

AGRICULTURAL UNIVERSITY - PLOVDIV
FACULTY OF ECONOMICS

ERBLINA RAHIM PIRA



**ECONOMIC GROWTH AS A FACTOR OF SUSTAINABLE ECONOMIC
DEVELOPMENT – CASE OF REPUBLIC OF KOSOVO**

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Reviewers:

Assoc. prof. Zornitsa Dimova Stoianova PhD

Assoc. prof. Dimo Atanasov Atanasov PhD

Scientific opinions:

Prof. d-r Rumen Ivanov Otouzbirov PhD

Assoc. prof. Hristina Stefanova Harizanova-Bartos PhD

Assoc. prof. Minko Atanasov Georgiev PhD

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GENERAL CHARACTERISTICS OF THE DISSERTATION

Research scope

In the recent years a major revision has been made in development thinking that is introducing a fundamental challenge to the conventional agreement on economic development. This new approach emphasizes the fulfillment of the basic needs of the poor, the support of cultural sensitivity, and encourages everyone's participation in the development process. Essentially, it points out that real improvements cannot occur in Third World countries or elsewhere if the strategies that are being formulated and implemented are not ecologically sustainable. Therefore, there is an increase in the acceptance that the overall objectives of the environment and economic development are not in conflict but are the same, which means improving the quality of life of people or their well-being for the present and future generations (Bartelmus, 1986).

However, it is difficult to understand analytically the concept of sustainable economic development. Given that he tries to describe the environment, economy and society as features of a continuous process, the difficulty lies in reaching a universally acceptable definition which is also analytically accurate. Very often, precision is sacrificed for acceptability (Barbier, 1987). (Barbier, 1987) further adds that although it may be very difficult, if not impossible, to define sustainable development in any rigorous analytical mode, there is still a need to describe its characteristics and to distinguish it from other development concepts, putting emphasis on its unique features of the environment, economy and society.

The economic policy objectives have changed over the years, while also modifying the concepts of economic development as well. According to the current non-Marxist agreement, economic development is defined as "the process in which real incomes for a country's capitals increase over a long period of time - provided that the number below the "absolute poverty line" is not increased, and that the distribution of income does not become uneven"(Meier, 1967). This consensus describes the following characteristics as features of economic development:

a) It is only a part of the total development of society, and can be eluted and analyzed separately;

b) Its quantitative dimension is related to economic accumulation, or increase in output for capita;

c) Its qualitative dimension is linked to technological and institutional changes, or "innovation" if we define it extensively; and

d) Ideally it must be measurable, which means that economic development is linked to economic benefits that can be measured directly and easily.

In an attempt to establish empirical validity and conceptual concretization, the economy has been inclined to translate any notion of "economic improvement" into a variable that can be measured and compared. Thus, if aggregate earnings growth for caps is considered as "the best overall index available for economic development", each relatively poor country experiencing absolute and relative real income growth should be, by definition, being successfully developed (Barbier, 1987). Moreover, adds (Barbier, 1987) the quantitative indicators of economic development can be divided and aggregated at every level. For example, the same criterion of relative and absolute rise in real income for capita can be applied to a relatively poor region, community, or income-generating group within a country.

Development has to be comprehensive in order to be sustainable; it has to accomplish the balance between economic, social and environmental goals. It should be noted that economic development differs from economic growth since economic development is a broader concept than economic growth. A comparison to these two concepts is as follows:

Economic growth is an increase of the real output of an economy in a particular period while economic development suggests an increase of the level of production in an economy alongside with the advancement of technology, living standards, etc.

Economic growth is used to measure economic performance for a year (short term) whereas economic development shows economic performance in long term. This means that a continuous and dynamic economic growth during a longer period of time leads to economic development, yet, economic growth is not the only indicator to affect economic development.

Also, the differences between those two concepts are in their scope: economic growth includes an increase in GDP, per capita income, etc., and is mostly applicable to developed economies.

Economic development presents refinement in life expectancy rate, literacy rate, poverty rates, infant mortality rate, etc., and is mostly applicable to developing countries.

And finally, from economic growth are expected only quantitative changes, whilst from economic development are expected quantitative and qualitative changes (S, 2015).

Regarding Kosovo's economic development, The Prime Minister's Office has made the 2016-2021 National Development Plan. The main issues to be tackled are human capital, good governance and the rule of law, competitive industries, and infrastructure. One of the reasons why companies from developed countries relocate their activities to developing countries like Kosovo, or when a Kosovo company has a priority over a company in a developed country, is the fact that in these states the cost of production is lower due to the cheaper labor force. A business will be favored if it will have to spend less money to get it out a product on the market. But in order for this investment to make sense, workers in Kosovo must be as productive and resourceful as those in developed countries. An investor can bring the machines more modern in Kosovo, but the question is whether they can find the workforce that have skills and qualifications needed to work with such equipment and to produce products of the required quality with those devices. Human capital refers to the skills of the workforce to use effectively physical capital, such as cars. Some workers need less time than others to produce the same thing. Some do the job better than others. Human capital also has to do with ability of people to be innovative and to develop new technologies, processes or products. These things determine the success of a company in a competitive international market. As such, they determine whether a state will develop or not. The more advanced the power skills of workers, the higher will be the income of workers and the economy in general. When it comes to skills, it is not just about technical skills, such as cutting and shaping of a product, but also of cognitive skills, such as logic and reasoning, or soft skills such as relationship with colleagues or work ethics. Creating these skills depends mainly on the quality of the education system, its connection to the labor market, the conditions in which people work in the market work, but also opportunities for gaining skills through migration, or brain drain from the diaspora. The development of human resources is expected to be achieved through:

- Comprehensiveness in preschool and pre-primary education
- Improve the quality of teaching in pre-university education

- The best link between the education system and the labor market
- Strengthen the functions of examination, inspection and accreditation in the education system
- Optimizing spending on education through data systems
- Short-term engagement of Diaspora experts and students
- Addressing informal employment and creating appropriate working conditions.

Research problem

This study is related in that it raises the question of how economic growth can be affected by economic growth (GDP) and how it can be affected by increasing FDI, reducing unemployment, reducing poverty, increasing the level of education, reducing and managing greenhouse gas emissions, improving the business climate, improving the trade deficit and increasing subsidies on agriculture.

Each of the variables is an important factor for economic growth. Undertaking CO₂ is a novelty in Kosovo and has been made due to the importance of greenhouse gas emissions in the local and global environment. So, including social factors, in addition to economic and environmental factors, it is the intention of all of them to contribute to the achievement of sustainable economic development.

Preliminary research of all variables has found that there is a need for many improvements especially in education. Education is the backbone of every nation's development, and Kosovo stumbles. In addition, due to high unemployment, Kosovo faces the outflow of high quality human capital (brain drain) by migrating to more prospective countries. Due to the high level of corruption and mismanagement, FDI flows are small; schemes for the poor leave to desire; the climate of doing business is improving but it can get even more; the trade balance deficit is always present because there is not enough production in the local economy to satisfy the needs of citizens and there is a lack of innovation and proper competition; Subsidies in agriculture have an increasing trend but are not sufficient for market saturation and employment growth.

So it is important to study all of these factors and then be clear on what their impact on the economy is to be able to intervene through policies to improve the situation and growth.

Study aims

In order to have a proper analysis on the impact of the variables under study on economic development, several goals have been set.

This study aims to:

1. Study the relationship between growth and economic development
2. Study the relationship between the variables under study and economic growth
3. Study the impact of economic factors (FDI, unemployment, trade balance, agriculture) on economic growth
4. Study the impact of social factors (poverty, education) on economic growth
5. Study the impact of environmental factors (CO₂, doing business) on economic growth
6. Explore the problems encountered in the case of factors and the creation of an overall climate conducive to faster and higher economic growth.

Research hypotheses

Based on the literature review and the review of other authors' studies concerning the same field, and the main objective of the current study to prove that the variables taken under study have an impact on dynamic and constant economic growth that creates conditions for a sustainable economic development, the hypotheses are as follows:

H_{1a} – Foreign direct investments are positively correlated to economic growth.

H_{1b} – Unemployment is negatively correlated to economic growth.

H_{1c} – Poverty is negatively correlated to economic growth.

H_{1d} – The education level is positively correlated to economic growth.

H_{1e} – Business environment is positively correlated to economic growth.

H_{1f} - CO₂ is negatively correlated to economic growth.

H_{1g} – Trade balance is positively correlated to economic growth.

H_{1h} – Agriculture is positively correlated to economic growth.

Following the analysis of the data, the results are expected to confirm the hypothesis about the impact of GDP on sustainable economic development through the above variables. During the discussions to be made, the econometric model is expected to show that GDP is the function of variables and its growth should be continuous to achieve sustainable economic development.

Research questions

Based on the problems and hypotheses raised as research issues in this study, it is evident that a considerable number of research questions are addressed. The main research questions are categorized into these three groups such as:

- I. What is the impact on the economic growth of the variables under study?
- II. What are the dimensions on which variables would affect economic growth in the country?
- III. What are the expectations of improving factor values in economic growth?

Some more specific research questions that will be clarified during the research are:

1. How productive are economic factors in Kosovo's economic growth?
2. What are the productive social factors in Kosovo's economic growth?
3. How is the increase in greenhouse gas emissions affecting the Kosovo economy?
4. What is being done to improve the economic climate?
5. What is the overall economic trend in the country?

Research objectives

The main objective identified to conduct the study is to prove that the variables taken into consideration: (i) investment, employment, trade balance and agriculture (economic factors); (ii) education level and poverty (social factors); (iii) CO₂, and the business environment (environmental factors); have an impact on the dynamic and constant economic growth that creates the conditions for sustainable economic development.

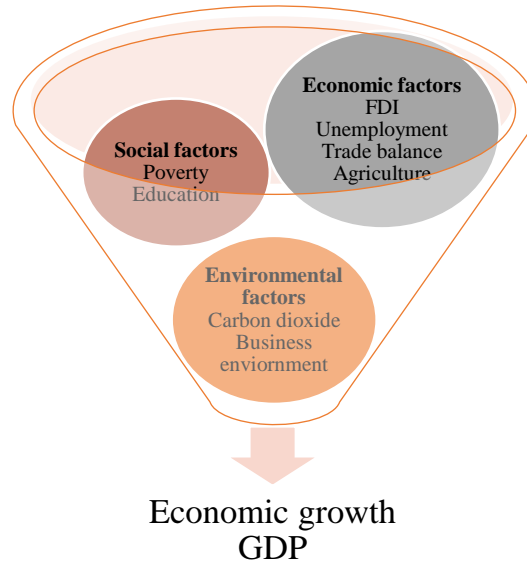


Figure 1 Research objectives

Research methodology and data source

In a summarized form, the study will be developed initially by providing secondary data on variables from International Financial Institutions, which will be handled according to the quantitative research methodology, in which case it will be analyzed and discussed through the correlation, using the relevant techniques and the SPSS computer program.

The analyzed data includes variables such as investment, employment, education, poverty, CO₂, business environment, trade balance and agriculture. Their main sources are the World Bank, the International Monetary Fund, the Organization for Economic Co-operation and Development and the International Bank for Reconstruction and Development, and some national institutions such as the Kosovo Agency of Statistics, the Central Bank, the Ministry of Finance and the Environment Protection Agency.

After the analysis of the data, their discussion will be made and the fact that each of the variables contributes to the overall picture of what is studied, and this discussion will determine the basis of the conclusions and recommendations chapters.

Except correlation, analyses such as PEST and SWOT will be integrated to enrich this study. Those two analyses combined will be giving an insight of external factors that affect economic

situation of the country. PEST Analysis is a management tool by which a company may analyze important external factors that influence its activity in order to become more competitive in the market. Those four areas are central to this model, as defined in the acronym. A SWOT analysis focuses on the acronym's four components, allowing companies to define the factors that impact a policy, action or initiative. Understanding these positive and negative aspects will help companies communicate more effectively what parts of a strategy need attention.

Study importance

Sustainable development refers to meeting the needs of the present generation without compromising the needs of the next generation. Achieving this is vital but challenging for policymakers on the issue, especially in a country like Kosovo. The adoption of efficient technologies would enable the utilization of natural and economic resources without damaging the planet and jeopardizing future prosperity, needless to mention that this would create new jobs leading to improved quality of life.

Study limitations

The limitation of this paper was the provision of data because the relevant institutions did not update the data for all the variables developed in this paper.

Expected results

This study will reflect the productivity and impact of variables on the country's economic growth. The analysis will highlight policies for managing the variables that are expected to have a positive impact (FDI, education, agriculture, business climate) and a negative impact (unemployment, poverty, CO₂, trade balance). This study is also expected to recommend such policies that will be aimed at improving the conditions for economic growth in the country.

The topic is systematically structured following the logical order of research:

Abstract

Declaration of originality

Dedication

Acknowledgment

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SUMMARY OF THE THESIS

CHAPTER ONE

Literature Review

As the dissertation focuses on economic growth and the conditions for sustainability, the growth theories, the pillars of sustainable development and the interrelationships between them, as well

as the opportunities for sustainable economic development through continuous economic growth are reviewed and discussed in the first chapter.

Against the background of the theoretical constructions, the main macroeconomic parameters of the Republic of Kosovo are presented and the economic sustainability and the history of Kosovo's growth are discussed.

CHAPTER TWO

Methodology

After the critical examination of other studies regarding the same field and after the extensive collection of facts that support the theory in question, a research method will be established that will be the basis for the development of empirical analyzes of this study. The quantitative method is selected as a research method for this study, as it meets the needs of providing data for the analysis. The data will be in the form of numbers and percentages, and their fluctuations over the years. After the analysis of the data, their discussion will be made and the fact that each of the variables contributes to the overall picture of what is studied, and this discussion will determine the basis of the conclusions and recommendations chapters.

To develop the empirical analyses of this study, secondary data on variables such as investment, employment, education, poverty, CO₂, business environment, trade balance, and agriculture are planned to be used; from International Financial Institutions such as the World Bank, the International Monetary Fund, the Organization for Economic Co-operation and Development and the International Bank for Reconstruction and Development, and national institutions such as the Kosovo Agency of Statistics, the Central Bank, the Ministry of Finance and the Environment Protection Agency.

The use of secondary data as the primary source of data has its own advantages and disadvantages. As a top priority we mention saving time and financial resources while collecting data, and the relative ease of access to those data. As a disadvantage, we can enumerate in principle the quality of the data, and then their confidentiality.

To a proper analyses, the aforementioned variables will help us and the model will be evaluated with correlation. Correlation is a statistical relationship between two random variables. It plays a

very important role in interpreting studies according to the quantitative research method and is applied according to computer programs. The Statistical Program (SPSS) will be used to perform high-complexity manipulation of data and various analyzes by applying simple instructions.

So, in a summarized form, the study will be developed initially by providing secondary data on variables from International Financial Institutions, which will be handled according to the quantitative research methodology, in which case it will be analyzed and discussed through correlation, using the relevant techniques and the SPSS computer program.

PEST Analysis is a management tool by which a company may analyze important external factors that influence its activity in order to become more competitive in the market. Those four areas are central to this model, as defined in the acronym. It is accepted that PEST Analysis was first presented under the name ETPS by Harvard professor Francis J. Aguilar. In the 1967 distribution "Scanning the Business Environment," (Aguilar) introduced the political, economic, social, and technological factors as being significant effects on the business condition. Along these lines, the letters were revamped to make a helpful and peculiar abbreviation utilized today. The acronym stands for:

Political – Here government guidelines and legitimate elements are surveyed as far as their capacity to influence the business condition and exchange markets. The primary issues tended to right now political dependability, charge rules, exchange guidelines, wellbeing guidelines, and business laws.

Economic – Through this factor, organizations inspect the monetary issues that will undoubtedly affect the organization. This would incorporate variables like swelling, financing costs, monetary development, the joblessness rate and strategies, and the business cycle followed in the nation.

Social – With the social factor, a business can investigate the financial condition of its market by means of components like client socioeconomics, social impediments, way of life mentality, and training. With these, a business can see how shopper needs are molded and what carries them to the market for a buy.

Technological – How innovation can either decidedly or adversely sway the presentation of an item or administration into a commercial center is surveyed here. These elements incorporate

innovative progressions, lifecycle of advancements, the job of the Internet, and the spending on innovation look into by the administration.

Political Factors to Consider

- When is the nation's next nearby, state, or national political race? How could this change government or territorial strategy?
- Who are the most probable contenders for power? What are their perspectives on business strategy, and on different approaches that influence your association?
- Depending on the nation, how very much created are property rights and the standard of law, and how far reaching are debasement and sorted out wrongdoing? How are these circumstances prone to change, and how is this liable to influence you?
- Could any pending enactment or tax collection changes influence your business, either decidedly or adversely?
- How will business guideline, alongside any arranged changes to it, influence your business? What's more, is there a pattern towards guideline or deregulation?
- How does government approach corporate arrangement, corporate social duty, ecological issues, and client assurance enactment? What effect does this have, and is it liable to change?
- What is the presumable timescale of proposed administrative changes?
- Are there whatever other political variables that are probably going to change?

Economic Factors to Consider

- How stable is the present economy? Is it developing, stagnating, or declining?
- Are key trade rates stable, or do they will in general shift fundamentally?
- Are clients' degrees of discretionary cashflow rising or falling? How is this prone to change in the following not many years?
- What is the joblessness rate? Will it be anything but difficult to fabricate a gifted workforce? Or on the other hand will it be costly to contract talented work?
- Do buyers and organizations have simple access to credit? If not, in what manner will this influence your association?
- How is globalization influencing the monetary condition?

- Are there whatever other financial components that you ought to consider?

Socio-Cultural Factors to Consider

- What is the populace's development rate and age profile? How is this liable to change?
- Are generational moves in disposition prone to influence what you're doing?
- What are your general public's degrees of wellbeing, training, and social portability? How are these changing, and what effect does this have?
- What business designs, work showcase patterns, and mentalities toward work would you be able to watch? Are these distinctive for various age gatherings?
- What social mentalities and social taboos could influence your business? Have there been ongoing socio-social changes that may influence this?
- How do strict convictions and way of life decisions influence the populace?
- Are some other socio-social factors liable to drive change for your business?

Technological Factors to Consider

- Are there any new innovations that you could be utilizing?
- Are there any new advances seemingly within easy reach that could profoundly influence your work or your industry?
- Do any of your rivals approach new advancements that could reclassify their items?
- In which zones do governments and instructive establishments center their exploration? Is there anything you can do to exploit this?
- How have framework changes influenced work designs (for instance, levels of remote working)?
- Are there existing innovative center points that you could work with or gain from?
- Are there whatever other mechanical variables that you ought to consider?

Benefits of a PEST Analysis

There are various advantages of leading a PEST analysis, which can procure profits for your business. The more noteworthy advantages include:

- A more prominent comprehension of your organization
- More viable long haul vital arranging
- Heightened regard for potential dangers and risks
- Insight for significant business openings

A SWOT investigation centers around the abbreviation's four segments, permitting organizations to characterize the components that sway an approach, activity or activity. Understanding these positive and negative perspectives will assist organizations with imparting all the more viably what parts of a technique need consideration.

SWOT represents Strengths, Weaknesses, Opportunities, and Threats.

Strength and weaknesses are internal —things that you have some authority over and can change. Models incorporate who is in your group, your licenses and protected innovation, and your area.

Opportunities and threats are external —things that are going on outside your organization, in the bigger market. You can make the most of chances and ensure against dangers, however you can't transform them. Models incorporate contenders, costs of crude materials, and client shopping patterns.

Strengths

Qualities are inward, positive properties of your organization. These are things that are inside your control.

- What business forms are fruitful?
- What resources do you have in your group, for example, information, training, system, aptitudes, and notoriety?
- What physical resources do you have, for example, clients, gear, innovation, money, and licenses?
- What upper hands do you have over your opposition?

Weaknesses

Weaknesses are negative factors that bring down your qualities. These are things that you may need to enhance to be serious.

- Are there things that your business should be serious?
- What business forms need improvement?
- Are there unmistakable resources that your organization needs, for example, cash or hardware?
- Are there holes in your group?
- Is your area perfect for your prosperity?

Opportunities

Opportunities are outside elements in your business condition that are probably going to add to your prosperity.

- Is your market developing and are there patterns that will urge individuals to purchase a greater amount of what you are selling?
- Are there up and coming occasions that your organization might have the option to exploit to develop the business?
- Are there up and coming changes to guidelines that may affect your organization decidedly?
- In the event that your business is ready for action, do clients have a favorable opinion of you?

Threats

Threats are outer elements that you have no power over. You might need to consider setting up alternate courses of action for giving them on the off chance that they happen.

- Do you have potential contenders who may enter your market?
- Will providers consistently have the option to supply the crude materials you need at the costs you need?
- Could future improvements in innovation change how you work together?
- Is purchaser conduct changing in a manner that could adversely affect your business?
- Are there showcase drifts that could turn into a danger?

PEST analysis is a methodological approach that allows to identify, track and evaluate changes that will occur in these factors and their impact on the overall competitive situation in the

economy, primarily on the basis of the qualitative analysis, PEST analysis is considered a good tool to answer the question: What will be the GDP growth trends after a given period?

The purpose of SWOT analysis is to summarize and highlight problematic and promising areas, and this is illustrated by a well-established methodology - the allocation of factors of strengths, weaknesses, opportunities and threats. In practice, the variables foreign direct investment, unemployment, poverty, education, business climate, the environment, trade balance, and agriculture need to be characterized and distributed in the SWOT matrix - which is emerging as a strength of the Kosovo's economy in terms of economic growth opportunities, which is a weakness, which is an opportunity and which is a threat.

CHAPTER THREE

Results and Discussion

In this paper we will use different methods of data analysis in order for our results to have scientific confidentiality, using the SPSS statistical program. The methodology used will help to ascertain the impact of determinants such as FDI, unemployment, poverty, education, doing business, carbon dioxide, trade balance, and agriculture in economic growth in Kosovo. The data we will use to analyze the correlation and it will mainly be obtained from financial institutions, both from the Central Bank of Kosovo and from the World Bank, but also from the Kosovo Agency of Statistics. As we have completed the data description, we will now proceed with correlation and PEST/SWOT Analyses to obtain the information on how variables are correlated between them and what are the factors to impact the economic growth of Kosovo. This analysis is a methodological approach that allows to identify, track and evaluate changes that will occur in these factors and their impact on the overall competitive situation in the economy, primarily on the basis of the qualitative analysis, PEST analysis is considered a good tool to answer the question: What will be the GDP growth trends after a given period?

In the previous chapter we presented data and their dynamics in Kosovo. Empirically, we will explore the relationship between GDP and FDI, unemployment, poverty, education, business, carbon dioxide, trade balance, and agriculture in the Kosovo economy for the period 2006 - 2018. This interdependence will we realize using the linear regression methodology. This

method used for empirical model estimation will enable us to express coefficients of interdependence between independent variables and economic development. The statistical data used for the analyses generated in this paper is derived from official publicly available data from the World Development Indicators (WDI) published by the World Bank (2017). Our show includes the period from 2006 to 2018 for Kosovo. Since we need variables for correlation analysis that express economic growth in the context of sustainable development, FDI, unemployment, poverty, education, and so on, we will use the following meters:

Table 1 Definition of variables used in the model

Variables	Measure	Expected report
Economic growth	Real growth of GDP	
Foreign direct investments	Neto income of FDI	+
Unemployment	Unemployment as a percentage of general population	-
Poverty	Daily consume per resident	-
Human capital development	Enrollment in schools and universities	+
Doing business	World Bank ranking	+
Carbon Dioxide	Emissions in gigagram	-
Trade Balance	Export Import raport	+
Agriculture	Subsidies	+

Correlation

The table below shows the results of Pearson correlation between variables conducted with SPSS.

Table 2 SPSS Pearson Correlation

		Correlations								
		GDP (%)	FDI (million)	Unemployment (%)	Poverty (in euros)	Education (in thousands)	Doing Business (WB Ranking)	Carbon Dioxide (Gigagram, thousands)	Trade Balance (billion)	Agriculture (Subsidies, million)
GDP (%)	Pearson Correlation	1	.816**	-0.499	0.301	0.055	-.767**	0.280	-.757**	0.602
	Sig. (2-tailed)		0.002	0.118	0.511	0.871	0.010	0.591	0.007	0.066
	N	11	11	11	7	11	10	6	11	10
FDI (million)	Pearson Correlation	.816**	1	-0.409	-0.387	-0.021	-.695*	-0.157	-.755**	0.460
	Sig. (2-tailed)	0.002		0.212	0.391	0.952	0.026	0.767	0.007	0.181
	N	11	11	11	7	11	10	6	11	10
Unemployment (%)	Pearson Correlation	-0.499	-0.409	1	-.780*	-0.355	.699*	0.343	.790**	-.813**
	Sig. (2-tailed)	0.118	0.212		0.039	0.284	0.024	0.506	0.004	0.004
	N	11	11	11	7	11	10	6	11	10
Poverty (in euros)	Pearson Correlation	0.301	-0.387	-.780*	1	-0.160	-0.549	-0.776	-.976**	0.649
	Sig. (2-tailed)	0.511	0.391	0.039		0.732	0.202	0.123	0.000	0.114
	N	7	7	7	7	7	7	5	7	7
Education (in thousands)	Pearson Correlation	0.055	-0.021	-0.355	-0.160	1	-0.178	0.242	0.066	0.226
	Sig. (2-tailed)	0.871	0.952	0.284	0.732		0.622	0.644	0.847	0.530
	N	11	11	11	7	11	10	6	11	10
Doing Business (WB Ranking)	Pearson Correlation	-.767**	-.695*	.699*	-0.549	-0.178	1	0.081	.883**	-.967**
	Sig. (2-tailed)	0.010	0.026	0.024	0.202	0.622		0.897	0.001	0.000
	N	10	10	10	7	10	10	5	10	9
Carbon Dioxide (Gigagram, thousands)	Pearson Correlation	0.280	-0.157	0.343	-0.776	0.242	0.081	1	0.490	-0.157
	Sig. (2-tailed)	0.591	0.767	0.506	0.123	0.644	0.897		0.324	0.766
	N	6	6	6	5	6	5	6	6	6
Trade Balance (billion)	Pearson Correlation	-.757**	-.755**	.790**	-.976**	0.066	.883**	0.490	1	-.901**
	Sig. (2-tailed)	0.007	0.007	0.004	0.000	0.847	0.001	0.324		0.000
	N	11	11	11	7	11	10	6	11	10
Agriculture (Subsidies, million)	Pearson Correlation	0.602	0.460	-.813**	0.649	0.226	-.967**	-0.157	-.901**	1
	Sig. (2-tailed)	0.066	0.181	0.004	0.114	0.530	0.000	0.766	0.000	
	N	10	10	10	7	10	9	6	10	10

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

Variables	Expected correlation	Resulted coefficients	Resulted correlation
FDI	Positive	0.816	Strong positive
Unemployment	Negative	-0.499	Moderate negative
Poverty	Negative	0.301	Weak positive
Education	Positive	0.055	Weak positive
Doing Business	Positive	-0.767	Strong negative
Carbon dioxide	Negative	0.28	Weak positive
Trade balance	Positive	-0.757	Strong negative
Agriculture	Positive	0.602	Moderate positive

Based on the table above, it can be easily noticed that not all predictions resulted as expected. FDI, poverty, education, carbon dioxide, and agriculture are positively correlated, with FDI being strongly correlated. Expected results were not met by poverty and carbon dioxide. Unemployment, doing business, and trade balance are negatively correlated, with doing business being strongly correlated as well as trade balance. Expected results were not met by doing business and trade balance.

PEST Analysis

With each passing governance, Kosovo has had minor changes in its overall economic situation. However, in the recent years policymakers seems to had put some more stress on the matters that concern economy. They have finally captured the elements that politics can affect so that by improving them, Kosovars would have a better quality of life.

On the table below, all the factors that are identified to have an impact on the present and future prosperity of the economy are listed, with explanations.

There are 4 main effects of these political factors on economy. They are:

- Impact on economy - The political situation of a country affects its economic setting. The economic environment affects the business performance. For example, there are major differences between political parties in Kosovo. This influences factors like taxes and

government spending, which ultimately affect the economy. A greater level of government spending often stimulates the economy.

Table 3 PEST Analysis

PEST Analysis			
Political	Economic	Social	Technological
<ul style="list-style-type: none"> • Bureaucracy • Corruption level • Freedom of the press • Tariffs • Trade control • Education Law • Employment law • Discrimination law • Environmental Law • Health and safety law • Competition regulation • Regulation and deregulation • Tax policy (tax rates and incentives) • Government stability and related changes • Government involvement in trade unions and agreements • Import restrictions on quality and quantity of product • Intellectual property law (Copyright, patents) • Consumer protection and e-commerce • Laws that regulate environment pollution 	<ul style="list-style-type: none"> • Tax rates • Loans • Employment • Investments • Demand/Supply • Wages 	<ul style="list-style-type: none"> • Education and training • Poverty • Gender equality • Minority equality • Health • Population growth 	<ul style="list-style-type: none"> • Communication • Transportation • Innovation • Globalization

Source: Author

- Changes in regulation - Governments could alter their rules and regulations. This could in turn have an effect on economy. A good example would be for governments to intervene with rules to make public companies accountable.
- Political stability - Lack of political stability in a country effects economy. This is especially true for the companies which operate internationally. For example, an aggressive takeover could overthrow a government. This could lead to riots, looting and

general disorder in the environment. These disrupt business operations. Such was the case in Kosovo in 2014, where it took six months for the formation of the government and its institutions, which led to a decline in GDP and a worsening economic situation in general.

- Mitigation of risk - Buying political risk insurance is a way to manage political risk. Companies that have international operations use such insurance to reduce their risk exposure. There are some indices that give an idea of the risk exposure in certain countries. The index of economic freedom is a good example. It ranks countries based on how politics impacts business decisions there.

Change in the political factors can affect business strategy, hence economy, because of the following reasons:

- The stability of a political system can affect the appeal of a particular local market.
- Governments view business organizations as a critical vehicle for social reform.
- Governments pass legislation, which impacts the relationship between the firm and its customers, suppliers, and other companies.
- The government is liable for protecting the public interest.
- Government actions influence the economic environment.
- Government is a major consumer of goods and services.

Economic

Economic factors that affect Kosovo's economy and standard of living are:

- Tax rates - The tax rate is a crucial part of the economy. Tax rate affects the price of goods and its sales which affects the economy.
- Loans – businesses in Kosovo does not have much options when it comes to financing their operations. They apply for loans, whose interest rates are very high given the

economy situation. Role of law would make these rates to go lower and economy to bloom.

- Employment – Higher rates of employment would mean a higher income and a better living standard for the citizens. This factor continues to be one of the main economic factors that Kosovo needs to attend.
- Investments – No matter what laws are created, Kosovo still stumbles in attracting foreign direct investments.
- Demand/Supply - Demand or supply of goods or services affects the economy as with the increase in demand price of goods or service increase which result in inflation and with inflation money supply in economy increases and with increases in the supply of goods or services price of same decreases. Demand and supply are depended on each other.
- Wages - Wages paid to labor or employee is a direct cost to the company which is added to cost of goods or service through which it affects the economy and another way through which wages affect the economy is with an increase in wages consuming the power of one increases and increase consumer spending.

Social

Social factors affecting Kosovo's economy are:

- Education and training - Education is the most important tool in the development of the country. Education helps one to grow and develop which will result in the development of the economy. And skill training helps one to develop self which results in high wages and development of the economy.
- Poverty – Poverty in Kosovo is continuing to grow year by year, making the social situation in Kosovo more alarming. The government is required to invest more in strengthening the private sector, which is considered a key indicator of poverty alleviation.

- Gender equality - In Kosovo, gender equality is still an unreachable standard. Being a patriarchal society, the problematization of gender issues is not yet at its proper level. As an indication of this is that women are still underrepresented in many spheres of society.
- Minority equality - Even after the law that guarantees the rights and inclusion of minorities in all areas of Kosovo, minorities feel and are excluded. Most of them are not educated and are not employed, living life in poverty. Their contribution to the economy is as negligible as that of state institutions to them.
- Health - As doctors' salaries in Kosovo have increased, they still tend to take bribes precisely because salaries are not enough. High corruption and poor conditions in health institutions make citizens angry with the situation. The drafting of the law on health insurance and its application would make a difference.
- Population growth - Kosovo has a significant population increase. If we make comparisons from the 90's we can see that the increase has decreased. Nowadays, there are numerous migrations abroad due to the economic situation and the final balance of the population is below zero every year.

Technological

Technological factors that affect economic growth of Kosovo are:

- Communication – Both communication and transportation play an important role on the economy. If both are improved, cheap and quick, they will increase the quality and quantity of the mobility of factors of production.
- Transportation
- Innovation – It can lead to higher productivity. As it rises, more goods and services are produced, hence, the economy grows.
- Globalization – It promotes economic growth by broadening the market and having access to other cultures and economies.

SWOT Analysis

For this analysis, all variables taken under study are distributed into the analysis acronym following two tables below.

Table 4 SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> • Doing business 	<ul style="list-style-type: none"> • Unemployment • Poverty • Education • Trade Balance
Opportunities	Threats
<ul style="list-style-type: none"> • Foreign Direct Investments • Agriculture 	<ul style="list-style-type: none"> • CO₂

Source: Author

Table 5 SWOT Analysis, elaborations

Doing business	
Strengths	<p>The climate of doing business is improving each year in Kosovo, which is leading to the creation of more businesses. From all the factors that are being studied, doing business is the best performing till now. The criteria to fulfill to open up a business are very easy as well as the fiscal support that the Government allows. The score of Kosovo in the World Banks's Doing Business Report is above regional average, being 95.5, while the overall rank is 44 for the past year dropping for 4 places since the prior year. Of course, has to do more to further improve this factor, as it needs to be more competitive. Some areas that should be considered are: informal economy, strengthening the rule of law, support for vocational training and lifelong education, classification of electricity cost, high cost to witness international standards, supporting businesses in digitalization and networking, the design of business plans and their implementation has been cited as an obstacle, advancing partnerships with commercial banks in Kosovo, the creation of a so-called "one-stop shop" to eliminate institutional bureaucracy, coordination of activities with economic diplomacy, access to a horizontal rather than a vertical plane in the allocation of subsidies, defining the role and responsibility according to the competencies of the ministries of the economic field.</p>

Unemployment

Unemployment rate in Kosovo continues to be high. It can be said that this factor is a very important one to the present situation of the national economy. In terms of economic development in Kosovo, we are witnessing that there is no proper development to entice its citizens to be employed here, but there are always intentions to emigrate. Current policies have not borne fruit to grow our economy. Kosovo's economy cannot grow through revenues from Kosovo Customs, but the economy grows by doing long-term projects by opening factories in the small, medium and family economy. To make a radical jump in lowering unemployment we are aware that economic growth of 4.3 per cent is not an increase that takes a radical step in reducing unemployment, but the positive side is that we are growing faster and more economically each year in the Balkans. We must keep this trend in order to gradually reduce unemployment.

Poverty

Poverty is a problem presented everywhere in the world, so it is an important topic to research and discuss. It is quite difficult to approach the depth of poverty and to recognize the methods that countries in the past have used to eliminate or avoid it. Even developed countries face poverty, but have methods that help alleviate and eliminate the consequences of poverty. The large presence of poverty in Kosovo is a major reason for its research. This reason becomes even greater because the possibilities of economic existence to ensure a normal living for a large part of the population in Kosovo are still a matter of human and intellectual concern. Hunger is the most extreme manifestation of human poverty and loss. This is a violation of basic human rights. In addition, hunger is among the first health risks, which causes multiple deaths each year due to malaria, HIV / AIDS, Tuberculosis and many other combined cases. In Kosovo, according to data provided by the World Bank, about 18% of the population lives in extreme poverty, averaging less than \$ 1 a day for each family or household. Also, according to the Kosovo Agency of Statistics, 45% of the Kosovar population lives in poverty, with around 18% living in dangerous poverty. They also claim that without the help of family members who provide diaspora income, this situation would be much worse. Poverty has increased more in rural areas, however poverty varies across regions across Kosovo. Geographically, 60% of people living in poverty live in three main regions: Mitrovica, Pristina and Prizren. These data are derived from the United Nations and World Bank reports. According to the Ministry of Health, Labor and Welfare (2007), the population of developed countries also living below the poverty line is close to 16%, which is not far from what we are facing. Some of the major causes of hunger include population growth, rising food prices, unbalanced food consumption, lack of rain and the presence of adverse weather conditions, and a lack of human rights. On the other hand, the effects of hunger include numerous health damages, decreased organ development or abnormal child development, visual problems, and many other diseases and in some cases even death. Overall, this problem is widespread worldwide and our goal is to start implementing successful ways to address this problem in Kosovo first. Some ways we can use this action include NGO donations, food donations to poor communities, raising public awareness and holding public discussions, and lastly, educating people and companies about avoiding dumping excess food and ways to donate excess materials.

Education

The quality of education in Kosovo is very low. This is due to: Lack of inter-ministerial, governmental coordination regarding education issues; Citizens uninformed about their rights and duties to ensure quality education; Lack of monitoring of the implementation of legislation at all levels of the education system and of the harmonization of primary and secondary legislation in the field of education. Government's disregard for the priorities of the National Development Strategy; Small budget for education; Misinterpretations of existing legislation on responsibilities and competences of different actors regarding the quality of education; School management unqualified for the post of principal according to KESP requirements; Untrained teachers for teaching according to the new syllabus and malfunctioning of the system of licensing and payment of teachers according to performance; Lack of courses on political education, ethics and labor market policies; Lack of awareness of all parties about education as a public responsibility.

Trade balance

The trade balance remains negative from year to year. The official document of the Trade Policy of Kosovo adopted by the Government of the Republic of Kosovo in 2009 was aimed at achieving the following key objectives: Further liberalization of trade according to a detailed plan as well; Institutional capacity building along with strengthening the coordination structure with the private sector. In this respect regarding trade agreements, Kosovo was forced to become a part of the CEFTA agreement which was signed in 2006 by UNMIK on behalf of Kosovo, but entered into force on May 1, 2007. It is worth noting that since then, Kosovo has not benefited from this agreement either institutionally or economically. Moreover, Kosovo has not been treated equally by most CEFTA countries. Kosovo is facing an increasing trade deficit with CEFTA countries, especially for trade in goods. The fact that Kosovo has the lowest level of exports in the region is a clear sign of the difficulties in concrete trade barriers that Kosovo companies still face in CEFTA, especially with Serbia and Bosnia and Herzegovina, but quite often with Albania and Macedonia. Kosovo has negotiated on its behalf a Stabilization and Association Agreement (SAA) with EU countries, which has already completed three years of implementation. In contrast to CEFTA, the SAA has brought the first results especially in the commercial aspect, where not only imports but also exports have increased significantly, contributing to the diversification of trade exchanges of 470 new agricultural products. While there are still challenges, the SAA has brought results and remains promising in the future. Furthermore, in terms of trade agreements, Kosovo is currently negotiating a trade agreement with the United Kingdom, and intends to start negotiations in the near future with EFTA countries as well. Kosovo is also a beneficiary of the Autonomous Trade Preferences System from: the US; Norway; Japan; Switzerland and also the EU. Applying to the WTO remains a close goal. Regarding the legal framework for regulating foreign trade and the internal market, the following laws are currently in force: Law on Services; Law on anti-dumping and counter-balancing measures and Law on safeguards on imports. All laws are almost in line with international practice and have administrative instructions within them. Also, the Law on Foreign Trade and the Law on Internal Trade, both of which are currently in the process of being amended. And last but not least, MTI continues to have a very reliable cooperation with the private sector when through this mechanism such as: National Council for Economic Development, National Committee for Trade Facilitation and working subgroup for agriculture, industry and services businesses continually consult and address the issues they face.

Opportunities	<p style="text-align: center;">Foreign direct investments</p> <p>This factor is a promising one and also an opportunity for Kosovo's economy. Nevertheless, problem is the quality of foreign direct investment, when we say quality does not have a quality measure here, but it can be seen with the added value in the economy. We have very few investments that have created added value in the economy. The best investment promotion is when conditions improve here in Kosovo, when there is enough electricity, when we eliminate bureaucracy, when we have no problem with building permits, with different licenses, when we reduce corruption, when we increase performance of the judiciary when dealing with property issues. If there is an increase in the FDI level in Kosovo then this would lead to an improvement in the overall economic climate with increased employment, increased income and consumption, increased export and improved balance of payments.</p> <p style="text-align: center;">Agriculture</p> <p>The agricultural sector contributes 12% of GDP to Kosovo. It currently employs 5% of total employment, and is the main source of rural income and employment. Food costs account for about 64% of household expenses when broken down into bread and cereals (19%), milk, cheese and eggs (17%), meat (15%) and vegetables (13%). Agricultural imports outperform agricultural exports by a significant margin. Kosovo has a comparative advantage in fields, orchards and plants from gardening as well as livestock. While these have high potential production and profit, farmers continue to produce low-yield crops, such as cereals, for food safety reasons. The agricultural sector is regarded as one of the sectors with great potential in Kosovo, which can help the economic development of the country. Kosovo's economy and agricultural policy experts say investing in the sector will enable the country to grow faster. Kosovo institutions, they say, should create incentives to promote the cultivation of unused land, as well as provide facilities that reduce the cost of production. In the governing program, particular importance is attached to the development of agriculture. It stated that "the Government will be strongly committed to promoting the product chain, from primary agricultural production, to processing, storage and marketing of agricultural products, as well as credit and subsidy incentives and the improvement of public infrastructure."</p>
Threats	<p style="text-align: center;">Carbon dioxide</p> <p>Atmospheric concentrations of carbon dioxide and other greenhouse gases have reached the highest levels. Greenhouse gases are the main threat not only for Kosovo but for the entire world. Their emissions are increasing each year due to the increasing of using coal, petroleum products and other materials that cause it. If the greenhouse gas emissions have this trend, its impact on population, economy, and planet will be disastrous. The best way to prevent this from happening is to cut the use of materials and technologies that would cause CO₂ emissions.</p>

Source: Author

CHAPTER FOUR

Conclusions and Recommendations

From the analyses developed in the third chapter, we see that the FDI has a positive sign, as well as poverty, education, carbon dioxide and agriculture, while unemployment, doing business, and trade balance have a negative sign. Variables that did not result according to prediction are poverty, doing business, carbon dioxide, and trade balance. The explanation for why the climate of doing business has a negative sign is; Kosovo's ranking over the years has changed by ranking in countries that appear numerically as the lowest. Whilst, regarding the negative sign of trade balance is because Kosovo has a negative trade balance, i.e. trade balance is in deficit.

Below are some recommendations on what should be done in the case of Kosovo to attract quality FDI:

1. **To open the market and allow FDI inflows.** This can be achieved by reducing the FDI ban. Favorable conditions should be provided for all firms, domestic and foreign, including: ease of doing business, access to imports and exports, flexible labor markets and intellectual property protection.

2. **Creating an Investment Promotion Agency (IPA).** This agency would target the right foreign investors and then become a bridge between them and the local economy. This agency could also act as a response to the requests of investors from the host country. It would also act as a catalyst for the local economy to provide the right infrastructure, skilled workers, engineers, managers, and so on. It should also engage in post-investment affairs to maintain all of the above and attract more investment in the country.

3. **Think of the activities and/or sectors that should be targeted.** Not all developing economies have the same goals of the form and manner of economic development. There are many factors that depend on what the economy should focus on. Kosovo should be interested in bringing in investments that increase employment and contribute to enhancing human resource capability and knowledge.

4. **Infrastructure.** Every investor should have easy access to roads, ports, and airports. Also, there should be continuous and uninterrupted access to electricity, utilities, buildings, and capable labor.

5. **Strengthening the link between FDI - local economy.** Foreign firms should be allowed to increase competition with domestic firms, the latter should be obliged to increase their creativity in the face of market forces, and on the other hand, foreign firms would assist in establishing the production line, financing, assisting in quality control, and helping introduce them to foreign markets.

6. **Workforce Mobility.** Domestic firms founded and / or led by managers who have started working in international firms are more successful and productive than others. Managers of local firms would gain knowledge in technology and forms of marketing if they emittid international firms. Thus, the movement of workers from international to domestic firms would help to disseminate knowledge and skills.

7. **Encourage first-time foreign direct investors.** Foreign firms that have never been engaged in the domestic market are more likely to be willing to engage in the local economy than those that are already present.

8. **Fostering foreign direct investment from the diaspora.** As Kosovo has a large number of persons living and operating in European countries and beyond, it is likely that persons who have firms will extend the network to Kosovo, as well as those who do not have firms but have financial opportunities to start something new in Kosovo.

9. **Providing access to credit.** It is advisable for the host country to have a well-developed financial system so that it is easier for foreign firms to obtain loans for further capacity development. Kosovo does not have a developed secondary financial market, so it is inexistent. However, the primary market is very poorly developed. If policymakers were to concentrate on creating a secondary financial market in Kosovo, it would help local firms in two respects: one is that foreign firms would invest in local firms, and the other is that local firms would benefit from investments made by foreign firms in Kosovo; a symbiotic relationship.

10. **Non-discrimination.** International firms that are most profitable for the country must be accepted for investment in the country no matter what nationality it is. Another thing to keep in mind is that the law should become more operational in order to lower the level of corruption for investment in the country as this is the primary problem with attracting investment in Kosovo.

11. **Time.** Once goals and priorities are set, investments are expected. Investments come in waves. Their contribution to the economy can be seen after several years, depending on

what the investment is. So, there is a need for patience to reap the benefits as if impatience is to be reversed and policies reversed, this may lead to a reduction in the benefit to the host country.

The list of recommendations for reducing unemployment includes policies on:

1. **Use of workforce-intensive technology.** Both organized and non-organized sectors must employ labor-intensive technologies if sufficient employment opportunities are to be generated in both the rural and urban sectors of the economy. The decline in employment elasticity of output growth is mainly due to the increasing trend of capital intensity in the organized industrial sector as well as in agriculture. Increasing the mechanism of agriculture in different countries has reduced the employment resilience of increasing agricultural production. Therefore, to increase labor intensity, appropriate monetary and fiscal measures should be taken to discourage the use of capital-intensive techniques. Certainly, the use of labor-intensive techniques with lower productivity of workers in industry and agriculture may reduce output growth. Thus, there may be the same trade-offs between employment and production growth. In our view, due to the seriousness of the problem of unemployment, an increase in products should be sacrificed for the sake of more employment.

2. Second, an important reason for the slow growth in employment in the agricultural and rural sectors has also been **the lack of investment or capital formation in agriculture**. Both public and private sector investment in agriculture has declined since the early 1990s. Of particular importance from the point of view of employment generation is the investment in irrigation, rural roads, flood control projects, energy generation and other infrastructure. It is noteworthy that investment not only creates direct employment but also has a multiplier effect which works through backward and forward links. The announcement by the government to provide more loans to farmers at lower than market interest rates by commercial banks will also ensure that small and medium-sized farmers will be able to buy fertilizers, other inputs with higher productivity high and arrange their irrigation. But a good number of people engaged in agriculture and related activities are not productively employed. In fact there is a widespread spread of unemployment and masked unemployed. Economic reforms have neglected large agriculture, which still does not receive sufficient credit from commercial banks. No wonder there has been a decline in investment or capital formation in agriculture by both the private and public sectors. This is an important reason why employment opportunities in agriculture have not increased much, causing rural unemployment to increase.

3. **Decreasing job geographic mobility.** Many people have the skills needed to find a new job, but factors such as high housing prices, families and society, and regional changes in the cost of living make it difficult and sometimes impossible to change of location in to get a new job. Many economists point to a consistently low level of new home construction as a major factor hampering job mobility and the chances of finding new work.

4. **Benefit and tax reforms.** For some economists, a policy that reduces the real value of welfare benefits may increase the incentive for the unemployed to work. But it is rare that the essential cause of someone remaining out of work is the prospect of getting out of work welfare materials. Targeted measures to improve people's incentives may include linking welfare benefits with participation in work experience programs or lower marginal tax rates for low-income people.

5. **Increasing aggregate demand.**

- A key stimulus of Keynesian theory would be to increase state investment or lower taxes so as to increase revenues. With increased revenue, there are better opportunities for firms to develop as they will need to hire more workers to continue operating.

- Many developing countries, like Kosovo, use fiscal policies to create new jobs. Most of these countries develop mostly construction programs as they require a greater number of workers.

- Higher costs in infrastructure projects lead to a positive effect of multiplication in output, income and employment.

6. **Subsidies for employment and / or reduction of employment taxes.** One form of reduction in unemployment is if the government would provide subsidies to companies that hire more workers so that they could more easily pay workers and thus not hesitate in hiring new workers. Also, the government may lower taxes on firms that employ large numbers of workers, for example, there may be a reduction in income tax and / or a reduction in contribution tax.

Based on the results and conclusions, the following poverty reduction recommendations are given:

1. **Policies leading to rapid and sustainable economic growth** in areas such as health, education, allowing the poor to participate in growth, should be implemented. Studies show that a 10 percent increase in a country's income reduces poverty by 20-30 percent.

2. **Improvement of natural resource management.** Kosovo with its relief makes us realize that agriculture must play a major role in its development. Therefore it is necessary to have better management in rural areas and to invest in tools and tools so that farmers have the opportunity to work the land and to employ the citizens living in the rural areas. So programs in agriculture need to be invested and implemented.

3. In order to alleviate poverty, the state should also develop **policies for greater involvement in trade.** Creating an economic climate that will increase exports and thus increase demand in the country would lead to greater employment and thus to poverty reduction. Many countries, such as Indonesia, Brazil and Boston have reduced poverty through trade.

4. **Creating a better support program** for those people who cannot work or support themselves. In Kosovo these programs already exist but are left to be desired because support is only financial and is low for meeting the needs of citizens.

Listed below are some ways to improve education in Kosovo:

1. **School lunch program.** Children who have not eaten have been shown to have lower ability to learn and understand teachers. The World Food Program in 2009 did a research and found that about 60 million children in school are hungry every day. Providing meals during school hours made the children hungry so that the concentration would increase, marking the best in math and increasing school attendance.

2. **Parenting education.** Children are, in most cases, supported by parents in starting and continuing school. As the rate of illiteracy and emancipation in Kosovo is high, adults do not have the awareness to push and support their children for school enrollment after the same lack of awareness of improving the child's standard of living. In order for this to remain a problem, programs to inform parents about the importance of education should be developed.

3. **A new model of education.** Concentrating on exam results alone does not make kids and students really learn something you will need in life. This is an old form of thinking. Education in Kosovo should focus primarily on critical thinking, leadership, teamwork, financial literacy, health and administrative skills. They also need to learn more about how they can achieve their dreams and learn entrepreneurship to open as many businesses and improve the economy as a whole. This departure from the standardized form of learning will prepare students to have a positive impact on social and economic well-being.

4. **Better resources for teachers and children.** This implies that the school infrastructure is better and more digitized. Offering computers for lesson development would create a better atmosphere in the school and the teachers' children would have a better experience as well. For teachers of age, computer literacy training should be provided.

The following measures are recommended to reduce greenhouse gases in Kosovo:

- Increasing the use of renewable energy sources,
- Reducing the use of coal for energy,
- Replacing old cars with new ones,
- Using public transport and promoting sustainable transport with less motor traffic,
- Using technology to capture CO₂ in industrial production processes,
- Control the use of products that dilute the ozone supplement.
- Reduction of burnt areas by land categories,
- More efficient management of animal manure,
- Controlled use of fertilizers.
- Improving waste management through their recycling, separation and treatment,
- Improve wastewater management through treatment,
- Reduce illegal logging and preserve land use by category.

Although Kosovo is one of the countries that has had a rapid and noticeable improvement in the business climate, there is still room for improvement. Here are four ways the business climate can be improved:

1. Facilitating access to the official private sector and attracting foreign direct investment
2. Strengthening anti-corruption institutions
3. Strengthen procurement processes
4. Establish measures to combat illicit financial flows

Some other strategies that can increase exports and reduce imports are:

- Concluding FDI agreements in Kosovo, and conditional on the use of the productive factor only by our country.

- Arrangements for maximizing the profits of foreign firms in the country, being spent on consumption and reinvestment.

There are a number of policies that can be used to improve trade balance. Some of them focus on the supply side and some on the demand side. They may be mentioned:

Improving the performance of the trade in the long and short term

- Cost reduction policies - control of demand and spending limit on imports
- Changing spending policy - changing import and export prices so as to focus on local product purchases
- Improve Bid Performance - Increase Competition
- Increasing macroeconomic stability - increasing domestic productivity and export capacity.

The following points are recommended for agriculture:

1. **Improving soil health:** Agricultural universities, analysis establishments, chemical enterprises, state agricultural departments and farmers' associations ought to aim to extend the productive potential of the soil through synchronic attention to their physics, chemistry (macro and micronutrients) and biological science. Dry farming areas want special attention.

2. **Adding and Managing Irrigation Water Supply:** Water could be a public sensible and a social resource instead of a personal property. Privatizing its distribution is fraught with risks and will cause water wars in native communities. Improved provide through fresh water harvest home and formation recharge ought to be necessary. Furthermore, a across the country debated and wide accepted land irrigation strategy ought to be developed. Demand management through improved irrigation practices, together with mechanical device and drip irrigation, ought to receive major attention. A water skill movement ought to be initiated and rules ought to be developed for the property use of groundwater and for the interference of pollution. The conjunctive use of treated rain, rivers, land, ocean and waste product ought to become the norm.

3. **Credit and Insurance:** Credit reform is that the main thanks to increase the productivity of little farms. The difference between deposit and loan interest rates is high in

Kosovo by international standards. The necessity is to enhance potency within the money delivery system by dominant each transactions and risk prices. On the part of the government, the protection of crops, also because the speed and manner within which the debt recovery and settlement method works, can ought to be considerably improved. Bearing in mind the decline within the gain of agriculture and also the concern of farmers, the government ought to think about providing support to the industry for lowering the rate of interest on loans for crops. Restructuring and restructuring of farmer loans isn't enough within the event of consecutive natural disasters. Central associate degree State governments ought to commence the creation of an Agricultural Risk Fund to produce help to farmers within the event of perennial droughts and flood-hit areas and severe tormenter infestation.

4. **Technology:** Agricultural scientists ought to show the performance of latest varieties and technologies in terms of profits per area unit, and not simply in terms of yield per area unit. To the current finish, there's a necessity for associate degree agricultural system orientation that features integrated placental mammal production systems, each for analysis and resource use. There ought to be a correct alignment between production technologies and post-harvest. A post-harvest technology arm has to be adscititious. Also, laboratory-to-ground demonstrations ought to incorporate post-harvest technology. Increasing the worth of biomass can facilitate to form mean jobs within the non-farm sector.

5. **Market:** After all, it's solely opportunities for secured and antagonistic selling which will verify the economic viability of agriculture as each some way of life and a way of living. Market reform ought to begin with production coming up with so any link within the cultivation – consumption – trade chain receives correct and timely attention.

6. **Regional Differentiation Strategy:** With wide variations in agro-climatic and economic conditions across the country, there can't be one agricultural growth strategy to be followed everywhere.

PUBLISHED WORK

Nr.	Publication date	Place	Author	Title	Journal	Volume	Issue	Pages	ISSN
1	September 2018	Graz, Austria	Erblina Pira	Identifying factors that affect productivity at work	Balkan Journal of Interdisciplinary Research	4	2	93-98	2411-9725
2	June 2019	Skopje, North Macedonia	Erblina Pira	Professional marketing services for businesses that offer the service	Knowledge International Journal	31	6	2041-2045	2545-4439
3	December 2019	Amman, Jordan	Erblina Pira	The role of banks in the Kosovo economy	International Journal of Sciences: Basic and Applied Research	48	6	200-205	2307-4531