

The Role of Human Resources, Respectively Employment in the Sustainability of the Pension System in Kosovo

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Abstract

The study will focus on the evaluation of social indicators (indicators of population, unemployment rate, employment rate, etc.) and economic development in view of the socio-economic stability of Kosovo. The impact of the financial resources of pension funds in the quality of payment of pension annuities will be presented as key factors in the socio-economic stability of Kosovo. The research question is "How does the human potential, respectively employment or economic development in pension funds, impact on the sustainability of Kosovo's pension system". The theoretical basis of this study will focus on the study of human resources, employment theories and theories of economic development. Methods that help the study of this problem include the extraction of indicators to provide information which serves to measure the factors that indicate the point of crossing the threshold of socio-economic stability. The key finding of the analysis is the impact of human resource potential in the economic development of Kosovo and its impact on the sustainability of the pension system in Kosovo. From the results obtained conclusions will be drawn on the assessment of current economic development, the proper use of human resources, the assets of pension funds and employment requirements. From a critical evaluation connected to this theme, the findings will serve to make the necessary suggestions for changes and improvement of the problem.

Keywords: economic development, population, employment, unemployment, pension contributions, pension funds, pension.

Introduction

1. General Indicators

Kosovo has an area of 10,908,000 km², and in 2014 the total area of land used for agriculture was 257.639 hectares and thus 53% of Kosovo's land is agricultural land, 41% is forest, 1% is water and 5% is used for other purposes (land to regulate traffic, to regulate urban land and other infrastructure). Based on the potential economic and political circumstances, Kosovo has developed a low economic rate compared with other countries in the region. The economic development in Kosovo in 2013 is characterized by a low level of GDP¹ growth of 3.4%, which reached 5 billion and 326 million Euros, while the average annual income² per capita in Kosovo was 2.935 Euro. Depending on annual income, the total annual consumption was 2 billion 525 million, while per capita consumption in 2013 was 1,402 Euros (116 Euros per month) and annual consumption of households was 7.625 Euro (household consumption per month was 635 Euros). The total number of households in Kosovo was 297,090, while farms that had agricultural activity in 2013- 2014 were 129,220³ with an average household size of 5.85 persons. In Kosovo several economic branches are developed; Agriculture, Industry, Construction, Energy, Telecommunications, Hospitality and Tourism, as well as various branches of economic services. Kosovo Industry had limited opportunities for economic development, because the industry inherited from before 1999 which was privatized have in effect ceased, while the industrial branches that are developed on a small scale are already private; Extractive industries (mining and quarrying), processing industry, electricity production, processing industry of agricultural products (processing of milk, meat, honey, etc.), wood processing industry, metal processing industry, etc., industry for the production of construction materials. The rate of foreign direct investment (FDI) in 2013 was low and

¹ Based on World Bank data that are updated in September 2014, it appears that Kosovo compared to the countries of the region, Gross Domestic Product per capita is the lowest. Gross domestic product per capita in the region and in Kosovo, Croatia - US \$ 13.529; Montenegro - US \$ 7.125; Serbia - US \$ 5.935; Macedonia - US \$ 4,850; Albania - US \$ 4.652; Kosovo - US \$ 3.815

² John Maynard Keynes "General theory of employment, interest and money" constellation 2006

³ Source: Agriculture statistics 2011

amounted of 232 million, while exports of goods was 293.842 million Euro, which was about 11.99% of the value of imports of goods was of 2,449,064,000 Euro.¹

The labour force in Kosovo contains the potential for economic development. In 2011 the total resident population of Kosovo was 1 820.631(2013)². Kosovo's³ population density in 2013 was 166.9 people per 1 / km², while the natural growth of the population in Kosovo in 2013 was 21,406 inhabitants. So Kosovo's population is predominantly young and motivated to work with 70% of the population being under age 35. About 61% of the population live in rural areas, while 39% live in urban areas..

Human resource development impacts on employment and economic development. Of the potential workforce in Kosovo who possesses education and job skills, it turns out that more than a third of young people do not attend schools or universities or are in a position to gain professional experience.

Employment of human resources is intended to connect them to economic factors (capital, land) in order to produce products or services that are used directly by the user or through their performance in the market.

Employment in terms of a socio-political system is conditioned by a number of factors; a) frictional (mobility of the population to seek work, the heterogeneity of jobseekers in addition to supply of works offered, migration job seekers best work, the organization and the scope of the labor market in addition to the allocation of resources for employment, the degree of balance of the labor market due to the impact of informality), b) structural (change of population growth, structural changes of GDP, social policy, changing the level of generation of jobs, the adaptation of education or their training seekers professional- specialization to the labor market, changes in international trade, the index of inflation, government spending, etc.), c) seasonal (development of seasonal activities which adjusts the amount of wages to labor market requirements, migration of workers, etc. .) and d) cyclical (changing the dynamics of economic development, recession cyclical economic conditions)⁴, etc.

A greater degree of employment in Kosovo includes household or agriculture (about 25% of GDP consists of the revenues from agriculture (2012), but employment in the agricultural sector is largely informal employment.), Then follows the private sector and the public sector (with growth of GDP in Kosovo in 2012, it has increased the employment rate in the public sector, which means that we have a normal behavior of an economy on the scale of growth).

The level of development of Kosovo's economy has influenced the development of competition in the market with the result that the Kosovo economy still has low labor productivity, delays in the modernization of the economy, low employment rate, and a low level of wages compared with economies of the countries in the region.

The main source of income for households⁵ in Kosovo is the income from households with private sector income which is about 67% of revenue, while the rest of the income that employees benefit in the form of wages and salaries is derived from the public sector (being 23% of overall income in 2013)⁶.

2. Labor market

In the Kosovo labor market in 2011 there were 325,261 jobseekers, so it was hard for the labor market to absorb this number of jobseekers, as well as other persons entering the labor market every year. The Kosovo's labor market is characterized as primarily a market with a new labor force, because a third of the population is under 15 and over 50% of

¹ <http://esk.rks-gov.net/esk/regjistri-statistikor>

² Source: Census 2011

³ Dr. Hivzi Islami "Kosovo population" - demographic study

⁴ https://en.wikipedia.org/wiki/Structural_unemployment

⁵ A household means an individual, family or community other persons (individuals), who live together and are situated wholly or partly in a household and supplied with food stuff and other things necessary for living. Members of the group may pool their incomes to a greater extent or less. Agricultural household is the household, whose members are engaged in agricultural production as their main activity or secondary, which has a single management and joint use of production tools, such as: land, machines and buildings etc. An agricultural households can produce agricultural products for sale, own consumption or to both.

⁶ Source: social statistics 2013

the population is over the age of 24. KSA based statistics show that in Kosovo around 25,000 young people enter the labor market for the first time within the category of skilled labor, while those who reach retirement age for a year is approximately 8000 persons. So the number of people who leave the labor market or retire is much smaller than those entering the labor market. Within a year approximately 8 thousand to nine thousand people can be employed in labor market in Kosovo.

The participation rate in the workforce population in 2013 was 483,193 persons or 40.5%, from the potential of working age people working 338,364 people or 70 percent of the unemployed are only 144,829 people, which means that unemployment Kosovo is 30.9% percent

The participation rate in the labor force in 2012 was 36.9%, in 2013 was 40.5% (men in 2012 was 55.4%, in 2013 it was 60.2%; women in 2012 were 17.8%, in 2013 was 21.1%.

2.1. Employment

The employment rate in Kosovo in 2012 was 25.6%, while in 2013 it was 28.4%.

Temporary employees in 2012 were 73.0%, in 2013 was 68.8%.

The self-employed in 2012 were 19.8%, in 2013 was 22.9%.

Employment rates by sex had increased to 6.5 percent from 2001 to 2009¹.

According to data of the Statistical Agency of Kosovo, the working age by 2013 have reached 1.191 630 people (15 to 64).

According to data of the Pension Savings Trust annual report in 2013 there were 277,267 people who were active contributors.

So, that means that the 57% of the active population work and contribute to the Pension Savings Trust of Kosovo, while the falling unemployment is 43%.

If we compare the statistical data Kosovo Pension Savings Trust with data of the Statistics Agency of Kosovo it appears that; $(338364 - 277267 = 61\ 097)$ 61 097 people or 12.20% of the active population are employed, but are not reported to the Tax Administration of Kosovo, or contribute to the Kosovo Pension Savings Trust

This means that 70.0% (338,364) of economically active people are employed, creating an employment to population (employment rate) of 28.4%. Based on the statistical data of the Tax Administration of Kosovo, the tax on salaries paid to 274,450 employed people, compared with data from Pension Savings Trust of Kosovo shows that in 2013 they paid pension contributions to 277,267 pensioners $(277\ 267 - 274450 = 2187)$ from the comparative data shows that 2,817 people or 1% of the active population contribute to the Pension Savings Trust, but no withholding tax is simply unaffordable.

It estimated that the total population in Kosovo in 2013 was 1,811,372 inhabitants (910,524 Men, Women 900 8480). The potential human resources in the labor market has been classified in 2013 as follows:

Working age population 1,191,630 people (593,111 Men, Women 598519,

- In elderly (age 65+) 141,085 (66,878 Men, Women 74207)

- Workforce (active people) (15-64) 483 193 (357 186 Men, Women 126,007).

- Inactive persons (15-64 years old) 708 436 (235 925 Men, Women 472511)

- Employed (15-64) 338 364 (261 244 Men, Women 77,120).

- Unemployed (15-64 years old) 144,829 (95,942 Men, Women 48887)²

- Workforce to teenagers (15-24 years old) 80,398 (55,850 Men, Women 24,548).

¹ The results of the LFS in 2013

² Source: Results of the labor force survey in 2013 in Kosovo

- Employed youth (15-24 years old) 35,476 (27,713 Men, Women 7763).
- Unemployed youth (15-24 years old) 44,922 (28,137 males, Women 16,785)¹.

In analyzing the economic sectors in which employment was made, it turns out that in 2013, half of the people employed were in manufacturing activities about 12.6%, 12.8% in trade, 11.1% in education and in construction 11.4% of persons employed. The lowest rate of employment is 28.4% of Kosovo, in Bosnia and Herzegovina is 31.6%, in the FYR of Macedonia is 44.0%, in Serbia is 46.4%, In Montenegro is 47, 4%, in Albania is 50.5% while in the 28 EU countries was 64,1%.

Table 1: Employment rate from 2000 to 2009 in the Eu countries and some European countries.

| Employment rate from 2000 to 2009 States | | | Years | | | |
|--|------|------|-------|------|------|------|
| 2000 | | 2005 | 2006 | 2007 | 2008 | 2009 |
| EU-27 | 62.2 | 63.5 | 64.5 | 65.4 | 65.9 | 64.6 |
| Croatia | 51.3 | 55,0 | 55.6 | 57.1 | 57.8 | 56.6 |
| Iceland | 83.3 | 83.8 | 84.6 | 85.1 | 83.6 | 78.3 |
| Montenegro | 38.5 | 40.9 | 41,0 | 49.2 | 50.8 | 48.7 |
| Macedonia | 40.3 | 37.9 | 39.6 | 40.7 | 41.9 | 43.3 |
| Turkey | 48.9 | 44.4 | 44.6 | 44.6 | 44.9 | 44.3 |
| Albania | 55.1 | 49.7 | 46.2 | 56.4 | 53.8 | 53.4 |
| Bosnia and Herzegovina | : | : | 35,0 | 36.8 | 40.7 | 40.1 |
| Serbia | 59.2 | 51,0 | 49.9 | 51.5 | 53.7 | 50.4 |
| Kosova | : | 28.5 | 28.7 | 26.2 | 24.1 | 26.1 |

* Source: Eurostat, 2010

2.2. Unemployment

The regulation of rights and obligations between employers and workers in the private sector and public in the Republic of Kosovo is regulated by the Labor Law².

The unemployment rate expresses the percentage of unemployed persons in relation to the number of population of working age, which in Kosovo was 30.9% (in 2012), while in 2013 it was 30.0%³, which shows that two-thirds of the population of Kosovo are of working age (15 to 64⁴).

Unemployment among persons aged 15-64 years is 45.3% (39.8% for men and, 57.3% for women).

According to the statistical results the age group 15-24 in 2103 had unemployment rate of 73.1% (male unemployment was 68.8%, and female t was 81.9%). The lowest rate of unemployment is for the 55-64 age brackets where it is 25.7 %.

¹ Between Kosovo Agency of Statistics survey results workforce in 2013 in Kosovo, November 2014

² Labour Law of the Republic of Kosovo adopted on November 2, 2011

³ Unemployed: Persons aged 15-64 who are unemployed, ie. They are not paid employees or self-employed, and are available for work, ie. They were willing to start paying job or self-employment, job seekers, ie. take specific steps in search of paid employment or self-employment.

⁴ The employment to population ratio, also known as the employment rate, the percentage of the working age population of a country that is employed. (Employment to population ratio = // employed population working age population X 100)

So the percentage of the working age population who are not economically active is 63.1%¹, while the rate of inactive persons² was 59.5% or 708,436 persons (male unemployed in 2012 was 28.1%, while in 2013 it was 26.9% and for women in 2012 it was 40.0%, and in 2013 it was 38.8%).

Among persons able to work, in addition the low rate of employment in Kosovo, 16.8% of employed persons in 2013 were in temporary employment (the unemployment rate for men in 2013 was 26.9%, while the unemployment rate among women was 38.8%..

Unemployment in the 25-54 age group in 2013 was 41.8% (male unemployment rate among this age group was 36.1%, for females it was 53.2%).

According to the statistics of ASK in 2013, it is noted that a very high percentage of employment-age population is unemployed, and most are unemployed and inactive who are not looking for work.

Considering that two-thirds of the population is of working age (15-24) means that their unemployment is very high and poses difficulties for employment, because these people do not have adequate education and training according to the labor market requirements.

The unemployment rate is higher among young people, which represents a concern for maintaining social stability, so the total number of unemployed registered at the Public Employment Office in 2011 was 325,261, while this level is increased even further in 2013, which shows that 59.5% of the population of working age are economically inactive (not employed and were not actively looking for work)³.

Since Kosovo is among the countries with the youngest population in Europe, the working age population is likely to increase rapidly over the next decade and provided that employment rates in the coming years are low⁴.

The highest rate of unemployment in 2013 was in the FYR of Macedonia at 31.2%, with 30.9% in Kosovo, Bosnia and Herzegovina 27.5%, Serbia is 23.1%, Montenegro is 19.7%, Albania 17.7%, in the 28 EU countries it is 10.5%⁵.

The unemployment rate in 2015 in Greece and in Spain is about 25%, while in Germany it is only 5%. The higher the unemployment rate, the higher is the rate of poverty⁶.

2.3. Informality in employment

In terms of the labor market in Kosovo, the creation of an employment relationship is done both formally and informally⁷.

The statistical data shows that about 81.2% employees have an individual contract, while the rest are without a contract.

For young people (15 to 24 years), the percentage of those working without a contract was high at about 41.0%.

¹ Considered economically active people who have a job, or seeking a job like that.

² Inactive persons are those who do not want to be employed, or have given up looking for jobs.

³ Source: Labour Force Survey 2013

⁴ Source: The results of the Labour Force Survey in Kosovo 2013

⁵ Comparison of key employment statistics between countries in the region

⁶ Poverty remains widespread Kosovo where around 29 percent of the population living in total poverty and 8 percent of the population lives (World Bank) in extreme poverty. Most of the beneficiaries of social assistance payments in Kosovo and reduce their poverty level, but these payments are insufficient to set up for the welfare of the poor population on the poverty line. Kosovo basic pension is 45 Euros per month is almost equal to the poverty line of 46.50 Euros. Poverty rates are lower economies. Remittances published by the UNDP show that the total amount of remittances in Kosovo revenues decreased by 14 percent between 2010 and 2011, from 442 million Euros to 379.6 million.

⁷ Riinvest "view of business informality in Kosovo"; Business managers and owners believe that on average businesses in their industries report about 65.6 percent of sales, which means that 34.4 percent were avoided them. Results of informality in the labor force vary by sector; agriculture declare the least and 30 percent of the workforce declared. Over 60 percent of Kosovo's population depend on agriculture, while 70 percent of the workforce remains under-stated in that sector. The sector with the highest number of workers filing is the education sector with only 17.5 percent has evasion. Results show that on average 37% of the total workforce employed is not legally declared

About 31.2% of employed persons in permanent work have a contract, while 68.8% have a temporary contract.

So, in terms of labor market development, in which the degree of informality in employment is huge, employed persons are unable to pay pension contributions.

Thus only 2.9% of the employed population reported that they had a second job during the week.

So the informality phenomenon hides the true economic activities by business or institutions which has developed secretly without corresponding economic activities in the relevant documents, to escape from tax payments and other fiscal charges.

So most businesses escape fiscal obligations that are related to employment. Therefore, according to data released by research¹, the total workforce of unregistered in Kosovo among various sectors is as follows: - Agriculture, Forestry and Fisheries 70%; - production / Processing 45.7%, Health and social work 38.7%; - Other services 36.3%; Housing and service activities 35.5%; Wholesale and retail trade, 33.8%; Communications 29.7%; Construction 20.7%; Education 17.5%

2.4. Employment Forecast

Based on employment data from ASK, the average employer in Kosovo employs 27.296 workers within a year, while based on data from KPST the average for the first time employed people is 10.978 .

Table 2: The number of the employed in Kosovo by years 2010-2014

| Years | 2010 | 2011 | 2012 | 2013 |
|--|---------|---------|---------|---------|
| Nr employees under KSA | 24.977 | 25.170 | 28.469 | 30.568 |
| Nr. The contributors in the KPST | 249,756 | 255,562 | 261,892 | 281,388 |
| New employees, contributions payers KPST | 12,280 | 5,806 | 6,330 | 19,496 |

* Source: ASK " " Design of the Kosovo population 2011-2061

Based on projections for instance the development of population growth by age group, we come to the forecasts the total level of the population for the coming years 2011-2061.

Table 3: Forecast population growth in Kosovo by age group and the years 2011-2061 (medium variant)

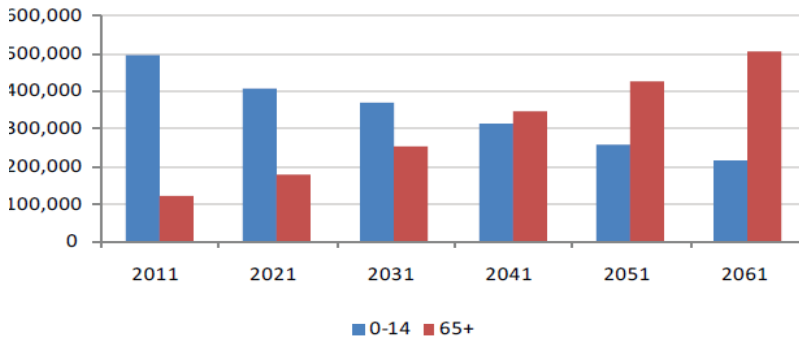
| Years | Population by age | | | | Population by age in% | | | |
|-------|-------------------|---------|-----------|---------|-----------------------|------|-------|------|
| | Total | 0-14 | 15-64 | 65- | Total | 0-14 | 15-64 | 65- |
| 2011 | 1,780,021 | 495,101 | 1,162,044 | 122,876 | 100 | 27,8 | 65,3 | 69 |
| 2021 | 1,883,805 | 406,059 | 1,301,556 | 176,190 | 100 | 21,6 | 69,1 | 94 |
| 2031 | 1,931,957 | 371,065 | 1,308,534 | 252,385 | 100 | 19,2 | 67,7 | 13,1 |
| 2041 | 1,923,175 | 313,466 | 1,262,015 | 347,693 | 100 | 16,3 | 65,6 | 18,1 |
| 2051 | 1,859,447 | 256,760 | 1,177,814 | 424,872 | 100 | 13,8 | 63,3 | 22,8 |
| 2061 | 1,743,470 | 215,907 | 1,022,265 | 505,299 | 100 | 12,4 | 58,6 | 290 |

² Source: ASK " " Design of the Kosovo population 2011-2061

¹ Riinvest "To pay or not to pay" | informality from the perspective of businesses in Kosovo | 5

² The estimated population was taken from the publication of KAS " Kosovo Population Projection 2011-2061 "based on the midpoint medium variant

Graph; Population (0-14, 15-64 and 65+ years) for the period 2011-2061 (medium variant)



2.5. Macroeconomic perspective in reducing unemployment

To alleviate unemployment it is necessary to pay attention to the development of an economic policy and a social development policy in order to build a clear perspective for increasing employment amongst the unemployed population and people who live in total or extreme poverty.

Social and economic policies must be active character in order to create real conditions for employment. To implement policies to alleviate unemployment, the following activities should be undertaken: Creating a favorable environment for economic development, macroeconomic policy development and implementation of labor legislation, attracting capital investment, exporting revitalization programs, building educational and professional capacity of the workforce in line with the needs of the market economy, labor market organization, development of monetary and fiscal policies in the interest of the development of local products, the orientation of remittances to promote economic development and employment, etc.

It is estimated that the labor market in Kosovo each year includes over 25,000 people, while the emerging market has over 8000 people.

Unemployment is one of the fundamental problems of Kosovo society, which requires an urgent solution, in order to increase human welfare and the preservation of socio-economic stability, giving priority to long-term unemployment alleviation.

To reduce the rate of unemployment it is necessary to undertake the following: combating the informal economy, improving the legal framework and its implementation, support and stimulation of household, small business support, the support of production capacity, capacity building education-training of the workforce, the orientation of the economy to support sectors which empower the labor market, the opening of new work places by increasing capital investments, develop a full program of temporary employment at home and abroad, support and develop microfinance institutions, labor market organization, the creation of tax incentives and customs, promotion of employment services etc.

3. The average wage and the minimum wage

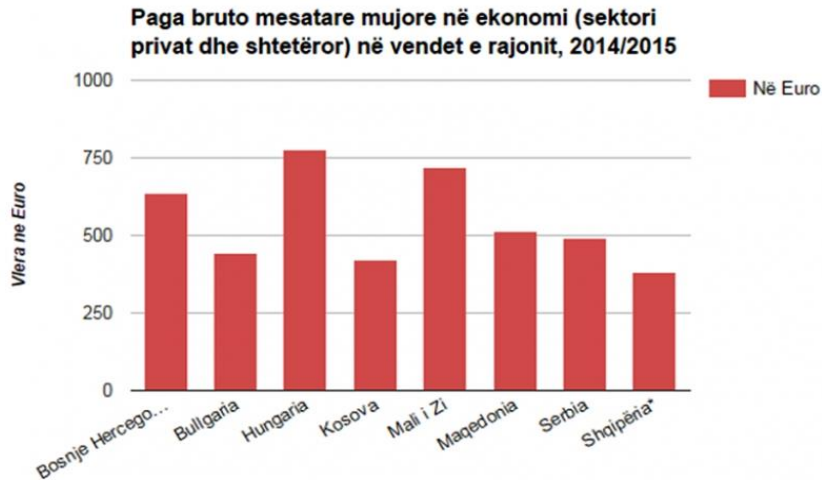
The average net salary of most employees was about 350 Euros per month¹. Kosovo in 2014 applies a special minimum wage², according to the age of employees. Under age 35, the minimum wage is 130 Euros/month, while the 35-65 years age minimum wage is 170 Euros / month, while the other Western Balkan countries minimum wages are as follows; Albania 156 Euros, in Serbia 158, Macedonia 178 EUR Montenegro 193 Euros, Croatia 405 Euros and Greece 684 EUR.

¹ <http://esk.rks-gov.net/esk/registri-statistikor-i-bizneseve>

² The minimum wage is the lowest wage that is required to be implemented by every employer, local or foreign.

The total cost of salaries and benefits and allowances during a year in the public sector is 560 million Euros, according to the Law on Salaries and Benefits in Kosovo

Based on data of the Statistical Agency of Kosovo, the average net salary in Kosovo for the public sector is 441 Euros, while the private sector it is around 230 Euros.



Burimi: INSTAT; Institutet e Statistikave të Vendeve të Rajonit
Komente dhe Analiza: Open Data Albania

In 2015 the minimum monthly salary in Kosovo up to the age of 35 is 130 Euros and over 35 it is 170 Euro.

The minimum wage in Kosovo is the lowest in the region, for persons under the age of 35 years. Kosovo applies a special minimum wage, age of employees of 35 years (the minimum wage is 130 Euros / month), while the 35-65 years age minimum wage is 170 Euros / month.

Table 4: Review of the minimum wage in the countries region

| Nr. | Country | Minimal wage |
|-----|------------|--------------|
| 1. | Greece | 684 Euro |
| 2. | Croatia | 405 Euro |
| 3. | Montenegro | 193 Euro |
| 4. | Serbia | 188 Euro |
| 5. | Macedonia | 178 Euro |
| 6. | Albania | 156 Euro |
| 7. | Kosova | 130 Euro |

* Source: Open Data Albania has researched the level of the minimum wage in the country, the Balkans and Europe

European countries apply a minimum wage higher than in the Balkan region and Kosovo, so in Greece, the minimum wage is 684 Euros, Croatia 405 Euros, Montenegro 192 Euros, 178 Euros Macedonia, Turkey 425 Euros, 156 Euros and in Albania and Kosovo it is 130 Euros¹.

A higher minimum wage applies in Luxembourg, with amounts of 1921 Euros per month. Lower ranks Belgium, Ireland, France, and Great Britain.

Germany applies the minimum wage by sector, and lower fees totaling 7 Euro / hour for 48 hours per week, or 1,344 Euros per month. Among the countries with the lowest minimum wage, which does not exceed 200 Euro per month, are ranked Bulgaria, Serbia, Montenegro, Romania, while Macedonia applies the minimum wage which is placed under the employment sector and is 178 Euros, while Italy, Denmark, Austria, Finland, Sweden, Switzerland and Norway do not apply an official minimum wage².

Unlimited growth of public sector wages exceeds labor productivity, thus increasing their impact on the growth of wages in the private sector, which weakens the possibility for increased productivity and prevents in equal conditions in the labor market, especially when it comes to attract more skilled workers for Kosovo's economic growth which must come from the private sector.

The main challenges for Kosovo are; increasing employment, increasing production capacity, exports and growth of the whole economy. These increases require attention bearing in mind the high cost of labor and the reduction of their skills mismatches. So, to achieve this, it should improve the environment business, offering better conditions in terms of economic infrastructure, in terms of human resources.

4. Contributors and pension contributions

Contributors who have been contributing to KPST since 01/08/2012 number 25,351 employees and 2,828 self-employed. In 75% of cases, contributors for the first time were employed under the age of 35.

The total number of contributors by 2015 was 482,064 contributors for whom, KPST, had opened individual accounts, while the number of active contributors in 2015 is 290,000, or, 23% of the full introduction contributors. Total assets of the Fund under management of pension savings of Kosovo are 1,172 million Euros.

Table 5: Number of active contributors (2004-2013) - 281.388

| Years | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Employees | 164,839 | 171,285 | 177,779 | 202,067 | 193,845 | 207,793 | 218,893 | 224,878 | 235,488 | 251,392 |
| Self employed | 18,675 | 28,295 | 27,473 | 27,215 | 28,164 | 29,683 | 30,863 | 30,684 | 26,404 | 29,996 |
| Total | 183,514 | 199,580 | 205,252 | 229,282 | 222,009 | 237,476 | 249,756 | 255,562 | 261,892 | 281,388 |

* Source: Annual report 2013 of KPST

¹ Express newspaper, Sunday, March 16, 2014

² INSTAT, Statistical institutes of regional countries

The average age of contributors in 2012 was 33 years for employees and 39 years for the self-employed, while 50% were employed were up to age 30 and the self-employed were aged 38 years.

4.1. Average contributions and the minimum wage

Minimum quarterly contributions in 2012 were 39.00 Euros for contributors up to age 35 years, and 51.00 Euros for contributors over this age.

The data shows that the self-employed in 10.4% of cases are paid less than the minimum required by law (€ 130 or € 170, depending on whether they are up to 35 years of age or over 35 years, respectively).

A large number of self-employed (over half) pay only the minimum required by law, and thus risk not saving enough for their retirement.

The employees show that 4.5% of them contribute under the minimum wage, or 3.7% contribute according to their minimum wage, while the remaining 91.8% of them contribute on minimum wage, so that it can be concluded that the current minimum wage levels are low, and we can grow without major implications for employers.

5. Retirement or pensions

Repaid contributions represent contributors who are paid off by the Pension Savings Fund, in case of withdrawal of pension savings (retirement and wrong Refunds transfers, which are considered as contributions that are not under the management of KPST) is the amount of 35.8 million Euros (period 2002-2015), which is drawn from 16.936 individual accounts (the people who are retired or died before the age of retirement).

Data on the number of basic pension scheme persons by age between 2002 and 2014 shows that in 2014 the number of beneficiaries of the pension scheme based on age is 125,883 who benefit from € 75 per month, while the annual amount is of 108,199,460.00 Details the number of beneficiaries of the contributory basic pension scheme between 2008 and 2014 show that in 2014 the number of users was 38,651 who were receiving a monthly amount of $(75 + 65) = 140$ €) and the Annual Budget spent was 61,895,592.00

Findings

1. Policies need to be focused on the use of human potential as a function of employment growth, and to address the issues that are associated with savings of pension contributions, namely pension in order to create socio-economic stability.
2. Economic institutions have raised the level of commitment for the clarification and update of reliable statistical data on employment and participation contributors in the Kosovo pension system and pension beneficiaries.
3. The relevant institutions have declared war on informal working without a contract of employment, giving primacy to income-generating employments and overtime (service contracts), the purpose of payment of mandatory and voluntary contributions,
4. The participation rate in the workforce population in 2013 was 483,193 persons or 40.5%, from the potential of working age people working population of 338,364 or 70 percent of the unemployed are only 144,829 people, which means Unemployment in Kosovo is 30.9%
5. Within a year between eight and nine thousand people can be employed in the labor market in Kosovo.
6. The degree of informality is still high, which is seen from reports certifying that the active population of 61,097 people are employed in the year, but are not reported to the Tax Administration of Kosovo, nor contribute to the Kosovo Pension Savings Trust.
7. The total number of contributors (in the period 2002-2015) by 2015 was 482,064 for whom KPST, had opened individual accounts.
8. The number of active contributors in 2015 is 290,000, or 66, 23% of the total number participants.
9. The total assets under management of the Pension Savings Fund of Kosovo was € 1,172 million.

10. It is estimated that the labor market in Kosovo, for each year include over 25,000 people, while the emerging market has over 8000 people.
11. In 2015, the minimum monthly salary in Kosovo up to the age of 35 is € 130 and over age 35 is € 170.
12. The average net salary of most employees was around € 350 per month
13. The average net salary in Kosovo for the public sector is € 441, while in the private sector it is around € 230
14. The average age of contributors in 2012 was 33 years for employees and 39 years for the self-employed, while 50% of the employed were up to age 30 and the self-employed were up to age 38 years.
15. The minimum quarterly contributions in 2012 were € 39.00 for contributors up to 35 years, and € 51.00 for contributors over this age.
16. The data show that in 10.4% of cases the self employed are paid less than the minimum required by law (€ 130 or € 170, depending on whether they are up to 35 years of age or over 35 years, respectively).
17. A large number of self-employed (over half) pay only the minimum required by law, and thus risk not saving enough for their retirement.
18. Employees shows that 4.5% of them contribute under the minimum wage, or 3.7% contribute according to their minimum wage, while the remaining 91.8% of them contribute at the minimum wage, so that it can be concluded that the current level of the minimum wage is low, and that it can increase without major implications for employers.
19. The statistical data shows that about 81.2% of employees have individual contracts, while the rest are without a contract
20. About 31.2% of employees have a permanent work contract, while 68.8% have temporary contracts.
21. Repayment of contributions from Pension Savings Fund on the occasion of the withdrawal of pension savings (retirement and wrong Refunds transfers, which are considered as contributions that are not under the management of KPST) is in the amount of 35.8 million € (period 2002-2015), which is drawn from 16.936 individual accounts (the people who are retired or died before the age of retirement).
22. In 2014 the number of beneficiaries of the pension scheme based on age is 125,883 which benefit from € 75 per month, while the annual amount of € 108,199,460.00
23. Data on the number of beneficiaries of contributory basic pension scheme (2008-2014) in 2014. The number of users is 38,651, the monthly amount of $(75 + 65) = € 140$, while annual spending budget of € 61,895,592.00

Conclusions

1. Human resources have a potential impact on the economic development and the sustainability of the pension system in Kosovo.
2. Human resource potential is a key component of the pension system and represents stability, because the average age of participants was 39 years old with an average period of 26 years for contributions to save three pieces pension until the age of retirement which is 65 years.
3. Not all contributors in the KPST are active every year.
4. Decrease of seasonal contributors, may be one of the factors reducing the growth rate of contributions collected.
5. The number of contributors from public institutions, individual businesses, society's partnership, Joint Stock Societies, representatives of foreign businesses and other organizations, there is an increase in stress
6. The financial resources of pension funds affect the quality of the payment of pension annuities, pension and appear respectively as key factors in the socio-economic stability.
7. Statistical indicators are encouraging to measure factors that indicate the point of crossing the threshold of socio-economic stability.
8. The labor market is not well organized and the way it is structured is inefficient
9. Employment and unemployment are linked to the level of economic and educational level of the population.
10. The likelihood of employment in the formal economy is below 1% when the jobseeker reaches age 48 years.

Recommendations

1. The rate of unemployment is the key problem that requires intervention in alleviating unemployment by creating new jobs and strengthening economic sectors that will contribute most to reducing unemployment.
2. Through the struggle against the informal economy and economic development, low disproportion between supply and demand for labor and a high absorption into the labor market and an increase in the exit from the labor market.
3. Update the time and the correction of the lists of beneficiaries of basic pension and basic contributors to the pension scheme; reduce the amount of the budget for the payment of pensions.
4. The creation of stable macroeconomic policies that affect the creation of new jobs, through improving fiscal policies in the interest of investors in domestic and foreign markets, in order to increase export and employment growth in the country.
5. The development of legal infrastructure and strengthening labor inspection, which should be in harmony with the country's socio-economic policies.
6. Education and training of the workforce should be based on market demand, or according to the market economy trends.
7. Upgrading and maintenance of labor market indicators, promotion of employment and employment mediation, the publication of statistical data on the labor market of certain periods of time, so that decision-making institutions have fresh data, stable and comprehensive.

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