GUARANTEEING A TRADE UNION VOICE IN THE YOUTH GUARANTEE PROCESS IN THE WESTERN BALKAN COUNTRIES

SERBIA





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Guaranteeing a trade union voice in the Youth Guarantee process in the western Balkan countries

Country report Serbia



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SERBIA



The situation of youth at work in the country

1

The situation of youth at work in Serbia is characterised by a significant extent of youth unemployment as well as a high level of precarious youth employment. Key youth employment situation indicators for the country, other region's countries and EU27 average are provided in Annex 1, based on the official comparative statistics available in Eurostat¹ and the Eurofound's Working Conditions Survey.²

The rate of youth unemployment is above the EU average in Serbia but it has decreased significantly over the past decade. In 2022 (latest data available), it was nearly 15%, just above the EU27 rate of 10.2%. It is also lower compared to other countries in the region (for example, in North Macedonia the youth unemployment rate was 30% in 2020). Looking at the trend, the youth unemployment rate has declined significantly over the last 10 years, from 40% in 2013 to 15% in 2022. This is echoing the trend experienced in the EU, where the rate has declined from 18.8% in 2013 to 12.4% in 2022.

The situation of youth at work in Serbia is precarious. 52% of young people in 2021 reported having a standard

indefinite employment contract, comparable to 59% young people with an indefinite employment contract in EU27. Flexible forms of employment, such as service contracts, temporary and occasional employment contracts, vocational training or internship contracts, and employment contracts through student or youth cooperatives, are often abused by employers (i.e. they are used instead of standard labour contracts).³ Also, young people in the country tend to work very long hours. In 2021, 27% of young people reported working 48 hours and more per week, which is significantly higher compared to 14% of young people reporting such long working hours in EU27.

The level of wages remains low, and this has been repeatedly emphasised in the consultations with the youth sections of the trade unions in the country. Whilst recent data on wages for young people is not available in the official statistics of Eurostat, survey based data from 2021 show a high level of dissatisfaction with the wages received. 30% of young people in **Serbia** in 2021 stated that they do not feel they get paid

¹ Database - Youth - Eurostat (europa.eu)

² European Working Conditions Survey | European Foundation for the Improvement of Living and Working Conditions (europa.eu) covers all six western Balkan countries included in this research.

³ Country Fiche_Serbia_2022_EN_web.pdf (europa.eu); Ex_post_analysis_of_the_National_employment_strategy_for_the_period_2011-2020.pdf (socijalnoukljucivanje.gov.rs)

appropriately, similar to 30% of young people stating this in EU27.

The job instability is also high for young people in Serbia with 20% of them reporting in 2021 that they might lose their job in the next 6 months, which is slightly above the 17% of young people with fears of job loss in EU27. Young people also experience high levels of discrimination at work. 17% of young people Serbia reported having experienced discrimination at work in 2021 in the previous 12 months of working. This is higher than 13% of young people reporting discrimination in EU27.

Also the access to training for young people in Serbia to be improved. In 2021, 51% of young people in Serbia reported having on the job training in the past 12 months, against 54% in EU27.

Another key issue is the extent of overqualification of young people in the country. In 2022 (latest year available for the country), around 32% of young people were over qualified for the job they were working at in Serbia. This is similar to the 24% overqualification rate for the EU27. This indicates a structural challenge insofar as one third of young persons in Serbia are over qualified for their current job, indicating a waste of human capital and structural mismatches in the national labour market between the jobs offered in the economy

and the level of qualification of young people. Overall, a mismatch between the demands of the labour market and the qualifications of young people leaving the school system has been noted as a key issue affecting youth employment situation.⁴

In addition, a significant proportion of workers in the working age population is estimated to work in the shadow economy, receiving either full or part of their wages in undeclared way, and thus not benefiting from the social security full coverage. Estimates range between 17% and 20% of the workforce engaged in one of the forms of the undeclared work in Serbia.



⁴ Employment and Social Affairs Platform Policy Brief on Undeclared work in Serbia-evidence and policy recommendations, September 2018, Author: Branko Radulovic.

⁵ Williams C and Katnic M (2018) Recommendations for Tackling Undeclared Work in Serbia, a Report for Regional Cooperation Council, accessed 5 December 2023.

Serbia is also affected by the brain drain, especially amongst young people. Six countries in the western Balkans are among the top-ranked countries with the biggest brain-drain in the world. The Global Competitiveness Report developed the scale of 1 to 7 (1= all talented people leaving the country; 7= all talented people staying in the country). In this assessment, BiH scored 1.76, followed by North Macedonia (2.13) and Serbia (2.31).6 In the last three decades, due to the emigration, Serbia has lost 9 percent of its citizens, North Macedonia 10 percent, Bosnia and Herzegovina 24 percent, and Albania 37 percent. Mostly young, educated, and skilled people who decided to leave their country due to poor democratic and economic conditions and low quality of life. Some estimates show that the region will lose around 1 million youth in the forthcoming decade8.

This translates into negative labour market outcomes for young people in Serbia. The rate of young people neither in education, employment or training (NEET rate) was very high at 19% in 2022 (last year for which data is available). This is higher than the 15% NEET rate in

EU27. However, the trend is positive as the NEET rate was halved in the country since 2013, indicating some progress addressing the NEET issue. In addition, the rate of young people at risk of poverty and social exclusion is also very high, with 28.8% of young people in this situation in 2022. This is significantly higher compared to 24.7% of young people at risk of poverty and social exclusion in EU27 in 2022. The rate in Serbia has been declined significantly since 2013, indicating some progress in tackling youth poverty and social exclusion.

Moreover, young people bore the brunt of the economic consequences of the COVID-19 pandemic. In the Western Balkans, the loss of employment and the rise in inactivity has not – in general – been offset by a return to education. NEET rates in the Western Balkan economies remained above the pre-crisis level, although in some cases they declined from their peak. ILO research has shown that young people were especially prone to high level of job vulnerability in the pandemic context given the service sectors they are over represented in and the informal type of employment relationships they tend to have in the labour market.

⁶ Focus_Article_Brain_drain_Sept2020.pdf (wbc-rti.info)

⁷ Toward a New Youth Brain-drain Paradigm in the Western Balkans | German Marshall Fund of the United States (gmfus.org)

⁸ Friedrich-Ebert-Stiftung, FES Youth Studies Southeast Europe 2018/2019.

⁹ News, articles and events on youth employment (Youth Employment) (ilo.org)

¹⁰ COVID-19 and the World of work: ILO/EBRD rapid assessment finds coronavirus crisis cost Serbia equivalent to 510.000 full-time jobs

The national policies on youth employment in the country

7

In Serbia, there is an overarching national strategy on youth. The National Youth Strategy (Nacionalna strategija za mlade) was adopted for the period 2015-2025. It represents a comprehensive document outlining the priority objectives aiming to contribute to an active and equal participation of young people in various areas of social life. It lays down the basic principles of action, directions and expected results of all youth policy actors' activities and defines 9 strategic goals.¹¹

The Employment Strategy of the Republic of Serbia 2021-2026¹² aims to improve the labour market position of youth by ensuring cooperation between multiple actors, introducing and formalising traineeships, preventing further misuse of non-labour contract modalities, supporting youth entrepreneurship through specialised entrepreneurship training programmes and mentoring support as well as the availability of different sources of financial support. The Strategy set specific targets to increase the youth employment rate, youth activity rate and reduce the NEET rate by 2026. A dedicated Measure 2.5. is focussed on the improvement of the labour market position of youth, including the

cooperation between multiple institutions, provision of work experience, support to school to work transition. In addition, according to the Strategy, efforts will be made to introduce The Youth Guarantee scheme in Serbia.

The national government and the national Employment Service has been implementing specific employment measures targeting youth. They include support to job search, advice, guidance, counselling, subsidised employment, support to training and re-training and support for youth entrepreneurship and others.

The key policy response after the 2008/2009 crisis was the Youth Service Package. The implementation of this package began in 2013 and since then it has been the backbone of an active labour market policy for young people. This package envisages, above all, more intensive cooperation between the advisors of the National Employment Service and unemployed youth. The two measures that can be singled out as predominantly intended for young, according to the structure of participants, were Professional Practice and Acquisition of Practical Knowledge. While the

¹¹ mos.gov.rs/public/ck/uploads/files/Dokumenta/Omladina/zakoni-i-strateska-dokumenta/Nacionalna strategija za mlade - ENG.pdf

¹² Strategija_zaposljavanja_u_Republici_Srbiji_2021-2026_engleski.pdf (socijalnoukljucivanje.gov.rs)

¹³ Ex_post_analysis_of_the_National_employment_strategy_for_the_period_2011-2020.pdf (socijalnoukljucivanje.gov.rs)

Professional Practice is not only intended for young people, not only in terms of the structure of participants, but also in terms of design, the Acquisition of Practical Knowledge is primarily intended for persons without professional qualifications. Assessment noted the biggest contribution of the Youth Services Package is in the increased participation of young people in NES services, such as career counselling, employment mediation, creation of individual employment plans. However, it was also noted that the measures are insufficiently targeting young people, they lack adequate funding and spread and hence young people prefer to look for work independently and turn to other forms of employment.

Measures addressing specifically/only young people are mainly related to the subsidies to employers from private sector that hire young people to the age of 30 who are:

- without any qualifications;
- with low qualifications;
- ▶ job seeking for longer than 12 months;
- or were having a status of child without parental care.

Amount of the subsidy depends on the level of development of the unit of local municipality and the specific categories of young people seeking employment. The amount varies between RSD 150,000 – 300,000.

My First Salary is another flagship programme implemented by the National Employment Service with the aim to encourage youth employment and support the employers facing labour and skills shortages. 14 The program is launched in 2020 and should enable 10,000 young people to work independently on specific jobs. Conditions to participate in the programme are:

- > a person has either secondary or higher education;
- bup to the age of 30;
- has no previous work experience.

Young people with completed secondary education are provided with a monthly financial compensation in the amount of RSD 20,000,00, while for those with completed higher education the compensation amounts to RSD 24,000,00. The main criticism from the trade unions side of this measure is that the wages paid to young people in My First Salary programme are below the national minimum wage, which was around RSD 54,000 in 2023.¹⁵

¹⁴ Насловна страна (mojaprvaplata.gov.rs)

¹⁵ Serbia National Minimum Wage - NMW 2023 | countryeconomy.com

Trade unions and youth employment in the country

3

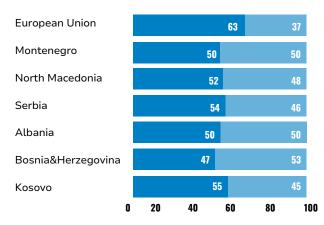
Whilst some young people know about the trade unions in their workplaces, the involvement of trade unions at the workplaces could be further enhanced. As shown below, 54% of young people in 2021 in Serbia reported that their organisation had a trade union, works council or a similar structure representing the employees. The proportion for EU27 was higher, with 63% young people reporting this. Comparatively

low is the presence of health and safety delegate or committee in the workplaces, a key factor in supporting effective occupational health and safety at work for young people entering their working careers. 50% of young people in 2021 in **Serbia** reported this, against 73% of young people reporting a health and safety delegate or committee in EU27.

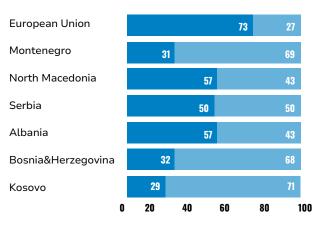
FIGURE 1

THE PRESENCE OF TRADE UNIONS IN THE WORKPLACES OF YOUNG PEOPLE, 2021

Does your organisation have a trade union, works council or similar committee representing employees?

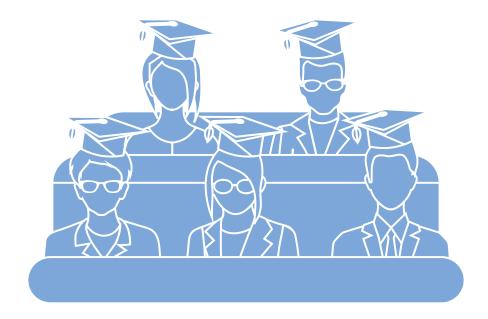


Does your organisation have a health and safety delegate or committee?



Source: Respondents under 35, European Working Conditions Survey, 2021, Europeand, accessed 21 November 2023.

<u>European Working Conditions Survey | European Foundation for the Improvement of Living and Working Conditions (europa.eu)</u>



The second area of improvement relates to how the government consults with the trade unions in general and youth sections in particular on developing the youth employment measures and approaches. As highlighted in the consultations with the youth sections in the trade unions, such consultation is formal and "on paper". Overall, the formal process is followed (e.g. tripartite bodies meet, trade unions are sent the government policy documents in advance). In practice, however, there is little or no genuine joint consultation, as documents containing policy proposals are sent with short notice to provide a considered response. Often the final shape of policy proposals is provided, with few possibilities for youth sections to provide inputs or suggest changes or concrete ideas for improvements. When tripartite meetings take place, they are used to approve the finalised documents, as opposed to being places for debates, exchanges or shaping the emerging policies on youth employment.

Thus, according to the feedback from trade unions interviewed in **Serbia**, many measures aimed at youth

employment remain on paper and are not implemented due to the lack of funds. Moreover, many measures are not known to young people who tend to mistrust state institutions. Also, trade unions are rarely consulted on the measures.

Finally, the interviews with the youth sections in the trade unions in the country also highlighted the need to further engage with the young people. In the country, many young people do not have basic information about their labour rights and trade union, including a lack of basic understanding of what an employment contract is, or the benefits of becoming a member of the trade union. In this respect, trade unions are trying to organise the youth and spread information about the labour rights and trade unions amongst the young people in **Serbia**. This is done through social media channels, traditional publications, grassroot activities, organising seminars and trainings, as well as involving regular information work in schools and universities to reach out to young people.

The EU initiatives for youth employment in the country

4

At the policy level, there is a strategic commitment to support youth employment in the western Balkan region. In particular, in the second EU-Western Balkans Ministerial Meeting on Employment and Social Affairs on 8 July 2021, the national ministers for employment endorsed a "Declaration on ensuring sustainable labour market integration of young people" 16 where they committed to



"Resolve to set up inter-sectoral task forces involving relevant bodies, agencies and stakeholders, including the social partners, youth organisations and other non-governmental organisations, and to develop or update, respectively, Youth Guarantee Implementation Plans by June 2022"

The key policy commitment from the EU side has been the support to the implementation of the Youth Guarantee in the western Balkan region.¹⁷

The EU's Economic and Investment Plan for the Western Balkans is the main EU policy response in the region and was adopted in 2020. The Plan refers to investments on Youth Guarantee measures and the capacity building of social partners and further enhancement of the social dialogue. The Youth Guarantee for the western Balkans is one of the 10 flagship measures, to be introduced in four phases. Overall, the Plan envisages up to €30 billion in investments, including up to €9 billion of EU grant funding for all 10 flagship measures. No specific funding is allocated for individual flagship measures.

Since 2021, the European Commission provided support the national institutions responsible for youth employment policy in the Western Balkans in introducing a youth guarantee (YG). On 14 October 2021, the European Commission, together with the International Labour Organization (ILO) and the European Training Foundation (ETF), and representatives from the Western

¹⁶ ESAP2 | Western Balkans Declaration on ensuring sustainable labour market integration of young people

¹⁷ The reinforced Youth Guarantee - Employment, Social Affairs & Inclusion - European Commission (europa.eu)

¹⁸ European Commission launched an additional €2.1 billion investment package for the Western Balkans under the Economic and Investment Plan (europa.eu)

Balkans launched the preparation of Youth Guarantee (YG) Implementation Plans (YGIPs) and the Technical Assistance Facility (TAF) to support this process. The declaration also recognised the importance of involving international partners and donors in the process to ensure effective coordination of cooperation efforts. Under the Technical Assistance Facility (TAF), the relevant authorities and stakeholders from the Western

Balkans will receive support from the ILO and the ETF for designing Youth Guarantee schemes.¹⁹

The Youth Guarantee plan is being drafted in Serbia in late 2023, with the initial draft sent to the trade unions for consultation. There is a gradual introduction planned of the Youth Guarantee scheme in three pilot schemes in 2024, and gradual roll out to cover the whole territory over the subsequent time period.²⁰



¹⁹ Bolstering the resilience of youth in the Western Balkans | ETF (europa.eu)

²⁰ When will the "Youth Guarantee" system come to life in Serbia? - Doing Business in Serbia - Serbia business country gateway, companies industry sectors (serbia-business.eu)

Key policy pointers

5

RESEARCH FINDINGS POINT TO THE FOLLOWING ACTIONS TO FURTHER SUPPORT QUALITY JOBS FOR YOUTH

From the perspective of the national government, it should:



 Develop a comprehensive strategy for addressing youth quality jobs;



Improve the information and implementation (the quality of offers, outreach and outcomes) under the existing national measures;



Make good use of funds available under the EU funds for supporting youth quality jobs.

The pointers for trade unions themselves are as follows:



Engage more with young people and make their voices heard;



▶ Trade union activists can network and exchange more across the region and with ETUC youth sections in EU27.

Annex 1

Key statistics – youth employment situation in the western Balkan region

TABLE 1

YOUTH UNEMPLOYMENT RATE, AGE GROUP 20-29

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
EU27	18.8	17.9	16.4	14.9	13.3	12.0	11.1	12.4	12.0	10.2
Montenegro	28.8	29.1	27.5	27.0	25.8	25.8	22.3	29.6	:	:
North Macedonia	44.1	43.7	42.3	39.2	37.9	35.5	30.1	28.6	:	:
Serbia	39.7	35.6	33.2	28.9	25.3	23.3	20.2	19.1	18.7	15.4

Source: Eurostat, Youth unemployment by sex, age and educational attainment level [yth_empl_090\$defaultview], accessed 21 November 2023. <u>Database - Youth - Eurostat (europa.eu)</u>

FIGURE 2 TYPES OF EMPLOYMENT HELD BY YOUNG PEOPLE, 2021

What kind of employment contract do you have in your main paid job?



Source: Respondents under 35, European Working Conditions Survey, 2021, Eurofound, accessed 21 November 2023.

European Working Conditions Survey | European Foundation for the Improvement of Living and Working Conditions (europeaeu)

Up to 20

21-34 35-40

41-47 48+

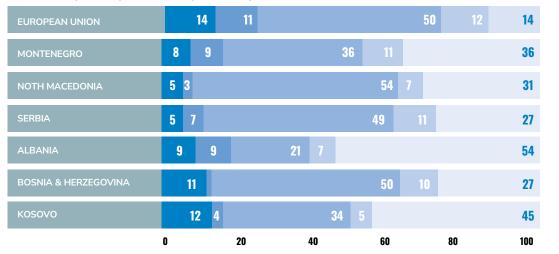
nor disagree

to disagree

FIGURE 3

THE NUMBER OF WEEKLY WORKING HOURS BY YOUNG PEOPLE, 2021



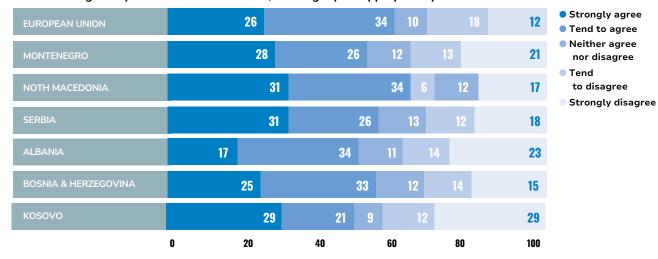


Source: Respondents under 35, European Working Conditions Survey, 2021, Eurofound, accessed 21 November 2023. European Working Conditions Survey | European Foundation for the Improvement of Living and Working Conditions (europa.eu)

FIGURE 4

LEVEL OF SATISFACTION WITH THE CURRENT WAGES BY YOUNG PEOPLE, 2021

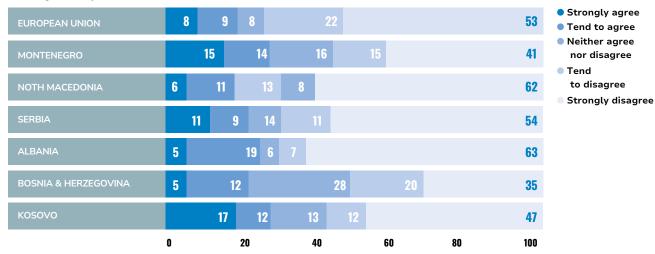
Considering all my effort and achievements, I feel I get paid appropriately



Source: Respondents under 35, European Working Conditions Survey, 2021, Eurofound, accessed 21 November 2023. European Working Conditions Survey | European Foundation for the Improvement of Living and Working Conditions (europa.eu)

FIGURE 5 THE LEVEL OF JOB STABILITY BY YOUNG PEOPLE, 2021

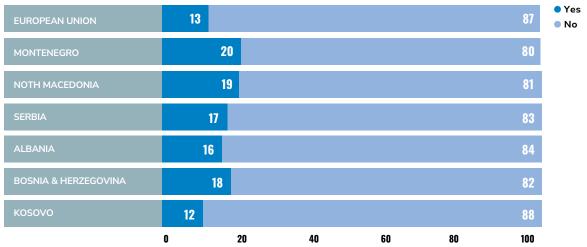
I might lose job in the next 6 months



Source: Respondents under 35, European Working Conditions Survey, 2021, European Horking Conditions Survey | European Foundation for the Improvement of Living and Working Conditions (europeaeu)

FIGURE 6 THE LEVEL OF DISCRIMINATION AT WORK BY YOUNG PEOPLE, 2021

Have you been subjected to discrimination at work in the last 12 months?



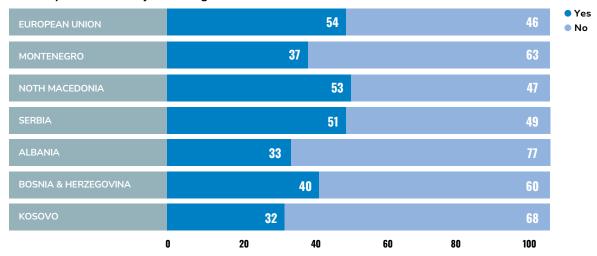
Source: Respondents under 35, European Working Conditions Survey, 2021, Europeand, accessed 21 November 2023.

<u>European Working Conditions Survey | European Foundation for the Improvement of Living and Working Conditions (europa.eu)</u>

FIGURE 7

THE LEVEL OF TRAINING AT WORK BY YOUNG PEOPLE, 2021

Have you had on-the-job training in the last 12 months?

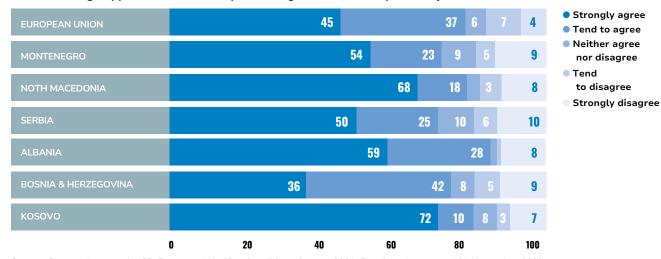


Source: Respondents under 35, European Working Conditions Survey, 2021, Eurofound, accessed 21 November 2023. European Working Conditions Survey | European Foundation for the Improvement of Living and Working Conditions (europa.eu)

FIGURE 8

THE LEVEL OF USING OWN SKILLS AT WORK BY YOUNG PEOPLE, 2021

I have enough opportunities to use my knowledge and skills in my current job



Source: Respondents under 35, European Working Conditions Survey, 2021, Eurofound, accessed 21 November 2023. European Working Conditions Survey | European Foundation for the Improvement of Living and Working Conditions (europa.eu)

nor disagree

to disagree

TABLE 2

PERSONS AT RISK OF POVERTY OR SOCIAL EXCLUSION (% OF AGE GROUP 20-29)

	2015	2016	2017	2018	2019	2020	2021
EU27	27.6	27.7	25.8	24.9	23.7	24.5	24.9
Montenegro	41.1	41.9	41.3	39.6	34.4	35.5	37.4
North Macedonia	36.1	33.9	32.2	32.9	31.0	29.8	:
Albania	:	:	53.4	47.7	45.5	39.8	:
Serbia	38.9	32.7	35.7	32.0	29.1	27.0	28.8

Source: Eurostat, Persons at risk of poverty or social exclusion by age and sex [ilc_peps01n_custom_8027520], accessed 21 November 2023. <u>Database - Youth - Eurostat (europa.eu)</u>

TABLE 3

NEET RATE (% OF AGE GROUP 20-34)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
EU27	20.5	20.0	19.5	18.8	17.7	17.0	16.4	17.8	16.6	15.0
Montenegro	32.1	30.5	30.6	29.2	28.2	27.5	28.8	34.0	:	:
North Macedonia	39.0	39.7	39.9	37.7	37.4	36.3	31.2	32.2	:	:
Serbia	33.1	31.4	29.8	27.2	26.1	24.1	22.7	23.8	22.1	19.2

Source: Eurostat, Young people neither in employment nor in education and training by sex, age and labour status (NEET rates) [edat_lfse_20__custom_8026264], accessed 21 November 2023. <u>Database - Youth - Eurostat (europa.eu</u>)

TABLE 4

THE LEVEL OF OVER QUALIFICATION (% OF AGE GROUP 20-34)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
EU27	26.3	27.1	26.8	26.6	26.6	26.1	25.5	24.7	24.3	24.5
Montenegro	13.9	20.9	19.8	20.9	15.9	16.4	19.3	20.8	:	:
North Macedonia	24.0	27.0	31.5	28.4	27.7	28.9	33.0	33.2	:	:
Serbia	29.0	28.9	32.9	31.0	33.5	35.6	33.3	33.8	31.0	31.3

Source: Eurostat, Young people neither in employment nor in education and training by sex, age and labour status (NEET rates) [edat_lfse_20__custom_8026264], accessed 21 November 2023. <u>Database - Youth - Eurostat (europa.eu)</u>



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