

YOUTH SITUATION IN SERBIA

Employment, skills and social inclusion

Executive summary

Despite recent improvements in labour market indicators, young people in Serbia continue to experience difficulties in accessing and participating in the labour market. One of the major challenges for youths in Serbia in establishing their independence is finding a stable job and remaining in employment. The economic transition and the recession caused by the global financial crisis in 2008 to 2010 resulted in reduced demand for young workers, diminishing their chances of successfully moving from school to work. Although the school-to-work transition in the European labour market is rarely a smooth and clear-cut process, in Serbia this is much more complex. The situation will most probably worsen given the prolonged effects of the Covid-19 crisis in Serbia and around the world.

According to the latest Labour Force Survey (LFS) data, available at the time of writing (November 2019 to June 2020), the youth unemployment rate (those aged 15–24) for 2019 was 27.5%, with a higher incidence among women. A particularly vulnerable group in the labour market are young people not in employment, education or training. Moreover, according to all available indicators, the labour market position for young people, especially women from rural areas, is considerably less favourable compared to young people, especially men, living in urban areas. Finally, young people in Serbia face bleaker labour market prospects than their peers in the European Union.

Throughout the years spent in formal education, and by means of the opportunities made available through non-formal education, young people have opportunities to develop their personal and social potential, and to acquire basic skills and qualifications. Moreover, education is not only a fundamental determinant of individual life chances and social participation, but also of economic development. Obtaining a high-quality skills education gives the opportunity for young people to succeed in the labour market and find meaningful employment. Young people in Serbia on average spend about 12 years in formal education, compared to 17 years on average for youths in the European Union. Upper secondary education is considered the minimum desirable educational attainment level, and it is a prerequisite for better labour market integration and avoiding poverty and social exclusion.

The economic outlook during the Covid-19 pandemic further hinders the chances of young people successfully moving from school to work. This transition is fraught with a lot of insecurity. Unemployment brings serious hardship to young people and their families, as long-term unemployment leaves lifelong negative effects. Moreover, the prolonged jobs crisis has forced young people to be less selective about the type of job they are willing to accept. In other words, young people who have been looking for a job over a long period of time are more likely to experience precarious employment, an uncertain future period of employment, and lower job satisfaction. As Marjanović's 2016 report¹ on labour market transitions shows, it takes two years on average for a young person in Serbia to find their first stable employment after finishing education; in the European Union, the average time is 6.5 months. Such a prolonged transition from school to work in Serbia has adverse effects on other transitions to adulthood. For example, according to Popadić et al. (2019)², only 24% of young people (aged 18–29) do not live with their parents. This has deep social implications as it delays the creation of an environment in which young people will become independent and start their own families. Also, according to Paolini et al. (2018)³, a high level of long-

¹ Marjanović, D., *Labour market transitions of young women and men in the Republic of Serbia*, Work4Youth Publication Series, No 36, International Labour Office, Geneva, 2016.

² Popadić, D., Pavlović, Z. and Mihailović, S., *Youth study Serbia 2018/2019*, Friedrich Ebert Foundation, 2019.

³ Paolini, G., Motiejūnaitė, A. and Horváth, A., *Situation of young people in the European Union*, SWD(2018) 169 final, European Commission's Directorate-General for Education, Youth, Sport and Culture, Publications Office of the European Union, Luxembourg, 2018.

term youth unemployment carries significant financial costs as well as increasing the risk of social unrest.

The drop in the youth unemployment rate is not only due to more people having a job but also the consequence of migration. In the International Migration Outlook (OECD, 2018)⁴ it is estimated that from 2012 to 2016, around 245 000 people, presumably mostly young, left Serbia. This means that on an annual basis, almost 49 000 people emigrated from Serbia. A research by the Statistical Office of the Republic of Serbia on student migration (SORS, 2018)⁵ found that a relatively large number of young people expressed a desire to move abroad. The main reason was the inability to find a job that matches qualifications followed by low pay and overall low living standard in the country.

The Survey on Income and Living Conditions data shows that young people in Serbia are not only trapped in a troubled labour market situation but also exposed to other risks such as poverty and material deprivation. The at-risk-of-poverty or social exclusion rate – a composite indicator which captures all three dimensions of vulnerability of young people aged 16 to 29 years: very low work intensity, at risk of poverty and material deprivation – shows that 33.6% of young Serbian people belonged to at least one of these three states (Eurostat, 2019). Teenagers aged 16 to 19 who were not living with their parents appeared to be most vulnerable.

Against such a backdrop, this study has been undertaken with the aim of analysing the challenges faced by young people in Serbia in their transition from school to adult life, especially in their labour market integration, and with a particular focus on the most vulnerable groups. Therefore, the study looks at the main causes of youth vulnerability and skills mismatches at younger ages, forecasting of labour market demand and supply with key implications for younger generations, and policy approaches for labour market and social inclusion of young people.

The report includes six chapters.

Chapter 1, on labour market access and transition of young people, explores the main labour market indicators and analyses the position of youths and their access to the local labour market while also tackling major problems with their school-to-work transition. This chapter uses all the available survey data to analyse youth vulnerability in the labour market, including the Labour Force Survey, the Survey on Income and Living Conditions and the School-to-Work Transition Survey. Also, it uses qualitative information gathered through focus groups with young people.

Chapter 2, on youths in socially vulnerable situations, presents and analyses data retrieved from the Survey on Income and Living Conditions showing that young people are not only trapped in a difficult labour market situation but also exposed to other risks such as poverty and material deprivation. Also, it analyses innovations feasible in capturing youth vulnerability to better inform policy setting. This chapter includes identification of 'exclusion profiles' (i.e. young groups/subgroups exposed to social exclusion and poverty) using the Survey on Income and Living Conditions and other relevant data and information (including qualitative), and also aims to identify possible innovations in the monitoring and evaluation of active social inclusion of young people.

⁴ Organisation for Economic Cooperation and Development, *International migration outlook 2018*, OECD Publishing, Paris, 2018.

⁵ Statistical Office of the Republic of Serbia, 'Unutrašnje migracije 2017' [Internal migration 2017], Announcement No 172, 2018.

Chapter 3, on measurement of skills mismatches at younger ages, focuses on the mismatch of skills or qualifications and the demand and supply of labour. It adjusts the methodology to fit specific youth groups (e.g. age subgroups relevant for policymaking and incidence of mismatch at regional/sub-regional level) and data availability, and presents calculations of skills mismatch indicators and interpretation of indicators in the national context.

Chapter 4, on forecast of labour market demand and supply and key implications for the younger generations, includes trends in the overall economy and society and the expected impact (such as digitalisation or demographic risks). The chapter brings demographic projections (constant scenario) for the period 2020 to 2030 from a representative source (Penev, 2013) and adjusts them to better fit the population estimates of the national Statistical Office used in the 2019 Labour Force Survey. In a sequence of calculation steps, it presents final activity, employment and unemployment projections, in absolute and relative terms for the period 2020 to 2030. In addition, the chapter provides comments on youth labour market projections, analyses the impact of the digital economy and telemigration on the youth labour market, and presents employers' views on labour market supply and demand with specific reference to the younger generation.

Chapter 5, on policy approaches for labour market and social inclusion of young people, maps policy interventions in implementation at the time of research and discusses their effectiveness in addressing multiple facets of youth vulnerability, lists illustrative examples of programmes focused on youths, and presents the main lessons and policy approaches. It includes a wider set of interventions helping socially exposed young people to integrate into society and the labour market, and identifies promising approaches and/or methods of work pointing at the importance of cooperation among different actors, including government institutions, non-governmental organisations, private sector organisations, service providers such as the National Employment Service, schools and training providers.

Chapter 6, on conclusions and recommendations, includes a summary of the key findings and recommendations for further development of the regulatory framework, strategic planning and creation of youth policies and programmes including education, employment and social inclusion of youths.