EMPLOYMENT AND UNEMPLOYMENT OF YOUTH IN THE REPUBLIC OF SERBIA, CURRENT STATE AND PROSPECTS*

ABSTRACT: One of the basic macroeconomic phenomena – indicators of any economy – is the labor market situation and the issue of employment, since they imply questions of national importance – migration, as well as the problem of survival of small nations in the extreme.

Although the Republic of Serbia is a candidate for membership in the European Union for more than five years, it has a large number of demands and goals that have to be achieved in order to become a member of the Union. Certainly one of them is macroeconomic stability, which is difficult to achieve with high unemployment rates – in the working age population (15.9%,

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2016), and with an almost 2.20 times higher rate of youth unemployment (45%, 2016.).

The paper will present the problem of youth unemployment in Serbia and the phenomenon of brain drain, as well as, some proposals for measuring and solving the unemployment problems will be given. Also, the authors will present comparative analysis of the (un)employment in Serbia from the beginning of the crisis, and projections of the labor force by year 2020.

The authors will point out the 2020 Strategy, in the segment related to the expectations concerning the labor market along with the employment rate target and suggestions to reach them, stressing that the adoption of the National Qualifications Framework is a necessity in order to synchronize the labor market of the Republic of Serbia, both internally and with the European Qualifications Framework.

Key words: labor market, unemployment, Strategy 2020, European Union.

INTRODUCTION

(Un)employment as one of the basic macroeconomic indicators is one of the basic macroeconomic factors of every economy, and the reduction of unemployment is one of the fundamental macroeconomic tasks and goals. At the global level, we are faced with a recession of the employment of young people, because there are threats that show three times higher unemployment rates of young people compared to adults, and in addition to this there is the fact that almost 73 million young people in the world are looking for a job.

The International Labor Organization warned of the huge problem of high unemployment among young people, and the growth of inactivity and unsafe jobs, even in developed countries.

Economic development stimulates employment, and in the developing countries (including the Republic of Serbia) affected by the global and internal crisis, the recession effects last much longer than in developed countries. A new development model of economics implies the reduction of irrational consumption, unnecessary administrative and bureaucratic costs while intensifying investment spending to stimulate economic growth and employment (Kalaš, Milošević, 2015). The economic crisis that began in 2008 has slowed down growth, increased unemployment and increased regional differences in almost all European Union countries (Ilic, 2015). Therefore, the
countries affected by the crisis develop various forms of state aid for the promotion of employment, such as programs aimed at investing in training of employees, or implementing various continuous training programs in order to respond effectively to technical and technological challenges (Domazet, Stojanović, 2013). In addition, governments around the world devise different forms of strategic documents in order to develop economies and encourage employment.

Importance of including youth in the labour market in Serbia is pointed out in the paper work concerning the topic of reforming our pension system (Domazet, Milivojević, Lazić, 2012)

The document that the Government of the Republic of Serbia has adopted in order to support the economic development of the Republic of Serbia and the expansion of the economy of our country is the National Employment Strategy for the period 2011–2020. On the annual level, the Government of the Republic of Serbia issues the National Action Plan for Employment, that presents operational guidelines in the planning of programs and measures of the employment policy in the Republic of Serbia.

The first of the five basic objectives of the European Union towards Strategy 2020 is to increase the employment rate of the population aged 20–64 from 69% to 75% through increased participation of young people, older workers and unskilled workers and better integration of legal migrants.

The paper presents the situation in the labor market of the Republic of Serbia, with a special focus on the problem group of the young unemployed (15–24 years old), which is present not only in our country, but in the entire region of the Western Balkans as well. In addition, proposals are put forward to overcome these problems, and some programs that support employment until now will be presented.

It is necessary to point out that the phenomenon of brain drain is permanently present for almost three decades. Analyzing the situation on the labor market, certain data cannot be reported with complete accuracy, since statistical data of labor forces do not include those who temporaril work abroad. In addition to this, the territory of the autonomous province Kosovo and Metohija is not taken into consideration, since the official statistics of the Republic of Serbia have no data for this part of its territory.

**LABOR MARKET IN THE REPUBLIC OF SERBIA**

The phenomenon of unemployment of the working age population has a direct impact on the unemployment of young people, especially in our country where the unemployment rate is more than a two-digit number (?) for over a decade and the unemployment rate of young people in the last few
years has reached more than double the amount of the general unemployment rate.

In order to present the labor market of the youth, first it is necessary to consider the situation on the labor market in the Republic of Serbia in general.

*Table 1.* – Labor market, population 15–64, annual average (2008–2016.)

<table>
<thead>
<tr>
<th>Year</th>
<th>Activity rate</th>
<th>Employment rate</th>
<th>Unemployment rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>62.7%</td>
<td>53.7%</td>
<td>14.4%</td>
</tr>
<tr>
<td>2009</td>
<td>60.6%</td>
<td>50.4%</td>
<td>16.9%</td>
</tr>
<tr>
<td>2010</td>
<td>59.0%</td>
<td>47.2%</td>
<td>20.0%</td>
</tr>
<tr>
<td>2011</td>
<td>59.4%</td>
<td>45.4%</td>
<td>23.6%</td>
</tr>
<tr>
<td>2012</td>
<td>60.1%</td>
<td>45.3%</td>
<td>24.6%</td>
</tr>
<tr>
<td>2013</td>
<td>61.6%</td>
<td>47.5%</td>
<td>23.0%</td>
</tr>
<tr>
<td>2014</td>
<td>63.3%</td>
<td>50.7%</td>
<td>19.9%</td>
</tr>
<tr>
<td>2015</td>
<td>63.6%</td>
<td>52.0%</td>
<td>18.2%</td>
</tr>
<tr>
<td>2016</td>
<td>65.6%</td>
<td>55.2%</td>
<td>15.9%</td>
</tr>
</tbody>
</table>


From 2010, the activity rate has been low, till 2016 (Table 1), while the employment rate in this period drops until 2012 from 47.2% (2010) to 45.3% (2012), and then started a growth-defeat trend in 2013 in relation to the previous year (employment rate was 47.5% in 2013) to reach almost 55.2% in the year of 2016. The unemployment rate in the period 2008–2012. grew from 14.4% to 24.6% (2012), and that is also the highest level of unemployment in the observed period, (as it drops from 2012 to 15.9% in 2016). The European Union requirement for 2020, that has been pointed out for the Republic of Serbia, in the field of employment is the employment rate of 65%.

Despite the slight positive tendencies in the labor market since 2013, the situation on this market in the Republic of Serbia is making one of development problems of the country’s economy. One of the reasons is certainly the habit of our society that young people do not work until the end of schooling, (if it is not of an essential importance), and the studies last at least 5 years. However, some of them do not enrolle to universities, after finishing high school. What authors point out is permanently strengthening the connection of all stakeholders (primarily the economy – employers, educational system-universities, the state as a mediator in the labor market and a direct institution dealing with the issue of employment employment services,
as well as other employment agencies) in order to reduce unemployment, first of all, unemployment of young people.

The National Employment Service of the Republic of Serbia is a service to which unemployed persons are applying for a job in our country, through numerous of programs (information and counseling, trainings and retrainings of the unemployed). In addition to the employment service, there are numerous on line advertisers of jobs (infostud.com, lakodoposla.com...) as well as an increasingly present database is also linkedin which helps people not only to network, but also to inform about job vacancies. What is important to be done is adoption of educational institutions, primarily secondary and higher education institutions that have to make changes based on information from the labor market (need of employers), and that way to create better offer to the demand side of the labor market.

Implementation and usage of the National Qualifications Framework is of particular importance for the labor market of youth’s. The National Qualifications Framework has not been adopted yet, but there are progresses-the Ministry of Education, Science and Technological Development of the Republic of Serbia announced in 2016 an information brochure on the topic of process of linking the national framework with the European Qualifications Framework (Vukadinović, Andrejević Panić, Ješić, 2016), and also last year-in 2017, an Inter-Ministerial Working Group was founded to establish and implement the framework of qualifications of Serbia.

SITUATION ON THE LABOR MARKET OF YOUTH IN THE REPUBLIC OF SERBIA

Socio-economic changes have deeply changed the region of the Western Balkans over the past 30 years. Global flows have made the present generation of young people in this region to have numerous challenges. Today, young people meet with the labor market that functions under the laws of a market economy. Behind them are the conflicts of the 1990s and the process of globalization, contributed to the changes in the economy not only at the global level, but at the regional and national level as well, as trade liberalization and competition with technological changes and new labor organizations had an impact on the economy region (ILO, 2008). In spite of these changes, young people still face the issues that their parents had encountered three decades ago, reating to participation in the community and trying to find productive jobs in which they could express their capacities.

Although the unemployment rate has dropped from almost 50% in 2013 to 35% in 2016, the inclusion of young people in the Western Balkans labor market is a major problem. At a very high unemployment rate (in addition to
their practice or old habits, they do not participate actively in the labor market during the course of their studies) is included expansion of work in the illegal economy zone. In the paper work on the topic of youth unemployment in this region from 2013, we pointed out that more than 40% of young workers were engaged in temporary jobs, while estimates had been that around 44% had worked in the area of informal employment, with no labor contract and social security and protection (Filipović, Vukadinović, 2013). Latest datas from the region present that the youth unemployment rate in the region of The Western Balkans for five years from 2010 to 2015 fell on average from 50.8 % to 47.7%⁴. Speaking about school level early school-leavers count double unemployment rate to the secondary and post-secondary graduates. Few job opportunities are given to people with disabilities⁵. World Banks prediction is groth of around 3% of youth employment in the region in this and next year⁶.

According to the European Social Fund (ESF), 20% of EU youth per year (about 6 million) leave school very early and do not finish secondary school, what is bad basis for their employment and encouraging their skills. Throughout Europe, the ESF supports initiatives that help young people to learn and acquire skills and qualifications that enable easier employment and career success. Numerous ESF projects are focused on reducing the number of people leaving school.

Until 2013, in the Republic of Serbia, the quarterly annual statistics of youth unemployment were kept, and the period of observation of this indicator of the labor market was presented for the period 2013–2016. (Table 2).

Small share of the labor force of the age of 15–24 was in the Republic of Serbia⁷ in 2013 – the youth employment rate was 14.50%, the employment rate of the working age population was 47.5%, while the unemployment rate for the young was 49.4 %, compared to the general rate of 23%. In order to the

⁷ The Union of Employers of Serbia points out that in Serbia about 90% of the population is finishing elementary school, and 90% to 95% of those who complete elementary school enroll in secondary schools, and about 85% of enrolled students complete secondary education, and only 13% complete higher or higher education. Almost every tenth young person does not look for work, nor is she educated. The rate of self-employment among young people in Serbia is below 6%. According to surveys carried out in previous years, almost 50% of young people were employed in the informal economy, which is considerably higher in relation to adults, ie the total working age population (33–35%), and this points to the fact that the quality of their employment is worse than the quality of employment of other age groups (Ristić, Pavlović, 2012)
youth employment rate would increase to 19% in 2016, and the unemployment rate fell to 35%.

Table 2. – Youth labor market in the Republic of Serbia, (15–24 years of age) 2013–2016

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment rate</td>
<td>14,5</td>
<td>14,9</td>
<td>16,6</td>
<td>19,7</td>
</tr>
<tr>
<td>Unemployment rate</td>
<td>49,4</td>
<td>47,5</td>
<td>43,2</td>
<td>35,0</td>
</tr>
<tr>
<td>Activity rate</td>
<td>28,7</td>
<td>28,5</td>
<td>29,2</td>
<td>30,3</td>
</tr>
</tbody>
</table>


Although there is a slight increase in the employment of young people (Table 3), the youth unemployment rate is 2.20 times higher the unemployment rate of the working-age population (Table 3).

Table 3. Employment and Unemployment in the Republic of Serbia – Working Age (15–64) and Youth (15–24) 2014–2016

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Population ages (15–64)</td>
<td>50,7%</td>
<td>52,0%</td>
<td>55,2%</td>
<td>19,9%</td>
<td>18,2%</td>
<td>15,9%</td>
</tr>
<tr>
<td>Population age (15–24)</td>
<td>14,9%</td>
<td>16,6%</td>
<td>19,7</td>
<td>47,5%</td>
<td>43,2%</td>
<td>35,0</td>
</tr>
</tbody>
</table>


The state, as one of the labor market mediators, with the help of employment services and educational institutions (secondary schools and faculties), has taken part in assistance of employment process. The problem of young people's lack of interest in the programs implemented by the state with the help of the National Employment Service on the one hand, and the economic environment dominated by the service sector, on the other hand, remains a major problems that, as a result, has a constantly growing trend of „brain drain”.
According to the available data, in the period 2009–2014, the project of partnership between the private sector, the state and universities was realized. Project Concur (Tempus project 2009–2013) was about the development of Master Academic Program in accordance with the needs of the labor market, precisely with the aim of supporting the recruitment and retraining of the highly educated in the Republic of Serbia – but there are still no official results of this program implementation.

Programs of cooperation between science and economy are being realized at the republic, as well as, at the level of the autonomous province of Vojvodina. Most universities have successful cooperation with the private sector. As examples of the successful cooperation between educational institutions and private sector, in the territory of the AP Vojvodina, there are: the University of Novi Sad – working on a successful cooperation with the private sector, both for practical acquisition of knowledge and for employment after the completion of studies, and Educons University from Sremska Kamenica – with not only dozens of practical student training, in the sphere of future occupation, within the framework of cooperation with the private sector, but has already created a mechanism for recruiting students during and after studying as well.

In 2016, a program\(^8\) of cooperation of science and economy was initiated with the aim of encouraging the cooperation of state scientific research organizations in order to create new commercially applicable products and services and innovative technologies, and the financiers of this program were the European Union and the Republic of Serbia. A similar program was initiated in 2017.

A novelty that promotes youth skills, as well as cooperation between the educational system and the private sector, is the law on dual education of the Republic of Serbia, which was adopted in 2017, with the implementation of the school year 2019/2020. According to the new law, dual education” represents a model of teaching in the system of secondary vocational education and training, within which competences are acquired through theoretical and school-based teaching and learning through work with the employer, in accordance with the standard of qualification, curriculum and curriculum and learning (according to: http://www.mpn.gov.rs/wp-content/uploads/2017/12/dual-zakon.pdf).

The global economic crisis has slowed down the process of structural reforms, and obstacles to economic development have been created – a decline in overall economic activity and investments, high unemployment, external debt problems, high foreign trade deficit, pronounced social tension, low competitiveness of the economy, etc. In 2010, the Government of Serbia

\(^8\) http://www.inovacionifond.rs/program-saradnje-nauke-privrede/)
adopted the Program of Measures to Reduce the Negative Effects of the World Economic Crisis. The primary goal of this program was to preserve jobs with growth in employment and economic growth. Nevertheless, in the period 2010–2013, unemployment increased, and employment decreased, which had an effect on the recession of the economy of our country.

LABOR FORCE STRUCTURE PROJECTIONS AND PROPOSALS FOR EMPLOYMENT GROWTH IN THE REPUBLIC OF SERBIA

Since 2008, the number of companies has been decreasing in the Republic of Serbia. In addition, there is a problem of insolvency of the company, as well as the struggle of companies to provide more favorable conditions and sources of financing of operations in order to survive on the market.

The economic system also conditioned employment, and the increase in economic activity, above all production, is imposed in order to increase the employment of all working people in our country.

In 2010, Serbian Government has presented projections for labor market growth by 2020 within the Strategy for the Development of Education in Serbia (2020 Development Strategy for Serbia in 2020, and the growth of youth participation by 0.4% (with 8.6% in 2010, to 9%), and the same number of workers aged 25–54, compared to their share in 2010. After that, the Republic Institute of Statistics plans to increase the share of 0.4% for the thirty years from 2020 (until 2050), and this points to the multiannual problem of very low natural growth in our country and confirms the problem of low participation of youth employment in total employment in our country.

The role of universities in Serbia and its market-oriented strategy as well as the strategy chances and benefits are explained as necessary in the European Higher Education Area (Čirić, Vapa Tankosić, Ilić, 2013).

In the EU member states, a series of examples of supporting young people in employment are available, from directing their careers in Germany, through business guarantees for employment of young people in Sweden, to programs that support young scientists in Ireland and France (Hughes, & Borbély-Pecze, 2013). It is very practical, and also important, to apply examples of good practice to Serbia and the incentive of production, giving young people a chance to work, since the problem of white plague and brain drain, questioned the survival of the nation in the next 60 years.

The initiative Youth on the Move (Kronja et al., 2011) aims to improve the efficiency, effectiveness and attractiveness of European Higher Education, by improving the quality of all levels of education, improving mobility and
employability of young people, as well as by achieving a higher level of excellence. In addition, the goal of this initiative is to raise the level of social equity through education as an instrument of social reproduction. Youth organizations from Serbia also actively participate in the Youth in Action program, which substantially supports activities in the domain of non-formal education.

A series of laws and strategies were adopted in the previous period, some of which include Poverty Reduction Strategy (2003), Social Protection Development Strategy (2005), National Youth Strategy (2008) and the Law on Social Protection (2011). In addition, in order to increase youth employment, a number of programs (benefits for employers) have been launched, of which the First Chance was in 2009 and because of the lack of funds by the state in the period 2012–2013 turned into a program of professional practice.

The reason for the low rate of employment of young people is being sought in education, because in our country there is a common practice that young people are most often not active in the labor market during the period of education, while young people who finish secondary education, as well as faculty for three years of basic academic studies, do not go out on labour market before 24 years of age. The problem should be sought in the habits or systems of the system in which young people do not work until the completion of the faculty, and they have the status of a student for 5–10 years, and then, without working experience, enter the labor market in the late twenties.

The incentives for employment, the expansion of social entrepreneurship and the social inclusion of people with low employability and the needs of vulnerable groups of unemployed, especially young and disadvantaged (elderly) people in rural areas, is the fourth goal and priority of employment policy in Serbia. The European Union expects Serbia to increase its employment rate from 65% by 2020, which is a feasible but very difficult task, as the service sector remains the dominant sector in the Serbian economy, and without the growth of production, it is difficult to achieve growth in the medium to long term employment rates.

It is already underlined that the state is not only one of the largest employers, but also one of the most influential labor market mediators. In support of the above-mentioned Ministry of Education of the Republic of Serbia, it has proposed a dual learning system, which has been in the majority of EU member states for several decades, the Government adopted a law related to this system of secondary education, which is precisely the big step towards achieving a set of goals there are some reduction in youth unemployment, cooperation between the economy and educational institutions, reduction of the “brain drain“ problem).

The realization of the envisaged goals by the adopted action plans on an annual level is difficult to achieve without the direct cooperation of all labor
market stakeholders, and the problem of high youth unemployment is the result of a recession and a small share of production in the Serbian economy. Young people need to be stimulated to acquire practical experiences during their studies in order to acquire knowledge and experience, as well as contacts for future employment.

CONCLUSION

In the period 2014–2020, the priority of the European Social Fund is to help young people entering the labor market as a primary goal for all EU countries. In addition, throughout the EU, the ESF has funded initiatives to improve youth education and training in order to complete their education and to adopt skills that will make them more competitive on the labor market.

The education strategy by 2020 emphasizes the need for cooperation of stakeholders at all levels of education, while this is not sufficiently emphasized in the National Employment Action Plan. National Employment Strategy for the period 2011–2020 stresses the need for cooperation of all stakeholders with an emphasis on the implementation of the National Career Guidance Program.

The shifts in the direction of increasing youth employment are visible, youth employment records a trend of growth, and with the policy of supporting the growth of the nation's natality, it provides the basic framework for reducing the phenomenon of „brain drain”, which can give positive results in the long run.

The European Union is a community for whose membership the Republic of Serbia is a candidate country. Therefore, the adoption of mechanisms for the purpose of planning the needs of the labor market are necessary, on the one hand, and thus training and directing young people, and on the other hand, young people need to be employed by programs that are stimulated by employers.

REZIME
TRŽIŠTE RADA MLADIH U REPUBLICI SRBIJI

Jedan od osnovnih makroekonomskih fenomena – indikatora svake privrede jeste stanje na tržištu rada i pitanje zaposlenosti, jer ono sa sobom nosi pitanje migracije, pa i problematiku opstanka malih nacija u svom ekstremnom smislu.

Iako je Republika Srbija kandidat za članstvo u Evropskoj uniji već više od šest godina, pred njom je veliki broj zahteva i ciljeva koje je neophodno ostvariti za dobijanje statusa člana Unije. Svakako da je jedan od njih i
makroekonomska stabilnost, koja je teško ostvariva uz veliku nezaposlenost radno sposobnog stanovništva (15,9%, 2016), i 2,20 puta veću stopu nezaposlenosti mladih (45%, 2016).

U radu će pored problema nezaposlenosti mladih u Srbiji i fenomena odliva mozgova, biti dat i predlog mera za rešenje problema nezaposlenosti. Takođe, biće predstavljene i upoređne analize (ne)zaposlenosti u Srbiji od početka krize, kao i projekcije kretanja radne snage do 2020. godine. Autori će ukazati i na Strategiju 2020, u segmentu koji se odnosi na tržište rada, kao i očekivane, odnosno ciljne stope zaposlenosti i predloge njihovog dostizanja, uz naglasak da je donošenje Nacionalnog okvira kvalifikacija neophodnost u cilju sinhronizacije tržišta rada Republike Srbije, kako internog tako i usklađivanje sa evropskim okvirom kvalifikacija.

Ključne reči: tržište rada, nezaposlenost, Strategija 2020, Evropska unija

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