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Labour market transitions of young women and men in Serbia[1]

Abstract

Youth is a crucial time of life during which young people start to realise their aspirations, assume economic independence and find their place in society. Nevertheless, the global jobs crisis has exacerbated the vulnerability of young people and the toughness of the labour market they face. Despite a positive turn in Serbia's growth prospects, the economy remains fragile and there remain several obstacles including low levels of employment, especially in the private sector, an ageing population and the need to capitalise on the potential of young labour market entrants. The ILO's School-to-Work Transition Survey (SWTS) is intended to assist in the building of a knowledge base on youth employment, and was implemented in Serbia in 2015 by the Statistical Office. It shows that Serbia has a long way to go in maximising the potential of its youth, a problem compounded by policy-making being derailed by a lack of detailed information. The SWTS aims to contribute via an in-depth review of the employment challenges facing young people and concludes on the key ways in which policy can address these.

Keywords: *young people, transition into work, public policy, unemployment, education reform, social dialogue*

Labour market overview

Socio-economic context

Compared to other central and east European countries, Serbia's economic transition was delayed due to regional conflicts in the 1990s. The imposition of international sanctions, trade shocks and economic uncertainty following the break-up of the former Yugoslavia resulted in Serbia's GDP in 2000 falling to one-half of the 1989 value.

The new government pursued economic reforms which led to improved economic performance. Average GDP growth in the 2001-2008 period amounted to five per cent per year. Growth was primarily driven by increased domestic demand and, in particular, consumption, leading to increased vulnerabilities and external imbal-

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ances (World Bank 2015). The average growth rate of exports was strong, at around 30 per cent, but, as imports also grew at a fast pace, the trade deficit reached 26 per cent of GDP in 2008.[2] Driven by widening trade deficits, the current account deficit increased from 8.8 per cent in 2005 to 21.6 per cent in 2008 (World Bank 2011).

The global economic crisis affected Serbia's economy dramatically, leading to an annual drop in GDP of 3 per cent in 2009. The World Bank reports that industrial output declined by about 20 per cent between mid-2008 and mid-2009.[3] Over the same period, exports decreased but imports declined even more sharply. The response of the Government was determined fiscal adjustment. These actions were supported by the International Monetary Fund (IMF), which approved a 15-month precautionary Stand-by Arrangement (SBA) for Special Drawing Rights in the value of US$ 350.8m in January 2009.

Overall, average annual real GDP growth has, since 2008, fluctuated between negative growth and only slightly positive growth. The effects of devastating floods in May 2014 pushed the economy into recession once again, with a negative GDP growth rate of 1.8 per cent. The flooding, caused by record rainfall, damaged the vital economic sectors of energy, mining, agriculture and transport infrastructure (roads, bridges and railways).

The Global Competitiveness Report (WEF, 2014) demonstrates that the greatest obstacles to doing business in Serbia include corruption, inefficiencies in the state bureaucracy, lack of financing and political instability. The sector of small and medium-sized enterprises remains dynamic, accounting for 56 per cent of gross value added in the country in 2011-12 period and 99.8 per cent of all registered businesses, but it is also the sector that is largely responsible for the strong share of the grey economy. The share of the grey economy in the country ranges between 21 per cent and 30 per cent of GDP, depending on the applied method of measurement (Government of the Republic of Serbia 2014).

More recently, the Government's new fiscal consolidation programme appears to be yielding positive results (National Bank of Serbia 2015) and there is hope that the forthcoming withdrawal of public support for non-profitable industries will also facilitate future growth. Most of 2014 was characterised by the flood-related recession but, by the last quarter of the year, the negative trends had been halted and GDP grew by 0.7 percentage points on the strength of external demand and partial post-flood recovery. The positive trends continued into 2015, as industrial production and exports gained momentum, entirely offsetting the negative impact of austerity mea-

2 Albeit starting from a low base. The ratio of exports of goods and services to GDP increased from 20 per cent in 2002 to 30 per cent in 2008, still low compared to regional peers. In 2015, Serbia's exports reached 45 per cent of the country's GDP. The value of Serbian exports was close to €1.5bn in 2007 and it reached €2.9bn in 2015. Imports grew over the same period from €3bn to €3.9bn, resulting in the external trade deficit dropping from €1.5bn to €1bn.

3 The World Bank indicators and the official data of the Government of the Republic of Serbia differ to
a certain extent. Where such discrepancies are noted, the official data of the Government is used.

sures on final consumption levels. Based on the full recovery of the mining and energy sector, and additionally boosted by external demand, GDP has continued to grow throughout the second quarter of 2015. Medium-term growth in the country will largely depend on the speed of economic recovery within the euro area and the implementation of structural reforms.

Demographics

According to the Statistics Office, the population of Serbia was 7 114 393 on 1 January 2015. Data from the 2011 census demonstrate that Serbia is one of the demographically oldest countries in the world, with an average age of 42.2 years, an ageing index of 1.22 and a 17.4 per cent share of people aged 65 and over in the total population. The share of the population under 15 years of age is 14.3 per cent.

Currently, the age-dependency ratio (the population aged 0-14 and 65+ to the population aged 15-64) in Serbia amounts to 46.3 (Lukic *et al*. 2013). This is an important indicator in understanding and analysing socio-economic prospects, since an increasing number of people in the retirement age group and those still in education will have to be supported by a relatively small working-age population. UN population estimates show that, relative to 2013, the working-age population is projected to fall by 8 per cent by 2020, by 16 per cent by 2030 and by 23 per cent by 2040.

In order to compensate for a shrinking working-age population in a way that maintains GDP growth, additional investment in terms of human capital and increased labour productivity will be required. Measures will also need to be considered to keep workers in the labour force at least until the official retirement age. Currently, Serbia experiences a high rate of early withdrawal from the labour force which, if continued, would cause even sharper declines in the future labour force (World Bank 2015).

Labour market

A dramatic fall in employment-to-population ratios (EPR) has been witnessed in recent

years. Less than one-half of the working-age population was working in 2014 (49.6 per cent), a drop of four percentage points from 2008 (although the figure is higher than the low-point of 2012).[4] During the same period, the number of unemployed grew by almost 60 000 individuals and the unemployment rate by 5 percentage points to 19.7 per cent. One feature that characterises the Serbian post-crisis labour market is the discrepancy between the decrease in employment and the increase in unemployment, accompanied by high incidences of inactivity (peaking at 41 per cent in 2010). This implies that many of the workers who lost their jobs slipped into inactivity rather than unemployment.

4 It is worth noting that the difference in the main labour market indicators 'before' and 'after' the crisis reflects not only the impact of the crisis per se, but also the effect of other factors, the most important being the advanced stage of Serbia's economic transition and privatisation process.

In 2014, the labour force participation rate of the working-age population was 61.8 per cent, 1 percentage point lower than its pre-crisis level. The EPR picked up after 2012, and so did the share of workers in informal employment, increasing from 15.7 per cent in 2012 to 19.6 per cent in 2014, demonstrating that Serbian employers see informal employment as the margin within which employment can be adjusted. Regarding unemployment, the unemployment rates of both youth and adults peaked in 2012 at 51.1 and 24.6 per cent, respectively. Both rates have since declined, but the youth rate, at 47.1 per cent in 2014, is still much higher than the EU-28 average of 22.2 per cent.

The labour market trends of youth (aged 15-24) and adults (25-64) follow similar patterns, with a few important exceptions. First, the LFPR of youth continues on its declining trend while the adult LFPR increases from 2010 onwards. Both the significantly lower rates of activity and the diverging trends between youth and adults are explained by the participation of the youth cohort in education; an increasing number of young people stay in education beyond secondary school level, so their entry into economic activity is postponed, often beyond the age of 24. Another interesting difference is the faster pace at which the adult unemployment rate decreased in the post-crisis period compared to the youth unemployment rate.

Employment in Serbia dropped by approximately 400 000 between 2008 and 2014, a figure which equates to 14 per cent of the 2008 employment stock. The distribution of employment losses was not proportional across all sectors and did not affect all workers equally.[5] The largest decrease in numbers of workers was in the construction sector, where the number of workers affected totalled some 40 per cent. Young workers in construction were particularly hard hit. Apart from construction, other shrinking sectors include (in order of employment decline): accommodation and food services, agriculture, retail, other services and manufacturing. Certain sectors have been characterised by employment growth, such as administration and support services, art, education, electricity and gas and, most significantly, within households as employers in the production of goods and services for own consumption, but young are not significantly represented in these sectors.

The position of women in the Serbian labour market is consistently worse than that of men. Table 1 shows the gender gap in key labour market indicators in Serbia and for the EU-28. Not only were women less active in the labour market, but their unemployment rate was higher than that of their male counterparts by 3 percentage points in 2013 and their EPR lagged behind that of males by 15 percentage points. In

5 According to the World Bank (2015), between October 2012 and the third quarter of 2014, the Serbian economy created approximately 176 000 jobs. The number of formal full-time jobs actually decreased by about 18 000, while informal full-time jobs expanded by about 65 000. Interestingly, the loss of formal full-time jobs was almost entirely borne by persons aged 40 and older, while the younger generation actually experienced a slight expansion of formal full-time jobs, suggesting a substitution of older with younger workers in this important labour market segment. Overall, there was a clear trend towards irregular employment, either formal part-time or entirely informal. Part-time and informal jobs constituted the largest proportion of jobs created, especially in the agricultural sector, but also in construction and services.

both cases, the gender gap in Serbia was more pronounced than for the EU-28 average. The World Bank (2015) estimates that the gender gap results in a 16 per cent loss in annual income per capita.

Table 1 – Key labour market indicators by sex, 2013, Serbia and EU-28 (per cent)

Indicator	Serbia		EU-28	
	Female	Male	Female	Male
Labour force participation rate	53.2	70.1	65.9	78.0
Employment-to-population ratio	40.1	54.9	58.7	69.4
Unemployment rate	24.6	21.7	10.9	10.8
Inactivity rate	46.8	29.9	34.1	22.0

Source: SORS Labour Force Survey (LFS) and Eurostat (2013).

Objectives and methodology

The SWTS was developed to quantify the relative ease or difficulty faced by young people in 'transiting' to a job that meets the basic criteria of 'decency'; namely, a job that provides the worker with a sense of permanency, security and personal satisfaction. The quarterly labour force survey (LFS) in Serbia (and many other countries) already provides some information, but it falls short in shedding light on details such as contract situations, earnings, job satisfaction, labour protection measures and the process of labour market transition. The SWTS is intended to fill these gaps.[6] Exploring some of the reasons why transitions are difficult will assist policymakers in focusing on the immediate and longer term policy actions needed to facilitate young people's transitions (Matsumoto and Elder 2010; Elder, 2009).

Serbia is one of 34 countries selected for the implementation of the SWTS within the Work4Youth partnership. The data collection and sampling was conducted by the Statistical Office of the Republic of Serbia (SORS), while the standardised survey instrument was provided by the ILO. Fieldwork took place in March and April 2015, with 3 508 respondents aged 15-29 years old interviewed.

Characteristics of young people

Socio-economic characteristics

The results of the Serbian SWTS show a total population of 15-29 year-olds of 1 255 066. Illustrative of the decreasing natural growth rate, the 15-19 year-old cohort is the smallest, accounting for 29.8 per cent of the examined population, fol-

6 An ad hoc youth module had been attached to the 2009 LFS in April and October, which permitted analysis of the characteristics and determinants of the transition of Serbian young people from school to work. However, the methodologies of this module and the present SWTS differ, so comparison between the two sets of results is avoided.

lowed by the 20-24 year-old cohort (33.2 per cent of the youth population), while the 25-29 year -old cohort is the largest, comprising 37 per cent of the youth population (Table 2). Approximately 60 per cent of Serbian young people live in urban areas, while the remaining 40 per cent live in rural settlements. The tendency of young women to enter into marriage earlier compared to young men is captured by data on marital status: 21.1 per cent of young women are engaged to be married, married or have already been divorced compared to 10.9 per cent of their male counterparts.

The youth population in Serbia is not particularly mobile. In total, 14.2 per cent of young people had moved from their original place of residence (17.8 per cent of young women and 10.7 per cent of young men). Among those who had changed their residence, 33 per cent had moved from a rural area, 56.5 per cent from a large city or metropolitan area and 10.5 per cent from another country. Attending school or training is one driver behind young people moving from their original residence (cited by 27.3 per cent) but the majority, 45.8 per cent, had moved to accompany their family.

Educational attainment

A total of 634 733 (50.8 per cent) of young people aged 15-29 have completed their education (exited the education system), the total being higher among young men than among young women (54.1 per cent compared to 46.8 per cent). In general, young women do slightly better than young men in terms of staying in education. The shares, shown in Table 2, who completed their education at primary level or below are nearly equal between the sexes (16.1 per cent of young women and 16.6 per cent of young men), but a greater number of young women have succeeded in completing the tertiary level (30.9 per cent of young women compared to 17.4 per cent of young men). Young men, in contrast, are more likely than young women to finish their schooling at the secondary general level, although this represents the highest level attainment for the majority of youth of both sexes (63 per cent of young men and 48.6 per cent of young women). Few young people choose to follow the vocational training system (2.6 per cent at the secondary level and 1.0 per cent at the post-secondary level).

Access to education is heavily influenced by the location of residence. The percentage of rural young people who have not completed primary school is three times higher than that of their urban counterparts (at 4.2 and 1.4 per cent, respectively). At the same time, young people living in urban areas are almost three times more likely to earn a tertiary-level degree than their rural counterparts (32.2 and 13.5 per cent, respectively), although this statistic is heavily influenced by the concentration of universities in urban centres.

Table 2 –Level of completed education of young people (per cent)

Level of completed education	Total	Male	Female	Rural	Urban
Less than primary	2.7	2.0	3.4	4.2	1.4
Primary	13.8	14.6	12.7	19.6	8.7
Vocational (secondary)	2.6	1.8	3.5	3.2	2.0
Secondary	56.5	63.0	48.6	59.2	54.1
Post-secondary vocational	1.0	1.2	0.9	0.4	1.6
Tertiary	23.5	17.4	30.9	13.5	32.2

Note: Only young people with completed education are considered (i.e. excluding current students).
Source: SORS, SWTS 2015.

The financial well-being of a family is considered to influence the educational outcome of individuals significantly. When asked to estimate the financial situation of their household, 48.4 per cent of the 15-29 year-olds surveyed considered their household's

financial situation to be around the national average; 7.9 and 8.7 per cent considered

themselves to be fairly well-off and well-off, respectively; while 17.7 and 17.3 per cent estimated their families to be fairly poor and poor. Young people from financially stable households do manage to stay in school longer: 29.8 per cent of young people from well-off households completed tertiary education compared to 14.5 per cent of young people from poor households (Table 3). At the same time, 34 per cent of young people from poor households finished their education at the lowest level (primary or less), the equivalent share among well-off households was 13.8 per cent. The financial situation of a household can be instrumental in predicting the likelihood of having completed tertiary education on the one hand, or not having completed primary school on the other, but it is less reliable for predicting the middle ranges of educational attainment.

Table 3 – Household income level and young people's level of education (%)

Level of completed education	Well-off	Fairly well-off	Around the average	Fairly poor	Poor
Less than primary (including no schooling)	1.8	1.9	1.6	2.8	7.8
Primary	12.0	7.5	8.5	14.7	26.2
Vocational (secondary)	0.8	1.7	3.1	3.2	1.6
Secondary	55.6	52.2	58.1	60.4	49.3
Post-secondary vocational	-	2.8	1.1	1.2	0.5
Tertiary	29.8	33.9	27.6	17.7	14.5

Note: Household financial status is based on the self-assessment of the young respondent. Only young people with completed education are considered (i.e. excluding current students).

Source: SORS, SWTS 2015

Only a small share of young people (3.2 per cent of the youth population) left school early, before completing the attending level (Table 4). The reasons for leaving education early differ significantly between young men and women. The majority abandoned their studies because they were not interested in education (28.5 per cent) or for economic reasons (could not afford to stay in school or needed to earn an income) (26.5 per cent). The first reason is slightly more pronounced among young men and could also be linked to the desire to start work, which was also more pronounced among young men (21.4 per cent) than women (3.7 per cent).

On the other hand, 20.6 per cent of female early school leavers left school in order to get married, while no men reported this as a reason. Also, inability to pass school exams was more often cited as the reason for leaving school early among young women (8.8 per cent, while this is the case for 3.8 per cent of the young men that had left school early). Interestingly, with respect to the discussion on access to education for youth from rural areas (see Table 2), only 1 per cent of early school leavers claimed that the distance between home and school was the reason for their leaving. Finally, as already mentioned, economic reasons featured prominently for both sexes, but more so for young women (29.9 per cent compared to 23.6 per cent for young men). That a young woman is more likely to abandon her education if the family cannot afford to finance it points to the continuing presence of patriarchal reasoning in Serbia, particularly among the less well-educated.

Table 4 – Early school leavers by reason for leaving (per cent)

	Total	Male	Female
Failed exams	6.1	3.8	8.8
Not interested in education	28.5	29.2	27.8
Wanted to start work	13.3	21.4	3.7
To get married	9.4	0.0	20.6
Parents did not want me to continue	0.0	0.0	0.0
Economic reasons	26.5	23.6	29.9
No school nearby	1.0	1.8	0.0
Other reasons	15.3	20.4	9.1

Source: SORS, SWTS 2015

Current students

Almost one-half of young people sampled (49.2 per cent) were still in education. The majority (29.7 per cent) of current students have selected social sciences, business and law for their field of study. These areas are more popular among young women as one-third (33.2 per cent) of female students are enrolled on such courses, in comparison to one-quarter (25.6 per cent) of young male students. The second most commonly studied subject is engineering, manufacturing and computing (19.7 per cent), which proved to be nearly three times more popular among young men than among young women. Young female students are also interested in health and welfare and humanities and arts, as 14.1 per cent and 8.1 per cent of female students are enrolled in courses in these areas respectively. Almost 10 per cent of young students are enrolled on general study courses.

The vast majority of current students (60.6 per cent) see themselves eventually employed as professionals; female students to a higher degree than male students (67.2 and 53.3 per cent, respectively), which is probably related to the higher percentage of young women who enrol in and complete their tertiary education. However, nearly one-half (48.2 per cent) of current students hope one day to find work in the government sector. This share is as high as 55.3 per cent among female students. The attraction of public sector employment is understandable, as it is viewed as offering greater stability, status and higher wages. However, it is entirely unrealistic to imagine that the public sector can absorb such a substantial proportion of young graduates. Conversely, only 15.3 per cent of current students are attracted by the idea of working for a private company in the future.

Activity status of young people

Table 5 presents the distribution of young people by main economic activity. Standard classifications divide the population into three groups – employed, unem-

ployed and persons outside the labour market (inactive). Unemployment, according to international standards, is defined as the situation of a person who:

a) did not work in the reference period
b) was available to take up a job, had one been offered in the week prior to the reference period
c) actively sought work within the 30 days prior to the reference period (for example, by registering at an employment centre or answering a job advertisement).

The definition of 'broad unemployment', in contrast, differs in the relaxation of the 'seeking work' criterion.

When applying the strict definition of unemployment, the survey results show that less than one-third of young people are employed (31.8 per cent). This is low in comparison to the EU-28 average of 46 per cent in 2013, and also compared to other countries in the region that implemented the SWTS.[7] The share of unemployed young people is 14.2 per cent and the remaining majority share represents those who remain outside the labour force (inactive) at 54.1 per cent.

The share of young men in unemployment is slightly higher than that of young women (14.3 and 14.0 per cent, respectively) and the share in employment is as much as 13 percentage points higher (38.1 and 25.1 per cent, respectively). Young women are more likely than men to be inactive (61.0 and 47.5 per cent, respectively). This is partially due to their tendency to marry and have children earlier, in comparison to their male counterparts, and to remain in education longer.

Table 5 – Distribution of young people by main economic activity (per cent)

	Total	Male	Female	Rural	Urban
Employed	31.8	38.1	25.1	35.5	29.4
Unemployed (strict definition)	14.2	14.3	14.0	15.6	13.2
Inactive	54.1	47.5	61.0	49.0	57.4
In regular employment	19.8	22.0	17.5	20.4	19.4
In irregular employment	12.0	16.1	7.6	15.1	9.9
Unemployed (broad definition)	21.1	22.6	21.7	24.0	20.9
Inactive non-students	6.7	4.1	9.5	8.6	5.5
Inactive students	39.3	35.2	43.7	31.9	44.1

Source: SORS, SWTS 2015

The ILO proposes a more detailed distribution that further disaggregates the data according to the educational status of young people (students or non-students). According to the more detailed distribution, it can be seen that the share of inactive young people is broken down into 39.3 per cent of inactive students and 6.7 per cent

7 See Elder *et al*. (2015) for a regional synthesis on SWTS data. National SWTS reports are available from the website: www.ilo.org/w4y.

of inactive non-students. Young women are twice as likely to fall into the category of inactive non-students compared to men (9.5 and 4.1 per cent, respectively).

Taking the broad definition of unemployment, the share increases to 21.1 per cent of young people; with higher shares among men than women and in rural than in urban areas.

The ILO also recommends disaggregating employment into two categories:

1. regular employment, defined as waged and salaried workers holding a contract of greater than twelve months duration; plus self-employed young people with employees (i.e. are employers)
2. irregular employment, defined as waged and salaried workers holding a contract of limited duration, i.e. set to terminate within twelve months; self-employed young people with no employees (own-account workers); and contributing family workers.

The results here show that regular employment among young people is more prevalent than irregular employment, but that 12 per cent of young workers are still in irregular jobs (16.1 per cent among young males). Irregular employment is more common in rural areas (with a share of 15.1 per cent compared to 9.9 per cent in urban areas). The other significant difference between urban and rural areas is the larger share of inactive students in urban areas (44.1 and 31.9 per cent, respectively).

Another indicator of interest is the share of young people who are 'neither in employment, education or training' (NEET). NEET and youth unemployment are related concepts, but there are significant differences between them. The unemployment rate covers the population of those who have lost their jobs, or were looking for work in the past month and are able to start work within the next two weeks. These persons are categorised as falling within the economically active population, among which can be numbered some young people who are still in school. To isolate the portion of the unemployed who are still in school while also capturing only the portion of those who are economically inactive who are out of school, an accurate calculation of NEETs is inactive non-students plus unemployed non-students (Elder, 2015).

The survey results find that, in 2015, 24 per cent of young people are NEETs (Table 6). The share of NEETs increases as young people get older, but the composition remains relatively constant between unemployed and inactive NEETs; by the age of 29, young NEETs are primarily equally distributed between the two sub-categories while, between the ages of 15 and 17, a small proportion of young NEETs are entirely inactive non-students.

The rural NEET rate is higher than in urban areas (29.1 and 20.6 per cent, respectively) while the female rate is slightly higher than the male rate, at 26.1 and 21.9 per cent respectively. Even though the aggregate rates are similar between the sexes, the composition of NEETs is different. For young men, the majority (56.5 per cent) of those who qualify as NEETS are unemployed, compared to 45.7 per cent of young female NEETs. Female NEETs, in contrast, are most likely to fall within the category because they are neither in education nor in the labour market: 54.3 per cent of female NEETs are inactive non-students, while 45.7 per cent are unemployed. The policy responses to inactivity differ markedly from those for the unemployed, but it is

advisable to investigate the sub-categories of NEETs to facilitate the design of the most appropriate targeted policy response.

Table 6 – Youth NEET population, by sex and area of residence (per cent)

	Total	Male	Female	Rural	Urban
NEET rate	24.0	21.9	26.1	29.1	20.6
Of which:					
Unemployed non-students	49.2	43.5	54.3	51.7	47.0
Inactive non-students	50.8	56.5	45.7	48.3	53.0

Source: SORS, SWTS 2015

Aspirations of young people

An analysis of the primary life goals of young respondents in Table 7 shows that having a good family life is the most frequently selected life goal (53.3 per cent), followed by the desire to be successful in work (32.1 per cent). Significantly less common is the perception that having lots of money or making a contribution to society is of primary importance. Interestingly, the fraction of those who consider being successful in work as a primary life goal is smallest among the employed (26.0 per cent), among whom more weight is given to the desire to have a good family life (61.7 per cent). This balance gradually shifts towards being successful in work for the unemployed (selected by 32.9 per cent) and the inactive (36.0 per cent). It is understandable that employed young people can more easily 'afford' to look beyond employment in comparison to the unemployed and inactive. However, one further inference is important: these findings suggest that a very large portion of inactive young people actually desire to work and it can be assumed that, besides the large portion of current students, this view is also shared by some of the discouraged jobseekers.

Table 7 – Primary life goal of young people by main activity status (per cent)

Characteristic	Total	Employed	Unemployed	Inactive
Being successful in work	32.1	26.0	32.9	36.0
Making a contribution to society	4.0	2.2	4.1	5.1
Having lots of money	6.3	6.4	6.2	6.3
Having a good family life	53.3	61.7	52.6	47.9
Other	4.3	3.7	4.3	4.7

Source: SORS, SWTS 2015

Young people in employment

Youth employment by sector

When economic sectors are examined at the broad level, the largest fraction of young people is shown to be employed in services (77 per cent of young women and 52.1 per cent of young men). Young men are more commonly employed in industry than young women (29.3 per cent compared to 14.8 per cent) and in agriculture, which accounts for 18.6 per cent of young men and 8.1 per cent of their female counterparts. Employing 14.6 per cent of young people overall, the agricultural sector is still a significant absorber of labour in the country and thus a sector worthy of the attention of policy-makers, particularly with regard to ensuring decent working conditions for agricultural workers.

A more detailed examination reveals that, when it comes to services, young people are mainly employed in wholesale and retail trades (25 per cent of females and 16.8 per cent of males), followed by accommodation and food, health and social work, education and other services, all of which are dominated by young women. Conversely, young men are over-represented in manufacturing, the largest sector of employment for young men at 20.9 per cent, compared to 13.8 per cent of young women.

Youth employment by occupation

The largest share of young people (24 per cent) is employed as service and sales workers, with such occupations being twice as common among young women (34.8 per cent) as among young men (17.3 per cent). Young women are also more than twice as likely to be employed as professionals as young men (17.1 per cent compared to 7.8 per cent) and the same nearly applies to technicians and associate professionals (15.1 and 8.6 per cent, respectively). At the same time, young male workers are more commonly employed as craft and related trade workers than young women (18.7 and 5.4 per cent, respectively) and as plant and machine operators, and assemblers (10.4 and 2.7 per cent, respectively).

The occupational structure of youth employment is in line with the better educational attainment of young women in Serbia, but attention should be drawn to the statistic that, although very few young managers exist, they are much more likely to be male (2.5 per cent of male workers) than female (0.2 per cent of female workers), perhaps indicative of the presence of a possible glass ceiling in the Serbian labour market.

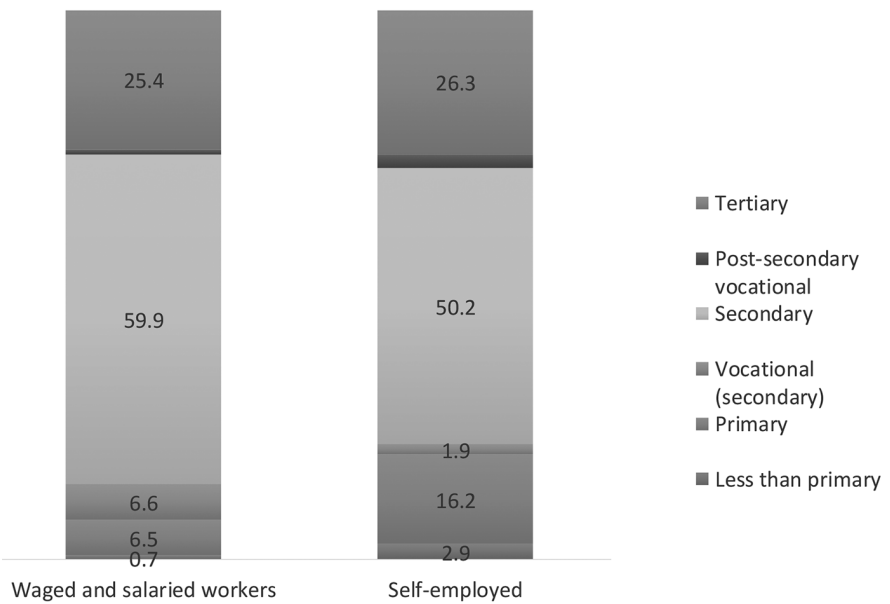
Youth employment by status

The majority of employed young people (79.8 per cent) are employees (86.4 per cent of young women and 75.6 per cent of young men). A significant proportion of employed young people (11.5 per cent) work as contributing family members, with a slightly higher percentage of young men than young women (13.1 and 8.9 per cent, respectively). Self-employment is a relatively rare phenomenon among employed young people, as only 7.8 per cent of working youth are either employers or own-account workers. Young men are twice as likely to take up own-account work com-

pared to young women (7.6 and 3.4 per cent, respectively). A higher share of young men is also working as contributing family workers (13.1 per cent compared to 8.9 per cent of female workers).

The distribution of waged/salaried employment and self-employment among young people can be explored in relation to their level of educational attainment. Figure 1 shows that secondary school graduates represent the largest fraction of both young employees and self-employed young people, although the former represent the larger fraction (59.9 and 50.2 per cent, respectively). Young people holding a vocational secondary school diploma are also over three times more likely to be waged workers than self-employed (at 6.6 per cent and 1.9 per cent, respectively). Young people with the lowest levels of education (primary or below) are more likely to be self-employed than in waged employment (representing 19.1 and 7.2 per cent, respectively). At the same time, tertiary graduates are almost equally represented among both categories of employed youth: 25.4 per cent of waged and salaried workers are tertiary graduates, while 26.3 per cent of the self-employed fall within this category.

Figure 1 – Young wages/salaried and self-employed workers by level of educational attainment



Note: Only young people with completed education are considered (i.e. excluding current students).
Source: SORS, SWTS 2015

Waged and salaried employment

Nearly eight out of ten (79.8 per cent) young workers are in paid employment. We have already mentioned that, in relative terms, young women are more attracted to waged and salaried employment than their male counterparts. The majority of young employees are engaged on a written contract (82.7 per cent) of unlimited duration (60.9 per cent).

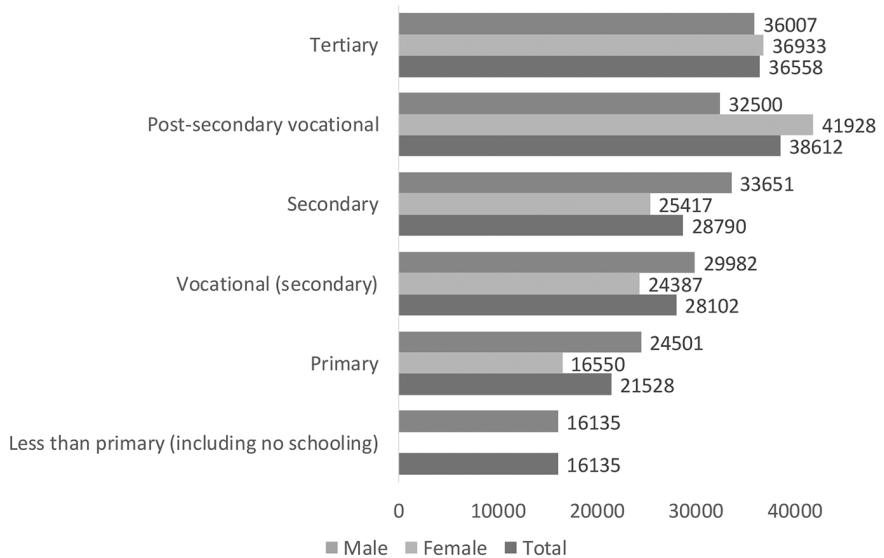
There are less positive aspects of the employment situation, however, given that 17.3 per cent of young employees do not have a written contract. Furthermore, 24.1 per cent are engaged on a fixed-term contract or an agreement of less than 12 months' duration.

The most frequently cited reason for temporary work is the occasional or daily nature of the work undertaken (cited by 29.9 per cent of temporary workers). A further 20.3 per cent of young people on temporary contracts are within a probationary period (22.8 per cent of young women and 18.6 per cent of young men). A greater proportion of young men than young women work as seasonal workers or are involved in on-the-job training, while nearly one-tenth of young female temporary workers are employed as a substitute for another worker, such as a worker on maternity leave.

Not all young employees have access to even basic benefits and entitlements. The majority of young waged and salaried workers do receive annual paid and sick leave, while also benefiting from social security coverage and/or pension coverage, but coverage in Serbia is still not universal: 32.1 per cent of young employees have no paid annual leave, 29.6 per cent do not have paid sick leave and 27.5 per cent have no social security coverage. Coverage does not differ markedly between the sexes, the exception being that 38.8 per cent of young women benefit from maternity leave while 21.9 per cent of young men have access to paternity leave.

The average monthly wage of a young employee is approximately RSD 29 500, which amounts to less than € 250. The average wage in April 2015 (when the survey was conducted) was nearly twice that amount. A difference is apparent between the wages of young women and men: overall, young men earn more than young women, but this difference is not large, with average monthly wages standing at RSD 30 429 and RSD 28 133, respectively. More significant differences are noted between the levels of wages across education levels. A young female Serbian with a university education earns, on average, not only more than the university-educated male employee (RSD 36 933 and RSD 36 007, respectively), but also more than twice the wage of a female employee with primary-level education (RSD 16 550). Likewise, the young male employee with tertiary-level education has the potential to earn 1.5 times the wage of a male employee educated only to primary level.

Figure 2 – Average monthly income of young waged and salaried workers by sex and level of completed education (in Serbian dinars)



Self-employment

Only 30 900 young in Serbia are self-employed (7.8 per cent) as own-account workers or employers, of which one-half (51.3 per cent) turned to entrepreneurship only because they could not find a paid job. Young men are more likely than young women to take up self-employment (the share of male workers in own-account work or employers is 9.7 per cent compared to 4.6 per cent for young women), and they are also more likely than young women to choose self-employment for its potential to offer greater independence (23.7 per cent) or higher income (12.4 per cent).

By far, the greatest challenge identified by self-employed young people in Serbia is the lack of sufficient financial resources; this was reported by 36.9 per cent of those surveyed. Interestingly, however, many self-employed young people (32.7 per cent) claim that they encounter no major challenges in doing business. There are differences between the sexes, with only young self-employed women identifying political uncertainties (9.5 per cent) and insufficient quality of staff (12.3 per cent) as challenges and only young self-employed males identifying competition in the market (10.0 per cent), lack of raw materials (4.0 per cent) and labour shortages (2.4 per cent) as areas of concern. A proportion of both sexes identify legal restrictions as an obstacle (10.6 per cent of young women and 6.4 per cent of young men).

Almost one-quarter (23.3 per cent) of self-employed young people said they did not require any investment capital for their business start-up, suggesting these are small-scale, service provision, own-account businesses. This is the case for almost one-third (30.6 per cent) of young female entrepreneurs. For those that needed fund-

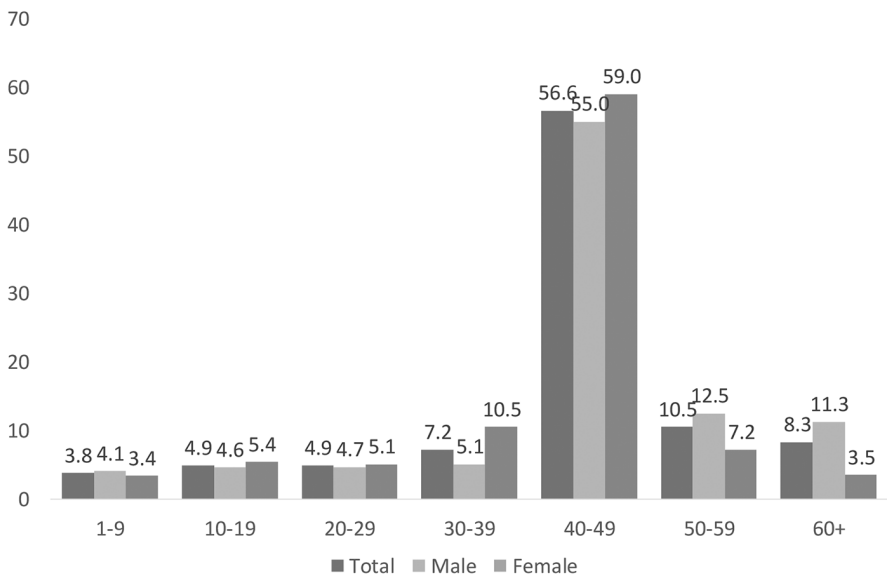
ing to start their business, the majority were supported by family or friends (48.4 per cent of young males and 61.7 per cent of young female entrepreneurs). Young self-employed men are able to rely on their own savings much more frequently than their female counterparts; this had been the case for 21.3 per cent of young male entrepreneurs but only 7.7 per cent of young female entrepreneurs.

Working hours

The majority of young people work full-time (40 hours or more per week) (Figure 3). More than half of the young workers surveyed work between 40 and 49 hours per week and a further 18.8 per cent work in excess of 50 hours per week. Young men are more likely than young women to work an excessive number of hours (23.8 and 10.7 per cent, respectively). Less than one-half of young paid workers (42.9 per cent) benefit from overtime pay as compensation for their long hours.

Short hours rarely seem to be an option for young workers: only 8.7 per cent of young male workers and 8.8 per cent of young females work fewer than 20 hours per week. This could help to explain the high shares of inactivity among young women since they are unable to find part-time work which they can balance with childcare and household duties.

Figure 3 – Youth employment by actual hours worked per week (per cent)



Source: SORS, SWTS 2015

Informal employment

Informal employment[8] among young people remains significant in Serbia, at 47.4 per cent of total employment. Informal employment is made up of two categories: workers in the informal (unregistered) sector; and paid employees holding informal jobs in the formal sector. Workers in the second category do earn a salary, but they do not receive other benefits, such as social security contributions or paid annual or sick leave, that would normally be associated with a job in the formal sector.

Given the relatively high shares of employees among young people in the country, it is not surprising to find that 81.9 per cent of informally-employed young people are in informal jobs in the formal sector while only 18.7 per cent work in the informal sector. Young people living in rural areas are more likely to be engaged in informal employment than are their urban counterparts (54.8 and 41.7 per cent, respectively), while male workers are more often in informal employment compared to female workers (48.3 and 45.9 per cent, respectively).

Qualifications mismatch

The skills mismatch between the job that a person does and their level of educational qualification is determined by applying the normative measure of occupational skills categories from the International Standard Classification of Occupations (ISCO) (Elder *et al*. 2015). ISCO-08 includes the categorisation of major occupational groups (first-digit ISCO levels) by level of education in accordance with the International Standard Classification of Education (ISCED).

Workers in a particular group who have the assigned level of education are considered well-matched. Those who have a higher (lower) level of education are considered over-educated (under-educated). For example, a university graduate working as a clerk (a low-skilled, non-manual occupation) is over-educated, while someone whose highest educational level is secondary school, but who is working as an engineer (a high-skilled, non-manual occupation), is under-educated.

In countries with limited job creation and large numbers of educated young people, some young labour market entrants end up taking work for which they are overqualified. Such is the situation in Serbia, where as many as 18.8 per cent of young are over-educated for the job that they do. Education mismatch is particularly evident among young female workers, among whom is found a high concentration of educa-

8 Informal employment is measured according to the guidelines recommended by the 17th International Conference of Labour Statisticians. The calculation applied here includes the following sub-categories
of workers: (a) paid employees in 'informal jobs', i.e. jobs without social security entitlement, paid annual leave or paid sick leave; (b) paid employees in an unregistered enterprise with fewer than five employees; (c) own-account workers in an unregistered enterprise with fewer than five employees; (d) employers in an unregistered enterprise with fewer than five employees; and (e) contributing family workers. Sub-categories (b) to (d) are used in the calculation of 'employment in the informal sector', sub-category (a) applies to 'informal job in the formal sector"; and sub-category (e) can fall within either grouping, dependent on the registration status of the enterprise that engages the contributing family worker.

tion at the highest level: 24.5 per cent of young female workers are over-educated compared to 15.3 per cent of male workers.

In comparison to other countries in the region, the share of over-educated young workers in Serbia is only slightly below the average.[9] In contrast, young men are slightly more likely to be under-educated for the job they are undertaking than are young women (16.2 and 12.7 per cent, respectively).

The occupations in which the highest concentrations of over-educated young people are found are elementary ones (i.e. those occupations typically requiring only a primary-level education); as many as 77.9 per cent of youth performing elementary occupations are over-educated. Likewise, 41.8 per cent of young people in clerical work, 18.7 per cent of technicians and 17.0 per cent of those in service and sales work are over-educated. In contrast, a majority of younger managers (66.9 per cent) are under-educated, presumably not holding a university degree, as are 20 per cent of young professionals and 28.8 per cent of technicians.

Job satisfaction

A very high number of young workers report being either highly satisfied or mostly satisfied with their jobs (82.7 per cent). However, as many as 51.6 per cent of employed young people state that they would still like to change their employment. The main reasons given for wanting to change jobs are the aspiration of earning a higher hourly wage (32.7 per cent), the desire to make better use of qualifications and skills (23.4 per cent), the temporary nature of the job (18 per cent) and to gain improved working conditions (10.5 per cent). Young female workers are more likely to want a job that more closely matches their qualifications compared to young male workers, while male workers are more concerned with the level of wages.

Unemployed young people

Only 14.2 per cent of the youth population in Serbia is unemployed, the youth unemployment rate (the number of unemployed young people as a share of the youth labour force) is high at 30.8 per cent. This indicates that, for those young people who are ready to enter labour market activity, the pathway to finding employment can be difficult. The female youth unemployment rate is significantly higher than the male rate, at 35.8 and 27.3 per cent, respectively. Rates among young people in urban areas are only slightly higher than those among young people in rural areas (31.1 and 30.5 per cent, respectively).

When applying the broad definition of unemployment – which also includes those young people who are not actively seeking work – the youth unemployment rate increases to 41.1 per cent. According to the broad definition, almost one in two economically active young females in the country (46.4 per cent) are unemployed.

9 Elder *et al*. (2015) showed a regional (six-country) average of 21.7 per cent for over-educated young
workers.

When the unemployment rates are analysed in relation to educational attainment, it is evident that the highest unemployment rates are found among young people with only primary-level qualifications: the youth unemployment rate among those with primary-level education is 40.7 per cent, compared to 29.9 per cent for those with secondary general education and 32.9 per cent among university graduates. Female rates exceed male rates regardless of the level of education. For both sexes, the lowest youth unemployment rates are found among those who are secondary and post-secondary vocational graduates (6.0 per cent and 18.4 per cent, respectively), a result which suggests that technical skills are more closely correlated with labour market demand.

Job search

The majority of unemployed young people express a desire to work as professionals (23.6 per cent) although, in fact, only 11.3 per cent of the youth employed are actually engaged in such work, representing the largest discrepancy between the expectations of the unemployed and the actual situation of the employed. The second most sought-after occupation specified by unemployed young people is as service and sales workers (21.1 per cent). The second largest discrepancy between desired and actual work is to be found in the share of agricultural workers. Hardly any unemployed young people (0.9 per cent) express a preference for this type of work but, in reality, 10.5 per cent of employed young people perform this type of work. Finally, one of the largest disparities between the jobs sought by young men and women is in the field of craft and related trade work. Only 2.8 per cent of young women hope to find such work, but the share among male unemployed youth is 20.5 per cent.

Lengthy spells of unemployment constitute a serious problem for young people in Serbia, as over half of the youth unemployed (50.9 per cent) have been seeking employment for more than one year (Table 8). Both young men and young women are equally affected by long-term unemployment: the long-term unemployment rates among young men and women being 49.7 and 52.1 per cent, respectively. Long-term unemployment has a particularly adverse effect on young people and their position in the labour market as it often leads to skills erosion and disillusionment.

Table 8 – Unemployed young people by duration of job search

Duration	Total	Male	Female
Less than one week	1.0	1.6	0.3
1 week to less than 1 month	4.7	2.6	7.0
1 month to less than 3 months	10.6	10.3	10.8
3 months to less than 6 months	17.2	19.2	15.1
6 months to less than 1 year	15.6	16.5	14.6
More than a year	50.9	49.7	52.1

Source: SORS, SWTS 2015

The preferred job-search method of both employed and unemployed young people is to rely on the support and information provided by friends and family. More than one-third (36.1 per cent) of employed young people obtained their job in this way, while the share of unemployed applying this method is 69.2 per cent (multiple responses permitted). Two out of five unemployed young people are registered with the national employment service and 43.1 per cent apply the more formal method of job search by placing or responding to job advertisements. A large share (40.6 per cent) also inquire directly at workplaces. The results confirm that social networks are often a decisive factor in securing the scarce jobs in the Serbian labour market.

Only 10.3 per cent of unemployed young people report having refused a job offer. For half of these youth (49.1 per cent), the refusal was due to a low wage offer. Young men are shown to be more prone to wage reservation as this reason is reported by 64.8 per cent of young male unemployed youth who rejected a job offer, compared to 41.6 per cent of their female counterparts. On the other hand, young women are more likely to refuse a job offer if the work failed to match their level of qualifications (12.8 per cent compared to 7.1 per cent of the young men who had refused a job). Young women were also much more selective in terms of the expected hours of daily work (both too many and too few), potential for development and the location of the job, and also in terms of their family's approval. At the same time, they do not appear to be influenced by the temporary nature of work, while 5.7 per cent of their male counterparts stated this as their reason for having rejected a job offer.

Bearing in mind that the average income of employed young people is RSD 29 500, our survey data is that the wage expectations of unemployed young are, in fact, lower than the wages being offered on the labour market. On average, unemployed young people expect to earn some RSD 4 000 lower than the average youth wage.

Obstacles to finding work

The vast majority of unemployed young people, 53.1 per cent, consider the lack of available jobs to be the major obstacle to finding work. A further 14.3 per cent consider that their lack of work experience is detrimental to securing employment. Only 3.5 per cent feel they have not been offered employment due to their lack of sufficient qualifications and only 1.9 per cent feel that their age is an obstacle as employers consider them to be too young. Some 9.4 per cent do not believe that there are any obstacles hindering their chances of finding employment and 5.7 per cent explain that they remain unemployed as the wages in available jobs are low, implying that they are making a considered choice to remain unemployed.

In view of the local context, it would have been interesting to see how many young people consider their lack of contacts and political connections to be the main reason why they have not yet managed to secure employment.

Discouraged young workers

Discouraged workers are defined as those who are not working and who have expressed a desire to work but are not seeking work for a range of reasons which imply that they feel that undertaking job search would be a futile effort (Elder *et al*. 2015). The term is frequently used for advocacy purposes, presented as a growing phe-

nomenon among young people during the global economic crisis and a danger to national prosperity and security. However, the reality is that numbers of discouraged young workers are usually not high. In Serbia, discouraged workers account for 14 per cent of unemployed young people (applying the broad definition of unemployment) and 3.1 per cent of the youth population.

More male than female young people are discouraged job-seekers (56.3 per cent of discouraged young people are male). A factor that could help explain such gender differences is the tendency for young women to fall outside the labour market more readily than young men, in keeping with traditional gender roles (i.e. to take care of a household).[10] Our data shows that young men are more likely than young women to cite an inability to find work in the area of residence and having looked previously for work and not found anything. Young women are more likely than young men to be discouraged due to an inability to find work appropriate to their qualifications.

Stages of transition

The preceding sections analysed young people with respect to their current activity status. Another means of classification is to group young people according to where they stand in relation to their transition into the labour market. Labour market transition of young people concerns not only the length of time from their exit from education (either upon graduation or early exit without completion) to their first entry into any job, but also relates to qualitative factors, such as whether the job is stable (measured by contract type).

By starting from the premise that a person has not 'transited' until they are settled in a job that meets very basic criteria of stability, as defined by the duration of the employment contract, the SWTS analytical framework introduces a new qualitative element into the standard definition of labour market transition. However, we have seen that not all young people in Serbia attain stable employment, for which reason the ILO added job satisfaction as a component and built it into the concept of transition.

Specifically, labour market transition is defined as the passage of a young person from the end of schooling (or entry to first economic activity) to the first stable or satisfactory job.[11] The transition is thus considered to be complete only when a young person has attained a stable job based on a written contract of duration greater than 12 months, or oral agreement with the likelihood of retention, or has attained a satisfactory temporary job judged on the basis of the young respondent's willingness to stay there.

Two-fifths (40.2 per cent) of the youth population in Serbia had not yet started their transition at the time of the survey. Of those who had made a start, most spend a

10 See Elder and Kring (2016) for an investigation of gender issues in the school-to-work transitions of young people.

11 Based on their experience in analysing data from 2012-2013 SWTS data sets, the ILO made slight revisions to the methodology for calculating the stages of transition. The justification for these revisions, based on lessons learned in the analyses, is summarised in ILO (2015), chapter 4.

long time in the transition itself. Only one-fifth (20 per cent) of young people are classified as having completed their transition, with the remaining 39.8 per cent thus in transition. Young men are more likely than young women to have completed the transition or to remain in it, while young females are more likely than men to fall into the category of transition having not yet started.

Table 9 – Distribution of stages of the transition by selected characteristic (%)

Characteristics		Transited		In transition		Transition not yet started	
		No.	%	No.	%	No.	%
Sex	Male	151 159	23.5	263 296	40.9	228 825	35.6
	Female	100 217	16.4	136 381	38.6	175 188	45.0
Age group	15-19	8 460	2.3	62 188	16.6	303 544	81.1
	20-24	61 934	14.9	194 412	46.6	160 568	38.5
	25-29	180 982	39.0	243 078	52.4	39 901	8.6
Area of residence	Urban	142 440	18.7	279 967	36.7	340 596	44.6
	Rural	108 936	22.1	219 710	44.7	163 417	33.2
Household income level	Well-off	25 499	23.4	28 235	25.9	55 317	50.7
	Fairly well-off	24 270	24.5	25 963	26.2	48 755	49.3
	Around the average	138 825	22.8	211 789	34.8	257 151	42.3
	Fairly poor	37 050	16.7	106 971	48.2	78 074	35.2
	Poor	25 731	11.8	126 720	58.4	64 716	29.8
Level of completed education	Less than primary (including no schooling)	3 351	16.5	12 154	59.7	-	-
	Primary	15 669	17.9	68 210	78.0	-	-
	Vocational (secondary)	8 241	50.7	8 027	49.3	-	-
	Secondary	154 382	43.1	202 167	56.4	-	-
	Post-secondary vocational	3 097	46.9	3 503	53.1	-	-
	Tertiary	66 636	44.7	82 440	55.3	-	-
Totals		251 375	20.0	499 678	39.8	504 413	40.2

Note: Household income levels are based on the individual perception of each young respondent. Calculations of completed education level exclude current students.

Source: SORS, SWTS 2015

Table 9 provides some additional details on stages of transition across various characteristics of young people. Differences between the sexes have already been discussed. Young people living in rural areas have a tendency to complete the transition more frequently than their urban counterparts, as the latter are more frequently in the category of transition not yet started (44.6 per cent compared to 33.2 per cent of young people in rural areas). Regarding the distribution of stages of transition across age groups, the results are logical, with older youth (between the ages of 25 and 29) having the highest share of completed transitions (39 per cent) while young adolescents (15-19 year olds) make up 81.1 per cent of those whose transition had not yet started. Regarding household income level, youth from well-off or fairly well-off households do seem to have an advantage in completing the transition, as do youth who obtained higher levels of education or vocational education.

Transition not yet started

Regarding young people who have not yet started the transition, almost all of them (98.0 per cent) are inactive students; it is only among young women that the share of inactive non-students with no plans to work in the future takes a non-negligible share of 2.8 per cent (although this figure represents only 1.2 per cent of the total population of young women).

Young people in transition

Half a million (499 677; 39.8 per cent) young people in Serbia are in the process of transitioning from school into satisfactory employment. The category consists of the following sub-groups: 17.2 per cent who are unemployed, according to the broad definition; 3.8 per cent in non-satisfactory temporary employment; 3.1 per cent in non-satisfactory self-employment; 9.8 per cent economically active students; and 5.9 per cent inactive non-students with plans to work in future.

Among young people who remain in transition, both sexes are primarily unemployed (17.8 per cent of the young male population compared to 16.6 per cent of young females). There is a higher male share among those remaining in transition due to engagement in a non-satisfactory temporary or self-employed job (9.1 per cent of young men compared to 4.5 per cent of young women) and also among active students combining school with employment or job seeking activities (10.4 per cent of young men and 9.2 per cent of young women). It is only among inactive non-students with plans to work in the future that the female share exceeds that of males (8.3 and 3.7 per cent, respectively).

In terms of links to household income, young people from poorer households are more likely to remain in transition compared to those from well-off households, with the difference primarily resulting from the higher incidence of unemployment among young people from lower income households, where nearly 30 per cent were unemployed compared to 9.3 per cent of those from well-off households. Finally, the results show that young people with lower levels of education are those most likely to be currently inactive with the intention of future engagement in the labour market (36.7 per cent of youth with less than primary education compared to 10 per cent of those with tertiary education).

Young people who have completed their transition

Out of the total youth population, only 20 per cent have completed their school-to-work transition. This group can be split into three categories: those who have transited to stable employment (16 per cent); those who are in satisfactory, but temporary employment (2 per cent); and those who are in satisfactory self-employment (2.1 per cent). Comparing the distribution of transited youth across categories shows that more young men than young women have managed to complete the transition to stable employment (18.2 and 13.7 per cent, respectively). Youth in rural areas are more likely to transit to stable employment (16.8 per cent compared to 15.5 per cent in urban areas).

Youth from well-off households are twice as likely to have completed the transition compared to those from poor households (23.4 and 11.8 per cent, respectively) and also show a significant advantage in terms of attaining stable employment. The advantage conferred by investment in education is even more pronounced: as many as 44.7 per cent of tertiary-level educated young people have completed their labour market transition – 36.7 per cent to stable employment – compared to 17.9 per cent of young people with primary-level education (with 9.6 per cent in stable employment), with the latter still more likely to remain in transition than to have completed the transition.

With the majority of young people in Serbia finishing their education at the secondary (general) level, it is interesting to see where those emerging from education at that point end up: 35.8 per cent have completed their transition to stable employment, 3.5 per cent to satisfactory temporary employment and 3.7 per cent to satisfactory self-employment. The differences here compared to the tertiary-level graduate is the latter's slightly higher shares in both satisfactory temporary employment (4.9 per cent compared to 3.5 per cent) and in unemployment (36.7 per cent compared to 35.8 per cent). The most readily transited, however, seem to be young people graduating with vocational training (50.7 per cent transited among young people with secondary vocational and 46.9 per cent among post-secondary vocational). The policy message here is that it could potentially be worthwhile to encourage more youth to follow this track.

Transition paths and lengths of transition

One of the SWTS's biggest contributions is that it allows us to identify the labour market categories held by the young person prior to transiting to stable or satisfactory employment, as well as prior to the first job. The majority of transited youth attained their current stable and/or satisfactory job either as their first labour market experience – i.e. directly (40.7 per cent) – or following a period of unemployment (37.5 per cent). Regarding the transition to a first stable/satisfactory job (meaning that some persons left that job and moved to another job or a different labour market situation), an even greater number moved directly (61.1 per cent) and 29.8 per cent found the job after a period of unemployment. The Serbian labour market exhibits very low levels of turnover, as can be seen in that only a handful of young people completed the school-to-work transition to a stable or satisfactory job from any of

the following other activities: inactivity; from other employment – whether self-employment, temporary or stable job or contributing family work – or internship.

Lengths of the school-to-work transition may be calculated from the date of graduation to (i) the first job, (ii) the first 'transited' job and (iii) the current 'transited' job.[12] In Serbia, with its high unemployment rates, a high frequency of jumping between jobs would not be expected, so the average transition lengths within the subcategories should not vary widely.

Table 10 – Average lengths of labour market transitions from school graduation, by sex (no. months)

	Total	Male	Female
To first job (any job, including direct transitions)	24.3	23.8	25.2
To first transited job (including direct transitions)	23.4	22.4	24.7
To first transited job (excluding direct transitions)	28.8	27.7	30.4
To current transited job (including direct transitions)	34.1	34.1	34.1
To current transited job (excluding direct transitions)	39.2	39.3	39.1

Source: SORS, SWTS 2015

The results show that it takes a young person, on average, 23.4 months, or almost two years, from the time of graduation to attaining the first job that is deemed to be either stable or satisfactory. Excluding the number of young people who moved directly to that first transited job (as their first labour market experience after graduation) results in the average length jumping to more than two years (28.8 months). In both instances, it takes young women longer than young men to make the transition from school to work.

Some young people continue their pathway in the labour market even after attaining a first transited job – perhaps they are made redundant/dismissed from the job or leave to have children or for other reasons.[13] Regardless of the specific reason, it therefore makes sense that the average length to current transited jobs is longer than the length to the first transited job. In Serbia, it took a young person an average of 34.1 months (nearly 3 years) to complete the transition from school to the current transited job (same duration for both sexes). Excluding those who moved directly to

12 These various categories may or may not overlap: a young person could have only one job experience, which is deemed stable and/or satisfactory (so that the first job is the first transited job as well as the current transited job); or the young person might have held several jobs and moved into and out of transition before settling finally into the current stable and/or satisfactory job (so that first job is neither the first transited job or the current transited job).

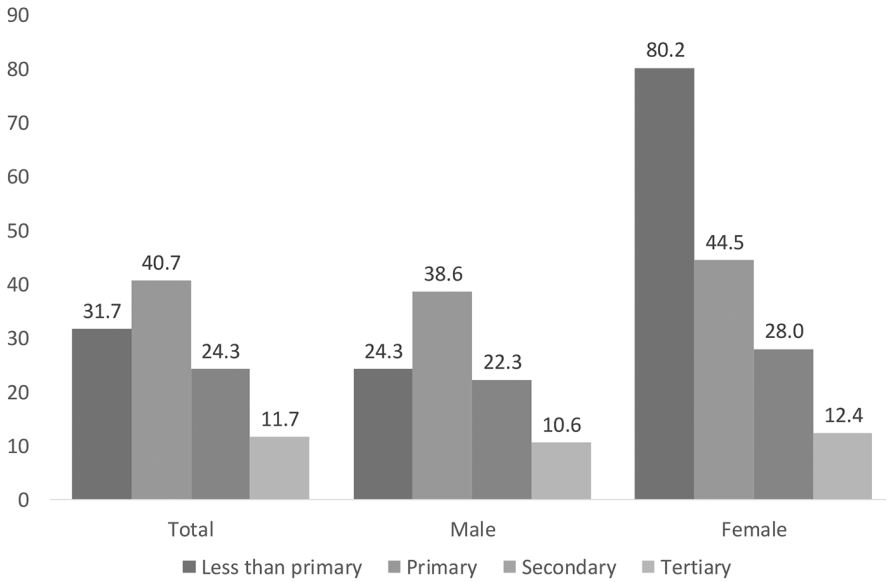
13 The Work4Youth team will shortly put out a technical brief examining the reasons why young people leave a job that they deemed to be satisfactory and stable. Interested readers should check the website: www.ilo.org/w4y.

the current transited job causes the transition duration to rise to as long as 39.2 months. Whichever form of measurement is applied, it is clear that the labour market in Serbia has a significant problem in absorbing its emerging young graduates effectively. The economic and social costs of financially supporting so many young people through such lengthy transition periods are a clear hindrance to the growth potential of the country.

Finally, Figure 4 shows the advantage that education brings to the school-to-work transitions of youth in Serbia. The length of the transition to a first stable/satisfactory job is halved for those young people who graduate with a tertiary degree compared to a secondary degree (11.7 and 24.3 months, respectively). Despite the higher representation of young women than men among tertiary degree holders, it still takes the young tertiary-educated female longer to complete the school-to-work transition in comparison to her male counterpart (12.4 and 10.6 months, respectively), which could be representative of a gender bias in the labour market.

Young people with only primary education only can take as long as 40.7 months to complete the transition. Such very lengthy transitions can be partly explained by the much younger age of school leaving of this cohort, but the question of what these young people do during the long interim period remains to be answered. Given the much longer transition periods of young females educated to less than primary level, it is probable that much of the interim period is spent looking after the household, dependent on the income brought in by other household members or with state support. A future investigation should specifically consider the characteristics of those young people in this category, since they are likely to be the most disadvantaged young people in the country in terms of opportunities and, therefore, in the greatest need of early intervention.

Figure 4 – Average lengths of labour market transition from school graduation to first stable and/or satisfactory job, by level of completed education and sex (no. months)



Source: SORS, SWTS 2015

Policy recommendations

Substantial progress has been made in refining the institutional framework for the design and implementation of national employment policy in Serbia. Employment policy is now part of wider economic policy and focuses on job creation and employment promotion, while Serbia has developed a forward-looking *National Employment Strategy 2011-2020*.

The youth employment challenge featured prominently in the course of the development of this Strategy, which incorporates six empirical youth employment targets. By 2020, the initiatives put forward by the government are expected to:

- increase youth activity and employment rates (to 30.7 per cent and 23.3 per cent, respectively)
- decrease the youth unemployment rate (to 24 per cent)
- improve the ratio of youth unemployment to overall unemployment (from 2.1 to 1)

- raise the share of teenagers and young adults enrolled in education (to 90 per cent and 40 per cent, respectively).[14]

These targets were, however, established on the basis of an optimistic economic growth model, which is, unfortunately, not yet being realized. Furthermore, policymakers may have recognised the severity of the problems facing young people in accessing the labour market, setting aside significant funds for targeted youth employment interventions, but the financial allocations for ALMPs have decreased dramatically since 2012. Until 2012, the annual budget allocated to addressing employment challenges was relatively stable, amounting to over 0.1 per cent of GDP. However, the fiscal constraints in recent years have seen dramatically reduced allocations to both passive and active employment measures. Indeed, the *National Employment Strategy 2011-2020* envisages that a minimum allocation of 0.2 per cent of GDP would be necessary to effectively tackle the unemployment crisis in Serbia.

Consequently, there are several issues which hamper active youth employment policy. The first of these is the severe budgetary constraints which are in effect and the large discrepancy in fund allocation for passive and active labour market measures in favour of passive measures. Second, insufficient human resources and co-ordination issues between regional and local institutions mean that there is inadequate capacity to develop tailor-made solutions to address local employment needs.

At the broader level of policy design, several key issues may be identified which hinder effective policy responses to the challenge of youth employment:

- the fragmentation of policy interventions, with few synergies across the various government agencies and actors
- the scant attention paid to addressing the needs of young people who face multiple barriers to labour market entry
- the narrow scope of youth employment interventions, which often focus either on labour demand or labour supply measures
- the lack of co-ordination among the institutions entrusted with providing social inclusion services
- and limited monitoring and evaluation which does not permit the implementation of evidence-based policies or the precise targeting of public services on those most in need of assistance.

An integrated cross-sectoral policy mix is required to address the complex situation facing young people in the Serbian labour market. Most importantly, both labour demand and supply-side measures must be undertaken while simultaneously addressing the quality of youth employment. Steps must also be taken to ensure that the education and training system is responsive to the needs of the labour market.

Therefore, larger amounts should be invested in active measures that will assist labour market entry, provide an initial work experience, prevent skills erosion and bridge the existing skills gap, with a focus on the most vulnerable young people. At the same time, much more effort is needed on the part of the *National Employment*

14 The targets listed here are for a youth cohort defined as 15-24 years old and should, therefore, not be confused with the data emanating from the SWTS reported in previous sections.

Strategy 2011-2020 effectively to target and profile the most vulnerable young people in order to prevent deadweight and substitution issues and to ensure that they are provided with an appropriate mix of measures to address their needs. Multi-component interventions that combine remedial education and training with work experience programmes and job-search assistance, as well as incentives for employers to hire young workers, have been shown to be more cost-effective than single-component measures.

The specific recommendations provided below mainly focus on the policy measures that can address the particular problems identified in this research.

Available labour market information should be utilised and a regular collection of data on the skills required within the labour market should be made on the basis of the skill mismatches that have been identified and the unrealistic expectations that unemployed young people often have regarding their job prospects. Such data should be employed to design training programmes that will help to bridge the skills gap (including developing core employability skills) that many young people face when entering the labour market. It is also essential to expand career guidance provision to all students and improve counsellors' access to labour market information.

Relative to the EU-28 average, the share of long-term unemployment among young people in Serbia is high, at 50.9 per cent according to the SWTS results.[15] The longer a young person lingers in unemployment, the greater the potential for skills erosion and loss of motivation. The situation is aggravated when employers have the tendency to recruit from the pool of recent graduates rather than taking on those with lengthy spells of unemployment. There are costs, therefore, in terms of both the loss of human capital and the additional burden placed on social funds.

Given the data demonstrating the disadvantageous position of young women compared to their male counterparts, measures which aim to increase female labour market participation (such as childcare provision, training allowances and transportation support) should be implemented. This should also seek to prevent discriminatory practices in terms of employment and occupations.

Informality in youth employment must be confronted by educating young people on their rights at work and by giving employers incentives to formalise young employees' working arrangements. It is important, however, that measures which aim to curtail informal employment are implemented with a sensitivity to employers' needs and without undue administrative burdens.

The vocational education and training system in Serbia is outdated and would greatly benefit from establishing closer relations with industry, but graduates of vocational secondary schools are performing relatively well in the labour market. This indicates that such profiles are in demand by employers and that young people should be encouraged to pursue such educational programmes through improved career guidance. This will be all the more important as the system of vocational education and training undergoes the necessary reforms.

Young people with the lowest levels of education are by far the most disadvantaged in the labour market, and so more effort is needed to provide them with func-

15 The EU-28 average was 34.1 per cent in 2013 (ILO 2015) for the 15-24 age group.

tional education and equip them with the competencies required by the labour market. Bearing in mind that poor educational outcomes are very closely related to household income, an integrated programme of social and employment measures will be required, offering financial support and housing aid over the course of training programmes, for example.

Working while studying is rare among Serbian young people, yet this can prove to be an effective way of gaining early work experience and boosting employment prospects after the completion of education. Lack of work experience is one of the most frequently cited barriers hampering youth employment and it is therefore necessary to bring students closer to the workplace, not only through part-time employment but also through internships and including real workplace experience in formal education curricula.

The majority of self-employed young people in Serbia pursue self-employment in response to an inability to find paid work rather than out of choice. This means that efforts should be made to promote entrepreneurship and support young people in developing and realising their business ideas from an early age. Efforts are being made to introduce entrepreneurship into secondary school curricula. However, entrepreneurship must also be promoted to today's youth cohort through other channels.

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