

Labor market characteristics of the youth in Serbia and trends of labor migration in EU

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Abstract: Youth unemployment has been an important economic and social issue over the last decades. The transition from education to work has become more difficult for young people all over Europe. As for Serbia, according to the analysis of the youth labour market, unfavourable circumstances of the post-socialist transformation in Serbia and unfavourable economic trends, as the consequence of the global economic crisis and the current pandemic crisis, have additionally aggravated the problem. Given the unfavourable position on the youth labour market, majority of young people, not only from Serbia, are seriously taking into account migration, which has played an important role in the new globalized world where the borders and restrictions on free movement of people, goods and capital have been removed. What is worrying is the fact that in Serbia, in recent decades, there has been a very high rate of migration of the population with tertiary education, which is considered to be most strongly influenced by economic and other various factors in the labour market. This situation, except for losing human resources, directly contributes to and affects the loss of the intellectual potential of the state. Therefore, the paper presents, first of all, the situation on the labour market and the position of young people in Serbia, followed by the most common motives and causes of migration of young people from Serbia into the countries of the European Union (EU).

Key words: labor market, youth unemployment, migration of young people

JEL: J21, J60, E24, F66

Introduction

The problem of unemployment is considered to be one of the key economic factors that directly affect the economic stability of a country, particularly the problem of youth unemployment, which has not been handled since the recession caused by the global financial crisis up to now, further aggravated by the consequences caused by the current pandemic crisis.

Analysing this situation in terms of the youth population in Serbia, we can outline that in the previous period, there were some improvements according to the official analysis, but despite those improvements, young people still have great difficulties in accessing and participating in the labour market, finding a stable job, as well as staying employed.

Fairly high unemployment rate of young people worldwide, the most mobile part of the population, is a major problem that almost every young person faces after graduation, and given that knowledge tends to be the most important economic resource, labour

migration is becoming the dominant form of migration flows. Since in Serbia, over the last decades, there has been a very high rate of migration of the population with tertiary education, which is considered to be most strongly influenced by economic and other various factors in the labour market, we need to be aware that in addition to great loss of human resources, this is the loss of the intellectual potential of the state as well.

Therefore, the paper presents, first of all, the situation on the labour market and the position of young people in Serbia, followed by the most common motives and causes of the migration of young people from Serbia into the countries of the European Union (EU).

Theoretical premises

The importance of human capital is being recognized in both developed and developing countries, considering that we live in the era of globalization, fierce competition, continuous technology development and innovation (Matovac Andrejević et., 2010). High rate of unemployment demonstrates a low level of economic activity in the country, insufficient utilization of human resources and a lower average quality of life in the country.

Employment and unemployment are fundamental issues of every modern economy, and a rise in employment and a fall in unemployment are considered one of the criteria for societies' development (Kheiravar and Qazvini, 2012). A large unemployment rate causes concerns because of all socio-economic factors that directly cause this phenomenon (Tošović-Stevanović, Bogdanović, 2018).

Before the pandemic crisis, according to a report by the International Labor Organization (ILO, 2019), the mismatch between labor supply and demand exceeded 188 million unemployed people worldwide in 2019. An additional 165 million people were employed, but wanted to work more paid hours. This low trend continued after the pandemic crises with more difficulties and damage. According to the last report from 2021, the latest global estimates and country-level data confirm the unequal employment impact of the Covid-19 crisis in 2020, and the fragile, and often diverging, recovery trends over the first half of 2021, as well as the fact that a number of people employed and participating in the labor force has not fully recovered, and "labor market slack" remains significant in many countries (ILO, 2021).

The situation before Covid-19 was worrisome and unfavorable, but young people, impacted by the crisis, continue to face greater employment deficits, especially in middle-income countries. During the pandemic, employment rates of young workers have been 2.5 times greater than adult workers. The second problem young people were facing was disrupted education and training, which has negatively affected the transition of many individuals from school, vocational training, or university to the labor market. All these negative effects will be new problems for young people, because of the necessary skills development substantial for the workforce (ILO, 2021).

Many young people experience a difficult transition from school or university to a first job, which can take many months or even years (Oruc, Bartlett, 2017).

Due to all the above-mentioned data, the transition of young people to the world of work is a current issue in modern researches and scientific analyses, and one of the most common reasons for this is the fact that young people are more likely to get jobs in low-productivity and poorly paid positions, they are insufficiently protected and become unemployed easily, while at the same time they find new employment more slowly (Savković, Gajić, 2016; Tomanović et al., 2012; Mojić, Petrović, 2013; Tomanović, Stanojević, 2015), which is why young people are often considered to be a vulnerable social group.

According to Stanojević and Pavlović (2021), regardless of their position, research into NEET youth in Serbia is relatively rare, generally focusing on their position within the context of overall youth employment. Moreover, it has mainly dealt with the economic position of the youth (Stanojević, Petrović, 2018), their transition into the labour market (Tomanović, Stanojević, 2015) or problems facing those at risk of social exclusion (Aleksic et al., 2021).

According to Bell and Blanchflower (2011), the “scarring” effects of long-term youth joblessness leaves a legacy that reduces lifetime earnings, increases the risk of future periods of unemployment, augments the likelihood of precarious employment, and results in poorer health, well-being, and reduced job satisfaction more than 20 years later. So current levels of youth unemployment need to be understood in the context of increased labor market flexibility, an expansion of higher education, youth migration, and family legacies of long-term unemployment (O’Reilly et al., 2015).

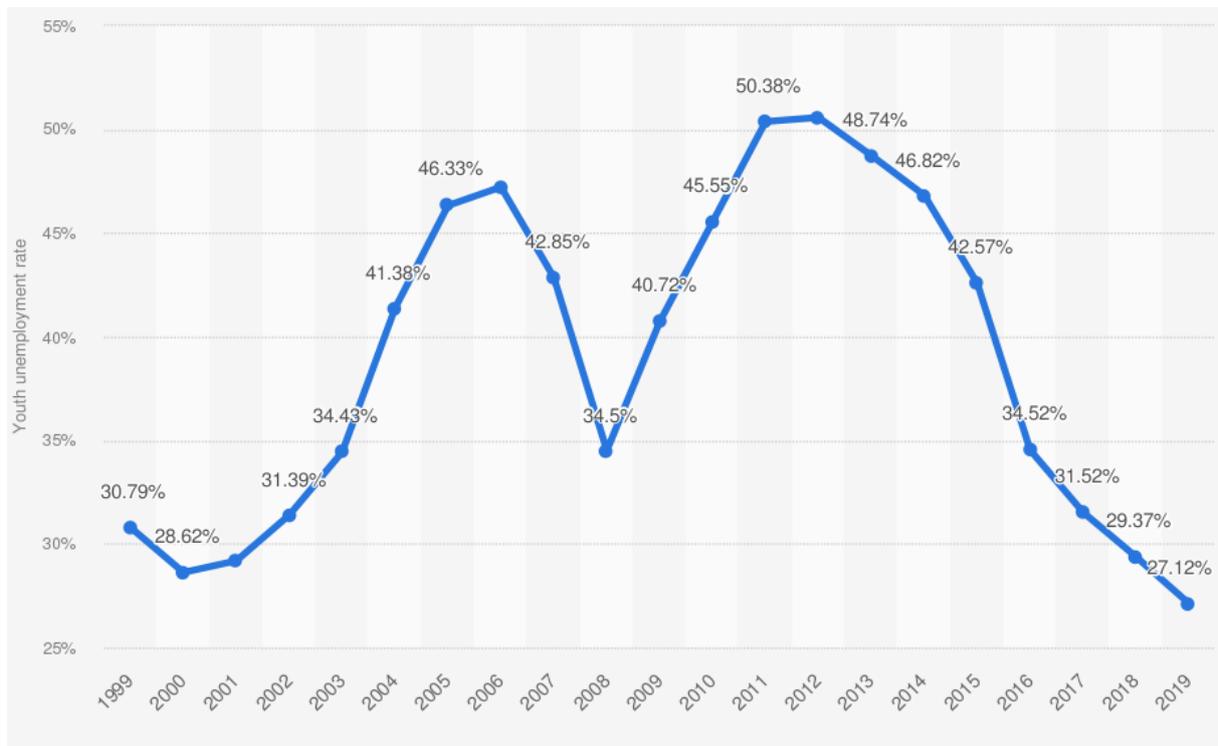
Regardless of their position, many young people, not only from Serbia, think about migration, which has played an important role in the new globalized world, where borders and restrictions to free movement of people, goods and capital are being removed. The analysis of labor market characteristics of young people in Serbia with the analysis of general economic, political and social situation in the country can contribute to the decision of young people whether to migrate or not. This primarily refers to the category of young people migrating mostly from Eastern to Western European countries. The volume of migration varies from region to region, so greater mobility potential is noticed in economically less developed parts of the country (ETF, 2010). This primarily refers to the category of young people migrating mostly from Eastern to Western European countries, but migration activities to non-EU countries are also noticeable, which follows the principle that young people from economically developed countries move to even more developed and richer countries during economic recessions (O'Reilly et al., 2015).

Human capital is considered to be an important factor of economic growth and development, as well as one of the sources of competitive advantages. In order to attain highly skilled human capital, countries should improve their labor market competitiveness and increase investments in education, science and technology (Andrejević Matovac, 2010). Human capital, especially intellectual capital, is one of the basic factors in the competitiveness of enterprises and the economy (Jovanaci & Tošović-Stevanović, 2013).

Labor market characteristics of the youth in Serbia

Youth unemployment in Serbia had been considered an important economic and social issue in recent decades, but it has become even more important after the global economic crisis and the current pandemic crisis. Youth unemployment is also a problem in the rest of Europe, but the circumstances of post-socialist transformation, economic instability and the transition period, further deepened by the global economic and pandemic crisis, also resulted in an unfavourable climate in Serbia. In Figure 1, we can see the youth unemployment rate from 1999 to 2019 and the direct impact of the mentioned circumstances.

Figure 1. Youth unemployment rate from 1999 to 2019.



Source: Statistica - World Bank, 2022.

The situation of the labour market in regards to the situation of the youth in Serbia improved in the 2015–2019 period was better. Activity and employment increased, the employment rate of young people (15–24 years) increased by almost 5 percentage points and was close to the average for the Western Balkans (20% in 2018), but still far from the average for EU Member States (35% in 2018).

When entering the labour market, young people face difficulties, and those who are not in education, employment or training (NEET) are of particular concern. The NEET rate is a relatively recent indicator and it was designed to include a particularly vulnerable group of young people who had not been sufficiently supported by active employment policy measures and posed a particular challenge to economic policy makers (Eurofound, 2012).

This category of young people is characterized by low motivation and low self-confidence, as well as insufficient interest in social events and inadequate skills for finding employment. According to statistical data of Statistical office of the Republic of Serbia (2020) and Eurostat (2020), the NEET rate of the Republic of Serbia (RS) is 20.7%, almost 5 p.p. higher compared to the EU's average.

Table 1. NEET statistics, 2020, Serbia.

Youth 15 to 24					
	2016	2017	2018	2019	2020
NEET rate	17.7	17.2	16.5	15.3	15.9
Unemployed persons	9.3	8.7	8.1	7.5	6.7
Persons outside the labor force (former name: inactive persons)	8.4	8.5	8.4	7.8	9.2
Persons who would like to work (seeking employment or not)	14.4	13.6	12.5	11.2	11.5
Persons who do not want to work	3.3	3.6	4.0	4.1	4.4
Youth 15 to 29					
	2016	2017	2018	2019	2020
NEET rate	22.3	21.7	20.1	19.0	20.0
Unemployed persons	12.3	11.2	10.6	9.2	8.4
Persons outside the labor force (former name: inactive persons)	10.0	10.5	9.5	9.7	11.6
Persons who would like to work (seeking employment or not)	19.7	18.1	16.4	14.5	14.7
Persons who do not want to work	3.8	4.3	4.5	4.8	5.3

Source: ETF, 2021; Eurostat, 2020.

As per European Training Foundation's (ETF) study results (2021), alarmingly, although the NEET rate in Serbia has also been declining gradually over the past 5 years, the number of young people who are not in education, employment or training (NEET) is still inordinately high. Although significantly higher than the EU average, where NEET rate for youths aged 15 to 24 was 11.1% and 13.7% for youths aged 15 to 29, the share of NEETs in the total youth population in Serbia is generally somewhat lower than in the economies of the region, with the exception of Croatia (12.2% for youths aged 15 to 24; 14,6% for youths aged 15 to 29). In Europe (Table 2), Turkey has the highest NEET rate (32% youths aged 15 to 29), while the Netherlands has the lowest (5.7% for youths aged 15 to 29). According to some study results, the average school-to-work transition in Serbia lasts more than two years, being the highest among women and youths living in rural areas. The youth with the lowest level of education spend 19.4 months more to find their first job as compared to those with high-level education. As per focus group results, the main determinants of such a long school-to-work transition refer to outdated education system including entrepreneurship education curricula, coupled with low quality of the career management and counselling activities.

According to *Study on Youth Employment in the Western-Balkans* (2021), in the last part of the decade, up until the onset of the Covid-19 pandemic, all economies experienced fairly strong economic growth. This was reflected in improving employment rates, both overall and for the youth in the Western Balkans and in the EU. However, the improvement

in youth employment was slow in Serbia. Young people in the Western Balkans face many challenges in finding good quality jobs that match their skills and aptitudes. The economy reports have identified specific challenges facing young people on the labour market in each economy, as detailed in Table 2.

Table 2. Challenges of the youth labour market identified in economy reports

Factors related to the education system
Weaknesses in education systems
Inadequate work experience during school or university
High level of skill mismatch
Factors related to the job search process
Inadequate support for the education-to-work transition
Inadequate career advice and counselling services
Scarcity of information on job vacancies
Perceptions of unfair / informal recruitment practices
Youth preference for secure public sector jobs
Internship's revolving door
Factors related to the labour market
Inadequate number of jobs, especially in the private sector
High level of informality on the labour market
Prevalence of precarious employment
Long-term unemployment and the associated deuteriation of skills
Policy related factors
Insufficiently targeted youth employment policies
Absence of support and barriers to youth entrepreneurship
Inadequate consultation with young people

Source: Study on Youth Employment in the Western-Balkans, 2021.

There is a large gender gap in labour force participation, partly reflecting a shortage of child-care facilities for young mothers who wish to join the labour market. The gender gap is also reflected in female youth employment rates, which are everywhere below the male youth employment rates. The youth unemployment rate is significantly higher in rural areas, which creates a special social problem since a third of the population in this category simply moves in search of work first to a nearby town, then to a larger city, then across the border.

With a good "labour market scan" identifying misregulation and difficulties, all the afore-mentioned international organizations (public and private) aim to identify companies' recruitment needs, the situation of the youth, and the mismatch between the skills they possess and the skills they need to find a job. That is why everyone is focusing on additional education and new skills in order to find a job more easily.

Labor migration of the Serbian youth in the EU

Population migration is a very important social phenomenon, and with the process of globalization, these movements are becoming more frequent and noticeable. Although these mass migrations have been significantly influenced by the consequences of the world economic crisis, as well as the current pandemic crisis, we cannot link only these periods to labour migration from Serbia, because such a trend existed before. According to Stanković (2014), population migrations were in particular caused by the crisis and the war in the 1990s, as well as the unfinished process of transitional reforms in the 2000s; the prolonged period of the economic crisis did not result only from the international economic flows, there was also the accession of the neighbouring countries to the EU and intensified immigration activities of the ethnic minorities in Serbia who had the citizenship of these countries. In 2009, Serbia was included in Schengen White List, which is a factor that could have influenced the intensity of migration. The extent of migration also varies from region to region, so greater mobility potential is seen in economically less developed parts of the country (ETF, 2010).

The migration of the population since the 1960s in the previous century had the effect of reducing the number of permanent residents, both directly and indirectly. The Republic of Serbia directly lost its population by migration, and indirectly also their children, who moved with them, or were born abroad (Strategies on Economic Migrations of the Republic of Serbia for the Period 2021-2027). Nowadays, on the other hand, we have the situation where as many as 90% of young people, especially students, are thinking of leaving the country and have the full support of their parents.

The same can be said for internal migrations, i.e. the transfer of the population from rural to urban settlements due to intensive processes of urbanization, industrialization and deagrarization, which led to the devastation of rural areas and their emptying (Rašević, 2017).

For the purpose of this paper, we have analysed the *Student Migration Survey* (2018), which involves a total of 11,013 students from public and private colleges and universities, showing that a third of the respondents plan to go abroad after graduation, and as the main cause for leaving the country as many as 94.3% respondents state the reason of economic nature (impossibility of finding a job in their profession, impossibility of finding any job,

poorly paid job in their profession, impossibility of professional advancement, low standard of living, poor economic situation), while the remaining 5.7% state non-economic reasons (corruption, obeying the law, etc.). According to the share of students who plan to look for better living and working conditions in other countries, the students of information and communication technologies account for the biggest segment (36.5%), followed by the students in the field of medical sciences (36.2%).

According to the analysis of the *Student Migration Survey (2018)*, one third of the students of natural sciences and mathematics, as well as the students of technical sciences plan to go abroad (33.8% and 33.9%, respectively); while the smallest share of those who plan to leave Serbia is among the students of social sciences and humanities (28.5%). The main reason for going abroad, according to the largest number of students (27.3%), is the impossibility of finding a job in their profession in the Republic of Serbia, followed by reasons related to low-paid jobs in the profession (21.3%), and low standard of living (20.1%) (Demographic Review, 2018).

Serbia is the leading country in the region in terms of migration of young people, and almost every fifth person (19%) has a vocational or university degree. The countries to which the largest number of the population with tertiary education migrated are Germany, the United States, Austria, Switzerland and Canada. The full availability of the information on the destination countries significantly accelerates emigration and migration. The negative migration balance is increasingly leading to a deteriorated demographic picture of Serbia. Better business offers and safer living conditions, as well as a shorter adaptive period, enable the migration of entire families, which leads to longer stays abroad of the entire family and moving away from the country of birth.

Conclusion

One of the key goals of every country is the adequate social integration of young people, because young people are expected to be the driving force and the foundation of the whole society in the future. Although considered a significant social resource, young people continue to face prolonged institutional education, inadequate and difficult employment conditions, difficulties in gaining independence and delayed family formation.

All of the above-mentioned data and researches conducted in Serbia on the current state and employment of young people and the migration of young people from Serbia into the EU countries aim to realistically analyse the situation and encourage the Government to adopt and implement concrete actions and mechanisms so as to create a favourable environment for the young people to stay in Serbia, i.e. to return to the country after completing their study programs abroad and thus contribute to the improvement and faster economic development.

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