

Labour market transitions of young women and men in Montenegro¹

Abstract

Youth is a significant period of human life during which young people formulate their aspirations and life goals, seek and find their own roles and responsibilities in society and move towards economic independence. Youth is thus a period of social and psychological transition, with young people's quality of life largely determined by how successfully they make the transition from school to work. The ILO's School-to-Work Transition Survey (SWTS) offers various stakeholders and policy-makers the opportunity to generate an in-depth review of the specific employment challenges facing young people so that they might design more appropriate instruments to support such a transition. In Montenegro, the survey was implemented by MONSTAT, the Statistical Office of Montenegro. The analysis of the SWTS offered here is intended to assist in monitoring the impact of existing youth employment policies and programmes in Montenegro and to contribute to the national dialogue on the formulation of strategies and national instruments to help accomplish that transition.

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

Labour market overview

Socio-economic context

After the double-dip recession of 2009 and 2012, the Montenegrin economy recovered in 2013, with a growth rate of 3.3 per cent. Growth in gross domestic product (GDP) continued in 2014 at a modest level of 1.8 per cent, while in 2015 the country has experienced stronger economic growth, again boosted by investment, mainly in the tourism, transport and energy sectors. The government estimates GDP growth for 2015 to be 4.3 per cent. Various forecasts predict that economic growth in future years could be between 3 and 4 per cent, which should help to achieve an average annual one per cent growth in the employment rate. These estimations are encouraging, especially bearing in mind the overall fiscal instability and slow econo-

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mic recovery characteristic of the western Balkans, where average economic growth in 2015 was less than 2 per cent.

Based on the strategic documents of the Government of Montenegro, Montenegro's long-term development is predicted to be reliant on the tourism, agriculture and power generation sectors, which will contribute to greater productivity and increased international competitiveness through improvements in the areas of knowledge, science, technology and innovation. Faster future growth for the Montenegrin economy will depend on significant expansion in investment activities and in the engagement of local resources, primarily in construction and the related sectors of trade, transport and services. The construction of Montenegro's first motorway continues to serve as the most sizable investment in the country, with a value equal to 20 per cent of total GDP. In addition, major investments in tourism, energy, industry and agriculture have been announced, totalling at least 30 per cent of GDP.

Montenegro is the smallest country in the western Balkans yet, in terms of economic performance, the country ranks above others in the region. In 2014, GDP per capita (in terms of purchasing power, PPP) in Montenegro was 41 per cent of the EU-27/28 average.

Montenegro has a population of 620 029 based on 194 795 households.² Out of the total population, 50.6 per cent (313 793) are women while 49.4 per cent (306 236) are men. The majority of the population is concentrated in the capital, Podgorica (30 per cent of the country's total inhabitants). Around 50 per cent of the population is concentrated in three municipalities – Podgorica, Nikšić and Bijelo Polje. Coastal municipalities have the highest population density (between 130 and 300 inhabitants per square kilometre), whereas the smallest municipalities in the mountain regions have fewer than ten inhabitants per square kilometre.

The total number of inhabitants who have moved within the Montenegrin area during 2015 amounted to 4 325.³ Internal economic migration saw people moving away from the municipalities to the coastal and central regions.

Population density in Montenegro is lower than half that of the European Union (EU) average; while life expectancy in the country is also lower than the EU average: by six years for men and eight years for women.

According to the censuses of 2003 and 2011, the population has stagnated. On the other hand, a change in the age structure is also apparent, in the direction of the further ageing of the Montenegrin population. Based on MONSTAT analysis of data from the last two censuses, the share of the population aged 65 and over increased from 12 per cent in 2003 to 12.8 per cent in 2011, and is expected to increase to 15.4 per cent by 2021. The share of the population aged 14 years or under decreased from 22.6 per cent in 2003 to 19.2 per cent in 2011, and expectations are that, by 2021, it will have been reduced to 16.8 per cent.

The small number of inhabitants and an ageing population are issues that put pressure on the various social systems of the country – the education system; the labour market; households and families; the housing market; etc. Most importantly,

2 According to data from the census published in April 2011 by MONSTAT.

3 MONSTAT (2016) *Monthly Review* No. 1/2016.

an ageing population will increase the cost of pensions and disability insurance⁴ and of health services.

The government predicts that, due to the ageing population, public funds that would otherwise be allocated to young people (e.g. in the education system) will increasingly be needed to service the older population. At the same time, ageing may adversely affect economic growth because an ageing society experiences weaker levels of demand.⁵ Demographic changes affect economic growth, *inter alia* through their impact on the labour market. A smaller number of births will, over time, reduce the size of the workforce and cause ageing in the active age group. Regardless of the cause, it is clear that the government and social partners in Montenegro will be called upon to make adaptations to economic policy, the education system and labour market policy in order to achieve the long-term objective of maximising the participation of young people in the labour market and boosting their productive potential.

Labour market

One significant problem specific to the Montenegrin labour market is structural unemployment, which reflects the situation of insufficient job creation in the country as well as a degree of mismatch between supply and labour demand. The country benefits from a highly-educated population, but the large number of graduates emerging from higher education institutions is not easily absorbed into the limited number of available jobs. Unemployed people registered with the Employment Agency for longer than one year accounts for 58 per cent of the total number of unemployed (based on the Labour Force Survey). Among the long-term unemployed, 56 per cent are under the age of 40.

The global economic crisis that began in 2008 has had a negative impact on the labour market in Montenegro. In recent years, however, positive economic circumstances, together with government measures and activities directed at improving the business environment, have had a beneficial effect on the labour market. The most recent data from the annual LFS for 2014 showed a labour force participation rate (for the 15-64 age group) of 52.7 per cent, an employment rate of 50.4 per cent and an unemployment rate of 18.2 per cent. Compared with data from 2013, the employment rate has been increased by three percentage points (from 47.4 per cent to 50.4 per cent); while the unemployment rate has decreased by 1.5 percentage points (from 19.5 per cent to 18.0 per cent). Data for 2015 are expected to show a continuation of these positive labour market trends.

Another important characteristic of the Montenegrin labour market is the high level of employment of migrant workers, who follow mainly seasonal patterns and come from other countries in the region.

Table 1 shows that the unemployment rate between 2008 and 2015 is mildly correlated with the rate of growth or decline in GDP. The Q3 2015 LFS results provide

- 4 Pensions reform has increased the retirement age (from 65 years for men and 60 years for women to 67 for both men and women), to be fully implemented by 2025 for men and 2041 for women.
- 5 Government of Montenegro *Employment and Social Reform Programme 2015-2018*.

more precise data on the characteristics of current employment and unemployment in Montenegro. Unemployment of long-term duration is an increasingly challenging factor, with as many as 63.3 per cent of the unemployed population remaining without work for two years or longer. Meanwhile, there are currently more unemployed persons aged 15-64 who have completed tertiary education (who make up 18.4 per cent of all unemployed persons) than who have completed only as much as elementary schooling (13.8 per cent of all unemployed).⁶

Analysis of poverty in Montenegro, published by MONSTAT, shows that 8.6 per cent of the population lived below the absolute poverty line in 2013. The poverty profile in Montenegro shows that the rate of poverty is significantly higher in the northern region; that the poor usually live in large households; and that poverty is strongly associated with labour market status. The poverty rate is highest among those who are self-employed or unemployed. Also, poverty is strongly influenced by the level of education, with the highest poverty rate (17.1 per cent) found among people that have only primary level education (99 per cent above the average). Those who have completed secondary school are in a better position.⁷

Table 1 – Labour market in Montenegro

Year	Unemployed people (000)			Unemployment rate (%)			Activity rate (%)	Employment rate (%)	GDP growth rate (%)
	Total	M	F	Total	M	F			
2008	44.8	24.0	20.8	16.8	15.9	17.9	61.2	50.8	6.9
2009	50.4	26.9	23.5	19.1	18.0	20.4	60.3	48.8	-5.7
2010	51.3	27.8	23.5	19.7	18.9	20.7	59.3	47.6	2.5
2011	48.1	26.5	21.6	19.7	19.5	20.0	57.3	45.9	3.2
2012	49.4	26.8	22.6	19.7	19.3	20.3	58.7	47.0	-2.5
2013	48.9	27.8	21.1	19.5	20.0	18.8	58.9	47.4	3.3
2014	47.5	25.9	21.6	18.0	17.8	18.2	52.7	50.4	1.8
2015 Q3	45.5	23.8	21.7	16.5	15.8	17.4	55.0	45.9	4.2

Note: indicators cover 15-64 age range.

Source: MONSTAT, Government of Montenegro

Objectives and methodology

Official information on registered unemployment among young people in Montenegro and on overall labour market trends is produced by the Employment Agency of Montenegro and MONSTAT. There are, however, deficiencies in these two institutions' abilities to provide information on the transition pathways that young people

⁶ MONSTAT *Labour Force Survey* Third Quarter, 2015.

⁷ Government of Montenegro *Employment Strategy 2016-2020*.

take into and within the labour market. The School-to-Work Transition Survey helps to fill this information gap by providing an opportunity to analyse young people's specific challenges in the labour market in more depth.

The SWTS is a household survey of young people aged 15 to 29 years old. In Montenegro, the SWTS was conducted by MONSTAT. The SWTS, like the LFS, allows for indicators to be calculated according to the international standards of the International Classification of Labour Statisticians on the framework of the economically-active population. The Survey was introduced as part of the Work4Youth Partnership, which aims to strengthen the production of labour market information specific to young people and to work with policy-makers on the interpretation of data, including on transitions to the labour market, as a means of supporting the design or monitoring of youth employment policies and programmes. The Partnership has supported the SWTS in 34 target countries over the period 2012-16.⁸

Field activities took place between September and October 2015. The total number of young people aged 15 to 29 years interviewed for the Survey was 2 998.

Characteristics of young people

Socio-economic characteristics

Out of the 620 000 inhabitants of Montenegro, around 127 000 are between the ages of 15 and 29 years old. The results of the SWTS show that the majority of the young population (66.5 per cent) in Montenegro live in urban areas. The survey sample was slightly more male than female (at 52.7 and 47.3 per cent, respectively). Regarding age distribution, young people are categorised into three age groups: 15-19; 20-24; and 25-29 years old. The distributions between these three groups are almost equal.

Respondents were asked to give an assessment of their household income level. Most young people (54.9 per cent) felt that their household's income level fell around the national average, while the shares of young people at the two extremes – well-off and poor – were almost equally distributed (Figure 1). One-fifth (20.7 per cent) claimed their households were either well-off or fairly well-off; while 24.4 per cent felt they were either poor or fairly poor.

Young Montenegrins are not highly mobile. In total, 10.9 per cent of the young people surveyed (7.8 per cent among young men and 14.4 per cent among young women) have moved away from their original area of residence. Internal migration is primarily rural to urban (16.6 per cent having left a rural area and 33.7 per cent a small town), but a still-sizeable proportion (30.1 per cent) have moved from a large city and 19.7 per cent of those who have moved came from another country (28.7 per cent among young males, which is double the rate among females). The majority of mobile young people (61.5 per cent) left their original residence in order to accompany their families.

8 Micro data files and national reports of the 34 countries covered by the ILO Work4Youth (W4Y) project are available at: www.ilo.org/w4y.

The most frequently-selected primary life goal among young people in Montenegro was to have a good family life. A strong majority (65.0 per cent) chose this, regardless of current labour market status (employed, unemployed or outside the labour force). Approximately one-quarter (23.5 per cent) aspired to be successful in work, with higher shares choosing this goal among employed and inactive groups compared to the unemployed (Table 2). That the aspiration to have a good family life is the goal most frequently selected among unemployed (cited by 74.7 per cent), while the aspiration to be successful in work is the option chosen least frequently (cited by 15.9 per cent) could lead to the potential conclusion that unemployed young people are less hopeful about their labour market prospects. The life goal of ‘making a contribution to society’ had the lowest levels of support (2.9 per cent), which could indicate weak engagement among young people in Montenegro with the ideological values of charity, altruism and philanthropy.

Table 2 – Primary life goals of young people (%)

Characteristic	Employed	Un-employed	Outside the labour force	Total
Being successful in work	24.0	15.9	25.6	23.5
Making a contribution to society	3.0	2.6	3.0	2.9
Having lots of money	8.4	6.8	9.4	8.7
Having a good family life	64.6	74.7	62.1	65.0
n=	31 825	22 523	72 330	126 508

Source: MONSTAT, SWTS 2015

Trends in educational attainment

The education system in Montenegro comprises pre-school, primary, general secondary education (high school), vocational education and higher education. There are 163 public elementary schools and 47 public secondary schools. At tertiary level, there is one public university and two private universities, nine independent private colleges and one independent state faculty. The overall allocation for education in the state budget is 4.2 per cent of GDP.

Completed educational attainment

Education in Montenegro has a relatively high cultural and economic value which is reflected in statistics on the educational attainment of young people. Enrolment at primary and secondary levels is nearly universal.⁹ Only 3.5 per cent of the young people surveyed did not succeed in completing at least primary school (Table 3). The majority (58.9 per cent) have completed the vocational (secondary) level of

⁹ Enrolment rates, based on national statistics, are as follows for the school year 2014/15: 98.6 per cent at primary level; 86.5 per cent at secondary level; and 35.4 per cent at tertiary level (MONSTAT (2015), Chapter 20).

education, with a further 4.4 per cent at secondary general level (gymnasium).¹⁰ Young women are more likely than young men to finish with a tertiary degree (29.5 per cent compared to 17.1 per cent); while young men are more likely to complete vocational training: as many as 65.7 per cent of young men completed their education at secondary vocational level compared to 49.7 per cent of young women. With more than one-fifth (22.8 per cent) completing tertiary education, Montenegro easily qualifies among the SWTS countries with the most highly-educated young people.¹¹

The question of how well the labour market can absorb and benefit from such a potential high-skilled labour force remains to be answered.

Table 3 – Distribution of completed educational level of young people (%)

Level of completed education	Total	Male	Female	Rural	Urban
Less than primary (including no schooling)	3.5	3.4	3.5	1.9	4.4
Primary	8.8	7.2	10.6	13.5	6.0
Vocational (secondary)	58.9	65.7	49.7	61.9	57.1
Secondary	4.4	4.5	4.2	5.5	3.8
Post-secondary vocational	1.6	2.0	1.1	1.6	1.6
Tertiary	22.8	17.1	29.5	15.5	27.0
n=	61 005	33 898	27 491	22 189	38 815

Note: The level of educational attainment is measured only for those who have completed their schooling (i.e. excluding current students). A small percentage of those non-classifiable by education are excluded, so the sum across categories does not always equal 100.

Source: MONSTAT, SWTS 2015.

Interestingly, and rather surprisingly, a higher percentage of young people without even primary level education live in urban areas (4.4 per cent) than in rural areas (1.9 per cent). Less surprising is that a higher percentage of young people with tertiary degrees live in urban areas than in rural ones (the respective shares are 27.0 and 15.5 per cent).

Early school leavers are a less pressing problem in Montenegro than in some other European countries:¹² only 2.1 per cent of the young people in the survey had left school before completion (Table 4). The most common reason for leaving early was

- 10 Secondary schools in Montenegro are gymnasiums, art schools or vocational schools. Vocational schools can offer three or four years of education.
- 11 The country could, therefore, be on track to meet one of the education targets of the Europe 2020 Strategy: 'Increasing the share of the population aged 30-34 having completed tertiary or equivalent education to at least 40 per cent by 2020'.
- 12 The average percentage of early school leavers in the EU is around 10 per cent. The definition of early school leavers within the EU refers to the 'population aged 18 to 24 with at most lower secondary education and not in further education or training.'

economic (33.9 per cent), meaning an inability to pay school fees or a financial need to earn an income instead. The second most frequently cited reason was lack of interest in education (23.5 per cent) followed by a desire to start work (19.0 per cent). Among young women leavers, 20.8 per cent left education to get married.

Table 4 – Share of early school leavers and reason for leaving school (%)

		Total	Male	Female
Early school leavers	Yes	2.1	2.6	1.6
	No	97.9	97.4	98.4
Main reason for leaving	Failed exams	5.0	7.8	0.0
	Not interested in education	23.5	25.6	19.8
	Wanted to start work	19.0	24.8	8.4
	To get married	7.4	0.0	20.8
	Parents did not want me to continue	5.9	5.4	6.9
	Economic reasons	33.9	30.2	40.7
	No school nearby	1.5	2.4	0.0
	Other reasons	3.7	3.9	3.4
	n=	2 713	1 752	961

Source: MONSTAT, SWTS 2015

There is a link between household income level and level of education (Table 5). Poorer households are those most likely to contain young people with the lowest level of education: 12.4 per cent of young people from poor households have less than primary education, including no schooling, compared to just 5.2 per cent of young people from well-off households. At higher levels, in contrast, it is young people from well-off or fairly well-off households that have the highest chance of staying in education through to tertiary level.

Table 5 – Household income level and young people's level of education (%)

Level of completed education	Well-off	Fairly well-off	Around average	Fairly poor	Poor
Less than primary (including no schooling)	5.2	2.6	0.6	3.0	12.4
Primary	6.5	5.8	5.2	11.4	20.0
Vocational (secondary)	51.6	50.3	59.9	68.6	54.9
Secondary	3.2	2.4	5.0	4.0	4.7
Post-secondary vocational	0.9	1.1	2.0	1.1	1.6
Tertiary	32.5	37.8	27.3	11.9	6.3
n=	5 927	4 788	30 864	9 543	9 884

Note: Household income levels are based on the individual perception of each young respondent. The level of educational attainment is measured only for those who have completed their schooling (i.e. excluding current students).

Source: MONSTAT, SWTS 2015

Current students

More than one-half (51.8 per cent) of the young people surveyed were still in school (45.4 per cent had completed their studies and 2.8 per cent left before completion or had no schooling).

Among current students, the three most preferred fields of study are social sciences, business and law (33.1 per cent); engineering, manufacturing and construction (14.9 per cent); and other areas of services (14.2 per cent). Agriculture is one of the four main development priorities of the government,¹³ but the number of current students focusing on agricultural or veterinarian studies is only 1.8 per cent. In terms of gender differences, female students are more likely than males to focus on social sciences, business and law (39.1% compared to 27.0%); humanities and arts (5.7% compared to 3.2%); education (6.9% compared to 3.1%); and health and welfare (8.7% compared to 4.6%). Male students – perhaps not surprisingly, given their greater presence in vocational streams – are more likely than female ones to specialise in engineering, manufacturing and construction (21.9% compared to 7.9%); and science, mathematics and computing (9.5% compared to 6.9%).¹⁴

The majority of current students would prefer to work either as professionals (66.1 per cent) or as technicians and associate professionals (22.2 per cent) in the future.

13 See *Development Directions of Montenegro 2015-2018*, adopted by the government of Montenegro in June 2015. Available at: <http://www.mif.gov.me/en/news/153253/Montenegro-Development-Directions-2015-2018.html> [last accessed 10 April 2016].

14 Elder and Kring (2016) offer a discussion on gender differences in fields of study, particularly in relation to the science, technology, engineering and mathematics (STEM) fields, and the subsequent effects of occupational segregation and gender pay gaps.

Activity status of young people

Table 6 presents the distribution of young people by main economic activity. Standard classifications divide the population into three groups – employed; unemployed; and 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; and (c) had actively sought work within the thirty days prior to the reference period (for example, by registering at an employment centre or answering a job advertisement). The definition of ‘broad unemployment’ (also known as relaxed unemployment), in contrast, differs in the relaxation of the ‘seeking work’ criterion.

When using the strict definition of unemployment, the survey shows that only one-quarter of young people are employed (25.2 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 have implemented the SWTS.¹⁵ The share of unemployed young people is 17.7 per cent and the remaining, majority, share represents young people who remain outside the labour force (inactive workers) at 57.2 per cent. The share of young men in unemployment is higher than young women (21.1 and 13.9 per cent, respectively); while young women are more likely than young men to be inactive (61.9 and 53.0 per cent, respectively). Differences between urban and rural residents are, in most cases, not substantial.

The ILO espouses a more detailed distribution that further disaggregates data according to the educational status of young people (students or non-students). According to this more detailed distribution, it can be seen that 42.7 per cent of young people who are inactive in labour market terms are in school, while 10.2 per cent are inactive non-students. Young women are twice as likely to fall be inactive non-students compared to young men (13.5 and 7.2 per cent, respectively).

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

Table 6 – Distribution of young people by main economic activity

	Total	Male	Female	Rural	Urban
Employed	25.2	26.0	24.2	22.5	26.5
Unemployed (strict definition)	17.7	21.1	13.9	20.9	16.0
Inactive	57.2	53.0	61.9	56.5	57.5
n=	126 508	66 634	59 874	42 372	84 136
In regular employment	12.7	13.4	11.8	9.1	14.5
In irregular employment	12.5	12.6	12.4	13.5	12.0
Unemployed (broad definition)	21.9	25.6	17.8	24.5	20.6
Inactive non-students	10.2	7.2	13.5	12.1	9.3
Inactive students	42.7	41.2	44.4	40.8	43.7
n=	126 508	66 634	59 874	42 372	84 136

Source: MONSTAT, SWTS 2015

Taking the broad definition of unemployment, the share increases to 21.9 per cent of young people; more among men than women and in rural than in urban areas.

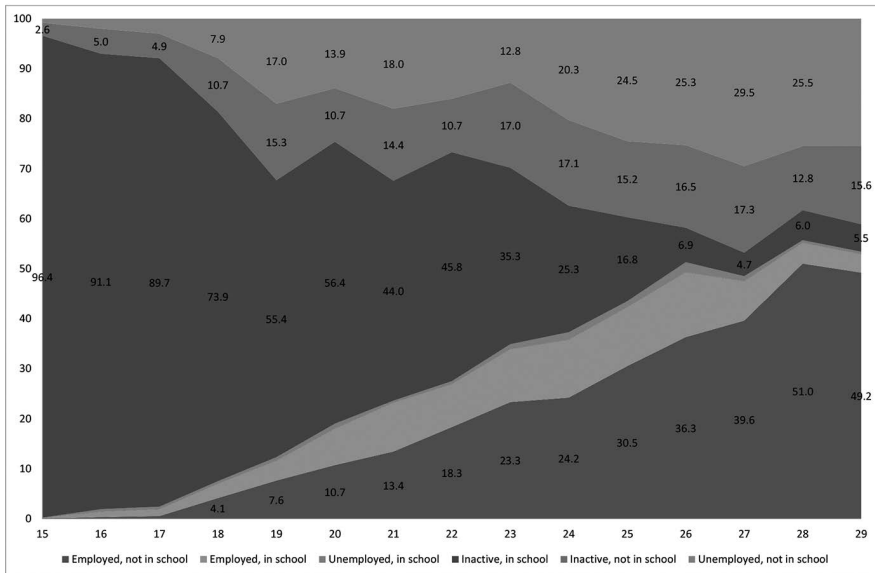
The ILO also recommends disaggregating employment into two categories:

1. regular employment, defined as waged and salaried workers holding a contract of employment of greater than twelve months duration; plus self-employed young people who have employees (i.e. are employers)
2. irregular employment, defined as waged and salaried workers holding a contract of employment 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 an even divide between young people working in regular jobs (12.7 per cent of the population) and young workers in irregular jobs (12.5 per cent). Regular employment is more frequently available in urban than rural areas.

Following the model shown in *Global Employment Trends for Youth 2015* (ILO, 2015), data are presented in Figure 1 to reflect the main economic/educational status of young people across the entire 15-29 age span. Not surprisingly, as many as 96.4 per cent of young people aged 15 are in school. This figure drops to 89.7 per cent for 17-year-olds and to 55.4 per cent by the age of 19. Young people increasingly enter labour market activity as they get older so that, at the age of 29, one-half (49.2 per cent) of the youth population is in employment. It is somewhat disturbing to see the impact of unemployment among young people, which is also evident from an early age. By the age of 19, some 17.0 per cent of young people are already unemployed and out of school; this share reaches its maximum of 29.5 per cent of young people at the age of 27.

Figure 1 – Activity status of young people by age



Source: MONSTAT, SWTS 2015

Another indicator of interest is the share of young people who are ‘Neither in employment, education or training’ (NEET). The survey results find that 28.6 per cent of young people in 2015 were NEETs (Table 7). In Figure 1, where young NEETs can be visualised as the sum of the two categories at the top of the chart, it can be seen that the share of NEETs increases as young people get older and also that the composition changes: by the age of 29, young NEETs are primarily unemployed while, at the age of 17, NEETs are primarily those who are out of school and inactive. The rural NEET rate is higher than in urban areas (34.3 and 25.8 per cent, respectively) and the male rate is slightly higher than the female rate at 29.8 and 27.3 per cent, respectively.

Even though the aggregate rates are similar between the sexes, the composition of NEETs is very different. For young men, nearly two out of three (65.5 per cent) who qualify as NEETs are unemployed men compared to 42.8 per cent of young women NEETs. Female NEETs are, in contrast, most likely to fall within the category because they are neither in education nor in the labour market: 57.2 per cent of female NEETs are inactive non-students while 42.8 per cent are unemployed.

The policy responses to inactivity differ markedly from those for the unemployed, so it is advisable to investigate the sub-categories of NEETs to facilitate the design of the most appropriate targeted policy response.

Table 7 – Youth NEET population by sex and area of residence (%)

	Total	Male	Female	Rural	Urban
NEET rate	28.6	29.8	27.3	34.3	25.8
<i>Of which:</i>					
Unemployed non-students	55.3	65.5	42.8	58.2	53.3
Inactive non-students	44.7	34.5	57.2	41.8	46.7

Source: MONSTAT, SWTS 2015

A young person with tertiary level education is much less likely to fall into the NEET category in comparison to a young person with primary education or below. In fact, nearly all young women with primary or lower level of education are now classified as NEET (and, among NEETs, most are inactive non-students rather than unemployed). Yet, as the education level of young men and women increases, they are likely to make a greater effort to remain economically active. Some will manage to find employment – hence the lower NEET rate among higher-educated young people – while many others will remain in unemployment (and therefore remain among NEETs).

Young people in employment

According to the definitions of international standards in the area of employment and unemployment statistics, the ‘employed’ are defined as all those of working age who, during a reference week: either worked for wage or profit (in cash or in kind) for at least one hour; were temporarily absent from work (because of illness, leave, studies, a break in the activity of the firm, for example), but had a formal attachment to their job; or performed some work without pay for family gain. We can usefully recall here Table 6 which reported that, in Montenegro, only 25.2 per cent of young people are employed, with a greater proportion of young men than women (26.0 per cent, in contrast to 24.2 per cent); and from urban areas than rural ones (26.5 per cent and 22.5 per cent, respectively).

Youth employment by sector

The clear majority of employed young people in Montenegro (87.7 per cent of them) work in services, with 95.1 per cent of employed young women working in the service sector. In comparison, the share of employment in services for all workers is lower, at 73.8 per cent according to the LFS (constituting 83.2 per cent of total female employment).¹⁶ These data can be read as a consequence of the characteristics of the Montenegrin economy, in which tourism is gaining ever-greater prominence while traditional industries are losing their market share. Only 11.2 per cent of employed young people work in the industrial sector (16.8 per cent of young men and

16 MONSTAT (2015) *Labour Force Survey Q3*: ‘Persons in employment by sectors of activity, region and sex’.

4.5 per cent of young women) while only a nominal share – 1.1 per cent – work in agriculture (1.6 per cent of men and 0.4 per cent of women). The corresponding share of total employment (for the 15-64 age group) in agriculture is 8.3 per cent.

Analysed in more detail, a sectoral breakdown shows that wholesale and retail trade, as well as accommodation, are the sectors in which youth employment is most common (26.9 and 11 per cent, respectively), according at least to the SWTS survey results. This is followed by public administration (7.3 per cent); health and social work (5.9 per cent in total, but accounting for as much as 11.1 per cent of female employment); arts and entertainment (6.1 per cent); and in other services (6.6 per cent). Significant shares of young male workers are also engaged in manufacturing (8.2 per cent), transport (10.9 per cent) and construction (4.2 per cent).

Youth employment by occupational group

Given the large share of youth employment in services, it is not surprising to find the largest share of youth employment in the occupational group of service and sales workers – 32.6 per cent (27.0 per cent for men and 39.4 per cent for women). The other core occupations for young workers are: professionals (16.4 per cent, representing as much as 22.3 per cent of female youth employment); technicians and associate professionals (18.7 per cent); plant and machine operators (8.9 per cent, but representing as much as 15.7 per cent of male youth employment); clerks (7.9 per cent); and craft work (7.3 per cent, but as high as 12.8 per cent among men).

Youth employment by status

Before analysing employment status in more depth, it is important to bear in mind the distinction between paid employment and self-employment. Self-employment can include categories of employers (with one employee or more); own-account workers or contributing family members (working in a family establishment without pay). In Montenegro, the vast majority of all employed young people are in paid employment (as employees) – as many as 90.0 per cent (92.7 per cent of female workers and 87.6 per cent of male ones). Self-employed young people make up a total of 9.9 per cent of total employment, of whom 1.5 per cent are employers; 5.1 per cent own-account workers; and 3.3 per cent contributing family workers.

Wage and salaried employment (young employees)

Different groups of workers face different economic risks and an identification of the differences between waged and salaried workers, or employees, on the one hand and self-employed young people on the other shows various aspects of the risks faced by these two groups. Salaried workers generally face relatively lower economic risks compared to those who are self-employed or are contributing (unpaid) family workers, who are usually in a more vulnerable market position. The educational characteristics of these two groups also differ: a higher percentage of less-educated youth are self-employed than are salaried; while a higher percentage of young people who have completed the tertiary level of education are salaried than are self-employed (Table 8).

Table 8 – Share of wage and salaried workers and self-employed workers by level of completed education

Level of completed education	Wage and salaried workers		Self-employed	
	No.	%	No.	%
Less than primary (including no schooling)	366	1.6	0	0.0
Primary	577	2.6	108	6.2
Vocational (secondary)	12 453	55.2	1 182	68.0
Secondary	754	3.3	0	0.0
Post-secondary vocational	545	2.4	146	8.4
Tertiary	7 849	34.8	301	17.3

Note: The level of educational attainment is measured only for those who have completed their schooling (i.e. excluding current students)

Source: MONSTAT, SWTS 2015

Even being in paid employment, however, does not guarantee a stable job. The majority of young employees are engaged on a written contract, but some 13.4 per cent (16.0 per cent of men and 10.5 per cent of women) still work without the protection of a written contract. In terms of the duration of contracts (or oral agreements), 56.4 per cent are of limited duration, primarily of less than one year (which accounts for 81.1 per cent of limited duration contracts). Young employees in rural areas are those who are most likely to be on temporary contracts.

The most recent changes to the Labour Law in Montenegro¹⁷ introduced temporary work as a model of employment. It is interesting, therefore, to examine the causes of temporary contracts among young people in more detail. One group of reasons is predominantly and almost equally reported: the work is occasional (26.9 per cent); workers were on probation (18.5 per cent); interns (17.5 per cent); or the work is seasonal (11.6 per cent). Besides these dominant reasons, another group of reasons, although cited by less than ten per cent of those on temporary contracts, still deserve attention: engagement for a specific service or task; on a public employment programme; working as a replacement; etc. Almost all these reasons are equally distributed between young men and women.

Based on the Labour Law in Montenegro, the General Collective Agreement and collective agreements for specific industry sectors, all employees have legal rights to paid annual leave, paid sick leave, paid maternity/paternity leave, rights relating to social security contributions, etc. However, the SWTS survey shows that such entitlements do not always cover all young employees: 77.4 per cent are covered by medical insurance; 67.8 per cent by pensions insurance; 55.5 per cent make social security contributions; 62.5 per cent are entitled to paid annual leave; and 58.1 per

17 *Official Gazette of Montenegro*: No. 49/2008; 26/2009; 59/2011; and 66/2012.

cent to paid sick leave. Only 15.0 per cent of young employees said they were entitled to maternity/paternity leave.

Young people and self-employment

The number of self-employed young people is not as significant as the figure for employed youth, but their experience is important and should be analysed in order to provide lessons for the future adaptation of public policies and programmes in the area of the employment of young people.

The SWTS asks self-employed young people (own-account workers and employers) to identify their motivation for adopting such a status. The majority (76 per cent) are from urban areas, where motivations differ compared to self-employed people in rural areas. Some 62.2 per cent of self-employed young workers in rural areas seem to value the independence conferred by this status, but only 36.0 per cent of those in urban areas feel the same. In urban areas, the young self-employed are more likely to choose self-employment for the potential to earn higher income (27.6 per cent compared to 7.2 per cent in rural areas). In both regions, nearly one-third moved into self-employment because they were unable to find a paid job (30.6 per cent in rural areas and 27.9 per cent in urban ones).

Self-employed young people are also asked in the Survey to identify what they perceive to be the main challenges to doing business. The most important challenges are related to 'insufficient financial resources' (30.8 per cent of responses) and to 'competition in the market' (31.1 per cent).

An important factor for gaining a comprehensive picture of self-employed young people is related to their financial resources. Almost one-half (46.8 per cent) of self-employed young people surveyed said that they used money from their families or friends to start their business; another one-quarter (24.4 per cent) had their own savings and 19.5 per cent said they did not need any money to launch their business venture. Only 9.3 per cent of self-employed young people said they took out a loan from a bank.

Wages

The average monthly wage of young waged and salaried workers, based on SWTS data, is €345; young own-account workers earned an average of €372 per month. Both figures come out lower than the average net salary in Montenegro in 2015, which was €480 per month. For both paid employees and own-account workers, young men earn more than young women. Education does bring gains in the earnings potential of young people, although the differences are not particularly substantial: a university-educated young person in paid employment earns, on average, €379 compared to €294 for workers with no more than primary-level education.

Bearing in mind the data and the labour market experiences of employed young people, it is not surprising that the survey shows young unemployed people in Montenegro to have very modest income expectations. Unemployed youths in the Survey expected an average income of €287 per month, which would seem to be quite realistic given the average wages of young workers, as shown in Table 9.

Table 9 – Average monthly income of young waged and salaried workers and own-account workers by sex and level of completed education (€)

Level of completed education	Waged and salaried workers			Own-account workers		
	Total	M	F	Total	M	F
Less than primary (including no schooling)	250	250	-	-	-	-
Primary	294	349	200	276	276	-
Vocational (secondary)	337	360	306	384	411	297
Secondary	318	323	300	-	-	-
Post-secondary vocational	377	377	-	419	600	300
Tertiary	379	384	376	402	300	436
Total (with completed education)	345	362	328	372	384	350

Note: – indicates response rate too small to make reliable estimates. The level of educational attainment is measured only for those who have completed their schooling (i.e. excluding current students).

Source: MONSTAT, SWTS 2015

Working hours

Based on the Labour Law and the General Collective Agreement in Montenegro, the standard working week should comprise 40 hours. The SWTS study shows that only 15.8 per cent of employed young people work fewer than 40 hours per week, which indicates a lack of part-time employment opportunities that a young person could combine with school. Working hours are deemed excessive when they exceed 50 hours per week. The proportion of young workers who are working excessive hours is as high as 27.7 per cent, with the share reaching 32.4 per cent among male workers.

Table 10 – Distribution of youth employment by actual hours worked per week and sex (%)

Hour band	Total	Male	Female
Fewer than 10 hours	2.5	1.6	3.5
10 to 19 hours	2.7	3.1	2.3
20 to 29 hours	3.9	3.7	4.1
30 to 39 hours	6.7	6.6	6.8
40 to 49 hours	56.4	52.6	60.8
50 to 59 hours	16.4	17.4	15.4
More than 60 hours	11.3	15.0	7.1
n=	31 163	16 753	14 410

Source: MONSTAT, SWTS 2015

Informal employment

Informal employment¹⁸ among young people remains significant in Montenegro, at 59.5 per cent. Informal employment is made up of two categories: workers in the informal (unregistered) sector; and paid employees holding informal jobs in the formal sector. The latter do earn a salary but 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 85.7 per cent of young people in informal employment are working in informal jobs in the formal sector while only 14.3 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 counterparts in urban areas (67.5 and 56.0 per cent, respectively); while male workers are more often in informal employment compared to female workers (61.7 and 56.8 per cent, respectively).

Qualifications mismatch

In countries with limited job creation initiatives and large numbers of educated young people, some young labour market entrants end up taking work for which they are over-qualified. Such is the situation in Montenegro for 11.4 per cent of young workers (10.6 per cent among men and 12.3 per cent among women). In comparison to other countries in the region, the share of over-educated young workers in Montenegro is low,¹⁹ which is a positive sign for the capacity of the economy effectively to absorb highly-educated young people, albeit following very long periods of unemployment.

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 Montenegro, slightly more young workers are over-educated (11.4 per cent) than are under-educated (8.0 per cent), while the majority of young workers (80.7

- 18 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 size classification below five employees; (c) own-account workers in an unregistered enterprise with size classification below five employees; (d) employers in an unregistered enterprise with size classification below 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 jobs in the formal sector' and sub-category (e) can fall within either grouping, depending on the registration status of the enterprise that engages the contributing family worker.
- 19 Elder *et al.* (2015) showed a regional (six-country) average of 21.7 per cent for over-educated young workers.

per cent) have managed to find work that is well-matched to their level of qualifications. Among young people working in elementary occupations, more than one-half (53.6 per cent) have a higher educational level than the primary level degree expected for effective performance of the job. The other occupations in which over-educated young people are primarily found are as clerks (where 25.7 per cent are over-educated) and service and sales workers (12.8 per cent), but they are also found among young people working as technicians and associate professionals and as plant and machine operators. In contrast, as many as 78.6 per cent of young people working as managers are under-educated, meaning that they do not have the expected tertiary level degree. Under-educated young workers are found even in elementary occupations when they have not gained even a primary level of schooling.

Job satisfaction

A very high share of young workers said they were either highly satisfied or mostly satisfied with their jobs (90.7 per cent). However, 37.3 per cent of employed young people still said they would like to change their work. The main reasons for wanting to change jobs are the temporary nature of their job (37.3 per cent); aspirations to earn a higher hourly wage (29.4 per cent); and a desire to make better use of their qualifications and skills (18.8 per cent). These reasons are almost equally distributed between male and female employed young people.

Running a series of cross-tabulations on job satisfaction identifies certain characteristics that correlate to increased job satisfaction. Some general conclusions here are:

1. more educated young people are less satisfied with their jobs
2. those from urban areas are slightly more satisfied than those from rural areas
3. young people from poorer families are less satisfied than others
4. regarding type of employment, young people who are engaged in informal work are less satisfied than others
5. young people who are over-educated for the job that they do are likely to express lower levels of satisfaction than others.

Young people and unemployment

In Montenegro, the large number of young people registered as unemployed is a cause for political concern. According to LFS statistics (Q3 2015), the youth unemployment rate (for the 15-24 age group) was 34.5 per cent, while the overall unemployment rate was 16.5 per cent (15-64 age group).²⁰ The youth unemployment rate in Montenegro is, therefore, above the EU-28 average (20.7 per cent in 2015) but it is lower than in other countries in the region. For instance, youth unemployment rates (15-24 age group) were much higher in 2014 in Bosnia and Herzegovina (62.7 per cent), Croatia (45.5 per cent) and Serbia (47.1 per cent).²¹

20 At this point, it should be remembered that the LFS in Montenegro counts youth as young people aged 15-24 and that these data are not comparable with data from the SWTS.

21 Source for data: The Centre of Public Employment Services of Southeast European Countries (CPESSEC): <http://www.cpessec.org/statistics.php#table2>.

The youth unemployment rate, based on SWTS data for the broader 15-29 age group is high, at 41.3 per cent. The male rate is higher than the female rate (at 44.8 and 36.4 per cent, respectively); while the urban rate is lower than the rural rate (at 37.7 and 48.2 per cent, respectively).

When using the broad definition of unemployment – which also includes those young people who are not actively seeking work – the youth unemployment rate increases to 46.5 per cent. Under this broad definition, one in two economically active young men in the country (49.6 per cent) and more than one in two in rural areas (52.1 per cent) are unemployed.

Youth unemployment rates are higher in Montenegro, as in other countries in the region (as well as in the EU as a whole: see ILO, 2015), among young people with low levels of education compared to those with higher education. The unemployment rate of a young person with only primary-level education is double that of his or her counterpart with a tertiary degree (65.2 and 32.0 per cent, respectively).

Job search

Unemployed young people in Montenegro face long periods of job search. A strong majority (70.1 per cent) have been looking for work for longer than a year (table 5.2). Male youth have a longer wait for a job than female youth. Specifically, 71.5 per cent of male unemployed youth stated that the duration of their job search was longer than one year, in comparison to 67.8 per cent of female unemployed youth.

Table 11 – Unemployed young people by duration of job search

Duration	Total	Male	Female
Less than one week	0.7	1.1	0.0
1 week to less than 1 month	5.6	5.2	6.2
1 month to less than 3 months	10.5	8.6	13.6
3 months to less than 6 months	8.0	8.7	6.9
6 months to less than 1 year	5.1	4.9	5.5
1 year to 2 years	17.2	16.5	18.4
2 years or more	52.9	55.0	49.4
n=	22 352	14 033	8 319

Source: MONSTAT, SWTS 2015

Which methods are utilised by young people seeking an appropriate, or any kind of, job? Based on the SWTS results, the majority of unemployed young people (76.3 per cent) are registered with an employment agency, but they also frequently ask friends and/or relatives for information and support (54.4 per cent), answer job advertisements (19.0 per cent) or make direct enquiries at enterprises (25.7 per cent). These methods are the ones most frequently used both by unemployed young people

and currently-employed ones (to find their current job) although, for the currently employed, asking friends or relatives – i.e. applying informal methods – would seem to be the most successful strategy (28.2 per cent of the employed found their jobs in this way).

Obstacles to finding work

Asked to identify what they considered to be the main obstacle in finding work, most unemployed young people thought that there were simply not enough jobs available (73.3 per cent). Some 7.8 per cent felt that their lack of work experience was their greatest challenge while 7.2 per cent felt that they were under-qualified for the jobs available. Other reasons – such as low wages, poor working conditions or being too young – all received response rates lower than five per cent (and we have already referred to the modest wage expectations of young people in this regard).

The SWTS data shows that a significant number of unemployed young people (10.0 per cent) had refused a job at one point. The principal concerns expressed and the reasons given for job refusals are based on the level of wages: 48.9 per cent of those who had refused a job did so because the wage offered was too low (53.7 per cent for males and 38.6 per cent for females). Other relatively frequent reasons were ‘waiting for a better job offer’ (15.6 per cent); that the work was not interesting (14.6 per cent) and a mismatch between qualifications and job requirements (10.3 per cent).

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 a job search would be a futile effort (Elder *et al.* 2015). The term is frequently used for advocacy purposes, presented as a growing phenomenon among young people during the global economic crisis as well as a danger to national prosperity and security. However, the reality is that the numbers of discouraged young workers are usually not high. In Montenegro, discouraged workers account for 7.5 per cent of unemployed young people (on the broad definition) and 1.6 per cent of the youth population. More than three in four (77.2 per cent) of young people in Montenegro who are discouraged are male.

Young men are more likely than young women to cite an inability to find work in their area of residence, having looked previously for work and not found anything and not knowing where else to look for work. A factor that could help to explain gender differences in rates of youth discouragement is the tendency for women to fall outside the labour market more readily than males, in keeping with traditional gender roles (i.e. to take care of the household).²²

Aside from the reasons implying discouragement, the majority of unemployed young people who were not actively seeking work said they were on education leave or training (34.5 per cent) or otherwise cited personal family responsibilities (14.3

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

per cent). Another reason mentioned relatively frequently was that they were awaiting the results of a job application (7.1 per cent).

Stages of transition

The preceding sections have analysed young people with respect to their current activity status. Another means of classification, however, is to group young people according to where they stand in relation to their transition into the labour market. Specifically, labour market transition is defined as the passage of a young person (aged 15-29) from the end of schooling (or entry to first economic activity) to the first stable or satisfactory job.²³ The transition is thus considered to have been 'completed' 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 young respondent's willingness to stay there.

This classification into transition stages thus offers a flow concept. A person is in transition until they have reached a stable position in the labour market, meaning that they have a job which they are likely to maintain, regardless of whether it is good or bad. For a normative framework, it is better to look at the job quality indicators presented above.

Nearly half of the population of young people in Montenegro (44.6 per cent) had not yet started their transition at the time of the Survey. Of those who have started their transition, most spend a long time transiting: only 15.5 per cent of young people are classified as having completed their transition, with the remaining 39.9 per cent being in transition. Young men are more likely than young women to have completed the transition or to remain in transition, while young women are more likely than young men to fall into the category of transition not yet started. Transition rates are higher in urban than rural areas (16.2 and 13.9 per cent, respectively), but shares in the other categories are similar.

Table 12 provides some additional details on stages of transition across various youth characteristics. In short, older youth (between 25 and 29) have the highest share of completed transitions (66.1 per cent), while young adolescents (15-19) make up 61.9 per cent of those for whom the transition was not yet started. Regarding household income, young people from well-off households do seem to have a slight advantage in completing the transition, as do those who have obtained higher levels of education.

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

Table 12 – Distribution of stages of the transition by selected characteristic (%)

Characteristics		Transited	In transition	Transition not yet started
Sex	Male	55.8	55.0	49.5
	Female	44.2	45.0	50.5
Age group	15-19	3.9	15.0	61.9
	20-24	30.1	38.8	30.7
	25-29	66.1	46.2	7.4
Household income level	Well-off	13.7	9.7	11.1
	Fairly well-off	12.7	6.7	11.3
	Around the average	58.5	50.5	57.6
	Fairly poor	8.2	16.1	12.1
	Poor	6.9	16.9	7.9
Level of completed education	Less than primary (including no schooling)	1.5	3.5	
	Primary	2.5	9.4	
	Vocational (secondary)	57.3	61.9	
	Secondary	2.7	5.1	
	Post-secondary vocational	3.5	0.8	
	Tertiary	32.5	19.3	
n=		19 581	50 539	56 388

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

Source: MONSTAT, SWTS 2015

Transition not yet started

Who are the young people who have not yet started their transition? Almost all of them (95.8 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 6.6 per cent (3.2 per cent of the total female youth population).

Young people in transition

Young people in transition deserve particular attention. They may be divided into the following sub-categories: unemployed (broad definition); in non-satisfactory temporary employment; in non-satisfactory self-employment; active students; and inactive non-students with plans for future work.

Among young people who remain in transition, young men are primarily unemployed (22.6 per cent of the young male population compared to 13.8 per cent of young females). There is also a higher male share among those remaining in transition due to engagement in a non-satisfactory temporary or self-employed job (4.6 per cent of young men compared to 3.6 per cent of young women). In contrast, there are larger shares of young women in the categories of active students (combining school with employment or looking for work) and inactive non-students with plans to work in the future (10.3 and 10.4 per cent of young women, 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 significantly higher tendencies towards unemployment among young people from lower income households: 40 per cent of young people from poor households are unemployed compared to 7.2 per cent of their counterparts from well-off households.

The results also show that young people with lower levels of education are those most likely to be currently inactive but with the intention of future engagement in the labour market (26.5 per cent of young people with primary education compared to 9.5 per cent of those with tertiary education). The more highly-educated young people (with a tertiary education) are those with the largest share in non-satisfactory temporary employment (11.9 per cent). This could imply that highly-educated young people are those who are most likely to take up temporary employment in the absence of a permanent job but still aspire to something more stable. It could be that the less well-educated have lower expectations of gaining stable employment. Self-employment is therefore shown to be more the domain of less-educated young people in Montenegro.

Young people who have completed their transition

Out of the total youth population, only 15.5 per cent have completed their school-to-work transition. This group is split into three categories: those who have transited to stable employment (which takes up 10.2 per cent); those who are in satisfactory, but temporary, employment (4.2 per cent); and those who are in satisfactory self-employment (1.1 per cent). Comparing the distribution of transited youth across categories shows that more young men than young women manage to complete the transition to stable employment (11.0 and 9.3 per cent, respectively). Youth in urban areas are also more likely to transit to stable employment (11.5 per cent compared to 7.6 per cent of those in rural areas).

Youth from well-off households are twice as likely to complete the transition compared to those from poor households (19.4 and 9.4 per cent, respectively) and also show an advantage in terms of attaining stable employment. The advantage conferred by investment in education is even more pronounced. Tertiary-educated young people are still more likely to remain in transition than to have completed it, but as many as 45.7 per cent have completed their labour market transition – 27.0 per cent into stable employment – compared to 9.1 per cent of young people with primary level education (among whom 5.2 per cent are in stable employment).

With the majority of young people in Montenegro finishing their education at secondary vocational level, it is interesting to see where those who emerge from education at that level end up. Here, 22.4 per cent have completed their transition to stable employment, with 6.2 per cent going into satisfactory temporary employment and 2.6 per cent into satisfactory self-employment. The main difference here compared to the tertiary graduate is the latter's higher share in satisfactory temporary employment (17.5 per cent) and lower share in unemployment. The most readily transitioned, however, seem to be young people graduating from post-secondary vocational training (69.1 per cent overall and including 14.6 per cent who took up satisfactory self-employment). The policy message here is that it could potentially be worthwhile to encourage more young people to follow this track.

Transition paths and lengths of transition

The ability to review the historical path of the economic activities of young people who have completed the transition is one of the SWTS's biggest contributions. Using the historical path, it is possible 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 transitioned youth attained their current stable and/or satisfactory job either following a period of unemployment (37.4 per cent) or as their first labour market experience – i.e. directly (42.1 per cent). Regarding transition to a first stable/satisfactory job (meaning that some persons left one job and moved to another or a different labour market situation), an even greater number moved directly (62.1 per cent) and 27.8 per cent found the job after a period of unemployment. Almost 10 per cent of young people managed to obtain stable and/or satisfactory employment after having an apprenticeship or internship, which gives favourable indications of the potential for an apprenticeship system. Very few transitioned directly from a period of inactivity, self-employment or contributing family work.

Lengths of the school-to-work transition may be calculated from the date of graduation to (i) the first job, (ii) the first 'transitioned' job and (iii) the current 'transitioned' job. 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 = first transitioned job = current transitioned 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 the first job \neq first transitioned job \neq current transitioned job). In a country like Montenegro, with very high unemployment rates, a high frequency of jumping between jobs would not be expected, so the average transition lengths within the sub-categories should not vary widely.

Table 13 – Average lengths of labour market transitions from school graduation by sex (months)

	Total	Male	Female
To first job (any job, including direct transitions)	21.2	23.2	18.5
To first transited job (including direct transitions)	20.8	22.5	18.5
To first transited job (excluding direct transitions)	27.5	28.5	25.9
To current transited job (including direct transitions)	29.4	31.2	27.2
To current transited job (excluding direct transitions)	33.4	34.9	31.5

Source: MONSTAT, SWTS 2015

The results show that it takes a young person, on average, 20.8 months – almost two years – from the time of graduation to the attainment of 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 (27.5 months). In both instances, it takes young men longer than young women to make the transition from school to work.

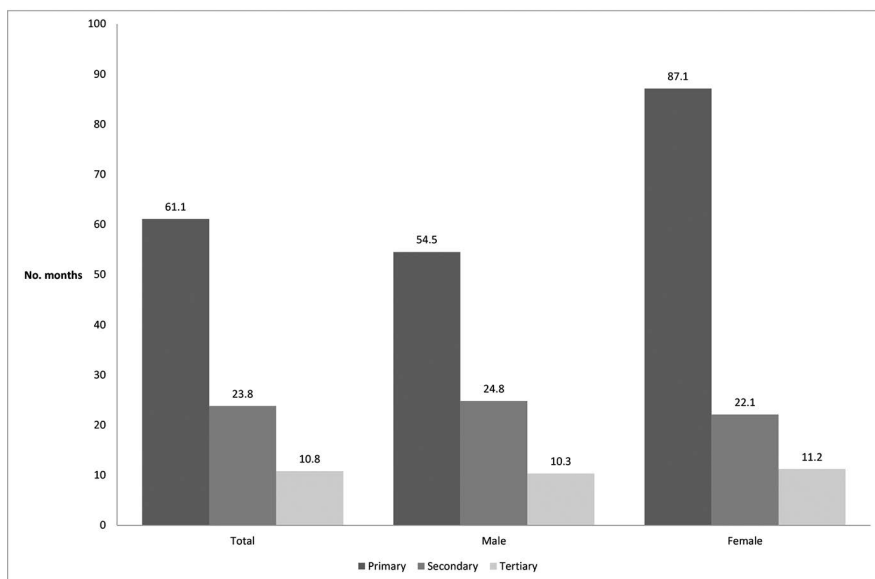
Some young people continue their pathway in the labour market even after attaining a first transited job – perhaps they are made redundant or are dismissed from the job or leave to have children or for other reasons.²⁴ Regardless of the specific reason, it therefore makes sense that the average length to current transited jobs is longer than the length to the first transited job. In Montenegro, it takes a young person an average of 29.4 months (2.5 years) to complete the transition from school to the current transited job; excluding those who moved directly to the current transited job causes the transition duration to rise to as long as 33.4 months.

It is clear that the labour market in Montenegro 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.

Figure 2 shows the advantage that education brings to school-to-work transitions. The length of the transition to a first stable/satisfactory job is halved for those young people who graduated with a tertiary degree compared to a secondary degree (10.8 and 23.8 months, respectively), while those with primary education only can take as long as 61 months to complete the transition.

24 The Work4Youth team are scheduled to publish a technical brief examining the reasons why young people leave a job that they deemed to be satisfactory and stable. Readers interested in this issue should check the website: www.ilo.org/w4y.

Figure 2 – Average lengths of labour market transition from school graduation to first stable and/or satisfactory job by level of completed education and sex (months)



Source: MONSTAT, SWTS 2015

The very lengthy transition of young people with low levels of education can be partly explained by the much earlier age at which they leave school, but the question of what they do during the long interim period remains to be answered. Given the much longer transition periods of primary-educated young women, it is probable that much of the interim period is spent looking after the household. A future investigation should specifically consider the characteristics of young people in this category, since they are likely to be the most disadvantaged youth in the country in terms of opportunities and therefore in the greatest need of early intervention.

Policy recommendations

Young people struggle to find a place for themselves in Montenegrin society. This challenge is largely due to the presence of prolonged transition periods as young people attempt to find productive employment after many years of investment in their education. The youth employment-to-population ratio in the country is among the world's lowest, at 25.2 per cent, and the youth unemployment rate is high, at 41.3 per cent. Facing long periods of unemployment, many young people are naturally tempted to look for work beyond national borders, which signals a potential waste of the educated productive potential of young graduates.

The findings of the SWTS point to a number of policy recommendations.

Stimulate effective communication between the education system and the labour market

The link between the education system and the labour market frequently acts as a one-way street, but the two systems are closely-linked and are better served when information and resources flow in both directions. Young people in Montenegro are highly-educated, and increasing so. Yet, it may be expected that the number of highly-educated unemployed people will increase along with the greater numbers of young people emerging from the education system with a high-level degree. The fear is that unemployment rates, which are currently highest among young people with the lowest levels of education, will also start to creep up for those with the highest levels of education. This is why reforms focusing on establishing compliance between education and labour demand are increasingly urgent.

Consequently, there is a need for continuity in efforts to strengthen employment services to improve career guidance. Such reform should also help to enhance the training system in consultation with enterprises and promote the further development of labour market transition programmes, such as voluntary mentorship schemes. Internships and apprenticeships should be also be encouraged, while well-developed content for work-based learning should be established within the framework of the education and training system.

Address the need for rapid education reform

Good quality education results in a high level of employability and ensures a skilled and competent workforce for companies. In this way, the education system can play an important role in the development of human resources, especially for the youth segment of the population, and can become a guarantor of social and economic stability in the country.

In Montenegro, there is an impression that education institutions adapt their enrolment policy in accordance with their own human resources and teaching staff profile, and not according to the needs of the labour market. The consequence of this has been a poor quality of education in certain fields, as well as high unemployment and a deficit in the profiles of certain workers.

One of the specific problems is that the education system is based on teaching without practical training, which leads to young people being inadequately prepared for modern working conditions, and lacking in the knowledge and skills needed in the labour market. This deficiency can be overcome by expanding and formalising work-based learning programmes within education and training systems.

Promote job creation and adapt active labour market policies

The improving macroeconomic performance of the country is gradually creating a more encouraging environment for job creation, but there is still a need for broader structural reforms, not only of the general and vocational educational systems in accordance with labour market needs but also to develop a better macroeconomic environment to boost the creation of productive and decent jobs. The key requirements in Montenegro, in terms of employment, are to create more formal jobs; enhance the

level of employability of the workforce, and increase the capacity, productivity and remuneration of economic activities, especially in sectors where young people are most frequently concentrated. In comprehensive sectoral measures and activities focused on the promotion of job creation, all labour market actors should be consulted in tripartite dialogue that extends also to young people themselves.

Labour market policies must be predominantly active, not passive. Montenegro already has experience with specific models of activation strategies to support job creation. These models should be further revised and enhanced through additional financial and monetary incentives to promote employment (favourable interest rates; longer grace periods; lower central and local government taxes; subsidies for the contributions paid by employers). With a number of active labour market measures already in place, there is a clear need to undertake a comprehensive impact evaluation of the measures currently in place. Based on impact assessments, further adjustments can be made to maximise the benefits to the promotion of the employment of young people.

Create preconditions for the development of decent jobs for young people

It is still too often the case that young people have to confront inadequate quality in their jobs. The institutional and legal framework has an ongoing responsibility to monitor and address instances of precarious working conditions for young people, including inadequate coverage of social benefits, minimal job security and inadequate health and safety conditions in workplaces. In this regard, continuing efforts are needed to ensure compliance with labour laws and to extend protection to those working in the informal economy.

An information campaign could help to raise awareness of the negative effects of undeclared work on young people, both now and in the future. In parallel, the continuation of activities aimed at reducing business barriers is vital. The formalisation of informal employment can also be encouraged through a balance of measures that include incentives, deterrents and sanctions.

Encourage entrepreneurship

The strategic document on employment in Montenegro states that:

The most common reason for the non-realisation of self-employment and start-ups is the lack of financial resources, lack of the necessary expertise to run and manage the company and also the lack of viable business ideas and business plans. These barriers are particularly difficult for the unemployed who need more concrete support and guidance for the process of starting and running a business.

The results of the SWTS confirm these statements and support the call for enhanced support mechanisms to foster a culture of entrepreneurship in the country.

Promoting entrepreneurial readiness can be achieved, in part, through introducing a module into the curricula of the formal education system. At the same time, comprehensive programmes can help aspiring entrepreneurs develop their training in enterprise development, facilitate access to finance and provide mentoring and other

support services. Such programmes can be specifically targeted at unemployed young people.

The existing programmes and modules developed by the Investment and Development Fund of Montenegro should be evaluated and further improved, taking into account the main goal of boosting quality jobs for young people through offering support to young entrepreneurs.

Intervene early on behalf of the most vulnerable young people

We have explored above the segregation between young people who transit directly from school to a stable job and those who face great difficulties throughout the transition. Divergent pathways can be partly explained by variables such as household wealth, area of residence and levels of education, but other variables, relating to the resulting inequality of opportunities, are harder to define. Regardless of the specific causes, inequalities in labour market outcomes can influence broader social problems and cause political instability. To reduce future inequalities, it will be important to home in on the characteristics of the most disadvantaged groups in the labour market transition process and then implement targeted, early intervention programmes to prevent early school leaving and keep them on track throughout the transition period.

Targeting the most vulnerable young people can be done through well-functioning public employment services. The Employment Agency of Montenegro should enhance its services to the target youth group by focusing on career counselling, activation measures, targeted wage subsidies, etc.

Encourage gender equality

In order to achieve the country's full economic potential, Montenegrin policies must take better account of the position of women in the world of work. SWTS Survey confirms that young people still follow the traditional segregation of gender roles, which influence education and occupational choices, hours worked, salary and, perhaps most obviously, when to enter or drop out of the labour market for family reasons. Increased efforts will be needed to help women overcome the constraints that prevent them from entering and staying in the labour market. In addition, there is a need to develop public policy which helps to balance work and family relations in order to decrease gender gaps for both young men and young women.

Promote rural development and productive rural employment

The SWTS data set has confirmed the specific challenges relating to the education and employment prospects of young people living in rural areas. In this regard, a strategy for regional development in Montenegro, which will be closely connected to the rural development strategy, is urgently needed. Public policies should not simply promote and encourage youth entrepreneurship in rural areas but should also stimulate entrepreneurship and enterprise development in such areas through grants or loans. Several measures have been developed by the Employment Agency of Montenegro and the Investment and Development Fund of Montenegro to support em-

ployment growth, but all measures would benefit from an expanded dimension of promoting rural development.

Inspire a strengthening of the social dialogue

One of the prerequisites for the implementation of the proposed measures is to strengthen the capacities of the Employment Agency and those of all the other stakeholders involved in the youth employment policy framework (including trade unions; business and employer associations; youth organisations; local communities and municipalities; and education and training institutions). At the same time, all relevant stakeholders should be encouraged to engage in regular dialogue on the development, implementation, monitoring and evaluation of youth employment programmes. Only with their active involvement in all phases of the policy cycle can effective and efficient action on youth employment be ensured.

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