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### Macroeconomic Stability Objectives

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# Macroeconomic Stability Objectives

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**Abstract.** Macroeconomic stability was and is one of the most important pillars of every country that seeks empowerment such as investments, increasing efficiency, utilizing natural resources, honing human capital etc. one of the main points that helps the economy and its stable growth is the people themselves, especially that of the work force also known as Human Capital. This research paper conducted by the above mentioned actors, targets the issue of this very first pillar of the MSO, elaborating the Kosovo Human Capital (workforce), along with the workforce of other countries located within the Western Balkans: Albania, North Macedonia, Bosnia and Herzegovina, Montenegro and Serbia. With the help of SPSS, a software package used for statistical analysis, method One-Way Anova, post hoc tests states that there is indeed a difference between compared means. The hypothesis concluded by Anova states that the compared means between North Macedonia doesn't differ from BaH but differs from the other group means, Montenegro doesn't differ from Albania and Serbia but differs from other group means and Albania doesn't differ from Serbia but differs from other group means.

In conclusion to group the researched and compared means, Serbia, Albania and Montenegro can't be compared in-between they can be compared with North Macedonia and Bosnia and Herzegovina. North Macedonia and BaH can't be compared in-between but can be compared with the first group of means (Serbia, Albania and Montenegro) and the third group means Kosovo, which implies that Kosovo is compared with all group means.

**Keywords:** unemployment.

## Macroeconomic stability for Kosovo

According to the publication "A Coordinated Approach to Foster Sustainable Growth and Financial Stability" of Saccomanni and Romano is cited that "Economic sustainability is known as a term to describe a country's financial system that shows small fluctuations in output growth and exhibits a consistently low inflation rate. Sustainability is often seen as a desired state by many countries that is often encouraged by the policies and actions of the state central bank." (Saccomanni F., & Romano S.)

On the publication the author of “Kosovo as a Turning Point” Gromes, it is elaborated and cited that Kosovo started the process of stabilizing macroeconomic entities, as a result of the status it had until after the war from 1999, when it started the economic transition process, through the support of many countries supporting the new status Kosovo was wielding. One of the most important changes in the economy was fiscal reform. The aim of these reforms was to decentralize fiscal structures and strengthen the incentive of local governments to collect revenue for itself as well as the central government to maintain fiscal redistribution among the provinces. (Gromes, 2019) According to Overton on his publication that elaborated to subject of the “linkage between economic base, revenue growth, and revenue stability in large Municipal Governments”, it is concluded that the sustainability of a state is also based on very important pillars for economic well-being such as: human, social, economic and environmental. (Overton, 2017)

### 1.1 Understanding macroeconomic instability

Before the comprehension of stability in macroeconomic sense, it should be addressed through multiple perspectives which indicates that instability is an occurring state to many countries, prior to that it is more or less understandable throughout the whole research, on why it is important to avoid such situations. It includes instable rate of inflation, instable economic growth, high unemployment rate and uncertainties in economic decisions and processes. Based on the analyst Cordesman in his report “The Civil Challenges to Peace in Afghanistan” it is concluded that the main factors that indicate instability are (Cordesman, 2019):

- Inflation
- Credit crisis
- Asset bubbles
- Economic recession
- Balance of payments crisis
- Debt crisis

### 1.2 Human capital

Most times in a particular way humans are the most important asset and capital the earth holds such is also concluded from one the authors of the publication “*Circular Economy and Plastics*” written by Akenji & more, “Human capital focuses on the importance of anyone who is directly or indirectly involved in the production of products, the provision of services or the wider actors (Human capital of the organization)”. (Akenji, 2019)

The main constituents of the labor force according to Nemfakos, “In *Workforce Planning in the Intelligence Community*” are employed persons and unemployed persons, excluding inactive persons. (Nemfakos, 2013) Which we can conclude the

important issue at hand which mostly causes the biggest imbalance in economic stability, the human capital, to be more exact the:

- Employed persons
- Unemployed persons
- Inactive persons

The human capital that has been reviewed in this research is unemployment in western Balkan with the hypothesis that there is a difference between the countries with the means of unemployment.

According to statistics obtained by the World Bank for the Western Balkan countries, the following figures are derived:

Table 1: Unemployment percentage rate in WB

Location	2014	2015	2016	2017	2018	2019
Kosovo	35.3	32.9	27.5	30.5	29.5	-
N. Macedonia	28.0	26.1	23.7	22.4	20.7	19.4
BaH	27.5	27.7	25.4	20.5	18.4	15.7
Albania	17.5	17.1	15.2	13.7	12.3	11.5
Serbia	19.2	17.7	15.3	13.5	12.7	12.0

Source: Rising Uncertainties 2019

### 1.3 Methodology

The analytic part of this research is conducted through the quantitative method, with numerical base, at the meantime the diligent use of economic bibliography, literature and various theories in relation to economic sustainability.

Another help received through this subject was One-way Anova, for presenting, calculating and submitting the results throughout the research. One-way Anova is the analytical method used in one sided analysis of means and variables taken for the comparison purposes. This method can also be used to compare means of two or more in this particular case six means, where these six means represent six Western Balkan countries in a numerical nature.

### 1.4 Result analysis

To keep track of any movement in unemployment rate for the analysis was important to take into consideration and use the past five consecutive years in exact words 2014-19, and to see whether the means can be compared or not.

The analysis presents the result of the difference as a difference equal to / less than .05 in which it indicates that the difference is not significant.

As prior stated to the cause of this research paper One-Way Anova with the alternative hypothesis that there is a difference between the compared means will be elaborated with the following bullet points:

- Difference between WB, in unemployment means of comparison towards Kosovo.
- Homogeneous sub-groups of unemployment 2014/19 WB.

The following hypothesis:

- Alternate hypothesis,  $H_a$ - there is indeed a difference between WB and Kosovo in the means of unemployment
- Null hypothesis,  $H_0$ -there is no difference between WB and Kosovo in the means of unemployment

Compared means Western Balkan

Post Hoc One-Way Anova, Kosovo towards WB- unemployment

(I)Location	(J) Location	Sig.	Difference Ha	H0
Kosovo	N. M	.003		No difference
	BaH	.009		No difference
	Montenegro	.000	Differs	
	Albania	.000	Differs	
	Serbia	.000	Differs	

According to P level as seen  $P < .05$ , the shown analysis through post hoc results state that:

- Kosovo in relation with North Macedonia and Bosnia and Herzegovina does not differ, indication that Null hypothesis to be accepted.
- Kosovo in relation with Montenegro, Albania and Serbia does indeed differ, indicating that there is indeed a difference, approving alternate hypothesis and declining the null hypothesis.

Post Hoc One-Way Anova, North Macedonia towards WB- unemployment

(I)Location	(J)Location	Sig.	Difference Ha	H0
N. Macedonia	Kosovo	.003		No difference
	BaH	.999		No difference
	Montenegro	.008		No difference
	Albania	.000	Differs	

	Serbia	.000	Differs	
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According to P value  $<.05$  the results conclude the following:

- In terms of unemployment North Macedonia shows no difference whatsoever with Kosovo, Bosnia and Herzegovina and Montenegro thus accepting Null hypothesis and rejecting alternate Hypothesis.
- North Macedonia has shown indeed difference with Albania and Serbia thus alternate hypothesis is accepted and rejecting the null hypothesis.

Post Hoc One-Way Anova, Bosnia and Herzegovina towards WB-unemployment.

(I)Location	(J) Location	Sig.	Difference	
			Ha	H0
BaH	Kosovo	.009		No difference
	N.M	.999		No difference
	Montenegro	.003		No difference
	Albania	.000	Differs	
	Serbia	.000	Differs	

According to P value  $<.05$  the results conclude the following:

- In terms of unemployment Bosnia and Herzegovina shows no difference whatsoever with Kosovo, North Macedonia and Montenegro thus accepting Null hypothesis and rejecting alternate Hypothesis.
- Bosnia and Herzegovina has shown indeed difference with Albania and Serbia thus alternate hypothesis is accepted and rejecting the null hypothesis.

Post Hoc One-Way Anova, Montenegro towards WB-unemployment

(I)Location	(J) Location	Sig.	Difference	
			Ha	H0
Montenegro	Kosovo	.000	Differs	
	N.M	.008		No difference
	BaH	.003		No difference
	Albania	.867		No difference
	Serbia	.809		No difference

According to P value  $<.05$  the results conclude the following:

- In terms of unemployment Montenegro shows no difference with Kosovo Null hypothesis is accepted thus rejecting alternate Hypothesis.

- Montenegro has shown indeed difference with North Macedonia, Bosnia and Herzegovina, Albania and Serbia thus alternate hypothesis is accepted and rejecting the null hypothesis.

Post Hoc One-Way Anova, Albania towards WB-unemployment

(I)Location	(J) Location	Sig.	Difference	
			Ha	H0
Albania	Kosovo	.000	Differs	No difference
	N.M	.000	Differs	
	BaH	.000	Differs	
	Montenegro	.867		
	Serbia	1.000	Differs	

According to P value <.05 the results conclude the following:

- In terms of unemployment Albania shows no difference towards Montenegro, Null hypothesis is accepted thus rejecting alternate Hypothesis.
- Albania has shown indeed difference with Kosovo, North Macedonia, Bosnia and Herzegovina and Serbia thus alternate hypothesis is accepted and rejecting the null hypothesis.

Post Hoc One-Way Anova, Serbia towards WB-unemployment

(I)Location	(J) Location	Sig.	Difference	
			Ha	H0
Serbia	Kosovo	.000	Differs	No difference
	N.M	.000	Differs	
	BaH	.000	Differs	
	Montenegro	.809		
	Albania	.000	Differs	

According to P value <.05 the results conclude the following:

- In terms of unemployment Serbia shows no difference towards Montenegro, Null hypothesis is accepted thus rejecting alternate Hypothesis.
- Serbia has shown indeed difference with Kosovo, North Macedonia, Bosnia and Herzegovina and Albania thus alternate hypothesis is accepted and rejecting the null hypothesis.

Homogenous Sub-group, unemployment means 2014/19 Western Balkans

Location	N	Sub-Groups		
		1	2	3

Serbia	6	15.1500		
Albania	6	15.3517		
Montenegro	6	17.1667		
North Macedonia	6		23.2667	
BaH	6		23.8600	
Kosovo	6			29.9167
Sig.		.809	.999	1.000

In homogeneous subsets the grouped means show that Kosovo has significant difference and can be compared to all measured means.

Bosnia and Herzegovina and North Macedonia can be compared to the first and third group but not between each other, stating that there is a significant difference between Serbia, Albania and Montenegro and third group Kosovo, yet no significant difference between group two North Macedonia and BaH.

Final conclusion based on the elaborated and presented topic on the paper:

- Prior to the subject it was cited that Kosovo contrary other countries of western Balkan, is known as the youngest countries of WB. Taking that into consideration and the analysis conducted through the reports from World Bank it is seen that Kosovo, has no difference on terms of unemployment 2014/19 with North Macedonia and Bosnia and Herzegovina, excluding other countries like: Albania, Montenegro and Serbia.
- Serbia, Albania and Montenegro as presented through the analysis are conducted as the countries with least unemployment rate. To put it in a particular sense of presenting the analysis, Serbia, Albania and Montenegro partake in the same homogenous sub-group such leading in the first group with the ability to be compared with two other sub-groups, the second to lead is North Macedonia and Bosnia and Herzegovina followed by the third group Kosovo.
- By the means compared it shows the sub-grouped means, rang Kosovo in last meaning it has the highest unemployment rate, such indicating the human capital is not at its full capacity leaving room for improvement.

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