, and this company had premises that after the war were leased to UNMIK. Based on this, the workers of the company receive money monthly, in a form of an aid from the company.

Family posses two stores that are situated in front of the house. Whereas the family manages one store, they seek to lease the other store to somebody<sup>25</sup>. However, nobody is interested and they are thinking to open the other store by themselves.

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<sup>25</sup> While the interview was conducted, the respondent had a visit by a potential man who wanted to rent his store. As far as the interview can tell, he leased the store but the respondent did not revealed this information.

## **Respondent employment history / experience**

### **Formal employment**

Respondent was previously employed in the big store for selling different things<sup>26</sup> as a supplier. He has been engaged in this store for thirty-one year.

In this company, he has been employed on the full time basis and had signed a contract with the employer. He has been expelled from the work in the early 90-ties. After the war, their building has been obtained by UNMIK.

Currently, the premises of the company x. are leased and the rent is paid to the company. Out of the rent, the workers are paid monthly. Respondent claims that he receives 47 euros a month, and this is sort of a help that is given by the company; the workers do not work, they'll just be receiving money until the status of the company and its premises changes.

During the time of his formal employment, respondent was the only person in the family that had income in the family. His children were small and they were in school. Respondent claims that he had no other sort of employment during this time: he was growing crops only for his own personal needs.

### **Informal Labor Engagement**

Respondent was engaged in the informal labor after he has been expelled from his work. He says that he needed some sort of engagement, as he had no sources of income.

He possesses eight acres of land, and mostly grows salad, onion and tomato. Mostly he grows salad, and less onion and tomato. The land is close to his house, and he works the land with a shovel; he possesses limited amount of mechanization to cultivate his land.

Respondent claims to have volition to go back to his previous employment. He says that he prefers the formal employment, as the work that he conducts now is not constant and has a limited engagement.

### **Description and level of engagement**

Respondent cultivates the land by himself only. Nobody from the family helps him. He says that the amount of land is not so big, and he can work the land by himself and he doesn't need any help from the others.

Respondent sells the crops from his garden in two ways: he either sells it to other persons, who later sell the crops in the market, or he sells the crops himself. He claims that whenever approximately half of the crops he sells in large quantities and the other half he sells himself in the market. He first tries to sell the crops to some of the people who later sell it in retail, and if these people are not interested to buy his crops that he sells them himself.

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<sup>26</sup> Name of the company was x., and this company had stores all over Kosovo and were called x; these big halls had all kinds of different goods inside

Respondent takes the crops to the market where things are sold in large quantities. It's easier for him to find customers if he goes to this market. He doesn't change the place where he sells things.

He has no agreement with any of the customers. Whenever he harvests the crops, he takes them to the market and seeks for any possible buyer. He sells the crops to whoever is interested. If nobody is interested, then he stays himself in the market and sells the crops in retail. He claims that often he stays three to four hours a day, from six in the morning till nine or ten. However, if by this time the crops are not sold then he stays longer, until all the crops are sold.

Respondent claims that the salad is the crop that is more favorable to grow. He seeds up to ten thousand seeds of salad, whereas he seeds far less seeds of tomato (he uses tomato for personal needs). He claims that salad is sold more easily and at a better price. In addition, there are large quantities of tomato brought from other countries and the price that they offer is very low and for the local farmers it's very hard to keep up with such competition. Since majority of customers prefer low prices, instead of the quality, than the local farmers can only focus their products to those customers who prefer quality and freshness.

In addition, respondent also claims that some the customers prefer fresh salad, and he has that possibility to offer them fresh salad as the crops that he harvest in the morning, he immediately can sell it to his customers. He says that customers are seldom satisfied with the crops that he sells to them.

Respondent claims that he has regular customers, as they are satisfied with the quality of the crops. They come and seek for him, as they know that he provides them with quality. Consumers only complain about the price of the goods that he sells. This is due to difficult condition that the population is facing. Respondent further claims that he looks at the prices that are offered from the others, and then sells the crops at the same price as the others.

Respondent claims that the primary and only reason for him cultivating his garden is financial need. He didn't have any training, as he used to cultivate land from his early years. He learned the vocation from his father, and used to grow crops for personal needs all his life.

Respondent wakes up at five o'clock in the morning, and he stays in his garden all day long. He claims that his engagement lasts more or less two months throughout the year, and his activity is exclusively during the summer. He doesn't have a large parcel of land, and therefore cannot work for more time during the year. Respondent claims that up until now, every year he seeded salad in his garden.

Respondent thinks that he is not working full capacity; the amount of land is limited, and he would be interested to be more engaged in agriculture. He doesn't possess any other land and it's impossible for him to buy more land.

Respondent claims that sometimes his children often scold him, as they consider his engagement not to be worthwhile. However, the respondent himself claims that whenever he has the

possibility to work, and this is mainly during the summer, than his health situation gets better, whereas during the winter he is unable to work and often has health problems.

Sometimes he says that it happens that he cannot sell the goods and they get rotten.

#### **Income**

As mentioned before, the family has several incomes. Family has a small store as part of the house that sells groceries, and in this store the respondent's children work (the store is managed by the respondent's boy); the respondent receives aid from the company that used to work before and he also has informal engagement.

All the earnings are put into families' budget, beside the earnings of his boy, who keeps the earnings for himself. However, respondent declared that he doesn't know what are the earnings of all his family.

Respondent's earnings per one season are from 500-1000 Euro. As mentioned before, these earnings are related to a two-month engagement of the respondent.

He claims that sometimes he is satisfied with the earnings, and sometimes he is not. Since the productivity is dependent on the weather conditions, if the weather is suitable than the harvest is greater and has a better quality than when the weather is harsh. He mentioned that the oscillation of the weather that are currently taking place - the drastic changes of temperature - all this does not help for a better productivity of the land.

Respondent claims that it's not possible for them to save any money, they spend all the money that they earn to buy basic groceries for the family. He also mentioned that it would be impossible to support his family only with the incomes from his informal engagement.

Since it is a seasonal job, respondent started to practice his activity only a few weeks ago. He claims that last year he had more customers and it was easier for him to sell the crops, and also the earnings were higher.

#### **Plans / Hopes for the future**

Respondent claims that his hope for the future is to get back to the place where he previously was employed.

He'll continue to work in his garden, no matter if he gets employed or not. He is not looking for a job, as he believes that nobody is interested to hire old people.

In the future he believes that he will earn less money than he presently earns.

He will continue to live in Kosovo, and has no intentions to leave the country. He also claims that nobody from the family has such intentions, and during all his life he's been away from Kosovo only during the crisis (March-July 1999).

He sells his goods only in Prishtina, though it might happen that somebody from other cities buy his things while he is selling the crops in the market.

The quality of the salads that he offers is better than the ones that are imported from other countries. He claims that he doesn't eat the salad that has been harvested one day before, as the freshness of the salad is very important to him.

**Community Coherence / Social Capital**

He lives in Prishtina since 1971. He has no other possession outside Prishtina.

He knows all of the neighbors and has good relations with them. They visit each other rarely, but they do greet each other every time they meet on the street.

He has very good relations with his former colleagues that used to work together in the company X. He claims that they still occasionally meet. However, he didn't reply that there is any support that they give to each other, neither from his neighbors nor from his colleagues.

In the market he doesn't have any problems with the others who sell their things. He doesn't know them, as he said, because he is not there very frequently and does not stay long.

The difference in relations between the community members and colleagues has changed after the war. He claims that people are more envious now than they used to be before.

Case Study / IDI Code – 11

Respondent Profile – **Waiter and cook**

### **Personal socio-demographic information**

Sex: Male

Age: 23

Education: The respondent has completed secondary school of economics in Prishtina and never enrolled to university.

Health: Respondents claims to be in an excellent physical condition. He never had health problems. He feels fit and able to perform any kind of work.

### **Household / family structure and profile**

They are 8 members of the family. The respondent lives together with his mother, his father, his wife, three sisters, and his son. The son is three-years old. The wife of the respondent attends the university so in this family, there is one student. Two of the respondent's sisters attend primary school, which means that there are three family members younger than 15 year old. One of the respondent's sisters works in x. as a cleaner. She has finished secondary school in Prishtina.

The respondent's father works as a guard in x. Sometimes, he also works as a taxi driver but not on regular basis.

Respondent is married on the year of 1999. Respondents' wife has finished secondary school and she is not employed because she is studying economics.

The respondent also has one sister that is married. She lives and works in London. She works there as a cleaner.

Mother of the respondent is housewife. She finished primary school and she never worked.

They live in a suburb of Prishtina and they possess a house. In the same garden, two uncles of the respondent live but the incomes are divided and every family has its own privacy in a way.

All family members depend on the incomes of the respondent. Even though father and sister of the respondent are employed, their salaries are too low to fulfill the requirements and needs of the family. Father's salary is skipped several months so basically sometimes they don't count on that income at all.

### **Household income**

The respondent is the primary income earner of the family. His sister works in x. as a cleaner whereas the father of the respondent works as a guard and sometimes taxi driver.

Beside the informal engagement of the respondent, sometimes the sister of the respondent who lives abroad sends money to her family, which makes easier for the family to meet the ends. The respondent's family does not receive social aid or pension.

Respondent family does not have any other income. The respondent claims that after the war since his sister has gone to UK, they feel more secure because she can always help them in emergency cases.

Family possesses some land in a village called x. and respondent claims that they cultivate the land sometimes for the family needs only. They don't have cows or chickens.

The average total incomes of the family are about 500 Euros. Regular are the respondent's and his sister's incomes. The respondent's father incomes are not regular.

### **Respondent employment history / experience**

#### **Formal employment**

Respondent has no experience at all working in the formal sector.

Currently, he is not employed in the formal sector and he has never worked anywhere with a contract. He would like to be engaged in the formal sector where he would work fixed working hours and have secure job.

The respondent is not looking for a job in the formal sector because he is pessimistic about such trials. Taking into consideration the great number of educated people who are not employed, the respondent considers that it would be a waste of time to seek for a job in the formal sector taking into account the fact that he has only finished secondary school.

#### **Informal Labor Engagement**

The respondent works as a waiter and cook and sometimes he also cleans the restaurant. The main duty of the respondent is to cook the kebabs in the grill and other meat specialties. Nevertheless, in the morning when there are a lot of customers the respondent also serves the customers the food, he prepares the tea or coffee for them, and later he cleans the tables as well.

In this restaurant, there are seven people who are employed except for the owner. The owner is a relative of the respondent and this is how the respondent found this job. The employees of this restaurant have their duties divided. Everybody knows what his tasks are. But when there is a lot of work and one of them is free, they help each other. So basically, everybody is experienced in all kinds of activities that one can be involved while working in this restaurant. There are only male employees. There are no women working in this restaurant.

The respondent is working for almost eight years in this restaurant. The respondent likes most of all when he has to prepare the meat in the grill. This is at the same time the thing that the respondent does the best. Even though most of the times, the meat is prepared by someone else

and all the respondent has to do is bake it or grill it, sometimes the respondent prepares the meat as well.

The respondent spends most of his time while working in the grill and he has less time to practice the other activities.

Respondent claims that he doesn't know whether this job is secure because there are many factors that can lead to the owner closing the restaurant. But since nothing depends on the respondent, he claims that it is more insecure than secure job.

The respondent is interested in keeping this job. He is interested in continuing to practice the same activity about 60 %. The rest 40% of his will are to find a different job.

Other family members do not practice the same activity as the respondent and they don't help him in performing these activities. There are only the colleagues at work who indeed help each other.

Respondent claims that the main reason for him practicing this activity is to earn money and support his family. Even though the respondent was only 15 years old when he started practicing this activity, he did very well because he supported his family since then. At that time, when the respondent was 15, this was the only job he could do. He had the support of his family since the owner of the restaurant is their cousin so the parents felt safer about his son working in this place.

The respondent has never had any training that is related to activities that he is currently engaged in. He claims that at the beginning it was more difficult but step-by-step he improved his skills as a cook and waiter and now he finds his job to be not that difficult. It is a kind of job that does not require a lot of intellectual input therefore, it is rather mechanical and once you have learned the things, it will never be difficult and challenging.

The respondent says that if there was training organized about working in restaurants, he would like to attend it and he says that he might learn new things.

### **Description and level of engagement**

The respondent wakes up at 6:30 every morning. He goes to work at 7:00 o'clock. He travels about 20 minutes to get to the workplace. He prepares the grill, first he cleans it and then he puts it on. In the morning, he also prepares some salads and he cleans and arranges the windows and the tables. Around 10:00 he eats the breakfast for half an hour. He always eats in the restaurant. In the morning, the respondent says that they have a lot of work. Then he works again. He eats his lunch again in the restaurant from 3:00 to 4:00 at most. Then he continues to work until 5:30 or 6:00. It depends if there are still customers. Then, they clean the restaurant. All the employees have to stay after the work is finished and clean the restaurant thoroughly. This lasts until 6:30 or 7:00 and then the respondent goes home. In this restaurant, they serve only meat specialties and different salads.

The respondent works 6 days per week. Only on Sundays he has day off.

The respondent says that his work is constant except when they have holidays. They have one-week annual leave during the winter and three weeks of annual leave during the summer.

He does not have contract with the owner of the restaurant. They only have verbal agreement about the salary. The salary depends on the total incomes of the restaurant. It can never be lower than 180 Euros but if they have more work, then the owner gives the respondent more money.

Respondent claims that customers are very satisfied with the food they server in the restaurant. They rarely have problems and rarely customers are dissatisfied. In general, the respondent claims that the customers are the same. Most of the customers come there on regular basis. He is able to practice his labor all over the year.

The respondent claims that he can accommodate more requests, basically more customers, if they have more work. The respondent says that on average, there are about 200 customers per day eating or drinking in this restaurant.

The respondent says that he is not interested in finding a job in a different restaurant. He is satisfied with his work and he does not think that in any other place, he can have better working conditions.

#### **Description of the advantages and disadvantages of current engagement**

Pros of the activity	Cons of the activity
<ol style="list-style-type: none"><li>1. It brings money and he is able to support the family.</li><li>2. It is a job that does not require a lot of skills and it is stressless in general.</li><li>3. The relations with the owner are satisfactory.</li></ol>	<ol style="list-style-type: none"><li>1. The respondent has to stay all day long standing and it is in general very tiring work.</li><li>2. It is not a well-paid job.</li></ol>

#### **Income**

Respondent claims that on average he earns around 180 euros a month. Most of the time he earns more than the fixed salary, out of the tips. Sometimes he earns 230 euros and at most 250 Euros.

Respondent claims that the turnover differs very much between seasons. He declares that during the summer they have more work not in the restaurant only but they also provide different specialties to people who have weddings or different parties. In addition to daily work in the restaurant, they prepare the meat for people who order different kind of specialties because of different occasions. During the summer there are more parties, more weddings, engagements so they have more turnover.

Competition is very high because there are many restaurants who server the same type of specialties. The prices are in general the same as in other restaurants although there are a few restaurants that have lower prices.

Respondent is somewhat satisfied with the earnings. He does n't have any possibility to save any money; all his earnings enable him only to support their family. The respondent says that he thinks that if he would work somewhere else he would gain more. He does not specify exactly what type of work he would do because he doesn't know that, nevertheless, taking into consideration the time and the required input, the respondent finds his work to be not profitable.

During the past six months, the respondent claims to have earned the same amount of money even though the number of customers was lower than it is now. The reason for this decrease was the season because the respondent declares that during the winter, they have less work.

The respondent says that they are hoping to have more customers now that the weather has improved. They always have more work during the summer.

**Plans / Hopes for the future**

For the future he does not hope to get employed in the formal sector or change the job and do something else in informal sector. In general, he would prefer to work something else that brings more money to him, but he has no concrete plans about changing jobs or starting his own business.

In the future, he plans to keep working in the stand where he currently is working. He would like though to work in a factory or a company but as stated before, he is not going to look for a different job,

For the future, due to suitable weather, he believes that the turnover and his earnings will increase.

The respondent thinks that he will continue to live in Kosova together with his family. No one from the family members plans to leave the home country. The respondent has never worked or lived abroad. The respondent claims that he would like to work somewhere in the foreign countries where he can save money and have better living standard but he has no concrete plans to do so.

The services the restaurant provides to customers are always within the region of Prishtina. For example, the orders they have for meat specialties for different parties are always requested by citizens of Prishtina.

The respondent does not know the exact amount of money that people who do the same work earn, but he knows that in other countries any kind of work is paid more, therefore, people who work as cooks or waiters earn more. In addition to this, people here rarely leave tips whereas in other countries, waiters have a lot of earnings from the tips, which is different from working in Prishtina.

#### **Community Coherence /Social Capital**

During all his life, he has lived and worked only in Prishtina. The respondent was born in Prishtina.

The respondent knows his neighbors, and their closest neighbors are his uncles. They visit each other frequently and their relations are very good.

The respondent's father has property in x. and they sometimes cultivate the land but only for family needs not for selling. Mainly they cultivate vegetables.

The respondent also claims that his relations with colleagues are very good because they help each other whenever they need a favor. Working in the restaurant especially when there are a lot of customers requires good relationships between workers because only in this way they can succeed to accommodate the entire customers requests.

In general, the respondent says that people's attitude towards each other were different before the war. People are colder now and they simply are not that close to each other as they used to be before.

Case Study / IDI Code – 12

Respondent Profile – **Handicraft**

### **Personal socio-demographic information**

Sex: Male

Age: 46

Education: The respondent has completed secondary technical school, mechanic department, in x.

Health: Respondents claim to be in a good physical condition.

### **Household / family structure and profile**

Respondent lives with four other members of his family, his wife and three daughters. His wife has completed secondary school, and is a housewife. The oldest daughter is in the fourth grade, the second in the third grade and the youngest is in the first grade. Respondent claims that two youngest daughters are very good in school, while the oldest is not a very good pupil.

They live in a house in a suburb part Prishtina, in a neighborhood called x., which is close to the x. They have moved to Prishtina since 1985. They have previously lived in the village x., which is some 30 km away from Prishtina. The family has bought eight acres of land in Prishtina, and they have build five houses for five brothers. Parents of the respondent live in x., a nearby village, with the second youngest son.

### **Household income**

Respondent is the only person in his family with income. He has a brother that lives in Sweden, but he doesn't send any remittance to his family. Respondent claims that his brother was not able to come to Kosova for seven years, as he didn't have the necessary documentation to travel. He visited them last year.

Respondent has two hectare of forest in x. Also, he has one hectare and a half of land in x., but the quality of the land is very poor. Every year, he seeks the permission from the authorities to cut a part of his forest. He claims that every year, around March, he cuts 10 cubic meters of trees and sells them. Last time, he claims, he managed to sell 1 cubic meter for twenty euros. He doesn't have any means of transportation and therefore cannot bring and sell the trees in the market in Prishtina. Moreover, respondent claims that he needs an allowance to bring the trees to the market and therefore he sells them to other people. He does not cultivate the land due to very low harvest.

## **Respondent employment history / experience**

### **Formal employment**

Respondent had finished his secondary school in 1976. From this time until 1986 respondent was unemployed. During this time, he was engaged in cultivating the land. As the quality of the land was very low, he claims that it wasn't possible for them to sell any of the products of the land.

From 1986 until 1990 respondent was employed in x. He was a supplier for the canteen that was used by the workers. During this time he had a contract that he signed in the beginning of his employment. He does not remember much of the specification of his contract. He also claims that their salary changed frequently, and only in the end of the month they knew how much it is going to be their salary. His salary at that time, converted into deutsche marks, was around 300 DM. At this time he was living together with his brothers and his parents in their house in the village.

During the time when the respondent was formally employed, he didn't practice any other activity.

Most of his other brothers were working at this time as well. One of them was employed in the company x. (company that had a chain of stores for selling different kind of products), one of them was working as an electrician, one as a teacher, and one as a policeman. They all had a common family budget where they put their salaries.

### **Informal Labor Engagement**

Respondent makes handicrafts out of wood. He has a craft for making wooden handles for ax, hammer, chisel, scythe, shovel, and other equipment that need wooden handle. He inherited the craft from his father, who also used to make such products. Moreover, his father mostly made barrels. Children used to help him a little, and that is how all of them inherited this craft. His father practiced this labor for all his life, and stopped practicing this labor during the seventies. At this time his children were grown and employed and they could support the family.

Respondent started to make wooden handles from 1990, immediately after he got unemployed. He doesn't have much of equipment, only an ax and a handy turret head. (He started with this equipment, and he has the same equipment from the time when he started to practice this labor extensively.) He uses the trees from the forest that he owns. He cuts the trees with an ax, and separates with an ax the body of the tree from the rest. In the end, he flattens the tree with the turret head and smooths it with vellum paper. In the end he polishes the piece, and the wood is ready for a handle.

Respondent claims that he practices the craft without any difficulties: he has enough experience and it's not hard for him to do any kind of wooden handle.

The handle for scythe mostly takes time for preparation. Respondent claims that he needs to leave a long body for this handle, and has some additional handles that need to attach.

Respondent does not have any other activity.

Currently, two of his brothers also work this craft, but all of them work independently. Both of his brothers are employed, and they practice this activity as their salaries are very low.

Respondent does not have any working place. He works near his house, in the backyard.

The main reason for the respondent to practice this activity is financial matter. He claims he is unemployed and he has no other means to support his family.

### **Description and level of engagement**

Respondent during the day comes to the market and during the night works home. He comes seven days a week, and stays from nine o'clock in the morning until seven in the afternoon. When he goes home, he makes more handles for the next day.

There are certain handles that needn't be exposed during some seasons: for example, respondent does not expose handle for the scythe during the wintertime. Moreover, he claims that he is able to practice his activity all over the year, be it the preparation of the handles or selling them on the market. Only few times, when he has some other important things to finish or when difficult weather conditions, it happens that he doesn't come to the market.

He practiced all his activity alone: he alone makes the handles and he alone sells them. His children are still young to help him in any matter.

Respondent claims that mostly he has casual customers. He claims that most of the customers don't need to buy handles for the ax so often, they buy it once a year or less frequently.

Respondent claims that the quality of the handles is very good. Moreover, he believes he is the best one in the market. The handles made manually, in comparison to those made by the machine, are better and more qualitative. Every tree has certain layers, and the tree is the strongest if these layers are remained untouched. While it is possible to do it manually, as the craftsman cuts the tree in the form of these layers, the machine cuts the tree in a strict and straight form. Therefore, respondent claims that the handles made manually can last longer and are stronger than those produced in series.

He doesn't have any previous agreement with any customer. However, he claims that he has to give discount to many of his customers, because of difficult financial situation. He says that he often gives discount to his customers, as he wants to keep the turnover going.

He is supplied with the raw material from his forest.

He doesn't work full capacity. It's because there isn't enough number of customers who would buy his products. Respondent claims that he practices his labor home some four days a week, and during one day he produces approximately twenty different wooden handles.

Respondent claims that he doesn't have financial means to start his own business. He says that he'd be interested to start his own business, to produce more handles, and he believes he could sell the handles in wholesale to others. On the other hand, he also claims that he never had any offer from others to sell to them a larger number of handles.

He prefers to work in the formal sector, as during the time when he was working all the things were in favor to his requirements.

#### **Formal vs. Informal labor**

Formal	In formal
1. Social security	1. Currently represent a mean of survival
2. Regular paychecks	2. Possibility for the authorities to remove them as they are working in a pavement
3. Regular working hours	3. Difficult to stay all day out on the street
	4. Some of the customers are irresponsible

Respondent claims that he rarely has his customers not satisfied with his products. Most of them are satisfied with the product, and they frequently say good words to him.

Respondent claims that there are more customers that look for a better quality instead of a better price.

#### **Income**

Respondent earns around 10 euros a day.

Respondent has a book where he keeps the record of the products that he had sold.

Turnover is better from mid-summer until mid-winter. The period when he sells least is the period when the period of 'picks and shovels' is over.

There are a lot differences between days regarding the products that the respondent sells. He says that the variety of the handles that he sells is great, but mostly he sells ax handles.

The competition is very high. In comparison to prior to the war, respondent claims that now he pays more attention to the handles that he produces. He says that the customers are nowadays more picky and they will not buy product that is not satisfactory. Although there are some five or six other craftsmen who practice similar craft as the respondent, he claims that there are handles sold in the stores and the number of the stores is high. In the store the price is cheaper, as they sell other products as well. They can earn on many different things, whereas the respondent claims that he only earns through selling the handles that he produces. Whereas the craftsman sell one handle for 2.5 euros, in the shops the handle for ax is sold for 1.5 euros.

Respondent is satisfied with the earnings. He says that it is not possible for him to save any money, he can only support the family needs.

Respondent does not see his labor to be profitable. He claims that one needs skills to practice his labor, and needs to work hard and in the end the earnings are limited.

For the past six months, based on the book where the respondent keeps record of his turnover, he has earned more or less the same.

Respondent claims that two first years after the year he had a lot more work than he has now. After the war the price was more expensive, six marks for one ax handle. The last two years the work and the earnings are decreasing.

#### **Plans / Hopes for the future**

Respondent hopes to get employed. He has applied to become a policeman, and he hopes he'll be successful. Also, he is registered in the Center for Employment and hopes that it will be possible for him to get employed through this center.

As far as his current labor is concerned respondent does not have any plans to increase his activities. He plans to keep the same level of engagement as he has had up until now. He says that there are roomers that the people who sell outside of the market (respondent sells his things outside of the market) will be removed from the authorities. He claims that it's not worthwhile for him to get a stand inside of the market, as nobody will enter the market to buy wooden handles. He says that the people would buy handles in the stores that are situated outside of the market.

He'd rather prefer to work formally. He says that he gets tired working his current labor.

He never thought of going abroad. He says that he has no intentions of leaving the country.

Other people that offer similar products to the ones that offer the respondent come mostly from Prishtina. Mostly they are elderly people. Respondent claims that he knows most of them, and they have no need to go to the market and sell these products as they have their children who are employed and they support them financially. There are no other people from abroad who practice this labor. As far as the respondent knows, there is a factory in Podujeva that produces wooden handles and they are brought here in Prishtina.

#### **Community Coherence / Social Capital**

Family lives in Prishtina from 1985. All the brothers live close to one another. His parents are not so far as well. His house is 54 square meters.

Mostly they visit each other, though they have good relations with other neighbors as well.

Relations with his colleagues in the market are very good. He says that they help each other whenever they can. He claims that they give to each other handles if they lack any, and if the customers seek from them. They return the handles one to the other the same day or the next day.

Respondent claims that the same people practiced this labor prior and after the war. The relations between the people working in the market respondent claims to be the same as prior to the war.

Respondent sells his products near the market, and he says that it's the only place where the wooden handles are sold.

Case Study / IDI Code – 13

Respondent Profile – **Hairdresser**

***Personal socio-demographic information***

Sex: Female

Age: 35

Education: The respondent has high education of pedagogy; she majored in teaching in Prishtina.

Health: Respondents claims to be in an excellent physical condition. She never had health problems.

***Household / family structure and profile***

They are 6 members of the family. The respondent lives together with his husband, her son, and her 3 daughters. There are two adults and four children under 15 year old. It is not an extended family. There are no students and there are no elderly people. The respondent's husband has finished the high education, majoring in economics. Two of the children are in fourth and second-class of primary school and two are not in school yet.

They have a house in Prishtina where they live.

The respondent could not tell who depends on her incomes because her husband is the person with most income in the family but since their budget is not divided, basically, the whole family depends on the respondent and her husband's incomes.

***Household income***

The respondent's husband is the primary income earner of the family. He works in a construction firm whereas the respondent is hairdresser. The respondent claims that they don't have any other incomes, neither social aid nor pension. None of the respondent's family members live abroad. Therefore, there are only two sources of incomes: one is the husband's activity in construction work and the other is respondent's activity related to hairdressing.

The average total incomes of the family are about 500 Euros. Regular are neither the respondent's incomes nor her husbands. Sometimes they have work and sometimes they don't. They don't receive a monthly salary and their incomes are not regular.

***Respondent employment history/ experience***

***Formal employment***

Respondent has experience working in the formal sector. She was a teacher of lower classes in the primary school x. in Prishtina. She was formally employed for four years and a half. During this period she had an "eternal" contract.

The respondent is not currently employed in the formal sector.

She does not have a contract. The reason why she stopped working as a teacher is because she lived in Germany for a while and when she came back from Germany, she started to work as a hair dresser.

The respondent would prefer to be employed in the formal sector. She is currently looking for a job in education system. She would like to work as a teacher again because she is trained to be a teacher and she likes this job.

### **Informal Labor Engagement**

The respondent works as a hairdresser. She cuts hair, she dyes hair, she makes different styles of hair, etc. She is currently engaged only in the informal sector. The respondent is working as a hairdresser for three years.

The respondent says that both being as a teacher and hairdresser are important jobs for her. She was always responsible and hard working person no matter if she worked in the formal or informal sector. When she was young, the respondent claims that she was fond of teaching at school rather than being a hairdresser. However now, as the years pass by, the respondent says that she feels more comfortable as a hairdresser though she would like to work as a teacher as well.

The respondent claims that she spends more time now doing hair dressing in the periods when she has more work. Sometimes, she works for 5-6 hours per day providing her services to customers. When she was a teacher, she worked from 2.5 to 4 hours per day.

The respondent claims that when she was a teacher, her financial situation was poorer. Now that she is working as a hairdresser, she earns more money and she is somewhat satisfied with her incomes.

The respondent declares that the most reliable source of incomes is her engagement in informal labor. Nevertheless, taking into consideration the fact that she has four children, she finds it more reasonable to work as a teacher where she has less working hours per week.

The respondent claims that she is interested in getting engaged in the formal sector to work as a teacher in addition to her work as a hairdresser.

The respondent declares that none of the family members help her in any way to perform her activities as a hairdresser. Most of the time the respondent provides her services in her home but there are cases when the customers call her at their houses so she goes there, takes the equipment with herself, and does her job.

The respondent used to have her own small hairdresser place in her neighborhood but she closed it about a year ago because she had to pay a lot of money for rent and her neighborhood is not a frequent movement area.

The main reason why the respondent got engaged in the informal labor is because first of all she likes hair dressing and second, because of the poor financial situation of the family. It was the respondent's idea to start working as a hairdresser. Her husband supported her. She claims that this activity is not the only thing she could do in order to earn money, but it was rather her talent and her attitude towards this activity that made her work and concentrate on this type of work.

The respondent had training for performing this activity. She attended a course in Vushtrri that lasted 8 years where she spent 2-3 hours per day. At the end, she received a diploma. The respondent would like to attend trainings that are related to hair dressing because in this way she says she would learn new ways of doing different hairstyles and learn more about this profession.

### **Description and level of engagement**

The main source of income is the respondent's husband earnings. Even though the respondent works and she also earns money, her earnings are less than her husband's.

The respondent says that sometimes she works a lot and then the next day maybe she is completely free. Approximately she spends 15 or 20 hours working as a hairdresser. But sometimes she has more work and sometimes she has less than 15 hours of work.

The respondent works 7 days per week.

The respondent says that her job completely depends on the season. During the summer she has a lot of work because there are parties, weddings, engagements, etc. whereas during the winter her turnover decreases significantly.

The respondent claims that she would be able to accommodate more clients' requests if there were more people interested in her services. The respondent considers her job not to be continuous because of the ups and downs she has on the load of the clients.

The respondent does not have any written agreement with clients. She only has verbal agreements with clients. Most of her clients are her friends and neighbors. They are satisfied with the services of the respondent. At the beginning, the client tells the respondent what kind of hairstyle she wants. Some people ask for the price, the others don't. Some are interested only on the quality of the work whereas for the others it is important to know the price.

There was no dissatisfaction among clients. The clients are in general satisfied with the quality of the service. Maybe when they come for the first time, they say they are satisfied but the respondent is not sure what they really mean about the quality of the service. But since they come back again, for the second and third time, the respondent realizes that the clients were satisfied indeed with her services.

The respondent does not work with full capacity. She does not have a sufficient number of clients. The house of the respondent is little bit hidden and far from the main street so the location is really not suitable for this type of activity.

The respondent is planning in the near future to do something about this issue; she has some ideas but nothing concrete.

The respondent is not interested in finding a job in a firm or company that deals with the same activity as the respondent.

The advantages of being hairdresser are the enjoyment and the incomes that it brings. The respondent is extremely occupied with the process of hair dressing itself and she only is concentrated on giving her best. She never thinks about money while she is serving the clients. Her most important thing is to make people happy with her services and after that, she is interested in earning money.

The disadvantages of practicing this activity are mainly related to health problems. Sometimes, the respondent has to use acid during her work and this is not healthy. It damages her hands and sometimes she has headache. Sometimes, physical tiredness or tiredness of legs is evident.

### **Income**

The respondent claims that she doesn't know how much on average she earns. Maybe she earns about 250 euros per month.

Respondent says that there is a lot of competition and on the other hand, the location is not suitable. In addition to this, the respondent has to do a lot of work at home because she has four small children, which impedes her to work with full capacity.

The respondent says that she is somewhat satisfied with the incomes she earns from her engagement in the informal labor. She is only satisfied with earnings during the summer season.

There is no way to save money because the earnings are not that high. However, the respondent claims that she can support his family to some extent.

The respondent says that her job is not profitable taking into account the inputs and the time required for performing this activity.

The respondent declares that her earnings have been lower during the last six months. The reason for this is the season and the location of the house where the respondent performs her activities.

### **Plans/ Hopes for the future**

In the future she will seek for a job in the informal sector. She would like to work as a teacher.

In the future, she plans to keep working as a hairdresser but she would prefer to work as a teacher. In order to practice her activity, the respondent needs to make some investments and find some proper location for hairdresser and continue to work there.

She does not have any concrete plans to broaden or improve her informal labor. The respondent prefers to work part time job because of her obligations towards her children and her husband.

The respondent will earn more in the future because the season is appropriate and there will be more weddings and more clients.

The respondent thinks that she will continue to live in Kosova together with her family. No one from the family members plans to leave the home country. She used to live in Swiss for eight years.

The respondent provides her services as a hairdresser only in the region of Prishtina.

The respondent thinks that people outside the region of Kosova, who are engaged in the same activity, for example, people in Germany earn much more than the respondent.

#### **Community Coherence / Social Capital**

The respondent lives in Prishtina for almost four years.

The respondent does not have any property outside Prishtina.

The respondent knows her neighbors. They visit each other frequently and their relations are very good. The neighbors are her main clients.

The respondent also claims that they help each other whenever they need assistance. She says that she has practiced this activity also before the war.

The respondent declares that she doesn't know whether the relationships between people have changed from the time before the war. This is the case because before the war, the respondent used to live in Swiss where the living conditions were much different and people were different. However, the respondent says that in general, the mentality of people have changed in the recent years. People are more open-minded and they are more tolerant to each other.

Case Study / IDI Code: 14

Respondent profile - **Unskilled worker**

### **Personal socio - demographic information**

Sex: Male

Age: 24

Education: The respondent has finished 8 years of primary school in a village called x.

Health: The respondent claims that he is very healthy and he never had health problems. Health does not impede him to work different difficult jobs as unskilled worker.

### **Household / family structure and profile**

12 people live in the household of the respondent.

The respondent lives with his parents, one sister, two brothers and two grandparents. Eight family members are adults. Four children are under 15 years. There are no students in the household. There are two elderly people.

Father of the respondent has finished 8 years of primary school.

Brothers of the respondent have finished 8 years of primary school.

Sister of the respondent didn't go to school.

All family members depend on the incomes of the respondent. Respondent says that his brothers work as well but their salaries are too low so basically, 11 family members depend on the incomes of the respondent. Each of them gets 100 Euros.

### **Household income**

The primary income earner in the household is the respondent.

There are other income earners: the respondent brothers who are older than the respondent. They earn 100 Euros per month, each of them.

The oldest brother works in a mill. He cleans the dust but because he is suffering from a heart disease his working abilities have been limited.

The other brother of the respondent works in x. - a place where they make blocks for buildings.

There is no pension but the respondent's father gets 35 Euros per month as a social aid.

Sister of the respondent lives in Germany but she is married and she does not work. Therefore, she cannot help the respondent's family in the financial aspect.

The total average monthly household income is 350 - 400 Euros per month.

Regular incomes are 235 Euros.

### **Respondent employment history/experience**

After the war, the respondent has worked in hotel x. He worked there as a cleaner. He worked for three months and then he was expelled because a great number of people were interested in

working in x. as cleaners so people who knew someone from the managers of the hotel got the job and the others were expelled.

The respondent didn't have contract when he worked in the hotel.

He is currently not formally employed.

He would prefer to be employed formally because as he states, it is much more secure and easier job.

The respondent is looking for formal employment.

He does not choose what kind of job he would work. Basically, he is ready to work any kind of job in a place where he would work every day, with fixed working hours and fixed salary.

### **Informal labor engagement**

The respondent is engaged in different types of activities. He worked as unskilled worker and this includes a wide range of activities. If people who get him to work for one day are building houses, then he prepares concrete for houses, sometimes he puts the sand to a mixer and makes the cement, sometimes he works with wood, sometimes he works together with a skilled worker building the water system in houses or different buildings. There are also times when he opens channels in different types of land.

He was never taught how to do these kinds of jobs but he learned that from experience.

The respondent has been engaged in informal labor activities for four years.

The most important job for the respondent is the one with water system.

The respondent claims that he enjoys and finds interesting this type of job and at the same time it is something that he does best.

The respondent spends a lot of time doing different jobs.

There is one person, a skilled worker, who does the water system in houses and he calls the respondent whenever he needs him. In this way, the respondent is trying to learn as much as possible from the skilled worker and perhaps in the future work only in this area.

All activities bring almost the same incomes.

None of these activities is reliable source of income.

Respondent is interested in keeping all these jobs because there is no other choice for him. One day he states that he almost got killed while working. This was the case because the mixer for mixing the sand and water and cement for making the concrete was directly linked for electrical pillar and at one point it broke and the respondent experienced electrical shock. Fortunately, he survived and now he does not have problems but in general he states that many times he has to do dangerous jobs.

Other household members are not involved in these activities.

The respondent conducts these activities outside his house; mainly in the client's house.

The main reason why the respondent is engaged in these activities is because he has no other option and he had to provide some kind of incomes to the family. Family didn't support that much the respondent because they were afraid that he is too young to be engaged in heavy and dangerous types of activities.

The respondent didn't have any education or training related to activities he is engaged. He would like to attend some course or training or practical work in the field of water systems because that is what he likes and what he plans to become specialized in.

### ***Description and level of engagement***

The main source of incomes is working as unskilled worker.

As mentioned before, the things that are involved in this activity are: making concrete, carrying different things, opening channels, helping skilled workers different things, working with wood, etc.

The most difficult activity for the respondent is working with mixer. It is difficult and dangerous. This is because it works with water and electricity.

The respondent lives in suburb of Priština and he every morning goes to the same place, near the market, where he waits for someone to take and pick him and assign him some job.

He works or at least he goes out seven days per week because there are many times when he waits all day long and he does not work. There are many people who wait at the same place so it is really difficult to be lucky everyday and work.

The respondent wakes up at 5:40 am. From 6:00 or 6:30 he waits for someone to come and pick him to work.

The respondent works usually from 7:00 or 8:00 am to 6:00 pm.

The respondent's work is not constant because sometimes he has work and sometimes he just stays all day long.

The respondent conducts his work all alone. Other family members do not work with the respondent. He has friends and sometimes when a person needs two or more unskilled worker, they work together but in general, he works alone.

Since the respondent had no other choice, he just started working as unskilled worker. Now it is better because he has gained some experience. At the beginning it was difficult to do different kinds of jobs without any prior training.

The respondent claims that he does not have any agreements with clients. He does what he is told and that's it.

The respondent agrees verbally with clients. The agreement sometimes is details as they tell the respondent in advance what kind of job he will be doing during the day.

The clients are satisfied with the work the respondent provides for them. He claims that he works hard and that is why he does not have incontinences. The only problem is that sometimes clients make him work longer and sometimes they treat him badly.

The respondent does not work full capacity because there is not sufficient number of customers. He would be able to accommodate more requests if there were more number of customers.

The respondent is interested in finding a job in a company that does similar activities as the ones the respondent is engaged in.

The disadvantage of working as unskilled worker is that many times the respondent does difficult and dangerous jobs.

The advantage is that it is a source of income that is helping his family satisfy the minimum needs.

### **Income**

The respondent earns 12 Euros to 15 Euros per day.

Sometimes he earns up to 250 euros per month. But there are times when he waits for two weeks and he does not work not even a day.

The earnings vary from season to season because during the summer people build more houses and do different kinds of jobs so they need more the help of unskilled workers. During the winter he just waits at the same place but he rarely has work.

The main challenge the respondent faces while being engaged in this type of informal labor is the competition. There are many people who do the same job and wait at the same place.

The respondent is not that satisfied with earnings.

He does not have a chance to save money.

He barely supports his family needs.

Other family members are working. For example, two brothers of the respondent work but as mentioned before they only get 100 Euros per month.

The respondent says that this job is not profitable because it is not constant and when one takes into consideration the effort and the time, it is not profitable.

Over the past six months, the respondent claims that he has earned less because the season of work starts in spring and lasts until the autumn.

### **Plans / Hopes for the future**

The plans for the future are to learn more about building the water system and possibly doing only this kind of job.

The respondent expects to keep working in the same ways and activities in the near future.

Since there are no investments to be made in this type of work, the respondent believes that nothing will impede him to continue working as unskilled worker.

He would like to be engaged in the formal labor market but he is very pessimistic because as he claims, "if you don't know someone who can help you, you cannot get in and get the job."

He would like to work full time in any kind of place; be it factory or company or institution or anything.

He intends to seek a different job though he does not know what concretely he will do.

He thinks that in the future he will earn more because of the season.

He sees his future in Kosovo though he would really like to go and live in Germany. The brother of the respondent who is sick has to go somewhere abroad to have a surgery.

### **Labor migration around Kosovo and other countries**

The respondent provides different services outside the town. It depends where the clients send him to work. He works in x., x., different villages, etc.

The respondent thought of working abroad, specifically in Germany.

The respondent says that he knows that in Germany unskilled workers can get up to 3000 Euros per month.

There are other people from different countries coming in Kosovo to work, especially from Turkey and Bulgaria and Albania. They work with lower fees though the quality is not that good. They charge 10 Euros per day whereas our fee is 15 Euros but sometimes we work for less money.

### **Community coherence / social capital**

The respondent has been living in Prishtina for four years.

He has a land in x., 3.5 hectares but they cannot sell it as no one wants to buy land in that village.

The respondent knows his neighbors and he says that the relationships between them are very good. They help each other. For example, one neighbor, gave to respondent's family some land

in Prishtina to cultivate it but it is difficult because there is no water there so they only cultivated the land with beans and corn.

With colleagues the relationships are good and they help each other in different ways whenever they can.

Before the war, the respondent did not work as unskilled worker but they cut trees and they sold them.

The respondent says that relations between people have changed from before the war because now people don't care about anyone except themselves. They only try to make their lives better and they don't think about workers.

Case Study / IDI Code – 15

Respondent Profile – Enterprise register services - Accountant

### **Personal socio-demographic information**

Sex: Male

Age: 42

Education: The respondent has completed Law Faculty. He has completed secondary school of economics, in x.

Health: Respondent has limited abilities for physical activities. Respondent cannot lift heavy carriages with his left hand, although this limitation does not stop the respondent to perform his regular activities.

### **Household / family structure and profile**

Respondent lives in a family of five members. He lives with his brother, brother's wife, and two of his brother's children. Respondent does not have any children, and is not married. Both children are males, ages seven and four. The older child attends primary school.

His brother is a barber, and his wife is a housewife.

### **Household income**

Both respondent and his brother contribute to the families' budget. His brother is a barber, and has a shop of his own.

Overall income of the family is around 1600 Euro per month. These earnings differ from 15 to 20 per cent throughout the year. Respondent claims that he has some 20 per cent higher incomes than his brother.

They have no other income. His brother has his own shop, and he doesn't pay any rent, whereas the respondent pays rent for a small office where he practices his labor. They have nobody that lives abroad.

### **Respondent employment history / experience**

#### **Formal employment**

Respondent has finished his studies in 1989. He started to work in a company x. in x, and has worked for this company until the year 1991, when the company was closed. He claims that this was the most successful company in Kosova.

His position in the company was Clerk for Labor Relations. His responsibilities were to issue employees' documentation, proceed workers in the administration procedures, and other activities regarding the relations of employees with the employers.

Respondent claims that he had a contract with this company. His contract was a long-term contract, and, as he claims, could be expelled from the work only if any major violence had occurred in employees' performance. Company had a status of half public, half private. In this time the process of privatization had started, and the company entered the process of privatization.

Respondent claims that he didn't have a very detailed contract; it was more of a document that briefly explained the duties and obligations of his work. On the other hand, he had flexible working hours and a rather high salary. At this time, the rate of inflation was very high. While his colleagues on other organization or other type of employment did earn below 200 Deutsche Marks a month, his common salary was around 600 Deutsche Mark.

From 1991 until 2000 respondent did not work at all. His brother supported him, as they were living in the same house. During all this time his brother worked as a barber.

In April 2000 the civil registration of the population started, and the respondent was employed for three months. He claims that at the beginning he was told that his daily earnings will be 50 DM, and later this sum decreased in 15 DM per day. All workers that were employed in the centers for civil registration had the same coefficient of payment. He said that his daily expenses were even higher than what he received, but he was unemployed and he needed the job. He had a contract with the OSCE, who conducted the registration.

#### **Informal Labor Engagement**

In October 2000 respondent started to practice informal labor. He started to register private firms for other people. He would prepare all the documentation that was necessary for others to register their enterprises. He would also represent them in front of the local authorities. His two first clients were bakeries.

In December 2000 he rented a small office, and increased the number services that he provided.

#### **Description and level of engagement**

The services that the respondent provides are as following: assistance in registering private enterprises, compilation of contracts needed for the functioning of the enterprises, legal assistance, contract for rent, accounting, agreement for partnership, etc.

Respondent claims that he also offers financial accounting. All of the firms that he provides services to belong to the category of small enterprises: enterprises that have turnover of around 4000-5000 Euros per three months. Respondent declares that he performs his activities for 'those who don't know to read and write and for those who are lazy to write their own papers for themselves.'

Currently, the respondent claims that mostly he has income providing services to the newly established enterprises. Beside that, all the enterprises need to have an accountant - who will keep the books for them - they need to have contracts with the employees, pay for the taxes, and

other services required for the functioning of the enterprise. He gives discount to the enterprises that provide all the services required; he gives it to them all services in a package.

Mostly incomes are secured through the book keeping, doing the accounting for the private enterprises. Moreover, due to circumstances, such as the scale of work of the enterprise, the people who run the enterprise, etc., the respondent claims to form the price for each service that he provides. However, the most basic services for the usual enterprises that operate in Prishtina, such as retail, boutiques, grocery shops, etc. have strict and fixed tariffs.

Doing the accounting work is the main source of income that respondent practice. Currently he has some 12 enterprises that he keeps the books for them. As mentioned, all of them are small enterprises. The lowest tariff is 30 Euros per month, and the most expensive is 100 Euros.

Previously, the respondent provided the service for registering vehicles. He was a dealer for insurance company x. He claims that at the time when the time for registering cars started, this activity was very productive and profitable. The insurance company has given a personal computer to the respondent, so he could practice the service. Nowadays, respondent claims that he doesn't practice much of this activity.

In the office that is run by the respondent, he employed a secretary. The office is very small, around 5 square meters. The employer is in her senior year of her studies, and soon will graduate in Law Faculty. While the respondent mostly operates out of the office - mostly when he needs to finish his duties with the municipal authorities or while visiting the clients - the secretary stays in the office. She was trained to perform some of the basic services that respondents' enterprise provides, though she mostly conducts technical obligations in the office. The secretary is paid monthly, and has a fixed salary.

The enterprise of the respondent is registered as a *bureau for providing economic and other services*. It is situated on the road to x., in x. The location is around 15 minute walk from the center of the town.

The main reason for his engagement in this activity is financial matter.

The rates of services provided by the respondent have drastically changed in comparison to how much they were prior to the introduction of Euro. Whereas for some services he charged 50 DM, nowadays for the same service he charges 50 Euro. He says that it's a common form of activity practiced by most of the people (changing only the currency and not the amount).

Respondent claims that he didn't have any training to practice any of his services. Furthermore, he claims that he learned all the expertise reading the regulations and requirements for every service that he provides. It is not difficult, and does not need anything special.

Respondent works six days a week. Mostly he works on Friday afternoon and Saturday. On Friday afternoon, he visits all his clients and pick up their ledgers. In some cases, he fills their ledgers in their shops. He does the same on Saturday. He visits every client and finishes his obligations. Bookkeeping is finished on these two days. Other days of the week mostly he has

work for registering enterprises and similar. On the beginning, when he reaches an agreement with an enterprise to keep their ledgers, he visits them two times a week. Later, he visits them only once a week.

Respondent claims that lately he has had a lot of work. All the enterprises in Kosova had to re-register in the Ministry of Trade. All the enterprises that have worked so far have either to re-register or to seize their work, and they have to inform the authorities that they have stopped working.

Currently respondent claims that his work and earnings are constant. Moreover, they have been increasing for the past three years.

Respondent claims that daily he spends two hours in the Tax Administration office, where he finishes his clients' obligations toward this office (pay the value-added tax, etc.). He has close contact with the employers in this office, and is familiar to their earnings and conditions of work. He claims that he'd be interested to work a similar job, but he would put conditions for such an engagement. The main condition is the financial matter.

From April 2000 to date, respondent claims that the earnings and the turnover have been increased.

All his agreements with the clients are in an oral form. The clients bring him the material that he seeks from them, and he informs them with the conditions that he'll fulfill the duty. He keeps a record of the clients in a book, where he writes the details for those enterprises. He says that he doesn't agree anything on a written form with the clients as he needs to spend time preparing the contract and nobody is interested to spend money on such services. He claims that first he tells to the clients what are the prices of the taxes he needs to pay, what documents he needs, what is the price of his services, and the time required to finish the job. If people want to make the period of registering the enterprise shorter than they need to pay more, as he has to pull some strings and quicken the process. On the other hand, if the process was not finished in the time frame that he first told to the client, than they usually have considerate and come back in a few days.

Beside some of the clients that do not pay for the services, respondent claims that he didn't have any major problem with any of them. He had to eliminate the bookkeeping for two enterprises, as they didn't pay for the service. These two enterprises were baker shops. He further claims that he will not deal with the enterprises that does not have material that he can take from them if they don't pay for his service; on boutiques or similar, if they don't pay for his services, he can take any article from the shop and be even with them, whereas in the bakery he can not take bread worthwhile 140 Euros (the amount that the baker shop owns him).

Whenever there is work, the respondent claims to work full capacity. However, it doesn't happen all the time that there is work, and at these times he cannot perform his activities. Respondent claims that most of the time he was engaged full capacity. Nevertheless, he claims he was working very hard when he was providing the service of registering vehicles. Nowadays, this activity has decreased in intensity and other activities have emerged.

Respondent claims that he has a few friends, who are engaged in similar activity, and he consults them whenever there is a need

**Working independently vs. working for another company**

Pros and cons Self employed	Pros and cons Working for others
1. Flexible working hours	1. He'd be interested to work for others only if his requirements would be fulfilled
2. Can take days of rest whenever he wants	2. He'd have less responsibility
3. There is the secretary that can do some of the things he does	3. He would not be so engaged to collect money from the clients
4. He is experienced and can finish all the work independently	4. If any company would provide him with good incomes and a fat
5. Sometimes it is hard to get the money from the clients	

**Income**

Monthly earnings of the respondent are around 1000 Euros. These earnings have been enabled due to the notable increase in the activity that he performs.

When he first started respondent claims to have had monthly earnings of 75 DM. There has been a constant increase of his earnings ever since.

He is very satisfied with the earnings. He says that based on what most of his colleagues earn, the ones that are working in public administration, or others, he is very satisfied with the earnings. Moreover, he achieves to save money each month. He considers his work to be profitable. Nevertheless, he says that to register an enterprise, all the necessary procedure and documentation, it doesn't take more than three effective hours. On the other hand, these three hours often take more than three days; during all this time he has to wait certain procedures to finish, so he could proceed with other things. Recently, he had a case where he had to declare the seizure of an enterprise, and this took him a month and a half, although by law this procedure was supposed to be finished within eight working days.

**Plans / Hopes for the future**

For the following six months respondent believes that he will increase the level of his activities. He foresees that he'll have some 10 per cent more work than he has now. He is optimistic for the future.

He doesn't have plans to increase the number of his activities. He claims that he doesn't have intentions to change his office, as he considers it to be auspicious. Changing the office, moving closer to the city and having a bigger office results to having more expenses. He is very satisfied with his current premises. Although the office is small and not in the center of the city, it has a constant and low rent.

He doesn't have any concrete plans, as he is satisfied with the current condition. His long-term plan is to buy a flat of his own, and he believes that this would be able in 10-12 years time, if his activity keeps up this tempo.

Respondent claims not to be interested to go abroad. He doesn't know any other language beside Albanian and Serbo-Croatian, and too old to start learning a new language.

He practices his activities only in Prishtina. He doesn't have any information if people from abroad practice this activity, only the local people.

Respondent claims that one must have a positive approach toward the customers and be eloquent so he could convince the customers to seek for his services. He claims that in general, people consider those who charge high for their services to be also good at their work. Nonetheless, this is untrue in 80 per cent of the cases, as reported the respondent.

#### **Community Coherence /Social Capital**

He has lived in Prishtina for all his life. They have a house that they inherited from their father. His father left the house to his brother, and he is currently living in that house without paying the rent or other expenses.

He knows only some of his neighbors, and only greets them in the street. He is not very sociable and keeps distance with all his neighbors.

He claims that the people have changed in comparison to prior to the war. Nowadays people are more aggressive, have more problems, are more confused, have more expenses, etc.

His relations with his colleagues are very good. He has close relations with a lawyer, a friend of his, whom he consults for any problem that he has. In addition, he claims to have good relations with some people in the Tax Administrative office, where he goes frequently, as well.

Relations of the respondent with his employee are said to be unofficial. They have only an oral agreement about employees' engagement, and respondent claims that he is interested to keep her as long as she is interested to work.

Case Study / IDI Code: 16

Respondent profile – **Skilled worker**

### **Personal socio-demographic information**

Age: 41

Education: The respondent has finished primary school, eight years. He finished primary school in x.

Health: The respondent claims that from time to time he has pains in back. Sometimes, this pain impedes the respondent to work in full capacity. He claims that the work is very difficult and that is why he does not think that he will be able to work as a plastering worker for more than three-four years.

### **Household / family structure and profile**

In the household of the respondent live six family members. The respondent lives with his wife and four children. It is not an extended family as no other people live with the respondent except for his wife and children. There are two adults, the respondent and his wife. There are four children under age 15 years. The oldest child is eight years old. There are no students in the family, nor elderly people.

The respondent's wife has finished secondary school. She has finished technical secondary school.

The whole family depends on the incomes of the respondent.

### **Household income**

The primary income earner in the household is the respondent.

There are no other income earners in the household. The respondent's wife is unemployed.

The respondent claims that there are no other sources of incomes; no social security, no health insurance, no pension, no remittances from family abroad.

None of the respondent's family members live abroad. They are currently living in Prishtina.

The total average monthly household income is 200 Euros.

There is only one type of income, the informal labour activity of the respondent and it is not regular because depending on the season, sometimes they don't have work and sometimes they do.

### **Respondent employment history/ experience**

The respondent has worked in x/ as a miner. The respondent has worked for four years in x. After the war, some of the employers got back to work but most of them were not called and the respondent is one of those. The respondent would like to get back to the previous formal work but all he can do is hope. There are no concrete plans to return to the previous job.

Currently, the respondent is not employed in the formal sector.

The reason why the respondent stopped working in the formal sector is because of the political situation. He would prefer to be employed formally because in that case he has fixed working hours and better salary. The respondent is looking for formal employment and he is looking to get back to the work in Kishnica.

#### *Informal Labor Engagement*

The respondent is a skilled worker specialized in plastering. Most of the time he does concrete and plastering, he prepares the sand, carries the sand from one place to the other, and every kind of work that is including in plastering the house with concrete.

The respondent claims that he had never been trained or taught to do this kind of job but because he was obliged to start doing something that will bring him incomes, he began working in this field.

The respondent is engaged in only one type of income: the one that he earns from plastering the house with concrete.

The respondent works always with two other people. Basically, it is a team of three where two of them are skilled worker and one is unskilled worker that helps them do different kind of things. Most of the time three people work together but sometimes they separate and do some small jobs on their own.

The respondent claims that he does better the job as a plastering professional than the other one that he was engaged in the formal sector as miner.

The most important job for the respondent is the one in informal sector because it brings him more incomes and it is a mean to support his family. Nevertheless, the respondent is mentioning all the time that his wish is to get back to the formal sector because this job as a plastering worker is very difficult and sometimes it is the cause of severe back pains.

The respondent is interested in keeping this job as plastering worker in informal labor. The respondent claims that at most he can bear this difficult job 3 more years. After three years he will find some other job because he will not be able to continue to work in full capacity as plastering worker.

The other household members are not involved in this activity. Basically, as mentioned before, there are two other people who work with the respondent. Whenever someone calls the respondent to do some work for him/her, the respondent calls his team and is how the team functions. They have their work separated and the earning as well.

The respondent always works outside his house. In the first day, the respondent and other teammates prepare the material and the environment where they are going to work. The material is always bought by customers. The respondent only makes the assessment of how much material the customer has to buy. So, one day is only preparation, and the next day they start working; plastering the walls with concrete.

The respondent is engaged in this type of activity for four years. The reason why he started working as plastering worker is because of his poor financial status. The respondent claims that he simply has no other choice. He knew this job and that's why he started plastering houses and other buildings.

The respondent is saying that he didn't have any financial support from his parents or brothers or sisters and this is why he had to do something that will bring him incomes.

#### Description and level of engagement

The respondent states that the main source of income is the one of informal labor; making concrete and plastering buildings with concrete.

In the activity of making the concrete and plastering are needed the following ingredients: sand, cement, and water for mixing. This is done with a special device called mixer. Always the client provides the respondent and his team with the mixer. There is one other device for making the plastering smoother, another bucket that they use for putting the concrete and a handy device for plastering the walls that is made of metal. First of all they do the rough plastering or the first hand and then they do the final plastering or the second/smooth hand. It depends from the client's wish. The ingredients are not that expensive in general.

The respondent claims that it is a kind of job that requires a physical strength. Sometimes also it is dangerous because they have to make metal equipment for climbing high walls and supporting them while they plaster the upper parts of the wall. Especially, it is dangerous when the plastering is done outside the building.

The respondent wakes up very early, 6:30 or 7:00. He sends his daughters at school and then goes to work.

He works every day, seven days per week usually but sometimes he stays at home on Sundays.

The respondent starts working at 8:00 am until 7:00 pm.

The respondent claims that this type of work is not constant because it depends a lot on the season and weather conditions.

The respondent conducts this work with two other people.

The duties are shared in this way: one person prepares the material and the other two do the actual plastering.

The earnings are shared based on the skills. Two skilled workers get the same amount of money whereas the unskilled worker is paid less than the other two.

The respondent does not prefer to get involved into other teams and work with different people. He is satisfied with the workers of the group and they do not have problems.

The respondent states that sometimes they have written agreement with customers but most of the time the agreement is verbal.

The respondent claims that the customers are satisfied with the services of respondent.

There are rarely any dissatisfactions or complaints about the work and if there are any then it is usually about the cost of the service.

The respondent is interested in finding a job in a company that deals with the same activity, but again, he is mentioning the fact that he will not work in this field for longer than three or four years.

The respondent has thought about starting his own business. It is a business with making kebabs. He has a diploma and he will gladly go back to this business. However, because of the lack of money the respondent cannot start his own business.

The respondent says that if there were more customers, he and his team would be able to accommodate their requests and work even harder when the season is appropriate.

The advantages of this activity are the fact that it provides an income to a family and during the summer there is a lot of work. The disadvantages are the difficulty of the job itself and sometimes it can be very dangerous.

#### Income

The respondent does not want to answer the question regarding the total earnings with this activity.

He claims that the earnings vary from season because during the summer and spring, people build houses and the weather is appropriate for plastering the house inside. This is not the case during the winter because the weather conditions impede the work and basically during the winter the respondent stays home and he does not work.

There is a competition and there are other people who offer the same services with lower prices. Nevertheless, the respondent states that he is interested in providing a qualitative work and for his services he charges more than the others because he knows how to do this job and he respects the time and effort he puts in it.

The respondent claims that he is satisfied with the incomes but only during the right season. He does not have a chance to save money. He can support his family needs to some extent. Other family members are not working, so it is only the respondent who earns incomes.

Taking into consideration the effort and time spent for doing this activity, the respondent says that it is not that much profitable job. They spent a lot of energy and time and the earnings are ok but not when you consider the other jobs and the money you make by doing other activities.

The respondent does not know whether there is something else he can do more easily that will bring him the same amount of money.

The earnings have been lower last six months because the season was not appropriate for practicing this kind of activity.

The number of customers over the past six months has been the same as usually is in this time of year.

### **Plans/Hopes for the future**

The respondent plans to continue to work in the future but he would rather work in the formal sector though he is a little bit pessimistic about this issue.

He prefers to work in a factory or company with specific working hours. In this case one can spend more time with his family and do other things and not only work. In the informal labor that the respondent is engaged, one works all day long, goes home late, takes a shower and goes to bed. Every day is the same because of the nature of the work.

The respondent does not have any concrete plan to broaden his activity or seek a different job.

The respondent does not know whether in the future he will earn more or not. Most probably he will as in the future it will be good weather but since he is not sure about it he says that he doesn't know whether the number of customers will increase.

The respondent sees himself and his family in the future living in Kosovo. He used to live in Germany where he didn't work anything. He claims that life there was easier and other family members would like to go back to Germany and live there. Life is simply better there, the respondent claims.

### **Labor migration around Kosovo and other countries**

The respondent says that he and his team provide services outside the town of Prishtina very often. If they could, they would provide services to other countries as well.

The respondent claims that he knows how much earn the people who do the same job in other countries. He says that they are paid at least 15 DM per hour.

There are some Turkish groups that came in Kosovo and do the same job. They are definitely perceived as competition because they provide their services with much lower prices but the quality of their work is lower as well. For example, the respondent's team charged 2.8 Euros per Meter Square, whereas the Turkish groups can work for 2 Euros per Meter Square.

**Community Coherence / Social Capital**

**The respondent lives in Prishtina for almost 27 years.**

He and his family do not have any property elsewhere.

He knows his neighbours and he states that the relations between them are very good. They often see each other.

The respondent also says that his relations with colleagues are very good. They never have disagreements, as they are neighbours with each other.

The respondent did not work as a plastering worker before the war. He lived in Germany before the war and there was no need to be engaged in such dangerous and difficult activities.

The respondent claims that the relations between people in general have changed a lot from the time before the war. Before the war, he states, people were more generous to each other and they loved each other and were ready to sacrifice more, whereas now, after the war, it doesn't matter if you to your parent or your sister or some close friend. The relations are not that close anymore and people are more selfish.

Case Study / IDI Code – 17

Respondent Profile – **Repair equipment**

### **Personal socio-demographic information**

Sex: Male

Age: 42

Education: The respondent has completed two colleges (three years of superior academic training), polytechnic school and technical school, energetic section. The first school he finished in Mitrovica in 1981, and the other in Prishtina in 1990.

Health: Respondents claims to be in good physical condition. He feels fit and able to perform any kind of work.

### **Household / family structure and profile**

Respondent lives together with his wife and five children. He owns a flat in Prishtina. The oldest child is 19 years old, and the youngest is 7. The oldest child studies Albanian Literature, two are in secondary school and two other children are in primary school.

Respondent has his father and mother, and four brothers. His parents, and two of his brothers, live in x., whereas one of his brothers lives in America and the other in Germany. All of his other brothers live in x., together with his parents.

Respondents' wife has finished secondary school and she is a housewife.

### **Household income**

Only the respondent contributes to his families' budget. He is also employed in the x., where he works full time. He receives a monthly salary in the x., and also he practices his informal labor. He doesn't receive any sort of other income whatsoever.

His wife was never employed.

### **Respondent employment history / experience**

#### **Formal employment**

Respondent has been working in the x. for the past 22 years. He has started to work in the x. immediately after his studies. At the beginning he was employed as a technician. After a while, he was promoted, and received a position equivalent to people who finish their college studies. In the beginning of the '90 his position was changed. He remembers a case that 8 engineers used to work as unskilled workers during that time. He claims that he also had to work night shifts, and they had a pressure to leave their working position. They were discriminated by the management because of their nationality. They all agreed to stay in their working position, and not to give any reason to be expelled from work.

During the time the respondent was working in the x., he had a sort of a permanent decree, which he signed when he started to work. In this decree it was written the position that he practice, his responsibilities, and other details of his arrangement with the company. This decree could only be changed if you are promoted or degraded from your position. To date, they are still working in the x. with the same permanent decrees that they used to work before the war. They are now changing the system of work, and he believes that they will have short and medium-time period contracts.

After the war, the respondent has completed some superior academic courses and now he practices the position of a manager in his office. He works in a department that controls the stocks in the trade. His office is responsible to issue equipment and material to repair damaged sections of the power plants.

Before the war, respondent claims that he has been discriminated, as he was put to work in lower position in the power station than he was qualified. His earnings were very low, and they did hardly differ from the earnings of unqualified workers.

He has also worked part time for newspaper x. He likes to write poems, and he has published four books so far. However, while the informal and formal job that he practice brings him money, his third activity, as he claims, bring expenses to his budget. For his last book he spent some 1500 Euros, and he claims that he still did not cover these expenses. He says that he is happy that he can publish his books, and this gives him satisfaction although he does not have any material benefit from this activity.

#### **Informal Labor Engagement**

Respondent started to practice his informal labor three years after he has started to work in the power station. To date, he has over 18 years of experience.

At the beginning, he was working together with a friend. After some seven or eight years, his friend quit and he remained alone until his brother joined him. His friend had a registered firm and he needed someone to have books and stamps of a firm so he could work legally. Nowadays, respondent works together with his brother. His brother has finished metallurgic college, and has only one more exam to finish his graduate studies. He also works in a school as a teacher.

Respondent works in a store that is situated in x. He says that he pays the rent to the municipality for the land that uses. The area that this store is now situated was destroyed during the war, and every one in that area had to rebuild stores if they wanted to work. Now there are some 15-20 stores in that area. In addition, they all pay rent to municipality for using the land. They pay yearly rent to the municipality. Previously, before the war, he was working in a store in Prishtina, and he was also working home.

Respondent claims that more income brings him the informal labor. However, he considers both employments as alternative segments to one another. Although nowadays he has more work in his informal labor, he says that the formal labor is important to him as well, as gives him security and sees it to be a constant work and brings him constant earnings.

Respondent claims that he is interested to keep both forms of employment. However, he'd rather prefer the informal employment that he is currently practicing as he earns much more. Furthermore, he claims that he needs some preconditions, as he has to invest more money if he wants to practice his informal employment in full capacity.

***Formal vs. Informal labor***

Formal	Informal
1. Constant earnings	1. Higher earnings
2. Low responsibilities	2. Bigger the responsibilities
3. Less stressful and less tiring	3. Contribute to families who are in need
4. Other benefits, such as pension and social insurance	4. Meet interesting people, and sometimes have to deal with very difficult customers
5. Out of 8 working hours, there are less than three effective hours – have to be present all the time	5. If you work four hours, you'll get paid for those four hours

**Description and level of engagement**

Respondent claims that they provide service to energetic equipment. In general, they do not repair electronic devices, such as TV, etc.

The equipment that the respondent mostly repairs are refrigerators, and his brother mostly repairs washing machines. They have divided the work, so they could be more organized, although respondent claims that he can repair the washing machines and the electric stove as well. Among other devices that they repair are also vacuum cleaners, boiler, heaters etc.

Respondent has registered the firm and he pays for all the expenses. His brothers, who works with him at the store, keeps all the earnings for himself. While the respondent pays for the rent, and other costs of the store, his brother doesn't pay for anything. Respondent claims that it's not easy for his brother to practice his employment at school and his informal labor as well. However, the earnings that he gets from his informal labor prepare him morally to perform his duties toward the students in school better.

In addition, in the store that the respondent runs there are one practitioner, and also one person who answer the phone and who stays in the store while the others are out. The secretary works six days a week, and has a constant salary.

Respondent practice his work in the store, as well as in the field. He claims that 80 per cent of the repairs are made in the field. If the repair is not so big, than he is able to do the repair in the houses of his clients, whereas if it's any major damage than he has to transport the equipment in his store. He keeps his usual kit for common repairs in his car wherever he goes.

Respondent claims that it is possible for him enlarge his activities. He says that refrigerators and other house equipment will always be a part of every ones house. As long as they have such equipment, they will have a need for someone to maintain this equipment functioning. Therefore,

respondent claims that it is possible for him, if supported financially, to have more workers and have bigger capacity.

Respondent says that he is used to his long working hours, and he feels addicted to his work. He works seven days a week, and if one day he doesn't work than he feels that something is missing for that day. He also enjoys very much working with people. He claims that he learned a lot while working with different kind of people, as throughout his career he has met different kind of people from all levels of the society. Nowadays, they give special discount to martyrs' families and families that have social assistance. Before the war, he claims, the people working in education were privileged.

Respondent claims that yearly he has 10 free days. He has to arrange with his brother for one of them to be in the office, while the other is on vacation.

Respondent works seven days a week. During the working days he works in the afternoon, whereas during the weekends he works all day long. During the summer time, he claims, often they stay in the store up to 10 or 11 o'clock in the evening. He also says that he must work on Sundays as well as if the deep freezer is broken on Saturday evening or Sunday than it's a risk for the ice to melt and all the food that is inside to rotten. Therefore, they must be all time on stand by.

During the summer time, when the temperatures are high, the refrigerators get broken often, and the work of the respondent increases. Respondent claims that the work increases for some 100 per cent during the wintertime. On the other hand, during the wintertime, the work for repairing the equipment for heat increases and they substitute the work for repairing refrigerators that decreases during the wintertime. In addition, customers call them immediately as soon as the heater does not function during the wintertime because they get cold very quickly.

Respondent claims that in the summer the conditions for them to work are more convenient and much easier than during the winter.

Usually, clients call the respondent and explain the problem. After the first conversation, respondent explains what he assumes that it is broken in their equipment. He explains that if he goes and visits him, than the client only for the visit has to pay five euros. After the examination, respondent explains in detail what needs to be done. If the client chooses the respondent to fix his equipment, than those five euros are erased and he only charges the price for the repair. They have only verbal agreement, and respondent claims that they firstly inform the client what will be the cost of the repair.

Respondent claims that some of the customers ask for the prices of the repair and see where if they can find somewhere cheaper. In some other cases, when the customer does not have the money, then the respondent waits for them a few weeks, and in some cases enables them to pay in few installments. He says it's illogical to leave a deep freezer broken only if the customer currently does not have the money to pay for that service.

Respondent claims that he had only a few problems so far with the customers. He further claims that he finishes the job correctly and does not leave any space for the customer to be unsatisfied with what has been fixed. The only problem that occurs is the price that he charges. Some people have difficult financial condition and they seek for other mechanics. Respondent claims that he has the best quality of the spare products that he offers. He has his usual suppliers, and he knows the quality of every product. Suppliers have trust in the respondent, and they give the goods and respondent can pay for the goods later.

Respondent mostly practices his work in Prishtina and x. Also, he goes to the surrounding villages, up to some 15 kilometers within the range. He travels further only on special cases, when a friend or a relative calls him.

Respondent claims that he is currently working full capacity. In a few words, he receives the list from the person who answers the phone of the people who have called and makes up the priorities. Only sometimes it happens that all the people who call not to be served in that same day. If so, he calls them up on the phone and informs them about the time of the visit.

On the end, every customer that has been served is given a piece of paper where it is written what has been changed, the service provided, the price paid, and the date of the repair. Almost for every repair he gives the guarantee for six months, and sometimes for a year. He keeps a copy of that paper, so he knows who have been served and how long the guarantee lasts.

Respondent claims that they have a long experience and people know him. He has regular customers, and they prefer him to their friends. He says that good mechanics are chased by their customers, and even when he changes the store customers go and look for him.

#### **Income**

Respondent claims that working 24 days a month, he earns twice as much in his informal labor as he earns in his formal labor. While he earns 300 euros in his formal engagement, usual income throughout the year from his informal employment is around 600 euros per month.

Income depends on the season: while on the summer time he can work more, on the winter the amount of work decreases. On the other hand, the beginning of the month is also productive, as people get their salaries and fix the equipment in the house that need repair.

Respondent claims that he is satisfied with the earnings. However, he claims that the economic situation is decreasing and he foresees that he will not have so much work as he currently has. He mentions that sometimes he visits two or three places, where he has been called, and works only on one place as the other two don't have the financial means to repair the equipment.

Respondent claims that he manages to save some money, mostly during the summer.

He considers his work to be profitable, considering the time and the effort that he has to put on his labor. Moreover, after the war, the first two years, respondent claims that he had a lot of work. On the third year the diagram of intensity of work decreased, and now the fourth year it's

decreasing more. He claims that the intensity of work now is some forty percent less than after the war.

The prices that they charge depend on the price that they pay for the spare parts. Before the war, they used to buy things from the Slovenian company Gorenje, and the prices were high. Moreover, the stock used to pass two or three suppliers when they finally reached the respondent. However, after the war, the easiness to buy spare parts is greater and the prices are far cheaper than they used to be.

#### **Plans / Hopes for the future**

Respondent claims to be interested to increase his activities. He doesn't have any concrete plans, and he hopes that the earnings will be good and he'll be able to save some money and invest in his work.

Respondent claims that one more person is needed for the store that they have. They need one more person who can stay all day in the store, as sometimes both he and his brother are busy with their regular work. The secretary opens the store every day, but sometimes they cannot respond quickly due to their other obligation.

He doesn't want to go abroad. He is interested to stay in Kosova and have no intentions whatsoever to leave the country.

Respondent says there are not any workers from abroad who come from other countries and practice his craft.

Competition is very high. Respondent says that it's very fortunate for them to have so much work, taking into account the number of the mechanics that are in the city. He says that he knows people who have their stores in the center of the city and earn less than five euros per day.

Respondent claims that workers who are contracted by KFOR have much more work than they have. They have many things that they repair for KFOR forces. Mostly, they earn installing air conditioners. He says that they order up to 200 air conditioner at once, and that's a very large amount of money in the very beginning, and also later they maintain them as well.

#### **Community Coherence / Social Capital**

Respondent lives in x. from 1974. Before he used to live in the village x., municipality x. In Cikatove family still owns two and a half hectare of land. They used to cultivate the land two years before the war, but they have stopped ever since. Now, they gave it for usage to their relatives who live there.

From 1974 the family has moved to x., and they still live there. After the war, respondent has bought a flat in Prishtina. Respondent visits his parents frequently.

Since he works over time, he doesn't have much time to visit his new neighbors. Moreover, he claims that he doesn't know any of them.

Relations with the colleagues are reported to be very good. Respondent claims that they consult each other frequently. He mentioned that sometimes it happens that they face problems that have never faced before, and they had to consult others for the repair. They had to repair an electronic refrigerator, and they didn't have spare parts. They had to change many parts, and change the whole system of work – from electronic to energetic, so they could make the refrigerator function again.

Respondent claims that the solidarity between the people who practice his labor is still present and obvious. However, he claims that before the war the solidarity was higher, and the help and support was much higher than it is now. Currently, people are more independent and they are not so close to other people. After the war, the level of humanity has decreased. Before the war, a mechanic had to be in a closer relation with other mechanics as there were less spare parts than now; now a lot of spare parts are available in the market and everybody has access to these products.

Respondent claims that the solidarity between the mechanics that used to work before the war is greater, whereas the mechanics that started to practice their activity after the war didn't experience what they have before the war. He claims that even the mechanics sometimes make mistakes, and the other mechanics that later try to repair the equipment cover if the previous mechanic made a mistake. This happens most of the time, and the other mechanic says that the damage was caused from electricity.

Respondent claims that he has to be up to date with the new productions. He claims that now there is a new gas that is being used for refrigerators, and is flammable, while the previous gases were not flammable. One must know how to read the sign on the bottle, otherwise can lead to a disaster. If he sees certain signs, then he takes further measures of security and all this he has learned in school.

Respondent claims that the price is not crucial for all the customers to decide whom they shall hire to repair their equipment.

**Key to success**

1. Respondent claims that he learned the craft from a descent and experienced mechanic
2. Professional competence has to be high
3. One must know how to incorporate professional competence in practice
4. Be good, sincere and patient with customers
5. Affection toward work

Case Study / IDI Code: **18**

Respondent profile - **Musician**

### **Personal socio - demographic information**

Sex: Male

Age: 25

Education: The respondent has finished 12 years of education. He finished secondary school of construction in Prishtina. He finished the secondary school in houses-schools.

Health: The respondent claims that he is very healthy and he never had health problems. Health does not impede him to work different jobs.

### **Household / family structure and profile**

5 people live in the household of the respondent.

The respondent lives with his parents, one sister, and his wife. Five family members are adults. There are no children under 15 years. There is one student in the household. The respondent's wife is studying economics. There are no elderly people.

Father of the respondent has finished 14 years of education.

Sister of the respondent has finished 14 years of education.

Wife of the respondent has finished 14 years of education and now she is attending university.

All family members depend on the incomes of the respondent except for his sister because she works as well in a private company as administrative assistant.

### **Household income**

The primary income earner in the household is the respondent.

There are other income earners: the respondent's sister who works in a private company and earns 300 Euros per month.

Father of the respondent does not work.

There is no pension or any social aid.

Brothers of the respondent live in Germany. One of them works as a driver of truck whereas the other works in a construction company. The respondent claims that both of them help financially the respondent's family.

The respondent does not know what are the total average monthly household incomes.

Regular incomes are 300 Euros, which is the salary of his sister.

### **Respondent employment history/experience**

The respondent has never worked before. He always dealt with music, as it is something that he likes to do and something that he knows how to do it.

The reason why the respondent didn't work is because he claims that he doesn't like any other profession.

He is currently not formally employed and he never had a job with a contract. He does prefer to be employed formally. But he would rather continue his studies in the school of music, specifically studies in drums. Unfortunately, in Kosovo there is no such school for drums and the respondent cannot afford to study abroad and pay for his school.

### **Informal labor engagement**

The respondent plays in drums. He started playing drums since he was in primary school. Initially, he played different type of music, specifically rep music. However, because rep music is not paid, the respondent was obliged to change the type of music and play folk music as this type of music is mostly requested and brings most incomes in the sphere of music.

One drum-player, x., taught the respondent how to play properly drums. He is very good musician and as respondent states «he put me in the right path.»

The respondent has been engaged in informal labor activities for ten years.

The most important job for the respondent is playing drums. He enjoys his work a lot and he would never change the profession.

The respondent possesses his own drums. First he had cheap drums and then his brother send him drums from Germany. When he got these drums, the cost was 4000 DM. Now, the respondent made greater investments and his drums are much better and their value is around 6000 Euros.

He didn't have any support from any organization or anyone except his brothers.

The respondent spends a lot of time playing drums. He does that for hobby and living. Even though, the respondent does not like folk music and if he was able to choose, he would play drums for rep music.

The respondent does not have his own band. He is independent and many bands call him and he just plays with them for one or several nights.

He plays for famous bands, such as x.

There is no special way clients contact him. Basically, all musicians' stay and hang out in the same places so they know each other and whenever they need a drum-player they call the respondent.

This activity is reliable source of income but depends on the season.

Family always supported the respondent because his father was musician too. Brothers of the respondent supported him in financial way.

Other household members are not involved in this activity.

The respondent conducts this activity outside his house, mainly in the restaurants.

The main reason why the respondent is engaged in this activity is because he likes playing drums and this is what he knows best. Even though he does not like the kind of music he plays, he does that only for money.

The respondent didn't have any education or training related to this specific activity. He would like to attend some course or training but as mentioned before, there is no such thing in Kosovo.

The respondent would like to join a formal band or orchestra of the television or radio. There is one big band that does music. But people who selected the members of this orchestra, made a lot of discrepancies and they selected people who they know or have family relations.

### ***Description and level of engagement***

The main source of incomes is working as drum player.

Basically, the respondent plays drums and no other instruments.

Different bands contact the respondent and give him different offers and then the respondent decides for which band he will play.

They play the usual popular song so the respondent says that there is no need for special practice depending on the band he will play with.

The respondent claims that Kosovars do not have culture for assessing the music and the band members. As long as the atmosphere is good and they make «some noise», no one really cares about the quality of the music.

He works as much as he has requests.

The respondent wakes up quite late if he has worked a night before. He is not engaged in any other kind of activity except for playing drums.

The respondent works usually from 8:00 pm to 4:00 am. He is used to working during the night.

The respondent's work is not constant because sometimes he has work and sometimes he doesn't. It depends from the season. From late May to August he has a lot of work. Last year, the respondent says that he had to work almost every night.

The respondent conducts his work independently in the sense that he is not a part of any band but he plays music with different kind of people.

The respondent claims that he does not have any agreements with clients. They just contact him and tell him about the time and place where he will play.

The respondent mentions the fact that he has to be well dressed all the time as he plays music in weddings, engagements, different parties, and birthday parties so it is very important to be clean and well dressed. Sometimes the lack of electricity and lack of water is very annoying.

The respondent agrees verbally with clients. None of the orchestras is registered. They all work as private entities therefore there is no contract or written agreement with them.

The clients are generally satisfied with the way the respondent plays the drums. Again, the respondent is mentioning the fact that only a few people really understand the music so they cannot be critical towards the way he plays the drums.

In general, the respondent claims that musicians in this society are not treated properly as artists.

The respondent works full capacity although he would be able to work even harder if there were more requests from different customers.

The respondent is interested in finding a job in a public orchestra or a band but not private one.

The disadvantage of working as musician is that one is not given the chance to play the music he or she likes because only folk music is paid well. One cannot survive by playing pop or other types of music. The respondent says that he would rather play drums for money only twice a week but since this is the only source of incomes and the only activity he is engaged in, he has no other options. Another disadvantage is the repetitive movement of the legs and hands and sometimes the respondent feels pain in his left leg.

The respondent has never thought of starting his own private business.

### **Income**

The respondent earns about 150 Euros per night.

The earnings vary from season to season because during the summer people have more parties, engagements, and weddings.

During the winter the respondent has less work.

The respondent is very satisfied with earnings especially when compared to the earnings of professors or teachers.

He has a chance to save a small amount of money.

He supports his family needs and they have a decent life.

Other family members are working. The respondent's sister works in a private company and she earns 300 Euros per month.

The respondent says that this job is profitable because for a short time one can gain a lot of money.

Over the past six months, the respondent claims that he has earned less because the season of work starts in May and lasts until September.

#### **Plans / Hopes for the future**

The plans for the future are to continue working as a musician in weddings, parties, etc.

The respondent expects to keep working in the same ways and activities in the near future.

He would like to be engaged in the formal labor market but he is very pessimistic because he does not know of any orchestras that will function as true orchestras of the TV or radio.

He thinks that in the future he will earn more because of the season.

One of the problems is maintaining the drums because if something breaks up, he has to buy it and the parts of the drums are very expensive. There are a few shops here in Kosovo that sell parts of the music instruments so there is no need to go to a different country for getting the drums fixed.

He sees his future in Kosova and none of the family members want to leave Kosova and live abroad.

#### **Labor migration around Kosova and other countries**

The respondent provides his services outside the town. It depends where the parties take place, in which restaurants.

The respondent is interested in working abroad. He had once an opportunity to go in Swiss and play drums but his application for Visa was refused. In the future, if he has again opportunity to go and work outside the country, he would gladly do so.

The respondent does not know how much other people who are engaged in the same activity abroad earn but he believes that musicians in general are treated much better in other countries than they are in Kosova.

#### **Community coherence / social capital**

The respondent has been living in Priština for all his life. He was born in Priština.

He or his family does not have any property outside Prishtina.

The respondent knows his neighbors and he says that the relationships between them are very good. They help each other.

With colleagues the relationships are good and they help each other.

Before the war, the respondent worked as musician.

The respondent says that relations between people have changed from before the war because people now are more selfish. In general, no one has time to think about others problems. People used to go more to each other and discuss problems with people but now all people care only themselves.

Case Study / IDI Code – 19

Respondent Profile – **Growing of crops**

***Personal socio-demographic information***

Sex: Male

Age: 60

Education: The respondent has completed university; he has a degree in sociology. He has finished his university degree in 1985 in x.

Health: Respondents claims to be in an excellent physical condition. He never had health problems. Even though the respondent is a little bit old, he feels fit and able to perform any kind of work.

***Household / family structure and profile***

They are 8 members of the family. The respondent lives together with his wife, his three sons, his daughter, his daughter in law, and his nephew. The nephew is a nine-month baby. The wife of the respondent is housewife and she finished the primary school. The respondent's children are attending the university, so there are two students, the daughter and the son of the respondent. There are seven adults in the family and only one baby. Two of the respondent's sons have finished secondary school; the other one is now attending the university. The daughter in law has finished the secondary school and currently she is unemployed.

They live in a suburb of Prishtina and they possess a house.

*Only the respondent's wife, his daughter, his daughter in law and the baby depend on the incomes of the respondents. The sons of the respondent work and they have their own incomes.*

***Household income***

The respondent is the primary income earner of the family. His three sons are employed and they work. Two of them work and live in Germany. They have their own pizza restaurant, and Hospital as a driver.

Beside the informal engagement of the respondent, sometimes the sons of the respondent send money to their family, which improves the overall financial situation of the respondent's family. The respondent's family does not receive social aid or pension.

Respondent family does not have any other income.

The average total incomes of the family are about 1400 Euros but this is the case only when two sons from the Germany send money to the respondent. Otherwise, regular are the respondent's and his son's incomes, which are about 700 Euros.

### ***Respondent employment history/ experience***

#### *Formal employment*

Respondent has a lot of experience working in the formal sector. In the year 1964 he used to work in the x. His post title was x. - which means that the respondent's main duty was to sell and contract x. in the region of Kosova.

Later on, the respondent worked in the x. for one year.

Then after that, he worked in x. as an advertisement and prepayment officer until 1975. From 1975, the respondent is working in x. For three years, the post of the respondent was x. and then his position is changed to x, since 1978. The respondent continues to work as x.

The respondent has been employed in the formal sector for 38 years and 7 months.

He has a one-year contract. As respondent declares, all the employees of x. have one-year contracts. Every year, the contract is renewed.

The description of respondent's job comprises interpretation of different documents from Serbian to Albanian and vice versa. Because in Kosova there are minorities, they want all the documents, punishments, etc, to be in their native language, that is Serbian, so the respondent translates these documents for them.

The respondent claims that his salary is regular and he considers his job to be secure for as long as he has a contract. He doesn't know what will happen after one year, when his contract expires. Basically, no one knows if the contracts will be terminated or extended.

### **Informal Labor Engagement**

The respondent works as a gardener because he cultivates all the green vegetables in his land. He has 500-meter square of land that he cultivates on regular basis. He works in his land all the spring and summer. The first item that he cultivates in the land is the green salad. The green salad has to be cultivated in autumn, in November, it grows and in the spring it is ready for selling.

After green salads, the respondent works the land and then he cultivates peppers, tomatoes, and potatoes. However, most of the peppers, tomatoes, and potatoes are used for family needs more than selling.

The best item for selling is the green salad because as respondent declares, it is easy to cultivate it, take care of it, and sell it. The respondent usually sells from 7000 to 9000 green salads.

The respondent finds more important his job in the formal sector where he works in x. The respondent says that his activity in the informal labor is rather of secondary importance and the reason why he does it is because he likes working and cultivating the land.

The respondent says that he likes more the activities in the informal sector working the land. However, he spends more time working in the formal sector because he goes to work every day

and only in the late afternoon he spends time cultivating his land. Also, during the weekend the respondent works in his land.

The respondent claims that the work in the formal sector is continuous and he can always count on his earnings from the formal sector, whereas, the informal sector brings him more incomes only during the spring and summer season.

The respondent is willing to be engaged in both informal and formal activities until he has no problems with health.

The respondent says that the reason why he is engaged in the activity of growing crops is because he enjoys this type of work and it brings incomes on a special time of year. The respondent declares that his nature is very dynamic and he cannot stay home and rest. He works as much as he can until 21:00 hours and rests only until 6:00 in the morning.

The respondent declares that he was never trained how to cultivate the land and grow crops and as far as he remembers, such training were never organized. Respondent is very interested to gain more knowledge about any kind of training regarding the cultivation of the land.

The investments are quite modest. The respondent himself produces the seeds so there is no need to buy the seeds. There is artificial fertilizer used for the land that the respondent has to buy it but in general he says that the investments are not that high.

#### **Description and level of engagement**

The respondent wakes up at 6:00 every morning. He goes to work at 7:00 o'clock. He works until 16:00 hrs. After he rests for half an hour, he goes to his land that is near his house in order to work and cultivate the land. During the weekend, the respondent also wakes up at 06:00 hours and he works the land all day long until 20:00 or 21:00 hours. The weekend is his favorite part of the week.

The respondent works 7 days per week.

The respondent says that his work is constant except during the winter. The respondent says that obligations are divided. The wife of the respondent is very much engaged in growing crops because she has more free time. The earnings are also divided more or less.

The respondent sells the salads and other vegetables to the same people. Because of the quality of vegetables, the buyers never change the provider of the salads and other vegetables. The respondent does not have a contract with the buyers. They only have verbal agreement about the price of the salads.

Respondent claims that customers are very satisfied with the quality of the vegetables. They never have complains. In general, the respondent claims that the customers are the same. Most of the customers buy the vegetables every year, on regular basis. The respondent also provides the transportation of the vegetables.

The respondent claims that he cannot accommodate more requests for the salads and other vegetables because he has no more time to spend on cultivating the land.

The respondent says that he is not interested in finding a different job. He is satisfied with his work, both informal and formal labor and that's why he will continue to be engaged in these activities.

### **Income**

Respondent claims that on average he earns around 800 euros per season from selling the vegetables.

Respondent claims that the turnover differs very much between seasons. He declares that during the spring and summer he has more work because this is the time when the vegetables are ready to be sold.

Respondent says that there is not that much competition because people now are getting lazy and since the profit is not that high, they don't spend so much time on working in something that does not bring a lot of incomes. Two years ago, the competition was higher but that is not the case recent years.

The respondent says that he is satisfied with the incomes he earns from his engagement in the informal labor.

There is no way to save money because the earnings are not that high. However, the respondent claims that he can support his family and since he finds this activity very interesting and attractive, he will continue to work like this in the future.

The respondent claims that during the summer, his earnings will be increased whereas the last six months, the earnings were lower since it was not the season when the vegetables can be sold.

### **Plans/ Hopes for the future**

In the future he will not change the job and he will continue to do the same work and be engaged in both formal and informal sector until he feels healthy. The respondent never thought of starting his own business.

In the future, he plans to keep working in x. where he currently is working.

The respondent thinks that he will continue to live in Kosova together with his family. No one from the family members plans to leave the home country. The sons of the respondent that are currently living in Germany will continue to live and work there. The respondent has never worked or lived abroad.

The respondent sells his salads and other vegetables only in the region of Prishtina.

The respondent thinks that people outside the region of Kosovo, who are engaged in the same activity, for example, people in Germany who cultivate the land earn much more than the respondent because they sell their salads with higher price. Here in Kosovo, the respondent says that a person can buy 5 salads with 1 Euro whereas in Germany, he buys 5 salads for 12 Euros.

### **Community Coherence / Social Capital**

The respondent lives in Prishtina since 1960. He was born in another village and 43 years ago, he came to live here.

The respondent does not have any property outside Prishtina. Within Prishtina, he has 1100 meters square land.

The respondent knows his neighbors. They visit each other frequently and their relations are very good. The respondent says that it is important to mention the fact that with his neighbors they rarely knock on the door; they just enter inside without knocking which is a sign that shows how close neighbors are to each other. This rarely happens in other nations.

The respondent also claims that his relations with colleagues are very good because they help each other whenever they need a favor.

The respondent declares that relationships between people have changed from the time before the war but in positive and good aspect. Because of the political system that was present before the war, people felt more scared and they hesitated more to get close to each other. People were not free and they felt insecure. Now, after the war, the situation is completely different. People feel free and they are closer to each other. They are not scared anymore which has a lot of impact on their attitude towards other people in community, neighbors, or colleagues at work.

Case Study / IDI Code – 20

Respondent Profile – **Livestock breeding**

### **Personal socio-demographic information**

Sex: Male

Age: 42

Education: The respondent has completed technical secondary school, machinery section.

Health: Respondents claims to be in good physical condition. He feels fit and able to perform any kind of work.

### **Household / family structure and profile**

They are 12 members of the family, it's an extended family. Respondent lives together with his father, his brother, who is married, brothers' children, and respondents' wife. His brother has eight children, five boys and three girls. The youngest of the children is seven years old, and the oldest is twenty-one. The younger children attend school, wears the oldest child is female and she is married. Two of the children, both boys, have completed secondary school. They are not students, nor working anywhere. They help their uncle to cultivate the land.

Respondent father is eighty years old. He has permanent physical disability; he has frequent problems with the blood pressure.

His brother has completed primary school. His brother is ailing since 1985. He was employed in the police in 1981, and later got mentally sick. From 1985 he was able only rarely to perform any work. He was taken to the doctor few times, and every time resulted with improvement in his condition, as reported the respondent, but due to difficult financial situation they are not able to give all the medical attention that he needs. His brothers' wife does not have any education, and she is a housewife. Respondents' wife has completed primary school and she is a housewife as well.

### **Household income**

Sources of income are as following: selling of the products that the family cultivates, brothers' son works as an unskilled worker during the summer, and pension that the father of the respondent receives every month. Respondent claims that he has been three times to seek for social assistance for his brother, but he was refused. He's been told that since they have a house, cultivable land and they live together he is not entitled to receive social help.

The family has nobody abroad and no other sources of income beside what's been mentioned. During the summer, respondent replied, the income is rather regular and constant. On the other hand, during the winter the incomes are limited. During the winter the only source of income is the goods that the respondent sell in the market, and the pension of his father.

Respondent did not start to practice his labor immediately after the war, whereas his brothers' child, who works as an unskilled worker, started immediately after the war. He wasn't able, as he had to reconstruct the house, which was completely demolished. The families' monthly earnings are around 500 Euros.

### **Respondent employment history / experience**

#### **Formal employment**

Respondent has no experience in the formal sector of employment. As he reported, he has been in the lists of Center for Employment for over 20 years. Moreover, he has applied many times for different jobs but he was never employed. Ever since, he was engaged in agriculture.

Respondent finished his secondary school in 1981. In the year of 1987 he went to Germany. He worked there for four months, and was caught by the police working illegally. He was sentenced to six weeks in prison, and he remained three weeks in prison. He used to work as an unskilled worker. After he was deported back, he started again to cultivate the land.

His father was a qualified worker: he used to build houses. He worked up until 1992, when he was seventy years old.

Respondent's brother was working up until 1985. After this time he occasionally help the other members of the family to plow the land, but he could not work anywhere out of the house due to his mental condition.

#### **Informal Labor Engagement**

Respondent is engaged in agriculture activities. Two children of his brother help him. They have a house in the village, and close to his house six hectares of land. Moreover, his family possesses five other hectares of forest in two villages that are a few kilometers away. His father has inherited the land from his father. Altogether, the family possesses some 11 hectares of land. In addition, the family possesses two cows and a horse.

Respondent claims that they cultivate the land for family needs as well as to sell some of the goods. They seed two hectare of maize, and one hectare and a half corn and beans. They use maize for the needs of the cows, and corn for the needs of the family. The remaining of the land is used for pasture of the cows. None of the lands remains uncultivated, besides the forest.

Respondents' family uses the forest for their needs. They had to sell some of the forest that they had close to their home, after the war, since their house was destroyed and they had to reconstruct the house. Other forest, the one that is situated far from their home, is not currently used; the road to that place is difficult to pass, and as they have no means of transportation they can not use the forest at all.

Respondent claims that he is the main person who takes care of the land. He is helped by two of his brothers' children. Sometimes the third child, the one that works occasionally as an unqualified worker, helps them as well.

Respondent claims that they also seed potatoes, but they used it only for family needs as the imported potatoes enables them to sell domestic production of potatoes. They only use to sell beans and milk. Nevertheless, there have also been imported beans and he claims that he could not sell the entire amount of the beans that he had and with a descent price. He also claims that the beans cultivated by local farmers are more expensive than those imported for some fifty per cent. Fertilizers are expensive and he says that he cannot use it extensively. Therefore, the harvest is not so rich.

Respondent claims that he'd be interested to increase the amount of goods cultivated, only if he'd have guarantees for the price. Nevertheless, since he is not sure that he can sell the goods, and at so low prices, he cannot expand his activity.

The family also has a small garden, where they seed products that they only use for family needs. They have a very limited need to buy other products from the market.

The family has two cows. Currently one cow delivered a calf, and the respondent sold the calf. At best the cows produce around 17-18 liters of milk per day.

#### **Description and level of engagement**

Respondent claims that in April they start their working. At this time they till the land. Previously, they used to till the land with their horse. However, now they engaged a tractor worker to till their land, as it is more effective and productive. They also have a large quantity of land to till, so they cannot do it with their horse. At the end of April, they start to seed maize, potatoes, beans, and also they seed pepper and other vegetables in the garden. When they harvest the maize in September, they seed the corn. The beans and potatoes are usually harvested in August.

The main reason for his current activity is, as he doesn't have any other option, he is not employed and he must work.

He has inherited the knowledge from his father. Nowadays, he has changed the type of seeds, and fertilizers, as they bring much more harvest than before.

Usually respondent sells his products at the green market. He doesn't have a stand, and he usually sells the goods just outside of the market. In accordance to the season, he comes to Prishtina four to five times a week. Usually, he arrives at around eleven o'clock. Most common days that he comes in Prishtina are Monday, Wednesday, Friday and Saturday.

As the work in the fields is more frequent during the summer time, his activity in the market is more concentrated during the wintertime.

#### **Prices and amount sold of the goods**

	Milk	Beans	Maize flour
Price	0.5 l/Euro	2 Euro	0.5 kg/Euro

Amount sold per week	80 liters	15-20 kg	Sold occasionally
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Respondent did not start to work on the market immediately after the war. Since their house was destroyed, they had to reconstruct the house, and it took a rather long time. He has started to come regularly in the market for over a year.

Respondent sells beans, milk, and sometimes maize flour. He sells the goods alone. He arrives at the market at around 11 o'clock, and leaves the market at around 6 o'clock in the evening.

Respondent claims that he has only a few regular customers, around thirty per cent of the customer. He was asked from some of them to bring the milk to their house, but he didn't accept. He says that since he doesn't come regularly to Prishtina, he cannot take responsibility to provide others with milk. He doesn't have any agreement with any of his customers. Nonetheless, he claims that the customers are satisfied with his products.

Currently respondent claims he's working full capacity. Nonetheless, he could work more if he owned a tractor. He could give more products, and also he could cut the trees that he has in the forest and sell them as well. (The road to the place where their forest is very difficult to reach, and far away. Respondent claimed that they go there rarely, since they have no means of transportation.)

Respondent claims that he is interested to find full time job. He'd rather work something that he has been trained for, any job regarding mechanization.

#### Pros and cons of his engagement

Pros	Cons
1. Source of income	1. Sometimes he has to take the goods home as he can not sell them all
	2. Difficulties to stay all day in the market

#### Income

Respondent claims that on average he earns around 300 euros a month. He says that these earnings are for winter, whereas during the summer time he is not able to come to Prishtina so frequently and these earnings decrease. Out of the money that he receives monthly, some 25 per cent is a previous investment in the land.

Mostly he earns selling beans. He claims that before the earnings from the beans has been much higher. However, since the import is high, domestic farmers cannot sell so many beans.

Mostly he sells on Mondays and Fridays. Competition is very high. Respondent says that on the other market, near the RTK building, there is even more competition than in the market where he sells the goods. He claims that nowadays the percentage of the imported beans and the ones produced locally is fifty-fifty.

Respondent claims that he is not satisfied with the earnings, as he needs to put much effort into what he is doing. He claims that since they live in a village, they are able to save some money. They produce most of the goods that they eat, and they don't have many expenses. Minimal monthly expenses of his family are around 100 Euro. He claims that the attention that his father and brother need increase the expenses.

He does not consider his work to be profitable. Although he enjoys to work on the field, he thinks that the amount of work invested is not worthwhile when converted into money. Also, he claims that one has to take into account the time that he has to spend in the market selling his products.

During the previous six months he has had more or less the same earnings. For the future, respondent does not foresee that he'll have different earnings or number of customers from the ones he has now.

#### **Plans / Hopes for the future**

Respondent hopes to get employed in the future. He applied at the Center for Employment, and he visits this center every two months. He gets the same response every time he visits them: There is no employment available! He says that he has a card where they put the signature and the date whenever he visits them.

However, in the future he has plans to increase agriculture activities. He has plans to sell part of the forest, and buy a tractor. He hopes that he will achieve this by the end of the year. Otherwise, he'll go on with his engagement in agriculture if he does not get employed elsewhere.

Respondent believes that the harvest could be much bigger if he has a tractor. In that case, he believes that he'll be able to be competitive in the market; he could beat the competition of the foreign products that enter Kosovo.

Respondent does not intend to leave Kosovo. He claims that he feels good here, and it's hard for him to get apart from his family.

He sells all the goods in Prishtina. He tried to sell the goods in X. as well, but stopped since there are more buyers in Prishtina.

People who come at the market, to sell things, are from different parts of Kosovo. Mostly these people come from more distant cities and villages, and less are from the villages near Prishtina.

Respondent was given the seed from humanitarian aid a few years ago. He claims that he doesn't have to buy seed for every season, as he uses the seed that come out of the harvest. Every three or four seasons they have to buy new seed, as the quality of the seed they get from the harvest decreases. However, they have to buy fertilizer regularly, and beside that he uses natural fertilizer, from the cows that he has, he also buys artificial fertilizer, which greatly influence the harvest. Respondent claims that they also need to buy herbicide, which are also rather expensive, and also had to pay for the machine that collects the harvest.

**Community Coherence /Social Capital**

His family has been living in the same village for over 120 years. He knows all the neighbors, and they visit each other frequently. He has other relatives in the village, and the entire neighborhood is related to one another.

His relations with the colleagues at the market are also good. Respondent claims that mostly same people come to sell the goods in the market. He does not envy any one at the market for selling more than he does. Nevertheless, he claims that more or less they all sell the same amount of products.

Moreover, respondent claims that there is a sense of solidarity among the sellers in the market. Mostly, they look after each other's goods when the others go to eat lunch, or similar. They have trust on each other, and they are free to leave the goods with others. While absent, colleagues in the market sell the things that were trusted to him as if they were his own.

Respondent believes that the relationships in the community, and with the colleagues at the market, did not change from after the war. Although he claims that some other people say that the relations have changed, he does not have such an opinion.