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Labour market transitions of young women and men in the former Yugoslav Republic of Macedonia[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 youth and the toughness of the labour market. The ILO's School-to-Work Transition Survey (SWTS) is intended to assist in the building of a knowledge base on youth employment and to contribute to the national dialogue on addressing discrepancies between supply and demand for young labour in order to ensure that young people are better equipped to transition to quality employment. It was implemented in the Former Yugoslav Republic of Macedonia in 2012 and again in 2014. This article summarises the results of the second SWTS and offers insights into the more recent political framework for youth employment policies in the country. The country has very high youth unemployment rate and the urgency of addressing the issue is greater than in many countries. The government is aware of this and treats youth unemployment as a cross-cutting theme in its policy-making.

Keywords: *youth employment, youth unemployment, transition from school to work, public policy, education reform, social dialogue*

Labour market overview

Socio-economic context

How quickly and effectively young people enter the labour market can serve as both cause and effect of the productive capacity of the national labour market. Where youth unemployment and under-employment are especially high, as is the case in the former Yugoslav Republic of Macedonia (FYR Macedonia), the transaction costs of ineffective transitions of young people from education to the labour market are also high and there are, in addition, economic costs in terms of lost investment in educa-

1 *This article is an edited digest of a publication written originally for the International Labour Organisation and is reproduced here with kind permission.* www.ilo.org/publns. *This report was made possible due to the collaborative efforts of several members of the ILO Work4Youth Team and the support by the State Statistical Office of Macedonia in the production of this publication is specifically recognised. The ILO would like to acknowledges the support given by The MasterCard Foundation in allowing the research to move forward under the scope of the Work4Youth Partnership.*

tion, a reduced tax base and high social costs. Inevitably of greater importance are the costs to young people themselves.

Given that FYR Macedonia has very high youth unemployment rate and extremely low employment rates among young people, the urgency of addressing the issue takes prime significance here. In its approach to policy-making, the government is aware of the need increasingly to require co-ordination across a wide spectrum of national institutions and agencies, as well as coherence in shaping economic and social policies that address youth employment.

The indicators generated by the School-to-Work Transition Survey aim to present a detailed picture of the position of young people in the labour market. Unemployment among youth is a major national concern, but it is also important to consider the quality of work made available to young people. Does work provide the wages and security necessary to empower young people to move towards self-sufficiency? And what about the path and the duration of young people's transition from school to work? From these two key questions, what conclusions can we draw as regards the characteristics or experiences that facilitate a smoother transition?

After several years of relatively high GDP growth, real GDP growth started to decrease in the last quarter of 2008 as a result of the global financial and economic crises, followed by a period of negative growth in 2009. This period of economic crisis also led to a decrease in industrial production, although these developments did not exert a negative effect on the labour market. Growth has recovered from 2010 onwards and has shown a relatively strong performance with the exception of 2012. In 2014, real GDP growth was estimated at 3.5 per cent. Inflation was relatively low during the period under consideration, although a period of deflation was experienced in 2014.

Demographics

According to the State Statistical Office, population estimates for 2014 show that FYR Macedonia had 2 069 200 inhabitants, an increase of 0.2 per cent compared to the previous year and 1.7% more than in 2004. However, the country faces an ageing population challenge. Between 2004 and 2014, the proportion of the population under the age of 15 decreased from 20 per cent to 16.8 per cent, whereas the share of the elderly population (aged 65 and over) increased from 10.9 per cent to 12.7 per cent.

The average age at first marriage increased for both sexes in the decade up to 2014, reaching 28.8 years for men in 2014 (compared to 27.4 years in 2004) and 26 years for women (compared to 24.3 in 2004). The number of births in the country declined, whereas the mortality rate increased (from 8.8 per cent in 2004 to 9.5 per cent in 2014). These in combination has caused the rate of natural increase[2] to drop slightly, from 11.5 per cent in 2004 to 11.4 per cent in 2014. The urban population dominates in the territorial distribution of the overall population.

2 The rate of natural increase is the 'Crude birth rate minus the crude death rate. Represents the portion of population growth (or decline) determined exclusively by births and deaths' (United Nations, Department of Economic and Social Affairs, Population Division).

Labour market

With positive economic growth in the country over the past few years, supported by continued public investment and strong foreign direct investment (FDI)-related exports, the labour market in FYR Macedonia has also shown positive trends. The labour force participation rate in the country in 2014 was 57.3 per cent, which presents a small increase compared to 2012 (see Table 1). In the same period, the employment-to-population ratio increased to 41.2 per cent in 2014 while the unemployment rate underwent a moderate decline to 28 per cent.

The largest share of the total working age population (46.1 per cent) in 2014 has completed secondary education, 30.9 per cent have attained primary and lower secondary education and 12.6 per cent hold a tertiary level degree. The gender breakdown shows that men within the working-age group are more likely to have completed secondary education than their female counterparts (52.7 per cent compared to 39.6 per cent, respectively), while women are relatively more likely to have completed primary and lower secondary education and tertiary education. Moreover, women are twice as likely as men to have either no education or incomplete primary education.

Table 1 – Working age population (15+), labour force participation rate, employment-to-population ratio and unemployment rate, 2012-2014

	2012	2013	2014
Working age population	1 669 965	1 672 460	1 673 494
Total	943 055	956 057	958 998
Employed	650 554	678 838	690 188
Unemployed	292 502	277 219	268 809
Labour force participation rate (per cent)	56.5	57.2	57.3
Employment-to-population ratio (per cent)	39.0	40.6	41.2
Unemployment rate (per cent)	31.0	29.0	28.0

Source: LFS, various years

The youth unemployment rate (for the population aged 15-24) in FYR Macedonia is nearly twice that of the adult unemployment rate, at 53.1 per cent in 2014. The rate had been on a declining path since 2007 (prior to the economic recession), but increased slightly between 2013 and 2014 (by 1.2 percentage points). In addition to the issue of extremely high youth unemployment, the limited opportunities for young people in the Macedonian labour market are further reflected in the extremely low employment-to-population ratio (EPR) of 15.2 per cent in 2014 (18.9 per cent for young men and 11.3 per cent for young women). The only country in the European Union with a lower employment-to-population ratio in 2014 is Greece, at 13.3 per cent, but this is an effect of the economic crisis in the country since, prior to the cri-

sis, one-fifth of young Greeks were engaged in employment.[3] In FYR Macedonia, in contrast, even prior to the crisis, the youth EPR was under 20 per cent, indicating that the issue is a structural one. Besides the issue of unemployment and low rates of employment, the situation is further aggravated by the number of young people who are employed under precarious working conditions, often in the informal economy.

Young women are facing a disproportionally difficult situation in the labour market, with a higher unemployment rate and lower participation and employment rates (note, the latter two trends are reflected in all age groups). Youth unemployment and under-employment represent a large cost to Macedonian society in economic, political and societal terms. A high percentage of unemployed young people means a loss of investment in education and training, a reduced tax base and higher costs in terms of social assistance. In addition, it means lost development potential for the country. At the same time, it has been proven elsewhere that long periods of unemployment in the early stages of life affect job and wage prospects across the working lifespan of young people (ILO, 2015). Furthermore, the high level of unemployment among young people can be a source of social instability and tensions.

The result is that political attention has increasingly been focused on boosting the employment of young people in FYR Macedonia through a combination of employment, education and social assistance policies. The Macedonian government has implemented a set of measures to create better conditions for decent employment of young people. These measures include:

1. strengthening labour market institutions for young people
2. improving employment opportunities for young people, mainly through active labour market policies
3. promoting youth employment through private sector development
4. ensuring the inclusion of disadvantaged young people in the labour market.

The Government's focus on improving the labour market situation of young people resulted in an Action Plan for Youth Employment, which specifically targets the areas and policies of crucial importance for youth employment. An initial Action Plan was prepared in 2012 (for 2012-2015), while a second was adopted in October 2015 covering 2016-2020.

Survey objectives and methodology

The SWTS offers important additional information over traditional labour force surveys. First, it provides a rare opportunity to produce indicators on labour market transitions through the inclusion of questions on the history of young respondents' economic activity. Such information has, to date, been lacking, or weak at best. Secondly, it also refers to the application of normative indicators relating to the concept of decent work. The analytical framework adopted by the ILO, and followed here, asserts that the attainment of stable or satisfactory employment is the end goal for most young people in developing economies. The stages of transition applied to

3 Data from the European labour force survey online database. Note that the EU-28 average employment rate for those aged 15-24 in 2014 was 32.4 per cent, well above the rate in FYR Macedonia.

SWTS results are therefore based on the various combinations of the two variables – stability and satisfaction.

The SWTS is a household survey of young people aged 15 to 29 years old. In FYR Macedonia, the SWTS was conducted by the State Statistical Office as an additional module to the Labour Force Survey in the third quarters of 2012 and 2014, drawing on the same samples. The SWTS, like the LFS, allows for the calculation of indicators following international standards which define the economically active population. The survey was introduced as part of the Work4Youth partnership, which has supported the SWTS in 34 target countries over the period 2012-16.[4]

Field activities started on 7 July 2014 and lasted for 13 weeks. The work was performed by a team of six supervisors, eight regional controllers and 56 enumerators, who were distributed throughout the eight regions under consideration. The regional controllers were staff from the Regional Statistical Departments. The total number of young people aged 15-29 interviewed for the survey was 2 474.

Characteristics of young people

Individual characteristics

According to the survey findings, the total number of the population aged 15 to 29 in 2014 was 455 869.[5] Compared to 2012, the number of young people has declined by 1.7 per cent, which is in line with the ageing trend of the overall population. Young men account for 51.8 per cent of the total population and young women for the remaining 48.2 per cent.

In terms of geographic location, a higher share of young people (56.5 per cent) lives in urban areas, while 43.5 per cent live in rural areas. The marital status of the young population shows that 74.3 per cent of young people are single while 24.5 per cent are married. Young women are more likely to be married (29.3 per cent) compared to young men (19.9 per cent).

Mobility of young people

Only a small proportion of young people has moved from their original place of residence – just 8.3 per cent of the total youth population. Among those who have moved, 55.9 per cent moved from a rural area, 21.5 per cent from a small town/village, 12.8 per cent from a large city, 5.5 per cent from another country and 4.4 per cent from a metropolitan area.

The main reason given for moving from the original place of residence is for family reasons (78.4 per cent of those young people who moved), although a slightly higher share of young women reported this as the main reason (79.9 per cent compared to 70.2 per cent of males). Very few young people have moved for work or to participate in education or training. Overall, these data show that young people in

4 Microdata files and national reports of the 34 countries covered by the ILO Work4Youth project are available at www.ilo.org/w4y.

5 Throughout this article, if the year is not specifically mentioned in the analysis, the data refer to 2014.

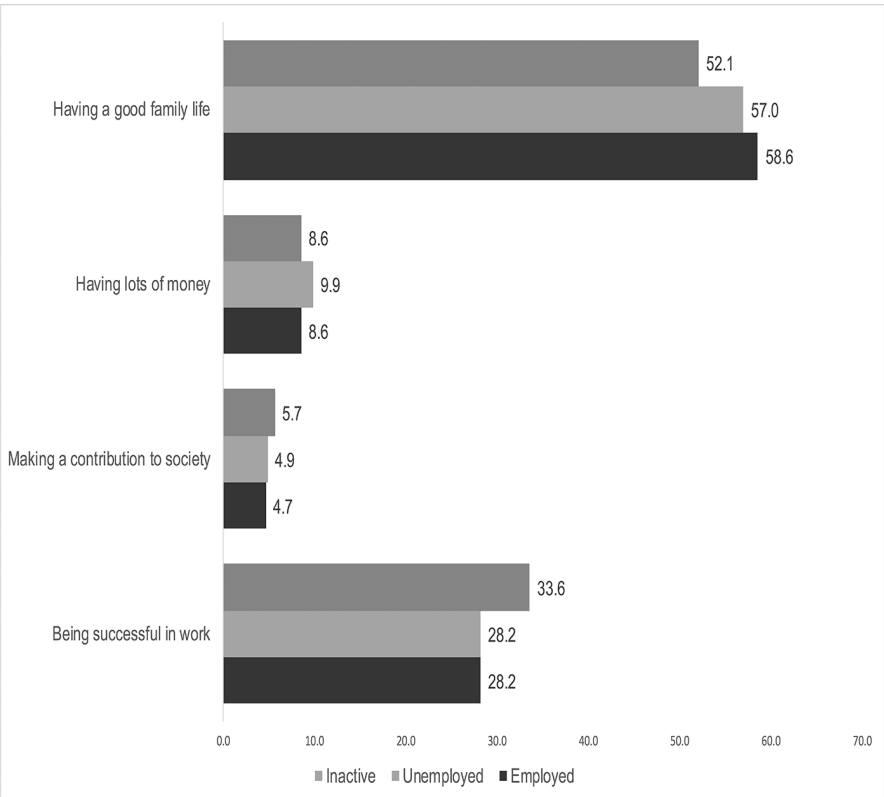
FYR Macedonia are not particularly mobile and are probably considering only the local labour market when searching for a job.

Aspirations and life goals

The primary life goal of young respondents – regardless of activity status – is to have a good family life (Figure 1). Being successful in work is the second most common life aspiration. However, one notable finding is that inactive young people are more likely to select being successful in work as their most important life goal in comparison to employed and unemployed youth. This result may indicate that a large proportion of inactive young people do intend to enter the labour market at some point in the future and are aware of the link between success in employment and their overall well-being.

A very small proportion of those surveyed selected making a contribution to society or having a lot of money as their primary life goal.

Figure 1 – Primary life goals of young respondents, by activity status



Source: SWTS Macedonia, 2014

Educational attainment

A majority of the youth population in 2014 had already finished their studies (57.5 per cent). Small shares had never attended school (1.5 per cent) or left school before graduation (2.4 per cent), while the remaining 38.7 per cent were attending school at the time of the survey.

Most young people in FYR Macedonia have completed at least secondary education – 11.1 per cent at general secondary level, 43 per cent at vocational level (secondary or post-secondary) and a sizable 26.7 per cent at university level (Table 2). A small share – although still worthy of attention – finished their schooling at primary level (16 per cent) or even lower (3.2 per cent).

Table 2 – Educational attainment of young people (per cent)

Highest level completed	Total	Male	Female
Less than primary	3.2	1.2	5.4
Primary	16.0	12.5	20.0
Secondary	11.1	12.4	9.7
Vocational*	43.0	54.9	29.5
Tertiary	26.7	19.0	35.4

* Vocational includes both secondary and post-secondary vocational education.

Source: SWTS Macedonia, 2014

Gender differences are especially evident in the selection of education paths. Young men seem to favour vocational education while young women choose the academic (university) path. The share of young men who have completed vocational education is nearly double that of young women and the opposite holds true for university level education.

Young women are also more likely than young men to finish schooling at the lowest level (primary or less). One-quarter of young women finish with a less than secondary level education – about double the rate of young men.

Regarding the 2.4 per cent of young people who started but did not complete a course of study (i.e. left school early), the most common reason was economic in nature (including not being able to afford the costs, needing to earn money to support the family, etc.). More than one-third (38.2 per cent) of early school leavers cited economic reasons (Table 3). To get married and wanting to start work were the next most commonly cited reasons for leaving school (with shares of 14.8 and 14.5 per cent, respectively), followed by failed examinations (11.8 per cent).

Again, there are significant differences in the reasons for dropping out of school between the sexes. The most compelling reasons for females to drop out are economic (accounting for 52.7 per cent of young women who left school), getting married (24.7 per cent) and parents' vetoing young women's continued school attendance (10.9 per cent). On the other hand, young men mainly dropped out because they

wanted to work (33.4 per cent), had failed examinations (29.4 per cent) or for economic reasons (16.6 per cent). This indicator shows that family and family circumstances are the main drivers behind young women leaving school early (either due to early marriages, poorer families' preference to educate their male child rather than their female child or the culture and traditions that prevent young women from acquiring further education). Such factors exert less influence over young men.

Table 3 – Reasons for leaving school early (per cent of young people that had left school)

	Total	Male	Female
Failed exams	11.8	29.4	0.0
Not interested in education	5.7	3.8	7.0
Wanted to start work	14.5	33.4	1.8
To get married	14.8	0.0	24.7
Parents did not want me to continue	6.5	0.0	10.9
Economic reasons	38.2	16.6	52.7
No school nearby	0.0	0.0	0.0
Other reasons	8.5	16.9	2.9

Source: SWTS Macedonia, 2014

Table 4 shows the distribution of level of education by the family's financial circumstances, based on the individual perceptions of each young respondent. It shows a clear, positive link between a young person's level of education and the relative household income level: youth from poor households tend to acquire the lowest levels of education, which gives rise to a vicious circle of poverty. Among the poorest households, more than one-third of young people had completed their education at primary level or below. This situation calls for specific attention on the part of the policy-makers, through the implementation of education and training policies.

Among well-off households, more or less no young respondent had not completed schooling to at least primary level, while very few had completed only primary education. In contrast, as many as 43.6 per cent have a tertiary level degree. The exception to this 'linear' trend are young people from fairly well-off households who are more likely to complete only primary level education and below than are young people from averagely wealthy households and are also less likely to obtain a tertiary degree.

Table 4 – Distribution of young people's educational attainment by household income level (per cent)

Level of completed education	Well-off	Fairly well-off	Around the average	Fairly poor	Poor
Less than primary	0.0	2.0	0.9	1.2	11.6
Primary	5.4	11.4	9.4	23.4	26.9
Secondary	14.4	12.2	5.7	9.6	17.3
Vocational	36.5	44.6	46.6	45.7	37.5
Tertiary	43.6	29.9	37.4	20.2	6.8

Note: Vocational includes both secondary and post-secondary vocational levels. Household income levels are based on the individual perception of each young respondent.

Source: SWTS Macedonia, 2014

Among current students (38.7 per cent of the population), the largest share (30.2 per cent) said that they preferred to study social sciences, business and law. This choice is followed by science, mathematics and computing (preferred by 14.3 per cent), engineering, manufacturing and construction (14.1 per cent) and health and welfare (12.7 per cent). Female students are slightly more likely to prefer social sciences, and health and welfare, whereas more male students opt for science and engineering.

The large share that prefer to follow a social sciences pathway reflects a continuing ignorance on the part of young students in relation to the structure of labour market demand (as signalled by unemployment rates by occupation sought). However, even if young students had access to accurate information about those sectors in which demand would be strongest at the time of their graduation, it is not clear that many would change their field of study. Selected fields are more frequently determined by the young person's area of interest and optimistic expectations than by practical matters relating to future prospects in the labour market.

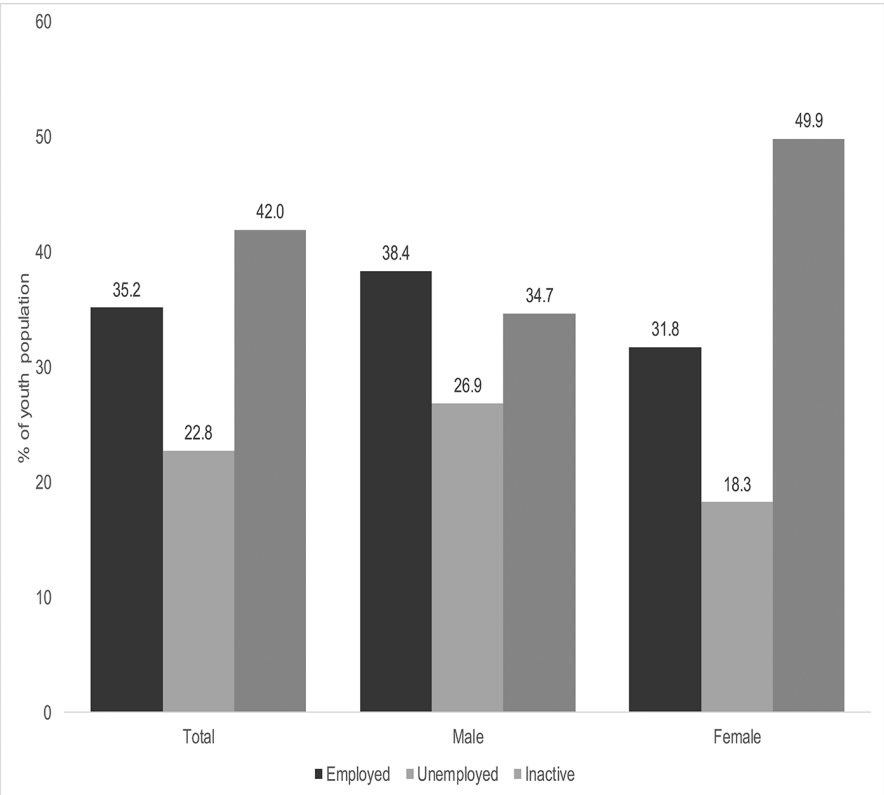
The optimism of young people is further reflected in the future job preferences identified by current students. As many as 73.9 per cent expect to find a job as a 'professional'. Far fewer expressed a preference for working in the future as technicians and associate professionals (11.6 per cent) or as service and sales workers (5.7 per cent). Job creation in the high-tech services sector would have to expand at a much faster rate than currently if it is to absorb the exiting cohorts of youth graduates expecting to find professional work in the future.

Main economic activity

Figure 2 illustrates the distribution of the youth population by main economic activity (employed, unemployed or inactive (outside the labour market)). Those who are inactive represent the largest group, i.e. 42 per cent of all young people (and 49.9 per cent of young women), followed by those in employment (35.2 per cent of all

young people). The male-female employment gap is 6.6 percentage points. Approximately one-fifth of active young people are unemployed, but males are much more likely to experience unemployment than females. The lower labour market activity of young women is both a response to and a cause of the lower tendency of young women to be unemployed.[6] Faced with a challenging job market, young women have a tendency to stay out of the labour market rather than look for work. Gender roles also play a major part in this respect, with women being much more likely to be tasked with the bulk of unpaid family work.[7]

Figure 2 – Distribution of young people by main economic activity



Source: SWTS Macedonia, 2014

6 These data differ in magnitude from the data for young people cited above (below Table 1) as here the upper age bound is extended to 29 years. The differences show that the inferior position of young women aged 15-24 decreases and even reverses in the 25-29 age group, which can be related to the higher educational attainment of females.

7 Elder and Kring (2016) offer a gender analysis of SWTS data sets in 32 developing countries, including FYR Macedonia.

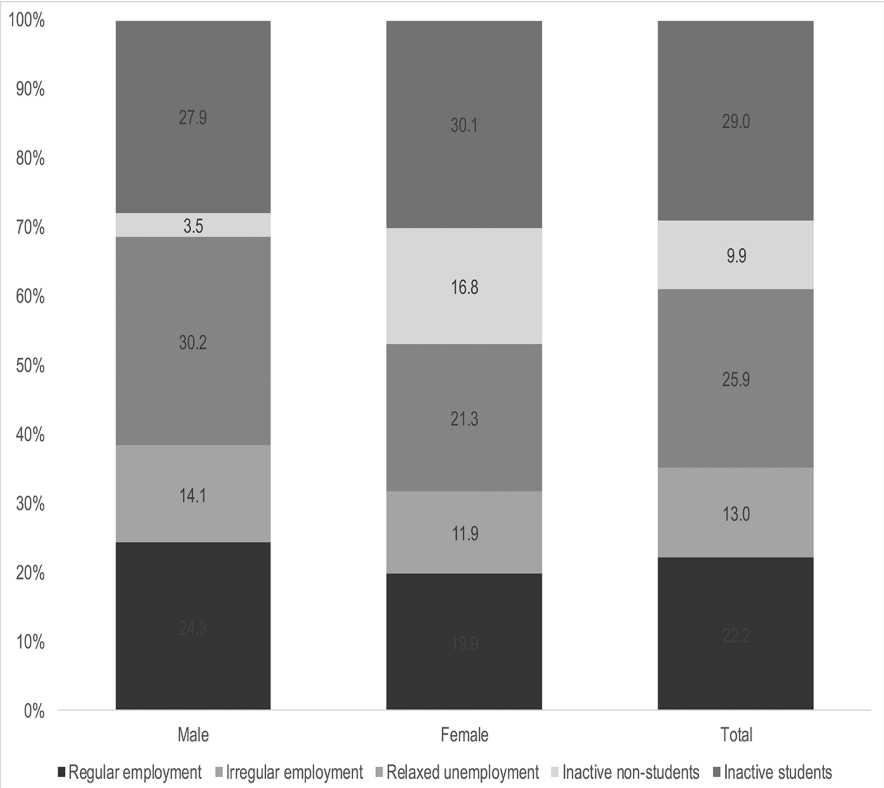
Figure 3 features the more detailed breakdown of the youth population, which shows employment categorised as 'regular' or 'irregular' based on the contract type and duration[8] and inactivity disaggregated by whether or not the inactive youth is engaged in education. The detailed distribution also applied the broader definition of unemployment.[9]

The majority of inactive young people in FYR Macedonia are in school and only a small proportion are inactive non-students. Young people in the latter category are neither contributing to economic production nor investing in their human capital through engagement in education or training. In addition, some 13 per cent of young people are in irregular employment, defined as employees with a contract duration of less than twelve months plus self-employed young people. Only 22.2 per cent of youth in 2014 hold a regular job (salaried employment with contract duration greater than twelve months) while as many as one in four of the youth population are unemployed according to the broad definition.

8 Young workers in regular employment have a paid job with contract duration of twelve months or longer. Young workers in irregular employment include own-account workers and contributing family workers and temporary paid workers with contract duration of less than twelve months.

9 The category of 'broad' unemployment includes people without work and available to work but without the additional criterion of engagement in an active job search.

Figure 3 – Distribution of the population of young people by more detailed disaggregation of economic activity



Source: SWTS Macedonia, 2014

From a policy perspective, this figure has vital implications. It shows that policymakers should be concerned not only with unemployed young people, but also with the element of under-utilised labour, which represents the country's lost development potential. The proportion of under-utilised labour (unemployed plus those in irregular employment and inactive non-students) among young people in 2014 amounts to nearly one-half of the youth population.

The SWTS also enables those young people who are classified as not employed nor in education or training (NEET) to be brought into the calculations. About one-third (31.9 per cent) of young people in FYR Macedonia in 2014 qualified as NEETs. The breakdown of sub-categories within the NEET classification shows that the majority are unemployed non-students while approximately one-third are inactive non-students (Table 5). These young people are likely to experience a loss of their

human capital (accumulated during their education), which has negative consequences and large costs both for the individuals and for society as a whole.

The NEET rate is higher among young women than men, but what is perhaps more striking is the diverse composition within the NEETs by sex. As many as 80.7 per cent of male NEETs fall within the category due to unemployment, but only 46 per cent of female NEETs are unemployed; female NEETs being much more likely than male ones to fall within the sub-category of inactive non-students. Indeed, alarmingly, young women make up as much as 75 per cent of inactive, non-student youth.

Finally, we can also notice a slightly higher incidence of NEETs in rural areas than in urban areas.

Table 5 – Distribution of NEETs urban/rural geography and sex (per cent)

	Total	Male	Female	Rural	Urban
NEET	31.9	29.4	34.4	34.2	30.1
Of which:					
Unemployed non-students	62.6	80.7	46.0	56.8	67.7
Inactive non-students	37.4	19.3	54.0	43.2	32.3

Source: SWTS Macedonia, 2014

Characteristics of the youth labour market

Unemployed young people

The difference in youth unemployment rates measured by the strict and broad definitions is not large in FYR Macedonia. The strict unemployment rate in 2014 is 39.3 per cent (103 743 young people) and the broad rate is 42.4 per cent (118 082).[10] Among the 14 339 young people who are without work, available for work but not actively seeking work, more than half (54.7 per cent) qualify as 'discouraged workers'. Discouraged young people have given up on the search for jobs due to a reason that implies a sense of despair about their labour market prospects. Overall, however, the share of discouraged young people in the youth labour force remains small, at 3.0 per cent.

The biggest share of the 14 339 young people who are not actively seeking work is taken by those reporting a lack of jobs in the area (of residence) as their primary reason for not seeking work (29.8%). It is notable that the share of young women

10 Note that this result differs from the youth unemployment rate derived from the LFS, for three reasons: (1) here the age range is extended by the additional group of young people aged 25-29 who are less likely to be unemployed; (2) the SWTS was intended to be completed by the same young people who participated in the LFS (third quarter of 2014), but some were unwilling to answer both surveys, participating in only; (3) the LFS allows for proxy responses of absent young people and proxies have a tendency to overstate periods of joblessness compared to employment.

stating this reason is double that of young men (41.1 per cent compared to 20.2 per cent). This result may show the low mobility of young people in Macedonia (especially among women) for work-related reasons. The second most frequently cited reason for not looking for work is education or training leave. Skills mismatches and personal family responsibilities are the next most commonly given reasons why young persons who do not hold a job but are available to work are not seeking work.

Education can act as a safeguard against unemployment, even in a country with high overall unemployment: youth unemployment rates decrease progressively with each additional level of educational attainment. A young economically active person with less than primary level education has a very high chance of being unemployed: 72.3 per cent of young persons in this group are unemployed. The unemployment rate of young people with a university degree is still high, at 33.7 per cent, but this is much lower than the average youth unemployment rate.

Those young Macedonian people who have the misfortune to be unemployed face extended job search periods, which can have negative consequences in terms of skills erosion, financial losses and damaged self-esteem. More than three-quarters of unemployed young people have been searching for a job for more than one year, i.e. are long-term unemployed. Young women are slightly more likely to fall within the category of long-term unemployed than are young men (Table 6).

Table 6 – Duration of youth unemployment (per cent)

Duration	Total	Male	Female
Less than one week	0.2	0.0	0.4
1 week to less than 1 month	2.4	2.9	1.6
1 month to less than 3 months	7.7	6.2	10.0
3 months to less than 6 months	4.6	5.2	3.8
6 months to less than 1 year	7.4	9.8	3.6
1 year to less than 2 years	13.2	10.9	17.0
2 years or more	64.6	65.1	63.7

Source: SWTS Macedonia, 2014

From a policy perspective, it is important to know whether the high levels of long-term unemployment among young people is due to the limited number of job offers available in the country (in the light of low overall job creation) or whether they are 'picky' in terms of the job offers they are prepared to accept, turning down opportunities that fail to match their expectations of the sector in which they want to work, the wage that they would like to get, etc. In other words, they might not consider the first job as a stepping stone to a better job in the future.

There is indeed a mismatch between the occupations in which young people expect to find jobs and the occupations in which jobs are currently available for workers (i.e. demand for those occupations outnumbers supply). Unemployed Macedo-

nian young people are principally seeking work as professionals (26.1 per cent), service and sales workers (20.9 per cent) and technicians and associate professionals (17.2 per cent). However, currently, only 16.7 per cent of employed young people are working as professionals and only 6.7 per cent as technicians. Despite government measures to support agriculture (mainly through subsidies to production), very few (if any) young men and women are seeking employment as a skilled agricultural and fisheries worker.

By sex, young women are more likely to be seeking professional work than young men (37.5 and 18.8 per cent, respectively), while young unemployed men are more likely than young women to seek work in craft and related trades (19.5 and 5.2 per cent, respectively). The latter result can be explained in part by the higher shares of young men following a vocational education track.

When asked about the main obstacle to finding work, over half of unemployed young people – 58 per cent – state that the main challenge is the lack of available jobs. The second most commonly cited reason (but by far less frequently) is the low wages in available jobs (a reason stated by 10 per cent of unemployed young people), which may confirm that young people can be selective when searching for a job. A lack of work experience was reported as a main obstacle by 7.6 per cent of unemployed young people.

Young Macedonians mainly rely on informal search channels and networks for finding work. Friends and relatives are used by 78.7 per cent of unemployed young people (and by 34 per cent of employed young people) as a method for searching for a job. Some 72.5 per cent of unemployed young people search for jobs by inquiring directly at factories, farms and other workplaces (which is also an informal channel), 56.2 per cent place or answer a job announcement and 56.8 per cent register with an employment centre.

This information shows that young unemployed Macedonians are using several channels to search for employment, which may suggest that they search intensively for a job although it is still not possible to assess precisely the intensity of their job search. The data also show that only one-fifth of unemployed young people (had the opportunity to) take a test or have a job interview. Meanwhile, pursuit of the possibility of self-employment is rare among young unemployed workers (just 0.4 per cent).

One means of trying to gauge the relative intensity of the job search among unemployed young people is by determining (1) if the young unemployed person has ever refused a job offer and, if so, for what reasons; and (2) the conditions under which the unemployed young person would accept a job offer. Presumably, the more desperate the job-seeker (for instance, for reasons of poverty), the less selective they will be and who might therefore be expected to accept any job, regardless of conditions.

In FYR Macedonia, the share of unemployed young people who have refused a job offer is low, at 5.7 per cent. Out of ten possible reasons included in the survey, respondents indicated only four were relevant reasons for turning down a job offer: low wages being the most important (for 64.5 of young people who had refused a job

offer), followed by inconvenient location (for 22.2 per cent), too many hours of work (7 per cent) and the job not matching their qualifications (6.3 per cent).

However, significant gender differences are evident in the reasons for refusing a job. The findings suggest that young men are more selective in accepting a job offer (having turned down jobs which pay low wages and for which their qualifications are not a good match); whereas for women the non-monetary characteristics of the offered work are also important, such as location and number of hours of work, which play an important role in family-work balance.

The minimum monthly wage (the reservation wage) at which the 'average' young unemployed worker will accept a job offer is 13 688 Macedonian denars, which is approximately €223. It is also evident that women who educate themselves to a higher level (i.e. complete tertiary education) have a higher reservation wage than their male peers. Note that this average reservation wage is 64 per cent of the average net wage in the country in 2014.[11]

By comparing wage expectations and actual wages in the economy, it is apparent that young people with secondary education have somewhat unrealistic wage expectations: their average reservation wage is 12 349 and 12 780 MKD for general and vocational secondary education, respectively; but, in the economy as a whole, some 42.6 per cent of workers with such education earn wages between 5 001 and 12 000 MKD and only one-fifth earn wages between 12 001 and 16 000 MKD. This is even more true for workers with completed tertiary education: the average reservation wage for these workers is 16 115 MKD but, in the economy as a whole, 57.4 per cent of workers with tertiary education earn less than that (even those with a degree of work experience).

Even so, in comparison with the reported wages of salaried and self-employed young people (see later), the wage expectations of those who are unemployed are higher only at the less than primary and secondary general levels of education.

Young people outside the labour force (inactive youth)

The total number of inactive young people (strict definition) is 191 660, of which 42.7 per cent are men and the remaining 57.3 per cent are women. The inactivity rate in 2014 was 40.2 per cent. The most common reason for inactivity, reported by 73 per cent of inactive young people, is that they are attending education/training.

For 16.9 per cent of inactive young people, family responsibilities or housework constitute the main reason for inactivity. As expected, young women are far more likely to be inactive due to family responsibilities and housework (28.2 per cent of women compared to 1.3 per cent of young men). This suggests that young women face barriers to activity (and therefore employment) which are related to the general traditions and culture in the country.

11 Average wage data for the economy are published by the State Statistical Office, based on a company survey.

Youth employment by sector, status and occupation

A total of 79.6 per cent of employed young people are salaried workers (employees), 13.8 per cent are contributing family workers while 3 per cent are own-account workers. A small share (2.1 per cent) are employers and 1.4 per cent reported 'other' status.

Young women are slightly more likely than young men to be engaged as employees or as contributing family members, and are less likely to own and run a business either as employers or own-account workers.

The majority of young people are employed in services, although the share is higher for young women than young men (61.8 and 52.4 per cent, respectively). The second largest sector for youth employment is industry, with a share of 30.1 per cent, while the agricultural sector employs 13.4 per cent of the youth population. Compared to total employment in the country (based on the LFS), the sectoral structure of youth employment shows that young people are more likely to work in services than the wider 15+ age group, that the levels of representation in industry are fairly equal and that young people are less well represented in agriculture.

As expected, young women are more likely to be employed in services, but less likely to work in the industry and agricultural sectors.

Manufacturing absorbs the largest proportion of young workers (24.4 per cent), with males being slightly more likely to work in that sector. Wholesale and retail trade is the second largest employer of youth (16.9 per cent), followed by agriculture (13.4 per cent). Young men are much more likely to work in construction, and in public administration, whereas young women dominate professional and scientific activities, education, health and social work, and arts and entertainment.

In terms of occupation, the three largest occupational groups of youth employment (based on ISCO-08) are service and sales workers (accounting for 26.3 per cent of total youth employment), professionals (16.7 per cent) and elementary occupations (14.5 per cent).

Compared to the occupational distribution of employment in the country (LFS data, for population aged 15+), it appears that young people are enjoying more favourable employment in terms of skill content in that they are less likely than the overall population to be employed in elementary occupations and more likely to work in medium-skilled jobs. This finding may be related to the higher educational attainment of the employed young people in comparison to the educational attainment of the total employed population, but it may also reflect the changing nature of jobs in the economy (more new jobs being created with higher skill components). It is surprising that very few young workers are engaged in skilled agricultural, forestry and fishery work (3.2 per cent), given the much higher level of employment in agriculture (13.4 per cent), which means that agricultural activities are spread across other occupations as well (most probably in elementary occupations).

Young women workers are much more likely to work in higher skilled occupations: 35.2 per cent of women work as managers, professionals and technicians whereas this is true of only 15.5 per cent of young men. On the other hand, half of the young men are employed in low-skilled occupations (craft workers, plant and

machine operators and elementary occupations), whereas this is the case for 28 per cent of young women. This occupational structure of youth employment by sex is in line with the higher average educational attainment of young women and is also representative of the diverse education tracks followed.

Wage employment

The majority of young people in waged employment (79.6 per cent) are engaged as salaried workers. The quality of their employment can be assessed based on access to the benefits and entitlements that they receive through their jobs. Most young employees have access to medical (health) insurance (88.2 per cent), pensions insurance (87.9 per cent) and social security contributions (which includes health, pensions and unemployment insurance).[12] Workers who are entitled to receive such benefits can be considered as being in a formal working relationship with their employer. A large majority of young people also have access to annual paid leave (77.1 per cent) and paid sick leave (74.2 per cent). Surprisingly, less than half of the respondents reported having access to maternity leave (43.3 per cent overall and 65.6 per cent of women), which is supposed to be a guaranteed right in the formal employment relationship. Only one-quarter of young waged employees have access to education or training courses, and about one-third are paid for overtime work. Less than half have access to meals or meal allowances and 40 per cent receive transport or a transport allowance.[13]

Only a small share of employed young people receives coverage for childcare facilities (2.3 per cent), severance or end-of-service payments (13.8 per cent) and bonus payments for good performance (23.6 per cent).

The average wage of salaried young people is 14 322 MKD (Figure 4), which is approximately 70 per cent of the average net wage in the country in 2014. Female workers command a slightly higher average wage, which only modestly reflects their higher educational attainment and the superior occupational and skill structure of their employment relative to young men. At lower than primary education level, males' wages are three times higher than women's, on average. An unexpected finding is the high average wage for workers with completed primary education, for both sexes. Apart from that result, wages increase with education.[14]

About one-quarter (23.4 per cent) of young paid employees in FYR Macedonia are on temporary contracts, meaning less than 12 months in duration. In most cases (66 per cent), young people engaged on a temporary contract are on a 'chain contract' system, meaning that their contract is likely to be renewed on termination al-

12 Mandatory social security contributions are paid by the employer, on behalf of employees.

13 Prior to 2009, meals and transport allowance formed part of workers' gross wage and were therefore not subject to social security contributions. With the gross wage reform of 2009 (entailing a change to the system from net to gross wages and a reduction of the contribution rates), it has been left to the discretion of employers whether or not they pay such allowances.

14 A potential explanation is that these young people entered the labour market early and accumulated work experience which is valued by the employers.

though renewal is not guaranteed. Other reasons for working on temporary contracts include seasonal work (10.5 per cent), completing a probationary period (10.2 per cent), on-the-job training or internship (3.0 per cent) and working as a substitute for a permanent employee (2.2 per cent).

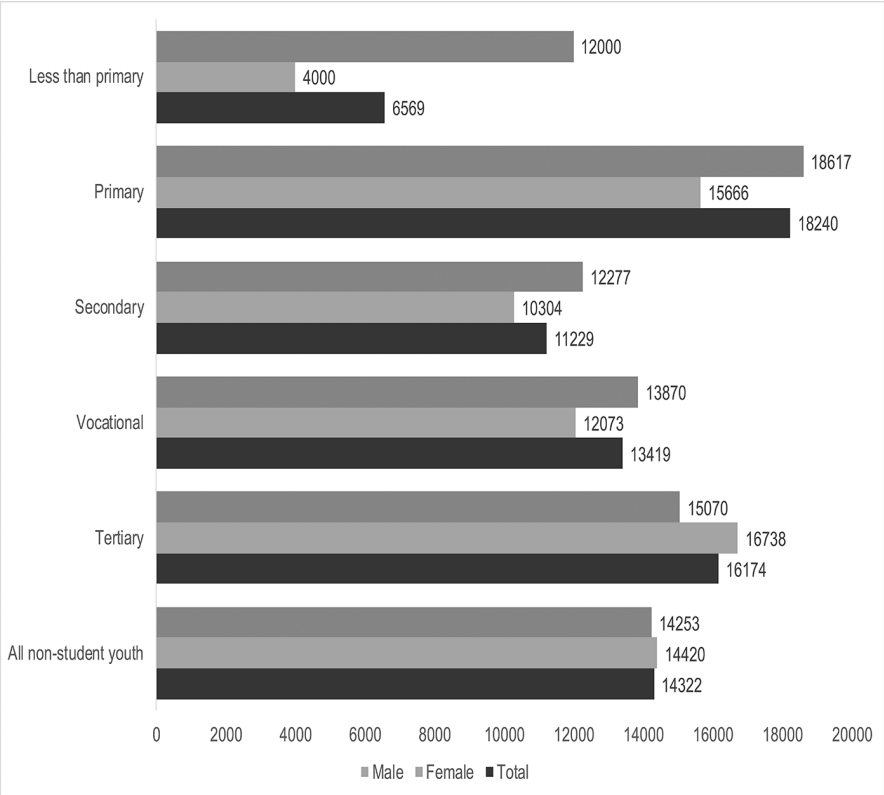
Self-employment

Of the total employed youth cohort, 18.9 per cent are self-employed, most of whom are contributing family workers, followed by own-account workers and employers.

The majority of young self-employed in FYR Macedonia claim that market competition is their most significant business challenge (cited by 38.3 per cent). The subsequent primary challenges are legal regulations and insufficient financial resources (reported by 26.2 and 21.4 per cent of self-employed young people, respectively).

In terms of the initial capital outlay to start the business, 37.9 per cent of self-employed young people stated that they borrowed money from family and friends, 31.6 per cent used their own savings and 23.8 per cent reported that they did not need any money to start the business. Only 5.4 per cent took a loan from a bank and 1.3 per cent used government finances. Young people's lack of collateral can act as an important barrier to accessing bank loans and starting (or expanding) a business.

Figure 4 – Average monthly income of young waged and salaried workers by sex and completed educational attainment (in Macedonian denars)



Vocational includes both secondary and post-secondary vocational levels.

Source: SWTS Macedonia, 2014

Working hours and informality

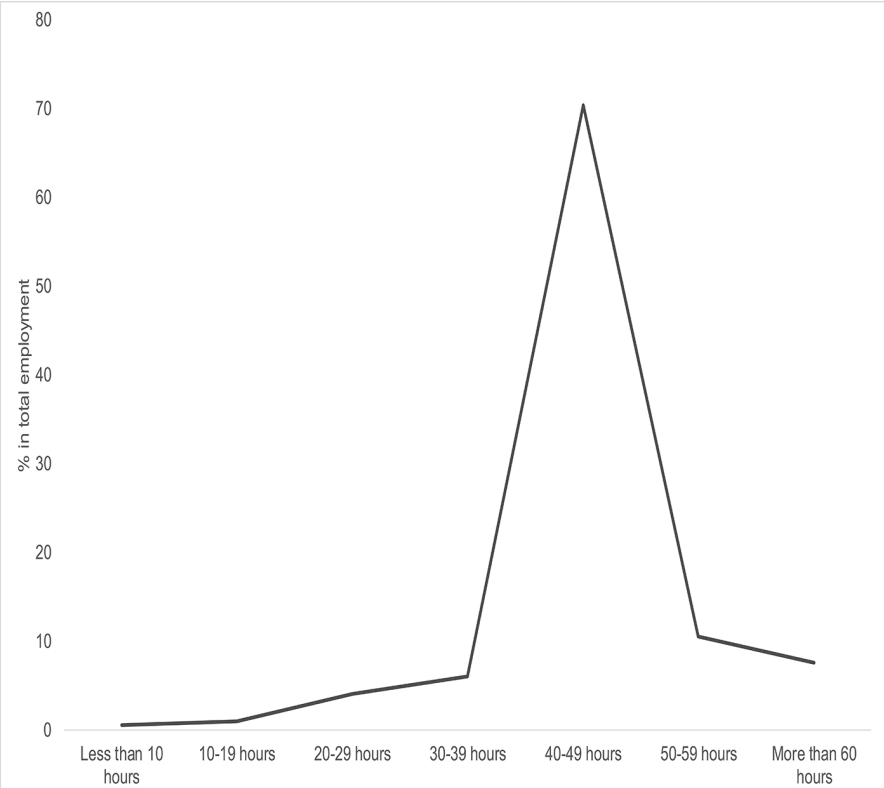
Figure 5 shows the distribution of youth employment by actual hours worked per week. Most young people (87.9 per cent of working youth) work full-time, i.e. 40 hours or more per week, whereas 17.8 per cent of working youth can be said to work an excessive number of hours (50 hours or more per week). Only 12.2 per cent of youth work part-time, with part-time work usually related to young people being in education (16.2 per cent of total employed youth are current students). The latter finding shows that few young people in FYR Macedonia combine work and study.

Informal employment[15] is a concern in FYR Macedonia, although it is important to acknowledge that the youth informal employment rate is considered low in relation to the region as a whole (Elder *et al*. 2015). Nearly half (48.1 per cent) of young workers are in informal employment (48.8 per cent for young men and 47.2 per cent for young women). Informal employment is significantly higher in rural areas in comparison to urban areas at 57.3 and 41.5 per cent, respectively.

Despite the high share of young paid workers with access to basic entitlements, young workers in an informal job in the formal sector still make up the majority share (77.6 per cent) of young people in the broader category of informal employment. The remaining 22.4 per cent are young workers in unregistered enterprises and micro-enterprises or contributing family workers.

15 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 entitlement to social security, paid annual leave and 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 job 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.

Figure 5 – Distribution of youth employment by actual hours worked per week (per cent)



Source: SWTS Macedonia, 2014

Qualifications mismatch

One means of measuring the mismatch between the job that a person does and their level of educational qualifications is to apply the normative measure of occupational skills categories from the International Standard Classification of Occupations (ISCO). ISCO-08 includes the following categorisation of major occupational groups (first-digit ISCO levels) by level of education in accordance with the International Standard Classification of Education (ISCED).[16]

The latest data in FYR Macedonia show that 72.4 per cent of employed young people are working in an occupation that matches their level of education. The remaining are over- or under-educated for their jobs, with more in the former category

16 For more information on the issue of qualifications mismatch, see Quintini (2011) and Sparreboom and Staneva (2014).

(21.3 and 6.3 per cent, respectively). Over-education is more common among young female workers (26.9 per cent, compared to 17.3 per cent for young men) while under-education is more prevalent among young male workers (9.0 per cent compared to 2.6 per cent for young women).

These results are, in part, a reflection of the levels of education attained by young people in the country. With a substantial share of employed young people holding higher level degrees in FYR Macedonia in 2014, whereas most of the existing and newly-created jobs are in lower-skilled occupations, it is not overly surprising to find more young people being classified as over-educated than under-educated. The phenomenon of over-education tends to be found when there is an insufficient number of jobs to match a certain level of education, which forces some degree-holders to take available work for which they are over-qualified. Consequently, over-educated young people are likely to earn less than they otherwise could have and their productive potential in the economy is not being fully maximized.

The level of qualification-matching proves to be best for young people with secondary education. Only 10.9 per cent of secondary degree holders are over-educated compared to 42.6 per cent of tertiary graduates. The recent policy in the country of the expansion of tertiary education (through subsidies and capacity increases) is likely to have exacerbated the over-education situation (Mojsoska-Blazevski and Ristovska, 2012). In contrast, as one might expect, under-education is found primarily among young workers who finished their education at primary level or below (with 60.5 per cent being under-educated).

Security and satisfaction

Despite some indications of poor quality employment among some young workers, the vast majority still expressed satisfaction with their work (79.4 per cent). The seeming contradiction of a young person working in a job that offers little in terms of monetary reward, stability or security claiming job satisfaction probably reflects the ability of young people to adapt to the reality of a market in which few 'good' jobs exist. In the context of low labour market demand and high levels of unemployment, simply having a job may outweigh issues of that job's quality. However, it may also suggest that the overall labour market environment depresses the ambitions and aspirations of young people.

Workers with completed vocational training, from urban areas, from well-off households, in regular and formal employment are most satisfied with their jobs. The results also show that over-educated workers are much more inclined to be dissatisfied with their job in comparison to youth in jobs that are well-matched to their qualifications or youth who are under-educated.

One can dig further into the issue of job satisfaction by utilising the indicator determining whether or not employed young people would like to change jobs. In FYR Macedonia, 40.8 per cent of working youth say they would like to change their job. The most commonly-cited reasons for wanting to change job are qualifications mismatch (37.7 per cent), unsatisfactory levels of pay (28.8 per cent) and the temporary nature of the work (22.1 per cent).

Stages of transition

The 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 it also includes 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 to the standard definition of labour market transition. However, we have reported above that few young people in Macedonia attain stable employment and, if the 'end goal' does not fit the reality of the situation, then perhaps the statistics are not framed widely enough. For this reason, the ILO added job satisfaction as a component and built it into the concept of labour market transition.

Specifically, labour market transition is defined as the passage of a young person (aged 15-29) from the end of schooling (or entry into first economic activity) to the first stable or satisfactory job. 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 twelve 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.

Concerning the transition stage of the youth population, the largest share of young people is taken by those who are in the process of transition (43.9 per cent) (see Table 7). The percentage of those who have completed the transition is 23.9 per cent while the remaining 32.2 per cent of young people have not yet started the process.

Table 7 – Distribution of youth population by stage of transition (per cent)

Sex	Transited		In transition		Transition not yet started	
	No.	%	No.	%	No.	%
Total	109 095	23.9	200 210	43.9	146 565	32.2
Male	63 004	26.7	105 995	44.9	66 987	28.4
Female	46 091	21.0	94 214	42.8	79 578	36.2

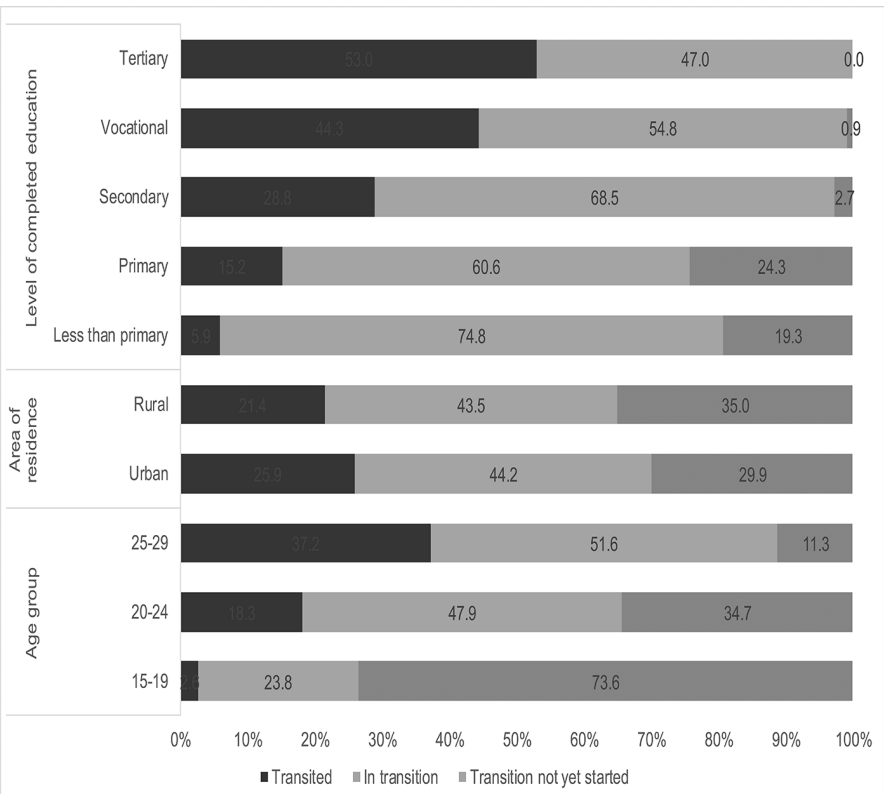
Source: SWTS Macedonia, 2014

Young men are more likely than young women to have completed the transition and to be in transition whereas young women are more likely not to have yet started the transition. The latter result can be attributed not only to the higher average educational attainment of young women, but also to their lower level of labour market participation (i.e. higher inactivity rate).

Figure 6 shows the distribution of youth characteristics – detailed age band, sex, urban/rural geography and level of educational attainment – by stage of transition.

Not surprisingly, age has a strong correlation to stage of transition: few 15-19 year-olds have started or completed the transition while very few of the higher age band, those aged 25-29, remain in the category of transition not yet started (11.3 per cent). There is an urban bias on completed transitions, in that rural areas have a higher share of young people still in transition and who are yet to start it. Finally, all young people with tertiary education have either completed the transition (53 per cent) or remain in it (47 per cent). On the other hand, young people with only primary education are much more likely to remain in transition (60.6 per cent), with only 15.2 per cent having completed their transition.

Figure 6 – Stages of transition by age group, urban/rural geography, sex and level of educational attainment (per cent)



Note: In distribution by educational attainment, only young people with completed education are considered (excluding current students).

Source: SWTS Macedonia, 2014

The data also reveal that young people from wealthier households are more likely to have completed the transition or be in transition than individuals from poorer households (not shown in Figure 6).

Young people who have not yet started the transition

Among the 32.2 per cent of the youth population who have not yet started the transition from school to work, a strong majority (90.1 per cent of the category; 29 per cent of the overall youth population) are still in school. Only 9.9 per cent (3.2 per cent of the overall youth population) are currently inactive and not in school with no intention of looking for work.

Young men and women are almost equally represented among inactive students (49.9 per cent are male and 50.1 per cent are female). However, young women are much more likely to be inactive non-students with no plans to work (16.8 per cent of young women compared to 1.6 per cent of young men). This is in line with the lower overall activity of women in the labour market, which may be attributable to the country's culture and traditions and the strong role played by women within the household.

Young people in transition

In FYR Macedonia, the majority of young people in transition fall within this category because they are unemployed (49.9 per cent) or otherwise combining employment or unemployment with study (22 per cent). Only 12.7 per cent of young people who remain in transition are in non-satisfactory self- or temporary employment, while 15.4 per cent are inactive non-students with plans to work.

There are differences in the composition of young people in transition between the sexes in that young women are less likely than young men to be unemployed (41.1 and 57.8 per cent, respectively), but much more likely to be inactive with plans for future work (25.1 and 6.7 per cent, respectively). Urban young people who are still in transition are more likely to be active students and less likely to be in non-satisfactory employment relative to rural youth.

There is no straightforward link between transition sub-category and household income levels although, in general, youth from wealthier households who remain in transition are less likely to be unemployed and more likely to be in non-satisfactory employment, active students and inactive in comparison to less well-off households. This suggests that wealthier households are probably more able to assist their children find a job, but that the job is not always of the desired quality. In addition, young people from wealthier households can 'afford' to remain inactive as they can be supported financially by their parents. On the other hand, about one-quarter of poor young people are also inactive (23.3 per cent), but this is probably linked to the strong correlation between poverty and early school-leaving or low levels of education. It is exactly that group of young people with the lowest levels of education who are most likely to remain in the sub-category of inactive non-student with future work intentions.

Young people with higher levels of education who are still in transition are mainly unemployed (72.8 per cent) and an additional one-fifth (20.6 per cent) were in non-satisfactory employment. This shows that even young people with completed tertiary education have difficulty in transitioning to a stable, satisfactory job. A very small proportion of the most highly educated young people categorised as in transition are inactive (6.5 per cent). As the level of education increases, more of the young people in transition are classified as unemployed and fewer as inactive. This shows that educated youth seek a 'reward' for their educational attainment in the labour market, whereas those who put less effort and time into their education are not so determined to search for a job.

Young people with completed labour market transitions

Most transited young people have attained a stable job (77 per cent), while 13.8 per cent have a satisfactory temporary job and 9.2 per cent are in satisfactory self-employment. Considered as a percentage of the overall youth population, it is still noteworthy that only 18.4 per cent of young people have completed their labour market transition to a stable job, while a further 5.5 per cent have transited to a temporary or self-employed job.

Among transited youth, those in rural areas have a higher tendency to transit into stable employment (80.8 per cent compared to 74.7 per cent of transited youth in urban areas). On the other hand, rural young people are also less likely to be in satisfactory self- or temporary employment. Some 76.3 per cent of young women who have completed their transition from school to work are in stable employment (compared to 77.6 per cent of young men), 15.8 per cent are in satisfactory temporary employment (12.2 per cent of young men) and the remaining 7.9 per cent are in satisfactory self-employment (10.2 per cent of young men). Young people from poor households fare better than those from well-off families in terms of achieving stable employment: 90.7 per cent of young people from poor families have transited into stable employment but the transition has been completed for just 72.1 per cent of young people from well-off families. However, youth from wealthier families are also much more likely to attain satisfactory self-employment.

There are not substantial differences in the chance of obtaining a stable job among young people with education above primary level. This category of workers is much more likely to transit into stable employment relative to those with primary education, but is also much less likely to be in satisfactory self-employment. Still, there are interesting differences when the educational levels of transited youth by sex are considered. For young men, there is a three to one difference in the share of male youth who have transited with vocational level education compared to tertiary level (62.3 per cent compared to 20.6 per cent). For young women, however, having a higher level degree seems to carry more weight; 57.8 per cent of the transited young women hold a tertiary degree while 30.3 per cent finished at the vocational level.

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 biggest added values of the

SWTS. Using the historical path, it is possible to identify the labour market category 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 young people attained their first stable and/or satisfactory job either following a period of unemployment (47.2 per cent) or directly, as their first labour market experience (50.6 per cent). The share that transited from another activity – from another job or from inactivity – was nominal. Flows to the first job show a similar picture, with 58.1 per cent moving directly to their first job and 40.8 per cent experiencing an initial spell of unemployment.

Table 8 provides information on the lengths of the school-to-work transition. Lengths are calculated from the date of graduation to (i) the first job (ii) the first 'transited' job and (iii) the current 'transited' job. The 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 first job = first transited job = 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. In a country like FYR Macedonia, with its very high unemployment rates, frequent jumping between jobs would not be expected, so the average transition lengths within the subcategories should not vary widely.

The results show that it takes a young person, on average, 31.2 months (2.5 years) from the time of graduation to the attainment of a 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 transition length jumping to more than three years (38.2 months).

In both instances, it takes young men significantly longer than young women to make the transition from school to work; including the directly transited, the transition period of young men is 14 months longer than that of young women.

Table 8 – Average lengths of labour market transitions from school graduation by sex (no. months)

	Total	Male	Female
To first job (any job, including direct transitions)	25.5	32.0	16.9
To first transited job (including direct transitions)	31.2	37.1	22.8
To first transited job (excluding direct transitions)	38.2	43.5	29.8
To current transited job (including direct transitions)	38.0	45.7	27.3
To current transited job (excluding direct transitions)	44.2	49.5	35.3

Source: SWTS Macedonia, 2014

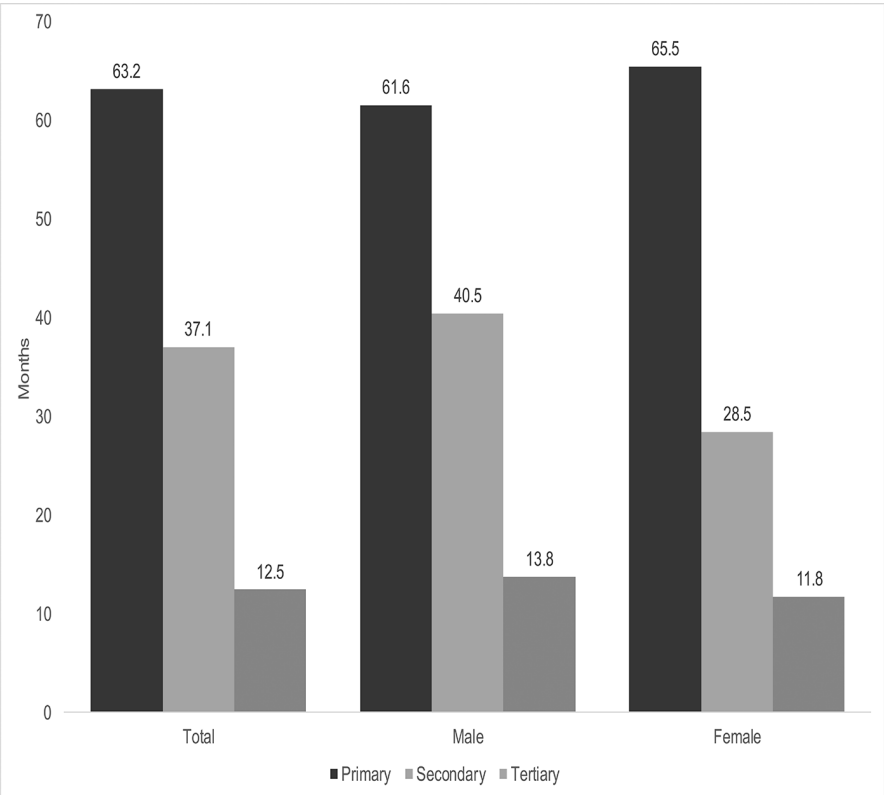
Some young people continue their pathway in the labour market even after attaining a first transited job. Regardless of the specific reason for why, it makes sense that the average length to current transited jobs is longer than the length to the first transited job. In FYR Macedonia, it took a young person an average of 38 months to

complete the transition from school to current transited job (45.7 months for young men and 27.3 months for young women). Excluding those who moved directly to the current transited job causes the transition duration to rise to as long as 44.2 months, or four years.

Whichever form of measure is applied, it is clear that the Macedonian labour market has a significant problem in absorbing its emerging young graduates effectively. The economic and social costs of financially supporting so many young people through lengthy transition periods are a clear hindrance to the growth potential of the country.

Finally, Figure 7 shows the advantage that education brings to the school-to-work transitions of young people in FYR Macedonia. The transition length to a first stable/satisfactory job is nearly tripled for those young people who graduated with a secondary degree compared to a tertiary degree (37.1 and 12.5 months, respectively). Young people with primary education only can take as long as 63 months to complete the transition. The very lengthy transition of young people with low levels of education can be partly explained by their much earlier age of leaving school, but the question of what those young people do in the long interim period remains to be answered.

Figure 7 – 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: SWTS Macedonia, 2014

Policy framework for youth employment in FYR Macedonia

Relevant policy framework

Over the past several years, the government has strengthened its focus on improving the labour market situation of young people. After a long period of sporadic and un-coordinated measures in that direction, in 2012 the government adopted the first Action Plan on Youth Employment aimed at reducing youth unemployment and under-employment, given the large costs that both factors impose on individuals and society. Following the positive effects that the Action Plan delivered, in 2015 the government adopted its second Action Plan for Youth Employment covering the period 2016-2020. Both plans were developed with support from the ILO, within a coordinated framework involving many government agencies, under the leadership of the Ministry of Labour and Social Policy (MLSP).

Furthermore, in October 2015, the government also adopted the new National Employment Strategy (NES) 2015-2020, the preparation of which was supported by the ILO, the World Bank and UNDP. Youth are also an important and specific target group of the NES and the objectives and actions within the NES and the Action Plan are co-ordinated and synchronised.

Review of the Action Plan for Youth Employment 2012-2015 showed that significant progress had been made in improving the situation of young people in the labour market in all planned areas, namely:

1. strengthening the system of labour market governance
2. enhancing youth employability
3. fostering youth employment through the private sector
4. development
5. ensuring inclusive labour market conditions for young people.

The Employment Service Agency doubled the coverage ratio of unemployed young people who have been involved in an active labour market programmes, from 12.1 per cent in 2012 to 23.6 per cent in 2014. The educational attainment of young people was improved and incidences of early school leaving declined.

Progress has, however, been much slower in certain other areas. Skills mismatch remains one of the most pressing issues in the labour market and one which is increasing with time. This report shows that there is still a significant challenge ahead in improving the linkages and signals between the education system and the labour market.

Additional useful information to aid policy-making was also provided by the first impact evaluation of ALMPs carried out in 2014, supported by the ILO (Mojsoska-Blazevski and Petreski, 2015). The impact evaluation covered several active programmes implemented between 2008 and 2012: programme for self-employment; internship; training for targeted employers; wage subsidy programme; training in advanced IT skills; and training to promote occupations which were under-resourced. Young unemployed people were participants in these programmes but they comprised the main beneficiaries of the internship programme and were widely represented among the participants in the training programmes for advanced IT skills and for self-employment.

The findings of the evaluation showed that internships and training are the most effective ALMPs, followed by entrepreneurship training and advanced IT skills. The other programmes proved less effective. From the perspective of young people, it appears that ALMPs do pay off, especially internship programmes.

These findings and suggestions for improvements to ALMPs were embedded in the planning stages for forthcoming ALMPs and therefore better results are expected from the programmes in the future.

The Action Plan for Youth Employment 2016-2020 was prepared on the basis of the previous Action Plan and the results of the implementation review, as well as newly-available evidence from evaluations. It sets three strategic objectives to be achieved in the forthcoming period:

1. improve the match between skills and labour market demand, through a broad set of measures including improving skills forecasting systems; providing education and training; mainstreaming career education within the school curricula; delivering counselling and guidance of young people, etc.
2. promote job creation led by the private sector by strengthening incentives for companies for instance through access to quality employment services; extension of the existing tax incentive system to promote employment of young people; providing increased support to young people intending to start a business; and expansion of business development services to support companies in their growth and job creation
3. ease the transition of young people from school to work by improving the quality of the services offered by the ESA; adjusting the financing and design of ALMPs; establishing dedicated service lines for young unemployed people (together with a profiling system of the unemployed); and rolling out the Youth Start programme, etc.

Policy implications

Addressing the issue of youth employment in FYR Macedonia is clearly a matter of urgency owing to the very high levels of youth unemployment in the country, with every second youth searching for a job but being unable to find one. The government's policy response shows that it does take the matter seriously.

There is no 'one size fits all' approach to tackling youth employment, but there are some key policy areas that need to be considered and tailored to fit national and local circumstances. These areas were identified at the International Labour Conference in June 2012 and are included in its resolution 'The youth employment crisis: A call for action'. This provides a global framework that can be adapted to the national circumstances of FYR Macedonia in implementing policies and strategies to promote decent work for young people based on a multi-pronged and balanced approach.

This concluding section of the article examines the main areas where actions and close monitoring are, within this framework, needed in the forthcoming period:

1. design macroeconomic policy to promote job growth. Effective actions to promote youth employment involve interventions on both sides of the labour market – the supply side and the demand side. On the demand side, the government needs to implement measures that will further promote private sector growth and, consequently, stimulate job creation. This requires an appropriate mix of macroeconomic policy measures that support aggregate demand, increase the focus on investments, foster competitiveness within the economy and deliver an enabling environment for enterprise-led growth. All these measures are likely to boost growth, exports and job creation. The survey showed that a lack of jobs is the main reason for youth unemployment
2. ensure educational access for all and prevent early school leaving. The education system is historically strong, but it is clear that not everyone is currently making the most of it. The recent expansion of provision and subsidies for higher education improved the educational structure of the youth population. However, a large share (19.2 per cent) of young people are still leaving school only having

completed primary education or less. The early school leaving rate is still higher than the EU-28 average, especially for young women. The SWTS also showed a degree of regression in educational attainment between parents and children. Improving equality in education requires more investment to be targeted at enhancing access and quality during the early years of education, rather than at the tertiary level, since disadvantaged young people are likely to drop out early and hence not enjoy the benefits of access to tertiary education

3. tackle long-term unemployment among young people. Most young unemployed people in the country have been searching for a job for over one year, i.e. 78.8 per cent are long-term unemployed. Prolonged periods of unemployment lead to depreciation of knowledge and skills, damaged self-esteem and lower subsequent employment probability. Tackling long-term unemployment is not an easy task, but some neighbouring European countries have managed to gain positive results by offering a comprehensive package of labour market programmes and employment services, including within the framework of youth guarantee schemes.[17] These can range from employment counselling, motivational training, skills development and job-readiness training, to subsidised employment for a limited period. Moreover, young people should not be simply placed into some active programme, but rather should be treated through a package of employment services and active programmes. For instance, prior to placing young people into subsidised jobs, they should receive some training to improve their job readiness skills, etc.
4. improve conditions of work by ensuring equal treatment for, and rights of, young workers. The survey results show that young people continue to suffer disproportionately from decent work deficits and low-quality jobs. Many of them are trapped in irregular employment, and slightly less than half of them (48 per cent) work informally. Labour laws and collective agreements, including through sanctions mechanisms, can protect young workers and facilitate their transitions into stable and decent employment. Labour inspections have been strengthened, but a large share of young people is still engaged informally. Hence, along with the sanctions mechanism, a system of incentives to invest in improving young people's working conditions can facilitate transitions from temporary to stable jobs and from the informal to the formal economy
5. support employers in taking an active part in the creation of decent jobs for young people. Employers are generally encouraged to employ young people by the provision of wage subsidies as an element of the ALMPs. However, recent evaluations have shown that the wage subsidies programme has not been effective in improving the chances of participants finding and retaining a job. A better incentive for employers to employ young people might be provided by improving the skills and job-readiness of unemployed young people. This could be achieved through the education system, or as part of ESA activities. Introducing some form of support to employers (for instance, co-financing) could promote investments in the further training of their workers.

17 See ILO (2015) section 5.3.2 for more on youth guarantee schemes.

6. strengthen employment services as a crucial aspect of helping disadvantaged young people. The SWTS shows that young people make limited use of the ESA in their search for a job, but mainly rely on informal search channels. For instance, 56.8 per cent of unemployed young people stated that they were searching for a job through ESA (78.7 per cent through friends and relatives), whereas only 4.2 per cent of employed young people stated that they had found a job through ESA. The latter result proves the low effectiveness of ESA in finding jobs for unemployed youth. Strengthening the provision of employment services, including by access to adequate funding, could help to raise the profile of the labour offices of the ESA, making them more attractive as a placement tool for young job-seekers
7. ensure that appropriate resources are allocated for the implementation of ALMPs for young people. The Action Plan calls for increasing resources to be devoted to the employment services, both financial and in terms of human resources (staff). In addition, it sets a goal that at least 40 per cent of the annual ALMP allocation should be invested in interventions to smooth the transition of young people into decent work. The increased resources will be used to fund the Youth Start programme, as well as for increasing the size of the current employment programmes offered to young people. The findings from the impact evaluation on the effectiveness of different ALMPs can be used to determine the most appropriate use of the resources to produce the largest pay-offs in future
8. encourage and support more young entrepreneurs. The SWTS shows that self-employed young people are mainly contributing family workers (13.8 per cent of total youth employment). An additional 3 per cent are own-account workers and 2.1 per cent are employers. However, self-employment is especially high among less well-educated workers, suggesting that self-employment is a second-best alternative which young workers settle for after an unsuccessful job search for wage employment. Self-employment has only recently attracted more attention from policy-makers as an important pathway towards reducing the youth unemployment rate. Young people have therefore become a target group in the self-employment programme of the ESA. Even so, additional efforts are required to promote youth self-employment still further
9. enable bipartite and tripartite co-operation on youth employment to yield better employment outcomes. The government, employer organisations and trade unions of FYR Macedonia each have a role to play in fulfilling their own specific mandates and through concerted and joint efforts for the promotion of decent work for youth in the country. In addition, schools (mainly, secondary vocational schools), universities and local government should be encouraged to implement innovative strategies for building closer relationships between schools and local companies. The government can allocate funds for piloting such incentives and, based on the results, the effective models of co-operation that produce results in terms of participant employment can be expanded
10. enhance the skills forecasting mechanism in the country. At present, education and employment policy-making are constrained by the lack of quality information on the skills which are currently in demand. It takes time for the education system to produce the appropriate workforce, so a strong skills forecasting

mechanism should be established. A lack of timely and relevant information on labour market demand also leads some young people to make poor decisions regarding their education or training path and area of specialisation.

Currently, there are some *ad hoc*, fragmented attempts to collect data on skills in current and future demand, but the Action Plan for Youth Employment (and the NES 2015-2020) envisages several more concerted outcomes in this area. The skills forecasting model will be based on demographic projections, employer and vacancies surveys, education data, employment projections and sectoral studies and should be jointly fed with data and used by the MLSP and the MES. The establishment of the forecasting system should lead to the achievement of two outcomes:

(i) by 2020, at least 85 per cent of young workers (aged 15-29) will be employed in jobs aligned to their qualifications

(ii) the occupational and skills mismatch in the Macedonian labour market will be no higher than 15 per cent.

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