

YOUTH UNEMPLOYMENT IN: STRATEGIC FRAMEWORK, ANALYSIS AND PERSPECTIVES

Dejana Pavlović, Mihajlo Đukić, Duško Bodroža
Institute of economic sciences, Belgrade, Serbia

Abstract: Many countries have been applying different policy measures in order to solve the problem of high unemployment among young people over the past few years. The European Commission have started to pay more attention to this issue immediately after the onset of the financial crisis in 2008. The Republic of Serbia has been investing significant efforts in the last few years in reducing the number of unemployed young persons by implementing a National Youth Strategy. The paper is focused on the youth unemployment issues with regard to policies implemented within the National Youth Strategy for the period 2015 to 2025. The goal of the paper is to provide summary of the policies for reducing youth unemployment in Serbia. Given the slightly better position of young people in the labour market in the last three years, there are arguments to support the thesis that the last Strategy influenced more favourable position of young people in Serbia. However, youth unemployment is very complex phenomena which reduction could be hardly explained by movement of one or two factors. There are probably several reasons that resulted in lower youth unemployment in Serbia that include economic situation in the EU, general macroeconomic trends, business environment and many others.

Key words: youth strategy, labour market, Serbia, unemployment

1. INTRODUCTION

Since 2008 when financial crises started, the youngsters have found themselves in an inconvenient situation. Limited budget in the public and private sector negatively influenced their position at the labour market. For those with the lack of working experience, such as young people, it was very hard to get a new job in order to be financially independent (Arandarenko, 2011).

According to OECD (2010) the unemployment rate for young population aged from 15 to 24 increased by 6 percentage points over the period from the end of 2007 to the end of 2009. It means from 4 million unemployed young people to 15 million precisely, in the world as a whole.

Most recent statistical data show that the average youth unemployment rate in OECD countries is about 13%, while the lowest youth unemployment rate has been recorded in Island (6%) and Germany (7%) as well (OECD, 2016).

EU countries such as Spain and Greece suffered from the worst consequences of financial crises. According to the latest statistical data the youth unemployment rate in 2016 in Greece and Spain was 47.3% and 44% respectively, while the average youth unemployment rate in the EU stuck at about 20% (ILO, 2016).

Like other Balkan countries, Serbia is currently trying to solve a problem of unemployment including a large number of unemployed young people. Over the last ten years, almost half of the young population (people aged from 15 to 24) has been unemployed (Statistical Office of Republic of Serbia, 2016).

The highest unemployment rate among young people in the period of 2008 to 2016, was recorded in 2012 and it was 51,5% (ILO, 2016). After five years, unemployment rate among young people fell to 34% (Statistical Office of the Republic of Serbia, 2016).

There is no doubt that the youngsters are creators of their future and their role in the society has to be recognized by policy makers

(Obradovic and Pavlovic, 2015). Thus, investing in young people should be strategically wise (Pavlovic, Zubovic and Zdravkovic, 2016).

During the last few years the government put a lot of efforts to the decrease a high unemployment rate among young people in Serbia. Policy documents which have been dealing with youth at the labour market, such as National Youth Strategy 2015-2025, are aiming to determine principles and directions of exercising their power (National Strategy for Youth of the Republic of Serbia, 2016).

Researchers who analysed the key aspects of active labour market policies and their implementation in three Balkan countries such as Albania, Bosnia and Herzegovina and Macedonia, concluded that the level of public expenditure at the active labour market policies is low (Numanović et al. 2016), especially if compared with the EU countries average (EU average of the level of public expenditure on labour market policies is about 0.5% of GDP).

During the last few years, Ministry of Sport and Youth (National Strategy for Youth, 2015) implemented a couple of strategic and regulative documents aimed to improve position of youth in society with a particular focus on their position at the labour market. For example, since 2008, two national strategies (the National Youth Strategy for the period from 2009 to 2015 and Youth Strategy for the period from 2015 to 2025) were introduced, as well as the Career Strategy in 2010.

This paper is focused on the National Strategy for Youth referring to the period from 2015 to 2017. The goal of the paper is to give summary of the existing programs for reduction of youth unemployment in Serbia. Given the slightly better position of young people in the labour market in the last three years, there are arguments to support the thesis that the last Strategy influenced more favourable position of young people in Serbia. Focusing on some of the most important indicators presented within the Strategy, it will be shown that labour market position of youth has recorded slight but steady

favourable trend in the last two years. However, it is still early to give general conclusions that the latest tendencies resulted from specific and efficient policy measures. It is very possible that the positive signals at the market have been influenced by the economic policy measures in general, including favourable trends in the EU.

By analysis of the indicators of the labour market for the period from 2015 to 2017, such as the youth unemployment and employment rate, the activity and inactivity rate we derived several recommendations which could be useful input for the future programs tackling with youth unemployment.

2. LITERATURE REVIEW

The high unemployment rate is one of the biggest social issues at the global level. Researchers have been trying to determine the main reasons for the high unemployment rate among young people (Gorry, 2013; Zubovic, Zdravkovic and Pavlovic, 2015; Kelly and McGuinness, 2015). Since 2008, more precisely since the beginning of the economic crisis, there has been an increase in the number of unemployed young people (Kelly and McGuinness, 2015). On the other side, researchers believed that the youth unemployment rate was high even before the crisis (Vasile, 2012; Marginean, 2014)

The financial situation in the countries has influenced the fact that many economic indicators are in correlation with the high unemployment rate among young people. Thus, Zubović, Zdravković and Pavlović (2015) analysed influence of three groups of factors (unemployment related factors, population related factors and labor market regulation factors) on the rate of unemployment among young people in 41 EU countries in the period from 2003 to 2014. Results showed that the tax rate on low earnings has the greatest impact on the level of unemployment among young people.

Other authors considered that the regional disparities have primary impact on youth unemployment (Blinov, Bylina and Rusanosky, 2016), especially in countries in transition rather than in developed countries

(Bornhorst and Commander, 2004). High regional unemployment is presented as a reduced labour force participation, and therefore regional disparities in unemployment rates are accompanied by lower employment in relation to the population (Arandarenko, 2006).

For the young population, it has been hard to find a job and gain working experience. However, certain authors considered that education had a major impact on finding a job (Buha et al., 2014; Devjak and Devjak, 2009). Highly educated young people find a well-paid job than low educated people (Flinn, 2006; Heckman, Lechner & Taber, 1998). Precisely, low-skilled young professionals have little opportunity to improve their social status and position in the labour market (Parey, 2009). Education is one of the key factors that will underpin the future economic recovery and growth of the Western Balkan economies (Arandarenko and Bartlett, 2016). Results of the research conducted in Ireland showed that in the period of recession, education and ethnicity are correlated with youth unemployment rate (Kelly and McGuinness, 2015).

Additionally, minimum wages have influence on the youth labour market. Gorry (2013) came to the conclusion that the professional experience and the amount of the minimum wage had an impact on the unemployment rate among young people in France.

Youth cooperation is a well-structured in EU Strategy for Youth. EU programmes for youth have been implemented since 1988. The latest policies emphasize that financial crises put further pressure on the labour market opportunities for the young. It can be concluded that young people work in low-quality, temporary jobs and are poorly paid (EU Strategy for Youth, 2015).

3. NATIONAL STRATEGY FOR YOUTH OF THE REPUBLIC OF SERBIA 2015-2025

National Strategy for Youth of the Republic of Serbia for the period from 2015 to 2025, adopted by the Government of the Republic of Serbia, aims at defining actions in the most

diverse areas of young people's lives. After a certain period of time, the Action Plan for the implementation of the Youth Strategy 2015 to 2025 was adopted, specifying the indicators that monitor the level of activity realization.

The paper will focus on activities related to achieving the goal "Developed services and mechanisms that foster employability and employment of young people through cross-sector cooperation".

Expected results are:

1. Representatives of the economic and youth sectors are involved in the development of services and mechanisms that foster employment and employability of young people
2. Improved existing and created new programs that foster employability and employment of young people
3. Supported development, implementation and promotion of activities that foster employability and employment of young people

Activities to be carried out within this goal are:

1. Ensure development of standards and models for inclusion of representatives of the economic and youth sector in local councils for employment as permanent members of councils with voting rights.
2. Support the promotion of public policies that enable representatives of the corporate and youth sector to be involved in the development of services (sector councils, representatives of corporate sectors participate in the work of local youth councils, youth representatives participate in the work of local employment councils) and mechanisms that foster employability and employment of young people.
3. Support the development and implementation of cross-sector services that enhance the youth activity rate, employability and employment at local level.

4. Improve the existing active measures and programmes for youth employment and create new programmes, with a special focus on the youth employment package.
5. Support the development of affirmative measures for the employment of young people from vulnerable social groups.
6. Ensure the improvement of existing and creation of new programmes that encourage the activity of young women as well as young people from vulnerable social groups and young people from NEET group.
7. Support the promotion of good practice examples of young people who have participated programmes that foster youth employability and employment through the media and social networks.

The paper will present the trends of the indicator group, which shows how much the realized activities influenced the accomplishment of the goal related to the youth labour market.

Evaluation of the specific indicators of the labour market of young people in the period from 2015-2017:

Table 1. Labour force participation rate and inactivity rate for population aged from 15 to 30

	Labour force participation rate for youth	Inactivity rate for youth
2011	45,2	54,8
2012	47,6	52,4
2013	47,1	52,9
2014	48,4	51,6
2015	48,5	51,5
2016	49,8	50,2

Source: Statistical Office of the Republic of Serbia, 2017.

2. Employment and Unemployment Rate for Young People in Serbia

Observing the period from 2011 to 2017, the number of unemployed young people aged 15 to 30 was significantly reduced. The data of the Statistical Office of the Republic of Serbia (2016) show that the rate is reduced by almost

1. Labour force participation or Activity rate and Inactivity rate for Young People in Serbia

Labour force participation rate for young people aged 15 to 30 marks the growing trend in the period from 2015 to 2017. More precisely, the rate rose from 48.5% by 1.3 percentage points.

However, data from the Statistical Office of the Republic of Serbia (2016) show that the activity rate for young people aged 15-30 is constantly increasing in the last six years. Significant growth was recorded from 2011 to 2014, when the youth activity rate increased from 45.2% to 48.4%.

Accordingly, there was a declining trend of the inactivity rate of young people aged 15 to 30. Inactivity rate from 2015 to 2017 was reduced by almost two percentage points.

Compared to 2011, inactivity rate of young people aged 15 to 30 decreased from 54.8% to 50.2% in 2016 (Table 1) (Statistical Office of Serbia, 2016).

13 percentage points in the period from 2011 to 2017. The highest unemployment rate was recorded in 2011 and was caused by the adverse impact of the financial crisis.

Compared to 2011, employment rate of young people aged 15-30 rose from 26.6% to 35.6% in 2016. Accordingly, there was a declining

trend in the unemployment rate of young people aged 15-30. Compared to 2011, unemployment rate for young people aged 15-30 declined from 41.3% to 28.5% in 2016 (Table 2).

Table 2. Employment and unemployment rate for population aged from 15 to 30

	Youth employment rate	Youth unemployment rate
2011	26,6	41,3
2012	28,1	41,0
2013	28,5	39,5
2014	31,2	35,6
2015	32,4	33,3
2016	35,6	28,5

Source: Statistical Office of the Republic of Serbia, 2017.

According to the research results on the situation and needs of young people in the Republic of Serbia, and compared to 2014, the percentage of young people working full-time decreased from 91.0% to 83.8% in 2017. In the observed period, the percentage of permanently employed young people slightly increased from 71% to 71.2%, while the percentage of those employed for a definite period rose from 36% to 43.6%. Compared to 2014, the percentage of young people working at positions corresponding to their qualifications decreased from 62% to 59.4% in 2017, while the percentage of underqualified young people dropped from 7% to 4.6%. The percentage of overqualified

young people increased from 31% in 2014 to 36% in 2017.

3. The number of young people who started own business

According to the statistical data of the Business Registers Agency (2016) of the Republic of Serbia, in the period 2014 TO 2016 the number of young entrepreneurs aged to 30 has increased from 29,2 in 2014 to 29,9% in 2016 (Table 3). It is slight but very important progress given that many research studies has assessed that the attitude towards entrepreneurship and starting own business has been one of the greatest obstacles for the economic development in Serbia.

Table 3. Youth entrepreneurs aged from 15 to 30

	2014	2015	2016
Total number of youth entrepreneurs	27.299	26.283	27.922

Source: The Serbian Business Registers Agency, 2016.

4. DISCUSSION

Youth unemployment rate has decreased since 2008, when financial crises started, and after reaching the peak in 2012. Number of various factors have affected better situation nowadays, such as global economic trends, the macroeconomic situation and economic policy measures of the Government.

According to the results mentioned above we can conclude that the implementation of the policy measures envisaged within Youth Strategy 2015 to 2025 have had a positive influence on the realization of strategic goals.

It could be noticed that the number of young people who started their own business by using subsidies for self-employment increased. Furthermore, the labour force participation rate and other main indicators – employment and unemployment rate have been improved in the last couple of years.

5. CONCLUSION

Unemployment rate is the global issue and phenomena interested for many researchers worldwide. It is also one of the future development priorities in countries that are

members of the European Union and also in transition countries such as Serbia. Almost half of the young population in most of the Western Balkan countries is unemployed (ILO, 2016). A slight decline in the youth unemployment rate in Serbia was recorded in the period from 2011 to 2016. Hence, the youth unemployment rate is still high if we compare it with the average youth unemployment rate in the European Union (Statistical Office of the Republic of Serbia, 2016). Future success in reducing youth unemployment requires even more policy efforts. After considerable success recorded in the last couple of years, in the following period it is necessary to perform well designed and coordinated action at the national level. In addition to more generous and efficient active labour market measures, it should involve systemic solutions aimed at strengthening position of the youth people at the labour market as well as more incentives for young people ready and willing to start their own business

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