



Kolegji AAB

FACULTY OF ECONOMICS - MASTER STUDIES

MASTER THESIS

THEME:

**INFORMAL ECONOMY IN KOSOVO:
TRENDS, CHARACTERISTICS AND DIFFICULTIES**

Mentor:
Prof.asoc.Dr.FlorentinaXheliliKrasniqi

Candidate:
VisarQarkaxhija

Prishtine, 2015

CONTENT

Introduction.....	
Purpose of Paper	
Targets of Paper	
Importance of Paper	
Methodology	
Expected Results.....	
Some theoretical aspects on concept of informal economy	
Origin, development and definition of informal economy concept.....	
Definition of informal economy	
Reasons, consequences and measure of informal economy	
Reasons of informal economy	
Consequences of informal economy.....	
Measurements methods of informal economy	
Informal economy in Kosovo: difficulties and challenges of informal economy integration in formal economy	
Informal economy in Kosovo	
Moving from the informal economy to the formal one	
Policies towards the increase of employment, battle against poverty and reduction of informality	
Role of foreign investments in Kosovo and relation with informal economy	
Informality and relation with NVM.....	
Comparing analysis on informal economy in Kosovo and Albania: challenges and opportunities .	
Informal economy in Kosovo and Albania.....	
Conclusions	
Conclusions.....	
Recommendations	
Literature.....	

Introduction

Regarding the dimensions of informal economy in Kosovo, there exist only ratings and no objective data. The data about current trends of employment in the informal economy in Kosovo show that how much of a challenge is this process for our country. Therefore the theme is quite recent because it treats the informal economy which is quite present in our country. The idea or the concept of this paper is to suggest forms and possible-implemented opportunities of the informal economy integration as a part of the formal economy. In fact to suggest possible methods for the elimination up to a big measure of this phenomenon of doing business. Always referring in some of the methods which are used in development countries.

In the content of this paper will be elaborated issues that what do we understand with informal economy, reasons, consequences and difficulties for integration from the informal economy to the formal one.

Purpose of this master thesis

Purpose of paper is to analyse the causes that influenced in the presentation of informal economy, consequences of the informal economy presence, factors which define this phenomenon and the reasons which make a strong relation between informal and formal economy. Also this paper aims to present experiences of other countries regarding with the integration of informal economy in the formal economy and also the challenges which they have been faces during the journey. Through the research of these experiences, paper aims to find different forms and methods which will make it much easier for businesses to understand the consequences of the attitude in the informal economy and which would be the advantages to move into a formal economy.

Targets of the Paper

To present some theoretical aspects on the origin, development and definition of the informal economy concept

To analyze the reasons of the informal economy presence and the consequences of the informal economy presence

To research and present the methods of the informal economy measures

To present some experiences of some other countries regarding the informal economy

To offer a summary reflection on the presence of the informal economy in Kosovo

Conclusions

Considering that the informal economy remains one of the main challenges in our country. Therefore we should try to understand its dimensions in our country. Measurement of the informal economy through the survey of the citizens of the country would inform governmental authorities. And then to take rapid steps in prevention of such a phenomenon. With such measurement is estimated the scale of unemployment, social welfare of the citizens, work conditions in an informal economy, advantages and disadvantages and needs of the businesses regarding with the conditions that should be implemented to move into a formal economy.

Regarding with what was mentioned above we should engage the central and local authorities in the development and implementation of these following mentioned indicators

Implementation of strategies which are in favor of the development of the NMV

Establishment of working capacities

Establishment of the social welfare of citizens

Development of education

Engaging individuals in work training and information on opening new businesses

Supporting the private sector through subsidies

Withdraw of IHD

Facilitation of administrative procedures

The continued growth of the request for work, it requires since the beginning to improve the conditions of doing business. Where it should prepare strategies for the development of the NMV. Because the regulation of the work infrastructure motivates the employees and avoid them by taking steps towards economic informalities.

Development of potential of labor force in Kosovo. Kosovo has a great power of young people, therefore their commitment in different trainings and qualification make that this measure to have increase of the living standards. This is followed by the growth of the economic development in our country and reducing the unemployment.

Wage increases is always a good stimulator because it motivates the employee to give his best at work and it makes him to forget other ways that he sees as a source of higher incomes, which in Kosovo is the way of informality.