

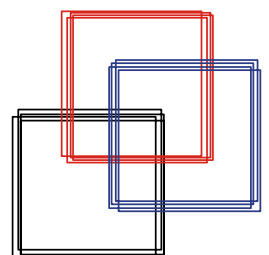


Labour market transitions of young women and men in Montenegro

Dragan Djuric

April 2016

Youth Employment Programme
Employment Policy Department



Work4Youth Publication Series No. 34

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Preface

Youth is a crucial time of life, when young people start realizing their aspirations, assuming their economic independence and finding their place in society. The global jobs crisis has exacerbated the vulnerability of young people in terms of: (i) higher unemployment, (ii) lower quality of jobs for those who find work, (iii) greater labour market inequalities among different groups of young people, (iv) longer and more insecure school-to-work transitions and (v) increased detachment from the labour market.

In June 2012, the International Labour Conference of the ILO resolved to take urgent action to tackle the unprecedented youth employment crisis through a multi-pronged approach geared towards pro-employment growth and decent job creation. The resolution “The youth employment crisis: A call for action” contains a set of conclusions that constitute a blueprint for shaping national strategies for youth employment.¹ It calls for increased coherence of policies and action on youth employment across the multilateral system. In parallel, the UN Secretary-General highlighted youth as one of the five generational imperatives to be addressed through the mobilization of all the human, financial and political resources available to the United Nations. As part of this agenda, the United Nations has developed a System-wide Action Plan on Youth, with youth employment as one of the main priorities, to strengthen youth programmes across the UN system.

The ILO supports governments and social partners in designing and implementing integrated employment policy responses. As part of this work, the ILO seeks to enhance the capacity of national and local-level institutions to undertake evidence-based analysis that feeds social dialogue and the policy-making process. To assist member States in building a knowledge base on youth employment, the ILO has designed the “school-to-work transition survey” (SWTS). The current report, which presents the results of the survey in Montenegro, is a product of a partnership between the ILO and The MasterCard Foundation. The “Work4Youth” Project entails collaboration with statistical partners and policy-makers of 34 low- and middle-income countries to undertake the SWTS and assist governments and the social partners in the use of the data for effective policy design and implementation.

It is not an easy time to be a young person in the labour market today. The hope is that the international community, with leadership from the UN system, with the commitment of governments, trade unions and employers’ organizations and through the active participation of donors such as The MasterCard Foundation, can provide the effective assistance needed to help young women and men make a good start in the world of work. If we can get this right, it will positively affect young people’s professional and personal success in all future stages of life.

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¹ The full text of the 2012 resolution “The youth employment crisis: A call for action” can be found on the ILO website at: www.ilo.org/ilc/ILCSessions/101stSession/texts-adopted/WCMS_185950/lang--en/index.htm.

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1. Introduction and key findings

1.1 Overview

Youth is a significant period of human life, if not the most important, in terms of laying the foundations for a professional career. During this period, young people formulate their aspirations and life goals, seek and find their own roles and responsibilities in society and move towards economic independence. This also means that youth is a period of social and psychological transitions, with young people called upon to make important decisions and choices that will significantly affect the course of their lives.

Youth's quality of life is largely determined by how successfully they make the transition from school to work. A failure to obtain a decent job after school can have a serious and lasting impact on young graduates' professional capacities and skills, as well as on their income. Any time spent in unemployment, underemployment or inactivity can have a scarring effect on the young individual.² In contrast, a positive start in the labour market can have a beneficial impact on professional and personal success in the later stages of life. In many European countries, youth unemployment rates are generally much higher than unemployment rates for all ages, even running to double or, in some cases, more than double.

Montenegro faces the same situation. While the overall unemployment rate based on labour force survey (LFS) data is 16.5 per cent, the youth unemployment rate is 34.5 per cent. Within the LFS, youth are narrowly defined as citizens aged 15–24 and detailed information on the specific age cohort under consideration is rarely included. The school-to-work transition survey (SWTS), which measures youth within the broader age range of 15–29 and includes detailed questions specific to the age group, therefore offers various stakeholders and policy-makers the opportunity to generate an in-depth review of the specific employment challenges facing youth to allow the design of more appropriate instruments to support the transition of young people into employment.³ The SWTS was designed by the ILO and was implemented in 34 countries between 2012 and 2016 through the Work4Youth partnership with The MasterCard Foundation. In Montenegro, the survey was implemented in 2015 by the Statistical Office of Montenegro (MONSTAT).

The Government is aware of the potential dangers associated with high youth unemployment and is actively engaged in the search for solutions to improve school-to-work transitions. In 2012, the Government initiated a programme to support the first steps to employment for youth with a completed tertiary level education. In 2015, additional subsidies were offered to employers who recruited young secondary school graduates without work experience. The analysis of the SWTS offered in this report is intended to assist in monitoring the impact of existing youth employment policies and programmes in

² *The youth employment crisis: A call for action*, Resolution and conclusions of the International Labour Conference, 101st Session, Geneva, 2012.

³ While, in most other contexts, a young person is defined as a person aged 15 to 24 years, for the purpose of the SWTS the upper age bound is extended to 29 years. This is done in recognition of the fact that some young people remain in education beyond the age of 24 and in the hope of capturing more information on the post-graduation employment experiences of young people.

the country and contribute to the national dialogue on the formulation of additional strategies and national instruments.⁴

1.2 Structure of the report

This report consists of seven sections. This section presents the main findings. Section 2 gives an overview of the labour market in Montenegro and provides details of the SWTS methodology. Section 3 presents the results of the SWTS, detailing the socio-economic characteristics of youth and their labour market outcomes. It includes an overall description of household characteristics, the aspirations and life goals of young people and their educational achievements. Section 4 introduces the specific characteristics of youth employment in the country, including details on sector and occupation, wages, working hours, job satisfaction and qualifications mismatch. Section 5 discusses unemployed youth: their obstacles to finding work and the available routes for job search. In section 6, the classification of stages of labour market transition is introduced, along with an analysis of the factors determining the length of transition from school to employment. Finally, section 7 presents policy implications of the SWTS in Montenegro and concludes with policy recommendations drawn from analysis of the survey.

1.3 Main findings

Population aging and changes in demographic structure will have a significant impact and long-term consequences on youth employment in Montenegro.

The changes in demographic structure of Montenegrin society reflect the stagnation and aging of the population. One important longer term consequence of this situation is that the aging population will increase the cost of pension, disability and health services, while public funds for youth and their education will face growing constraints. Demographic changes affect economic growth, inter alia, through their impact on the labour market, and youth in Montenegro will suffer the consequences of this impact, in much the same way as in other European countries.

Montenegrin youth are highly educated.

Only 3.5 per cent of surveyed youth have not succeeded in completing at least primary school. The majority of youth (58.9 per cent) have completed the vocational (secondary) level of education with a further 4.4 per cent having achieved secondary general level (gymnasium). Female youth are more likely than young men to finish with a tertiary level degree (29.5 per cent compared to 17.1 per cent), while men are more likely to complete vocational training; as many as 65.7 per cent of young men complete their education at the secondary vocational level compared to 49.7 per cent of young women. With more than one-

⁴ National stakeholders on the topic of youth employment include: the Ministry of Labour and Social Welfare, Employment Agency, Labour Fund, Agency for Peaceful Settlement of Labour Disputes, Directorate for Inspection Affairs (Inspection of Labour and Occupational Health Protection), the Social Council of Montenegro, the Ministry of Education, the National Council for Education, the Council for Higher Education and the Council for Qualifications, Bureau for Educational Services, Centre for Vocational Education and Training, Examination Centre and Institute for Textbooks.

fifth (22.8 per cent) of youth achieving tertiary education, Montenegro easily qualifies among the SWTS countries with the most highly educated youth population.

Among the current students, the three most popular fields of study are social sciences, business and law (33.1 per cent), engineering, manufacturing and construction (14.9 per cent) and other areas of services (14.2 per cent). Although agriculture is one of four main development priorities of the Government, the number of current students focusing on agricultural or veterinarian studies is only 1.8 per cent. Regarding gender differences, female students are more likely than males to focus on the social sciences, business and law, humanities and arts, education and health and welfare. Male students – perhaps not surprisingly, given their greater presence in vocational streams – show a greater tendency to specialize in engineering, manufacturing and construction and science, mathematics and computing in comparison to female students.

While the higher education level is reflected in lower unemployment rates and faster school-to-work transitions for young men and women, the unemployment rate of tertiary graduates still remains high at 32.0 per cent.

The youth unemployment rate is high at 41.3 per cent. The male rate is higher than the female rate at 44.8 and 36.4 per cent, respectively and the urban rate is lower than the rural rate, at 37.7 and 48.2 per cent, respectively. The unemployment rate of a youth with only primary level education is double that of a young person with a tertiary degree (65.2 and 32.0 per cent, respectively).

The transition length to a first stable/satisfactory job is halved for those youth who graduate with a tertiary degree compared to a secondary degree (10.9 and 23.2 months, respectively). Youth with only primary education can take up to 61 months to complete the transition.

Not enough young Montenegrins are working.

Only one-quarter of youth are employed (25.2 per cent). This figure is low in comparison to the EU-28 average of 46 per cent in 2013, and also compared to other countries in the region which implemented the SWTS.

The share of youth neither in employment nor in education or training (NEET) is 28.6 per cent, with the composition fairly equally divided between unemployed and inactive non-students.

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

Paid employment is the dominant form of employment, with most young workers in the services sector.

Despite the official support given to entrepreneurial initiatives, youth in Montenegro show a strong preference for paid employment. Wage employment is the dominant form of youth work with a percentage as high as 90.0 per cent. All other types of work (employer, own-account worker or contributing family worker) are almost insignificant in terms of their share in overall employment.

At the same time, a strong majority of youth (87.7 per cent) work in services (and, in the case of female youth, this percentage is even higher, at 95.1 per cent). The share of youth working in agriculture stands at only 1.1 per cent.

But paid employment does not always translate into secure employment.

While the majority of young employees are engaged on a written contract, 13.4 per cent (16.0 per cent for males and 10.5 per cent for females) still work without the protection of a written contract. And, in terms of the duration of the contracts (or oral agreements), 56.4 per cent are of limited duration, primarily less than 1 year in length (81.1 per cent of limited duration contracts). Young employees in rural areas are those most likely to be employed on temporary contracts.

Informal employment among youth also remains significant at 59.5 per cent. Youth living in rural areas are more likely to be engaged in informal employment than youth in urban areas (67.5 and 56.0 per cent, respectively) and male workers are more often in informal employment compared to female workers (61.7 and 56.8 per cent, respectively).

Skills mismatch remains an area of concern, although the majority of young workers are well-matched to their occupation in terms of qualifications.

In countries with limited job-creation schemes and large numbers of educated youth, some young labour market entrants end up taking work for which they are overqualified. This is the situation in Montenegro for 11.4 per cent of young workers (10.6 per cent among males and 12.3 per cent among females). In comparison to other countries in the region, the share of overeducated young workers in Montenegro is low, which is a positive sign of the economy's capacity to effectively absorb the majority of its highly educated youth, albeit following very long periods of unemployment.

In Montenegro, slightly more young workers are overeducated (11.4 per cent) than undereducated (8.0 per cent) and the majority of young workers (80.7 per cent) have managed to find work that is well matched to their level of qualifications. The occupations where overeducated youth are more commonly located are elementary occupations, clerks and service and sales workers.

Too many youth remain stuck in the school-to-work transition.

Nearly half of the youth population in Montenegro (44.6 per cent) had not yet started their transition at the time of the survey. Of those who have started their school-to-work transition, most spend a long time in the transition stage. At the time of the survey, only 15.5 per cent of the youth population were classified as having completed their transition and the remaining 39.9 per cent were in transition. Young men are more likely than young women to have completed the transition or to remain in transition, while young females are more likely than men to fall into the category of "transition not yet started". Transition rates are higher in

urban than in rural areas (16.2 and 13.9 per cent, respectively), but shares are similar in the other categories.

While still more likely to remain in transition than to have completed the transition, as many as 45.7 per cent of tertiary educated youth had completed their labour market transition – 27.0 per cent to stable employment – compared to 9.1 per cent of youth with only primary level education (and 5.2 per cent in stable employment). With the majority of youth in Montenegro finishing their education at the secondary vocational level, it is interesting to note that 22.4 per cent of secondary-level graduates had completed their transition to stable employment, 6.2 per cent to satisfactory temporary employment and 2.6 per cent to satisfactory self-employment. Those who transit most readily, however, seem to be youth graduating with post-secondary vocational training (69.1 per cent, including 14.6 per cent who took up satisfactory self-employment). The policy message here is that it could potentially be worthwhile to encourage more youth to follow this track.

The school-to-work transition is not efficient for most youth; the economic and social costs of financially supporting youth through a transition period averaging nearly two years (20.8 months) are a hindrance to economic growth.

The SWTS results show that it takes a young person, on average, 20.8 months from the time of graduation to attain a first job that is deemed to be either stable or satisfactory. If those youth who moved directly to their first transitioned job (as their first labour market experience after graduation) are removed from the equation, the average length jumps to more than two years (27.5 months). In both instances, it takes young men longer than young women to make the transition from school to work.

Some youth continue their pathway through the labour market even after attaining a first stable job – perhaps they are dismissed from the job or leave to have children or for other reasons. In Montenegro, it takes a young person an average of 29.4 months (2.5 years) to complete the transition from school to current transitioned job (31.2 months for young men and 27.2 months for young women). Regardless of the measure, it is clear that the labour market in Montenegro has significant difficulties in absorbing its emerging young graduates within a reasonable time frame.

2. Overview of the labour market and survey methodology

2.1 The socio-economic context

2.1.1 Economic growth

After the double-dip recession of 2009 and 2012, the Montenegrin economy recovered in 2013, with growth rate of 3.3 per cent. Gross domestic product (GDP) growth in 2014 continued at a modest level of 1.8 per cent, while in 2015 the country has experienced stronger economic growth, again boosted by investments, mainly in the tourism, transport and energy sectors. The Government estimates GDP growth in 2015 to be at 4.3 per cent. Various forecasts predict that economic growth in future years could be between 3 and 4 per cent, which should help to achieve an average annual growth in the employment rate of 1 per

cent. These estimations are encouraging, especially bearing in mind the overall fiscal instability and slow economic recovery characteristic of the Western Balkans – with average economic growth of the Western Balkan countries at less than 2 per cent in 2015.

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

Montenegro is the smallest country of the Western Balkans yet, in terms of economic performance, the country ranks above others in the region. The GDP per capita (in purchasing power, PPP) in Montenegro in 2014 was 41 per cent of the EU-27/28 average (table 2.1).

Table 2.1 Comparison of GDP per capita in PPP (EU-27/28 and selected countries)

	2012	2013	2014
EU-27/28	100	100	100
Luxemburg	259	265	266
Germany	122	122	124
Slovenia	81	81	83
Romania	54	54	55
Bulgaria	46	46	47
Croatia	60	59	59
Montenegro	39	40	41
Serbia	37	38	37
Macedonia, Former Yugoslav Republic of	34	36	37
Bosnia and Herzegovina	28	29	29
Albania	30	29	30

Source MONSTAT: Press release, No. 260, Podgorica, 11 December 2015: GDP and actual individual consumption (AIP) per capita in purchasing power standards for 2014.

2.1.2 Demographics

Montenegro has a population of 620,029 and 194,795 households.⁵ Out of the total population, 50.6 per cent or 313,793 are women and 49.4 per cent or 306,236 are men. The majority of the population is concentrated in the capital Podgorica (30 per cent of the country’s total inhabitants). Around 50 per cent of the population is concentrated in three

⁵ According to data from the census published in April 2011 by MONSTAT.

municipalities – Podgorica, Niksic and Bijelo Polje. Coastal municipalities have the highest population density: between 130 and 300 inhabitants per square kilometre, whereas the smallest municipalities in the mountain regions have fewer than ten inhabitants per square kilometre. The total number of inhabitants who have moved within the Montenegrin area during 2015 amounted to 4,325.⁶ Internal economic migrations saw people moving away from the municipalities to coastal and central regions.

The population density in Montenegro is lower than half of the population density in the European Union (EU) average, and the life expectancy in the country is also below the EU average, by six years for men and by eight years for women.

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

The small number of inhabitants and the aging population are issues that put pressure on the various social systems of the country – education system, labour market, households and families, the housing market, etc. Most importantly, the aging population will increase the cost of pensions and disability insurance⁷ and health services.

The Government predicts that, due to the aging population, the public funds that would otherwise be allocated to youth (e.g. in the education system) will increasingly be needed to service the older population. At the same time, aging may adversely affect economic growth because an aging society has a weaker demand.⁸ Demographic changes affect economic growth, inter alia, through their impact on the labour market. A smaller number of births will, over time, reduce the size of the workforce and cause aging in the active age group. Regardless of the cause, it is clear that the Government and social partners in Montenegro will be called upon to make adaptations to the economic policy, education system and labour market policy in order to achieve the long-term objective of maximizing the participation of youth in the labour market and boosting their productive potential.

2.1.3 Labour market

As already stated, due to the aging population, pressure on the sustainability of the pension and health systems will increase and the most important precondition to mitigating the associated risks is to strengthen the employment rate, especially the employment of youth in Montenegro.

⁶ MONSTAT, *Monthly Statistical Review*, No. 1/2016. Available at: www.monstat.org/userfiles/file/publikacije/2016/1/BILTEN%20BR.%201%20-%20FINAL.pdf [10 Apr. 2016].

⁷ Pension reform increased the retirement age (from 65 years for men and 60 years for women to 67 for both men and women, to be fully implemented by 2025 for men and by 2041 for women).

⁸ Government of Montenegro: Employment and Social Reform Programme 2015–2018.

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

The global economic crisis that began in 2008 had a negative impact on the labour market in Montenegro. In recent years, however, positive economic circumstances, together with governmental measures and activities directed at improving the business environment, have had a beneficial effect on the labour market. The most recent data from the annual LFS for 2014 showed a labour force participation rate (for the 15–64-year-old age group) of 52.7 per cent, an employment rate of 50.4 per cent and an unemployment rate of 18.2 per cent. Compared with data from 2013, the employment rate increased by 3 percentage points (from 47.4 per cent to 50.4 per cent), while the unemployment rate decreased by 1.5 percentage points (from 19.5 per cent to 18.0 per cent). The annual 2015 data (to be released in March 2016) is expected to show a continuation of the positive labour market trends.

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

The data in table 2.2 show that the unemployment rate over the period 2008–2015 is mildly correlated with the rate of growth or decline of GDP. The third quarter LFS 2015 results provide some more precise data and characteristics of current employment and unemployment in Montenegro. Unemployment of long duration is an increasingly challenging factor of the labour market situation in the country, with as many as 63.3 per cent of the unemployed population remaining without work for two years or longer. Currently, in Montenegro there are more unemployed persons aged 15–64 with completed tertiary education (18.4 per cent of all unemployed persons) than with completed elementary schooling only (13.8 per cent of all unemployed).⁹

Analysis of poverty in Montenegro, published by MONSTAT, shows that in 2013, 8.6 per cent of the population lived below the absolute poverty line. The poverty profile in Montenegro shows that the rate of poverty is significantly higher in the northern region, that the poor usually live in large households, and that poverty is strongly associated with labour market status. The poverty rate is highest among persons who are self-employed or unemployed. Also, the status of poverty is strongly influenced by the level of education, with the highest poverty rate (17.1 per cent) found among persons that have only primary level education (99 per cent above average). Those who have completed secondary school are in a better position.¹⁰

⁹ MONSTAT, Labour Force Survey, Third Quarter, 2015.

¹⁰ Government of Montenegro, Employment Strategy 2016–2020.

Table 2.2 Labour market in Montenegro

Year, quarter	Unemployed persons ('000)			Unemployment rate (%)			Activity rate (%)	Employment rate (%)	GDP growth rate (%)
	Total	Male	Female	Total	Male	Female	Total	Total	
2008	44.8	24	20.8	16.8	15.9	17.9	61.2	50.8	6.9
2009	50.4	26.9	23.5	19.1	18.0	20.4	60.3	48.8	-5.7
2010	51.3	27.8	23.5	19.7	18.9	20.7	59.3	47.6	2.5
2011	48.1	26.5	21.6	19.7	19.5	20.0	57.3	45.9	3.2
2012	49.4	26.8	22.6	19.7	19.3	20.3	58.7	47.0	-2.5
2013	48.9	27.8	21.1	19.5	20.0	18.8	58.9	47.4	3.3
2014	47.5	25.9	21.6	18.0	17.8	18.2	52.7	50.4	1.8
3 rd quarter 2015	45.5	23.8	21.7	16.5	15.8	17.4	55.0	45.9	4.2

Note: The indicators cover the age range 15–64.

Source: MONSTAT, Government of Montenegro.

2.2 School-to-work transition survey in Montenegro: Objectives and methodology

The official information on registered unemployment of youth in Montenegro and on overall labour market trends is produced by the Employment Agency of Montenegro and MONSTAT. There are, however, deficiencies in these two institutions' abilities to provide information on the transition pathways that young people take into and within the labour market utilizing the available information. The SWTS helps to fill this information gap by providing an opportunity to analyse young people's specific challenges in the labour market in more depth.

The SWTS is a household survey of young people aged 15 to 29 years old. In Montenegro, the SWTS was conducted by MONSTAT. The SWTS, like the LFS, allows for indicators to be calculated according to the international standards of the International Classification of Labour Statisticians on the framework of the economically active population. The survey was introduced as part of the Work4Youth partnership, which aims to strengthen the production of labour market information specific to youth and to work with policy-makers on the interpretation of data, including on transitions to the labour market, to support the design or monitoring of youth employment policies and programmes (see box 1). The partnership has supported the SWTS in 34 target countries over the period 2012–16.¹¹ Field activities took place between September and October 2015. Annex II presents the details of the sample design. The total number of interviewed youth aged 15 to 29 years was 2,998.

¹¹ Micro data files and national reports of the 34 countries covered by the ILO Work4Youth (W4Y) project are available at www.ilo.org/w4y.

Box 1. Work4Youth: An ILO project in partnership with The MasterCard Foundation

The Work4Youth (W4Y) project is a partnership between the ILO Youth Employment Programme and The MasterCard Foundation. The project has a budget of US\$14.6 million and will run for five years to mid-2016. Its aim is to “promot[e] decent work opportunities for young men and women through knowledge and action”. The immediate objective of the partnership is to produce more and better labour market information specific to youth in developing countries, focusing in particular on transition paths to the labour market. The assumption is that governments and social partners in the project’s target countries will be better prepared to design effective policy and programme initiatives once armed with detailed information on:

- what young people expect in terms of transition paths and quality of work;
- what employers expect in terms of young job applicants;
- what issues prevent the two sides – supply and demand – from matching; and
- what policies and programmes can have a real impact.

Work4Youth target countries:

Regional groupings:

Asia and the Pacific: Bangladesh,* Cambodia, Nepal, Samoa,* Viet Nam*

Eastern Europe and Central Asia: Armenia, Kyrgyzstan,* the former Yugoslav Republic of Macedonia, Montenegro,** the Republic of Moldova, Serbia,** the Russian Federation, Ukraine

Latin America and the Caribbean: Brazil,* Colombia,* Dominican Republic,** El Salvador, Jamaica, Peru*

Middle East and North Africa: Egypt, Jordan, Lebanon,** Occupied Palestinian Territory, Tunisia*

Sub-Saharan Africa: Benin, Liberia, Madagascar, Malawi, the Republic of Congo,** Sierra Leone,** the United Republic of Tanzania,* Togo, Uganda, Zambia

* One round only in 2012–13; ** One round only in 2014–15.

3. Characteristics of youth

3.1 Socio-economic characteristics of youth

Out of the 620,000 inhabitants of Montenegro, around 127,000 are between the ages of 15 and 29 years old. The results of the SWTS show that the majority of the youth population (66.5 per cent) in Montenegro live in urban areas (table 3.1). The survey sample was slightly more male than female (at 52.7 and 47.3 per cent, respectively). Regarding age distribution, youth are categorized into three age groups: 15–19, 20–24 and 25–29 years old. The distributions between these three groups are almost equal. The survey shows that a high percentage of young people are single (81.7 per cent), but, also, that more females than males are married (17.6 per cent compared to 12.6 per cent). The number of separated/divorced and widowed youth surveyed is insignificant.

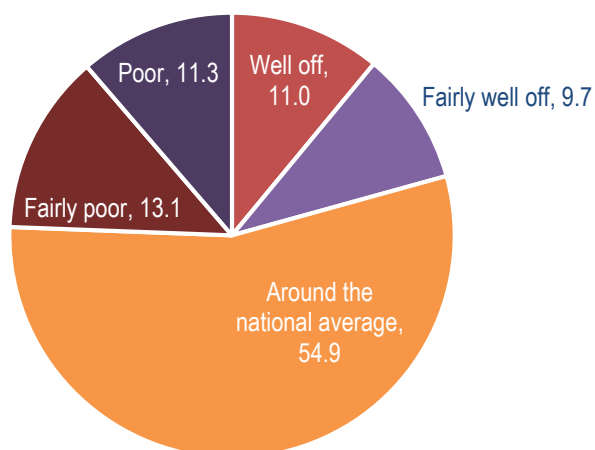
Table 3.1 Selected characteristics of surveyed youth

Characteristics		Total		Male		Female	
		Number	%	Number	%	Number	%
Age group	15–19	43 246	34.2	22 414	33.6	20 832	34.8
	20–24	42 823	33.9	23 014	34.5	19 809	33.1
	25–29	40 439	32.0	21 206	31.8	19 233	32.1
Area of residence	Rural	42 372	33.5	22 919	34.4	19 454	32.5
	Urban	84 136	66.5	43 716	65.6	40 420	67.5
Marital status	Single/never married	109 644	86.7	60 724	91.1	48 920	81.7
	Married	15 907	12.6	5 712	8.6	10 195	17.0
	Separated/divorced	832	0.7	198	0.3	634	1.1
	Widowed	124	0.1	0	0.0	124	0.2
Total		126 508	100.0	66 634	100.0	59 874	100.0

Source: MONSTAT, SWTS 2015.

The young respondents were asked to give an assessment of their household income level. Most youth (54.9 per cent) felt that their household's income level fell around the national average and the shares of youth at the two extremes – well off and poor – were almost equally distributed (figure 3.1). One-fifth (20.7 per cent) claimed their households were either well off or fairly well off and 24.4 per cent felt they were either poor or fairly poor.

Figure 3.1 Youth population by household income level (%)



Note: Household income levels are based on the individual perception of each young respondent.

Source: MONSTAT, SWTS 2015.

Young Montenegrins are not highly mobile. In total, 10.9 per cent of surveyed youth (7.8 per cent among young men and 14.4 per cent among young women) have moved away from their original area of residence (table 3.2). Internal migration is primarily rural to urban

(16.6 per cent having left a rural area and 33.7 per cent a small town), but a still sizable proportion (30.1 per cent) have moved from a large city and 19.7 per cent of those who have moved came from another country (28.7 per cent among young males, which is double the rate among females). The majority of mobile youth (61.5 per cent) left their original residence in order to accompany their families.

Table 3.2 Youth who moved from original residence by area of previous residence and reason for moving

Characteristics		Total		Male		Female	
		Number	%	Number	%	Number	%
Area of previous residence	Rural area	2 288	16.6	697	13.5	1 591	18.5
	Small town	4 643	33.7	1 275	24.7	3 368	39.1
	Metropolitan area						
	Large city	4 153	30.1	1 715	33.2	2 438	28.3
	Another country	2 713	19.7	1 486	28.7	1 227	14.2
Main reason	To accompany family	8 487	61.5	3 295	63.7	5 192	60.2
	For education/training	1 825	13.2	690	13.3	1 135	13.2
	To work	1 001	7.3	423	8.2	578	6.7
	Other reasons	2 482	18.0	764	14.8	1 718	19.9
Total		13 795	100.0	5 172	100.0	8 623	100.0

Source: MONSTAT, SWTS 2015.

The most frequently selected primary life goal among youth in Montenegro was to have a good family life. A strong majority (65.0 per cent) chose this life goal, regardless of their current labour market status (employed, unemployed or outside the labour force). Approximately one-quarter (23.5 per cent) aspired to be successful in work, with higher shares choosing this goal among the employed and inactive groups compared to the unemployed (table 3.3). The fact that the aspiration to have a good family life is the goal most frequently selected among the unemployed (cited by 74.7 per cent) and the aspiration to be successful in work the least frequently chosen (cited by 15.9 per cent) could lead to a potential conclusion that unemployed youth are less hopeful about their labour market prospects. The life goal of “making a contribution to society” had the lowest support (2.9 per cent), which could indicate weak engagement among youth in Montenegro with the ideological values of charity, altruism and philanthropy.

Table 3.3 Primary life goals of youth

Characteristics	Employed		Unemployed		Outside the labour force		Total	
	Number	%	Number	%	Number	%	Number	%
Being successful in work	7 634	24.0	3 543	15.9	18 491	25.6	29 668	23.5
Making a contribution to society	959	3.0	580	2.6	2 150	3.0	3 689	2.9
Having lots of money	2 688	8.4	1 522	6.8	6 763	9.4	10 973	8.7
Having a good family life	20 544	64.6	16 708	74.7	44 926	62.1	82 178	65.0
Total	31 825	100.0	22 353	100.0	72 330	100.0	126 508	100.0

Source: MONSTAT, SWTS 2015.

3.2 Trends in educational attainment

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

3.2.1 Completed educational attainment

Education in Montenegro has relatively high cultural and economic value, which is reflected in the statistics on educational attainment of youth. Enrolment at the primary and secondary levels is nearly universal.¹² Only 3.5 per cent of surveyed youth did not succeed in completing at least primary school (table 3.4). The majority of youth (58.9 per cent) have completed vocational (secondary) level of education, with a further 4.4 per cent at secondary general level (gymnasium).¹³ Female youth are more likely than young men to finish with a tertiary degree (29.5 per cent compared to 17.1 per cent), while young men are more likely to complete vocational training; as many as 65.7 per cent of young men completed their education at the secondary vocational level compared to 49.7 per cent of young women. With more than one-fifth (22.8 per cent) of youth completing tertiary education, Montenegro easily qualifies among the SWTS countries with the most highly educated youth population.¹⁴ The question of how well the labour market can absorb and benefit from the potential highly skilled labour force remains to be answered.

Table 3.4 Distribution of completed education level of youth

Level of completed education	Total		Male		Female		Rural		Urban	
	Number	%	Number	%	Number	%	Number	%	Number	%
Less than primary (including no schooling)	2 121	3.5	1 161	3.4	960	3.5	427	1.9	1 694	4.4
Primary	5 344	8.8	2 441	7.2	2 903	10.6	3 001	13.5	2 343	6.0
Vocational (secondary)	35 918	58.9	22 259	65.7	13 659	49.7	13 739	61.9	22 179	57.1
Secondary	2 698	4.4	1 538	4.5	1 160	4.2	1 210	5.5	1 488	3.8
Post-secondary vocational	1 002	1.6	691	2.0	311	1.1	363	1.6	638	1.6
Tertiary	13 922	22.8	5 808	17.1	8 114	29.5	3 450	15.5	10 472	27.0
Total	61 005	100.0	33 898	100.0	27 491	100.0	22 189	100.0	38 815	100.0

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

Source: MONSTAT, SWTS 2015.

¹² Enrolment rates, based on national statistics, are as follows for the school year 2014/2015: 98.6 per cent at the primary level, 86.5 per cent at the secondary level and 35.4 per cent at the tertiary level (MONSTAT, 2015, Chapter 20).

¹³ Secondary schools in Montenegro are gymnasiums, art schools or vocational schools. Vocational schools can offer three or four years of education. The detailed categories of the Montenegrin educational system are provided in Annex II.

¹⁴ The country could therefore be on track to meet one of the education targets of the Europe 2020 Strategy: “increasing the share of the population aged 30 to 34 having completed tertiary or equivalent education to at least 40 per cent by 2020”.

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

Early school leaving is a less pressing problem in Montenegro than in some other European countries.¹⁵ Only 2.1 per cent of youth surveyed left school before completion (table 3.5). The most common reason for leaving early was economic (33.9 per cent), meaning an inability to pay school fees or a financial need to earn an income instead. The second most frequently cited reason was a lack of interest in education (23.5 per cent) followed by a desire to start work (19.0 per cent). Among young female school leavers, 20.8 per cent left to get married.

Table 3.5 Share of early school leavers and reason for leaving school

Characteristics		Total		Male		Female	
		Number	%	Number	%	Number	%
Early school leavers	Yes	2 713	2.1	1,752	2.6	961	1.6
	No	123 795	97.9	64 882	97.4	59 874	98.4
	Failed examinations	137	5.0	137	7.8	0	0.0
	Not interested in education	638	23.5	448	25.6	190	19.8
	Wanted to start work	515	19.0	434	24.8	81	8.4
	To get married	200	7.4	0	0.0	200	20.8
Main reason	Parents did not want me to continue	160	5.9	94	5.4	66	6.9
	Economic reasons	920	33.9	529	30.2	391	40.7
	No school nearby	42	1.5	42	2.4	0	0.0
	Other reasons	101	3.7	68	3.9	33	3.4
Total		2 713	100.0	1 752	100.0	961	100.0

Source: MONSTAT, SWTS 2015.

There is a link between the household income level and youth's level of education (table 3.6). Poorer households are those most likely to contain youth with the lowest level of education: 12.4 per cent of youth from poor households have less than primary education, including no schooling. In comparison, 5.2 per cent of youth from well-off households have less than primary education. At the higher levels, in contrast, it is youth from well off or fairly well off households that have the highest chance of staying in education through the tertiary level.

¹⁵ The average percentage of early school leavers in the EU is around 10 per cent. The definition of early school leavers in the EU refers to the "population aged 18 to 24 with at most lower secondary education and not in further education or training".

Table 3.6 Household income level and youth's level of education

Level of completed education	Well off		Fairly well off		Around the average		Fairly poor		Poor	
	Number	%	Number	%	Number	%	Number	%	Number	%
Less than primary (including no schooling)	309	5.2	123	2.6	173	0.6	286	3.0	1 230	12.4
Primary	388	6.5	276	5.8	1 612	5.2	1 089	11.4	1 980	20.0
Vocational (secondary)	3 058	51.6	2 408	50.3	18 482	59.9	6 546	68.6	5 424	54.9
Secondary	190	3.2	115	2.4	1 544	5.0	386	4.0	463	4.7
Post-secondary vocational	53	0.9	54	1.1	628	2.0	104	1.1	163	1.6
Tertiary	1 929	32.5	1 812	37.8	8 425	27.3	1 132	11.9	624	6.3
Total	5 927	100.0	4 788	100.0	30 864	100.0	9 543	100.0	9 884	100.0

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

Source: MONSTAT, SWTS 2015.

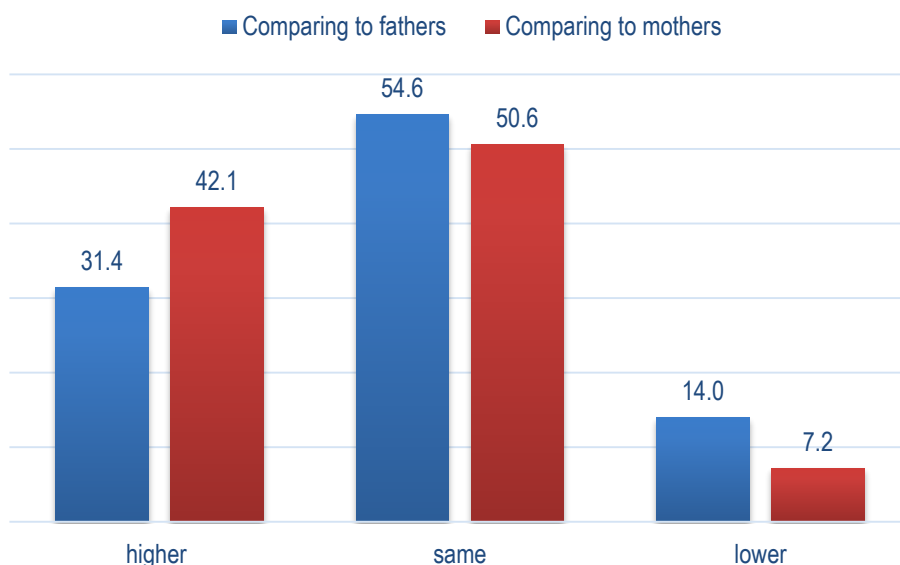
Table 3.7 Educational attainment of youth's parents

Level of completed education	Father		Mother	
	Number	%	Number	%
Less than primary (including no schooling)	2 142	1.7	3 034	2.4
Primary	12 334	9.7	24 568	19.4
Vocational (secondary)	74 666	59.0	70 703	55.9
Secondary	4 892	3.9	8 320	6.6
Post-secondary vocational	12 219	9.7	6 356	5.0
Tertiary	17 743	14.0	12 583	9.9
Do not know	2 512	2.0	944	0.7
Total	126 508	100.0	126 508	100.0

Source: MONSTAT, SWTS 2015.

Comparison of the educational attainment of youth with the completed education level of their parents provides a picture of the trends and progress in educational achievements between generations. This progress is obvious in Montenegro, most importantly regarding the tertiary level of education. As shown in table 3.7, 14.0 per cent of youth's fathers and 9.9 per cent of their mothers had completed tertiary education compared to 22.8 per cent of youth (table 3.4). Figure 3.2 shows more clearly the comparison of educational attainment between the two generations. This calculation shows that 31.4 per cent of youth have a higher level of education than their fathers and 14.0 per cent finished at a lower level. The comparison with the level of education of youth's mothers is as follows: 50.6 per cent of youth have the same level of education as their mothers, 42.1 per cent of youth have a higher level of education, and only 7.2 per cent have a lower level of education than their mothers.

Figure 3.2 Comparison of educational attainment of youth with their parents



Source: MONSTAT, SWTS 2015.

3.2.2 Current students

More than half (51.8 per cent) of the surveyed youth are still in school (45.4 per cent have completed their studies and 2.8 per cent left before completion or had no schooling). Among the current students, the three most preferred fields of study are social sciences, business and law (33.1 per cent), engineering, manufacturing and construction (14.9 per cent) and other areas of services (14.2 per cent) (table 3.8). Although agriculture is one of four main development priorities of the Government,¹⁶ the number of current students focusing on agricultural or veterinarian studies is only 1.8 per cent. In terms of gender differences, female students are more likely than males to focus on the social sciences, business and law, humanities and arts, education and health and welfare. Male students – perhaps not surprisingly, given their greater presence in vocational streams – are more likely to specialize in engineering, manufacturing and construction and science, mathematics and computing in comparison to female students.¹⁷

¹⁶ See Development Directions of Montenegro 2015–2018, adopted by the Government of Montenegro in June 2015. Available at: www.mif.gov.me/en/news/153253/Montenegro-Development-Directions-2015-2018.html [10 Apr. 2016].

¹⁷ Elder and Kring (2016) offers a discussion on the gender differences in fields of study, particularly in relation to the science, technology, engineering and mathematics (STEM) fields, and the subsequent effects of occupational segregation and gender pay gaps.

Table 3.8 Field of study of current young students

Field of study	Total		Male		Female	
	Number	%	Number	%	Number	%
General programmes	7 461	11.5	3 317	10.2	4 144	12.7
Education	3 242	5.0	1 012	3.1	2 230	6.9
Humanities and arts	2 900	4.5	1 058	3.2	1 842	5.7
Social sciences, business and law	21 585	33.1	8 876	27.2	12 709	39.1
Science, mathematics and computing	5 342	8.2	3 097	9.5	2 245	6.9
Engineering, manufacturing and construction	9 722	14.9	7 158	21.9	2 564	7.9
Agriculture and veterinary	1 199	1.8	799	2.4	400	1.2
Health and welfare	4 341	6.7	1 496	4.6	2 845	8.7
Other services	9 238	14.2	5 735	17.6	3 503	10.8
Other	110	0.2	73	0.2	37	0.1
Total	65 140	100.0	32 621	100.0	32 519	100.0

Source: MONSTAT, SWTS 2015.

At the same time, the majority of current students would prefer to work as professionals (66.1 per cent) and technicians and associate professionals (22.2 per cent) in the future, as shown in table 3.9.

Table 3.9 Current students by preferred type of future job

ISCO-08	Total		Male		Female	
	Number	%	Number	%	Number	%
Managers	1 470	2.2	928	2.8	542	1.7
Professionals	43 249	66.1	19 186	58.7	24 063	73.6
Technicians and associate professionals	14 533	22.2	8 648	26.4	5 885	18.0
Clerical support workers	653	1.0	213	0.7	440	1.3
Service and sales workers	3 271	5.0	1 792	5.5	1 479	4.5
Skilled agricultural, forestry and fishery workers	245	0.4	245	0.7	0	0.0
Craft and related trade workers	946	1.4	755	2.3	191	0.6
Plant and machine operators, and assemblers	746	1.1	746	2.3	0	0.0
Elementary occupations	47	0.1	0	0.0	47	0.1
Armed forces	224	0.3	190	0.6	34	0.1
Total	65 384	100.0	32 703	100.0	32 681	100.0

Note: The occupations are the major groups of the International Standard Classification of Occupations (ISCO), Revision 2008.

Source: MONSTAT, SWTS 2015.

3.3 Activity status of youth

Table 3.10 presents the distribution of youth by main economic activity. Standard classifications divide the population into three groups – employed, unemployed and persons outside the labour market (inactive). Unemployment, according to international standards, is defined as the situation of a person who: (a) did not work in the reference period, (b) was available to take up a job, had one been offered in the week prior to the reference period, and

(c) actively sought work within the 30 days prior to the reference period (for example, by registering at an employment centre or answering a job advertisement).¹⁸ The definition of “broad unemployment” (also known as relaxed unemployment), in contrast, differs in the relaxation of the “seeking work” criterion.

When using the strict definition of unemployment, the survey results show that only one-quarter of youth are employed (25.2 per cent). This is low in comparison to the EU-28 average of 46 per cent in 2013 and also compared to other countries in the region that implemented the SWTS.¹⁹ The share of unemployed youth is 17.7 per cent and the remaining majority share represents youth who remain outside the labour force (inactive) at 57.2 per cent. The share of young men in unemployment is higher than young women (21.1 and 13.9 per cent, respectively) while young women are more likely than men to be inactive (61.9 and 53.0 per cent, respectively). Differences between urban and rural residents are not large in most cases.

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

Table 3.10 Distribution of youth by main economic activities

	Total		Male		Female		Rural		Urban	
	Number	%	Number	%	Number	%	Number	%	Number	%
Employed	31 825	25.2	17 317	26.0	14 508	24.2	9 551	22.5	22 274	26.5
Unemployed (strict definition)	22 354	17.7	14 034	21.1	8 320	13.9	8 873	20.9	13 480	16.0
Inactive	72 330	57.2	35 284	53.0	37 046	61.9	23 948	56.5	48 381	57.5
Total	126 508	100.0	66 634	100.0	59 874	100.0	42 372	100.0	84 136	100.0
In regular employment	16 005	12.7	8 948	13.4	7 056	11.8	3 845	9.1	12 159	14.5
In irregular employment	15 821	12.5	8 369	12.6	7 452	12.4	5 706	13.5	10 115	12.0
Unemployed (broad definition)	27 714	21.9	17 038	25.6	10 676	17.8	10 383	24.5	17 331	20.6
Inactive non-students	12 929	10.2	4 827	7.2	8 102	13.5	5 135	12.1	7 794	9.3
Inactive students	54 040	42.7	27 453	41.2	26 587	44.4	17 303	40.8	36 736	43.7
Total	126 508	100.0	66 634	100.0	59 874	100.0	42 372	100.0	84 136	100.0

Source: MONSTAT, SWTS 2015.

Taking the broad definition of unemployed, the share increases to 21.9 per cent of the youth population, with higher shares among men than women and in rural than in urban areas. The ILO also recommends disaggregating employment into two categories: (i) regular employment, defined as wage and salaried workers holding a contract of greater than 12

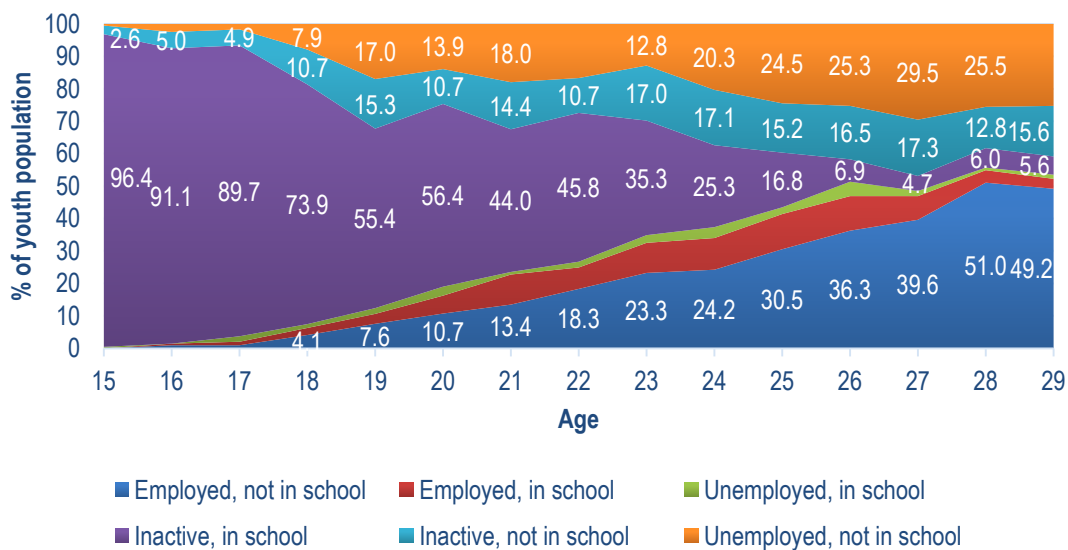
¹⁸ See Annex I for definitions of the standard labour market concepts.

¹⁹ See Elder et al. (2015) for a regional synthesis on SWTS data and national SWTS reports are available from the website: www.ilo.org/w4y.

months' duration, plus self-employed youth with employees (employers), and (ii) irregular employment, defined as wage and salaried workers holding a contract of limited duration, i.e. set to terminate within 12 months, self-employed youth with no employees (own-account workers) and contributing family workers. Results here show an even divide between youth working in regular jobs (12.7 per cent of the population) and young workers in irregular jobs (12.5 per cent). Regular employment is more frequently available in urban than rural areas.

Following the model shown in *Global Employment Trends for Youth 2015* (ILO, 2015), data are presented in figure 3.3 to reflect the main economic/educational status of youth across the entire age span 15–29. Not surprisingly, as many as 96.4 per cent of youth aged 15 are in school. This figure drops to 89.7 per cent for 17-year-olds and to 55.4 per cent by the age of 19. As youth age, they increasingly enter labour market activity so that, at the age of 29, one-half (49.2 per cent) of the youth population is in employment. It is somewhat disturbing to see the impact of unemployment among youth, which is also evident from an early age. By the age of 19, some 17.0 per cent of youth are already unemployed and out of school; this share reaches its maximum of 29.5 per cent of youth at the age of 27.

Figure 3.3 Activity status of youth by age



Source: MONSTAT, SWTS 2015.

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

The survey results find that 28.6 per cent of youth are NEETs in 2015 (table 3.11). In figure 3.3, where young NEETs can be visualized as the sum of the orange and light blue

categories at the top right-hand side, it can be seen that the share of NEETs increases as youth age and also that the composition changes; by the age of 29, young NEETs are primarily unemployed while, at the age of 17, NEETs are primarily those who are out of school and inactive. The rural NEET rate is higher than in urban areas (34.3 and 25.8 per cent, respectively) and the male rates is slightly higher than the female rate at 29.8 and 27.3 per cent, respectively. Even though the aggregate rates are similar between the sexes, the composition of NEETs is very different. For young men, nearly two out of three (65.5 per cent) who qualify as NEETS are unemployed, compared to 42.8 per cent of young female NEETs. Female NEETs, in contrast, are most likely to fall within the category because they are neither in education nor in the labour market; 57.2 per cent of female NEETs are inactive non-students while 42.8 per cent are unemployed. Since the policy responses to inactivity differ markedly from those for the unemployed, it is advisable to investigate the sub-categories of NEETs to facilitate the design of the most appropriate targeted policy response.

Table 3.11 Youth NEET population by sex and area of residence (%)

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

Source: MONSTAT, SWTS 2015.

A youth with tertiary level education is much less likely to fall into the NEET category in comparison to a young person with primary education or below (table 3.12). In fact, nearly all female youth with primary or lower level of education are now classified as NEET (and, within the NEETs, most are inactive non-students rather than unemployed). Yet, as the education level of young men and women increases, they are likely to make a greater effort to remain economically active. Some will manage to find employment – hence the lower NEET rate among the higher educated youth – while many others will remain in unemployment (and therefore remain among the NEETs).

Table 3.12 NEETs by level of completed education and sex (%)

Education level	Total	Male	Female
Less than primary (including no schooling)	80.6	68.3	95.6
Primary	84.8	74.0	93.9
Vocational (secondary)	61.2	60.5	62.3
Secondary	70.8	73.2	67.6
Post-secondary vocational	30.9	21.0	52.9
Tertiary	41.5	43.7	39.9

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

Source: MONSTAT, SWTS 2015.

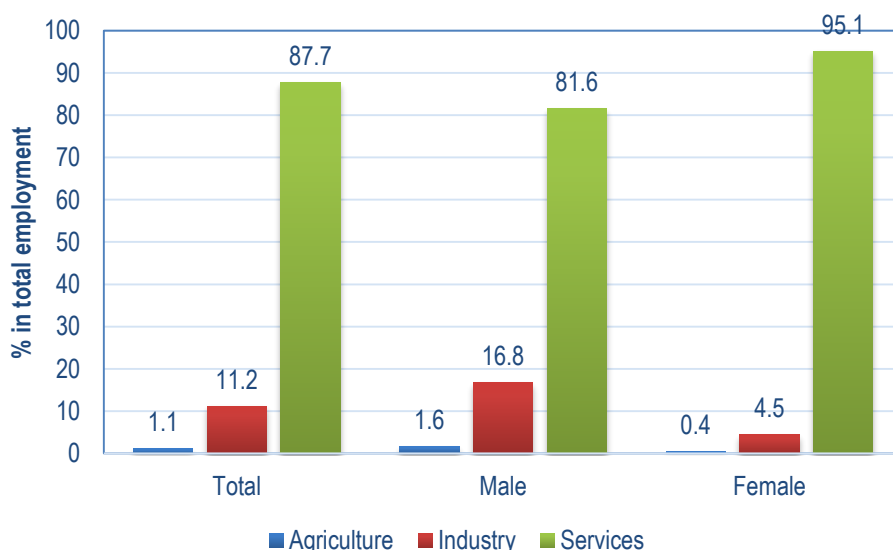
4. Employed youth

The definitions of international standards in the area of employment and unemployment statistics can be seen in Annex I. The “employed” are defined as all persons of working age who, during a reference week: worked for wage or profit (in cash or in kind) for at least one hour; were temporarily absent from work (because of illness, leave, studies, a break in the activity of the firm, for example), but had a formal attachment to their job; performed some work without pay for family gain. Recalling table 3.10, in Montenegro only 25.2 per cent of youth are employed, with a greater proportion of males than females (26.0 per cent in contrast to 24.2 per cent) and from urban areas than from rural areas (26.5 per cent and 22.5 per cent, respectively).

4.1 Youth employment by sector

The clear majority of employed youth in Montenegro (87.7 per cent of them) work in services, with 95.1 per cent of employed female youth working in the service sector (figure 4.1). In comparison, the share of employment in services for all workers is lower at 73.8 per cent, according to the LFS (constituting 83.2 per cent of total female employment).²⁰ These data can be read as a consequence of the specific characteristics of the Montenegrin economy, in which tourism is gaining ever-greater prominence, and traditional industries are losing their market share. Only 11.2 per cent of employed youth work in the industrial sector (16.8 per cent male and 4.5 per cent female) and a nominal share – 1.1 per cent – work in agriculture (1.6 per cent of males and 0.4 per cent of females). The corresponding share of total employment (for the 15–64 age group) in agriculture is 8.3 per cent.

Figure 4.1 Distribution of youth employment by aggregate sector



Source: MONSTAT, SWTS 2015.

²⁰ MONSTAT, Labour Force Survey, Third Quarter, 2015: Persons in employment by sectors of activity, region and sex.

Analysed in more detail, the sectoral breakdown shows that wholesale and retail trade, as well as accommodation, are the sectors in which youth employment is most common (26.9 and 11 per cent, respectively) (table 4.1). This is followed by youth working in public administration (7.3 per cent), health and social work (5.9 per cent in total, but accounting for as much as 11.1 per cent of female employment), arts and entertainment (6.1 per cent), and in other services (6.6 per cent). Significant shares of young male workers are also engaged in manufacturing (8.2 per cent), transport (10.9 per cent) and construction (4.2 per cent). Generally, the percentages of youth employed in particular sectors (according to results of SWTS) are lower than the percentage in total employment (determined from LFS results), except in the case of the following sectors: construction, wholesale and retail trade, transport, accommodation, information and communication, financial services and arts and entertainment.

Table 4.1 Distribution of youth employment by sector at the 1-digit level

ISIC Revision 4	Total		Male		Female	
	Number	%	Number	%	Number	%
Agriculture, forestry and fishing	340	1.1	275	1.6	65	0.4
Mining and quarrying	215	0.7	181	1.0	34	0.2
Manufacturing	1 518	4.8	1 418	8.2	100	0.7
Water supply	722	2.3	592	3.4	130	0.9
Construction	1 107	3.5	719	4.2	388	2.7
Wholesale and retail trade	8 563	26.9	4 055	23.4	4 508	31.1
Transport	2 204	6.9	1 882	10.9	322	2.2
Accommodation	3 516	11.0	1 983	11.5	1 533	10.6
Information and communication	1 246	3.9	462	2.7	784	5.4
Financial activities	872	2.7	404	2.3	468	3.2
Professional scientific activities	1 028	3.2	550	3.2	478	3.3
Administrative and support activities	1 159	3.6	819	4.7	340	2.3
Public administration	2 322	7.3	1 546	8.9	776	5.3
Education	1 034	3.2	255	1.5	779	5.4
Health and social work	1 876	5.9	267	1.5	1 609	11.1
Arts and entertainment	1 927	6.1	1 046	6.0	881	6.1
Other services	2 113	6.6	864	5.0	1 249	8.6
Private households	63	0.2	0	0.0	63	0.4
Total	31 825	100.0	17 318	100.0	14 507	100.0

Note: Sectors with a response rate below 0.5 per cent are not shown. This includes electricity, gas and steam, real estate and extra-territorial activities.

Source: MONSTAT, SWTS 2015.

4.2 Youth employment by occupation

Given the large share of youth employment in the services sectors, it is not surprising to find the largest share of youth employment in the occupation group of service and sales workers – 32.6 per cent (27.0 per cent for males and 39.4 per cent for females) (table 4.2). The other core occupations for young workers are: professionals (16.4 per cent; representing as much as 22.3 per cent of female youth employment), technicians and associate professionals (18.7 per cent), plant and machine operators (8.9 per cent; but representing as

much as 15.7 per cent of male youth employment), clerks (7.9 per cent) and craft work (7.3 per cent; but as high as 12.8 per cent among males).

Table 4.2 Employed youth by occupation

ISCO-08	Total		Male		Female	
	Number	%	Number	%	Number	%
Managers	249	0.8	249	1.4	0	0.0
Professionals	5 217	16.4	1 981	11.4	3 236	22.3
Technicians and associate professionals	5 961	18.7	2 612	15.1	3 349	23.1
Clerks	2 518	7.9	1 162	6.7	1 356	9.3
Service and sales workers	10 383	32.6	4 669	27.0	5 714	39.4
Skilled agricultural, forestry and fishery workers	349	1.1	286	1.7	63	0.4
Craft and related trade workers	2 316	7.3	2 222	12.8	94	0.6
Plant and machine operators, and assemblers	2 820	8.9	2 725	15.7	95	0.7
Elementary occupations	1 777	5.6	1 176	6.8	601	4.1
Armed forces	235	0.7	235	1.4	0	0.0
Total	31 825	100.0	17 317	100.0	14 508	100.0

Source: MONSTAT, SWTS 2015.

4.3 Youth employment by status

Before analysing employment status in more depth, it is important to bear in mind the distinction between paid employment and self-employment. Self-employment can include the categories of employers (with one or more employee), own-account workers or contributing family members (working in a family establishment without pay). In Montenegro, the vast majority of all employed youth are in paid employment (employees) – as many as 90.0 per cent (92.7 per cent among female workers and 87.6 per cent of male workers) (table 4.3). Self-employed youth make up a total of 9.9 per cent of total employment, with 1.5 per cent as employers, 5.1 per cent own-account workers and 3.3 per cent contributing family workers.

Table 4.3 Employed youth by status in employment

Status	Total		Male		Female	
	Number	%	Number	%	Number	%
Employee	28 633	90.0	15 176	87.6	13 457	92.7
Employer	478	1.5	408	2.4	70	0.5
Own-account worker	1 615	5.1	1 009	5.8	606	4.2
Contributing family worker	1 035	3.3	659	3.8	376	2.6
Other	66	0.2	66	0.4	0	0.0
Total	31 827	100.0	17 318	100.0	14 509	100.0

Source: MONSTAT, SWTS 2015.

4.3.1 Wage and salaried employment (young employees)

Different groups of workers face different economic risks, and identification of the differences between wage and salaried workers, or employees, and self-employed youth shows various aspects of the risks faced by those two groups of employed youth. Salaried workers generally face relatively lower economic risks compared to the self-employed and contributing (unpaid) family workers, who are usually in a more vulnerable market position. The educational characteristics of these two groups differ. A higher percentage of less educated youth are self-employed than salaried, but a higher percentage of youth with completed tertiary level of education are salaried than self-employed (table 4.4).

Table 4.4 Share of wage and salaried workers and self-employed workers by level of completed education

Level of completed education	Wage and salaried workers		Self-employed	
	Number	%	Number	%
Less than primary (including no schooling)	366	1.6	0	0.0
Primary	577	2.6	108	6.2
Vocational (secondary)	12 453	55.2	1 182	68.0
Secondary	754	3.3	0	0.0
Post-secondary vocational	545	2.4	146	8.4
Tertiary	7 849	34.8	301	17.3
Total	22 544	100.0	1 737	100.0

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

Source: MONSTAT, SWTS 2015.

The results in table 4.5 show that even being in paid employment does not guarantee a stable job. While the majority of young employees are engaged on a written contract, some 13.4 per cent (16.0 per cent for males and 10.5 per cent for females) still work without the protection of a written contract. In terms of the duration of the contracts (or oral agreements), 56.4 per cent are of limited duration, primarily less than 1 year in length (81.1 per cent of limited duration contracts). Young employees in rural areas are those most likely to be on temporary contracts.

Table 4.5 Young wage and salaried workers by type of contract and duration (%)

	Type of contract		Type of contract (by duration)		Duration of limited contract		
	Written	Oral	Unlimited	Limited	Less than 1 year	1 year to less than 3 years	More than 3 years
Total	86.6	13.4	43.6	56.4	81.1	14.8	4.1
Male	84.0	16.0	46.1	53.9	81.1	13.9	5.1
Female	89.5	10.5	40.7	59.3	81.1	15.7	3.1
Urban	86.3	13.7	46.3	53.7	77.0	18.5	4.5
Rural	87.2	12.8	37.1	62.9	89.3	7.3	3.3

Source: MONSTAT, SWTS 2015.

The most recent changes in the Labour Law in Montenegro²¹ introduced temporary work as a model of employment. It is interesting, therefore, to examine the causes of temporary contracts among youth in more detail. Table 4.6 shows one group of reasons to be predominantly and almost equally reported: the work is occasional (26.9 per cent), workers are on probation period (18.5 per cent), workers are interns (17.5 per cent), and the seasonal nature of the work (11.6 per cent). Beside these dominant reasons, another group of reasons, though cited by less than 10 per cent of those on temporary contracts, still deserve attention: specific service or task, public employment programme, working as replacement, etc. Almost all reasons are equally distributed between male and female youth.

Table 4.6 Youth on temporary contract by reason

Reason	Total		Male		Female	
	Number	%	Number	%	Number	%
On the job training, internship	2 835	17.5	1 473	18.0	1 362	17.1
Probation period	2 994	18.5	1 357	16.6	1 637	20.5
Seasonal work	1 868	11.6	1 069	13.1	799	10.0
Occasional/daily work	4 351	26.9	2 361	28.9	1 990	24.9
Working as a replacement/substitute	755	4.7	252	3.1	503	6.3
Public employment programme	861	5.3	313	3.8	548	6.9
Specific service or task	1 416	8.8	916	11.2	500	6.3
Other reason	1 078	6.7	441	5.4	637	8.0
Total	16 158	100.0	8 182	100.0	7 976	100.0

Source: MONSTAT, SWTS 2015.

Table 4.7 Wage and salaried young workers by access to benefits/entitlements

	Number	%
Transport or transport allowance	5 658	19.8
Meals or meal allowance	8 744	30.5
Paid annual leave	17 891	62.5
Paid sick leave	16 625	58.1
Pension/old age insurance	19 409	67.8
Severance/end-of-service pay	7 068	24.7
Overtime pay	11 039	38.6
Medical insurance coverage	22 161	77.4
Bonus for good performance	10 587	37.0
Social security contributions	15 893	55.5
Educational or training courses	9 505	33.2
Occupational safety	13 226	46.2
Childcare facilities	531	1.9
Maternity/paternity leave	4 282	15.0

Note: Multiple responses were allowed.

Source: MONSTAT, SWTS 2015.

²¹ Official Gazette of Montenegro: No. 49/2008, 26/2009, 59/2011 and 66/2012.

Based on the Labour Law in Montenegro, General Collective Agreement and collective agreements for specific branches, all employees have legal rights to paid annual leave, paid sick leave, paid maternity/paternity leave, rights relating to social security contributions, etc. However, this survey shows that such entitlements do not always cover 100 per cent of young employees: 77.4 per cent are covered by medical insurance, 67.8 per cent by pension insurance, 55.5 per cent make social security contributions, 62.5 per cent are entitled to paid annual leave and 58.1 per cent to paid sick leave (table 4.7). Only 15.0 per cent of young employees said they are entitled to maternity/paternity leave.

4.3.2 Self-employed youth

Although the number of self-employed youth is not as significant as the figure for employed youth, their experience is important and should be analysed in order to provide lessons for the future adaptation of public policies and programmes in the area of youth employment. The SWTS asks self-employed youth (own-account workers and employers) to identify their motivation for adopting their status. The majority of them (76 per cent) are from urban areas, where motivations differ compared to the self-employed in rural areas (table 4.8). While 62.2 per cent of the self-employed young workers in rural areas seem to value the independence conferred by the status, only 36.0 per cent in urban areas feel the same. In urban areas the young self-employed are more likely to choose self-employment for the potential to earn a higher income (27.6 per cent compared to 7.2 per cent in rural areas). In both regions, nearly one-third moved into self-employment because they were unable to find a paid job (30.6 per cent in rural and 27.9 per cent in urban).

Table 4.8 Self-employed youth (employers and own-account workers) by reason for taking up self-employment (%)

Reason	Total		Rural		Urban	
	Number	%	Number	%	Number	%
Could not find a wage or salaried job	598	28.6	152	30.6	446	27.9
Greater independence	883	42.2	309	62.2	574	36.0
More flexible hours of work	135	6.5	0	0.0	135	8.5
Higher income level	477	22.8	36	7.2	441	27.6
Required by the family	0	0.0	0	0.0	0	0.0
Total	2 093	100.0	497	100.0	1 596	100.0

Note: Self-employed here refers to employees and own-account workers (excluding contributing family workers).

Source: MONSTAT, SWTS 2015.

The self-employed youth are also asked to identify what they perceive to be the main challenges to doing business (table 4.9). The most important challenges are related to “insufficient financial resources” (30.8 per cent of responses) and to “competition in the market” (31.1 per cent).

An important factor for gaining a comprehensive picture of self-employed youth is related to their financial sources. Almost half (46.8 per cent) of the surveyed self-employed youth said that they used money from their families or friends to start their business, another quarter (24.4 per cent) had their own savings and 19.5 per cent said they did not need any money to launch their business venture (table 4.10). Only 9.3 per cent of the self-employed youth said they took out a loan from a bank.

Table 4.9 Self-employed youth by most significant challenge to doing business

Challenge	Total		Male		Female	
	Number	%	Number	%	Number	%
Insufficient financial resources	644	30.8	486	34.3	158	23.4
Insufficient quality of staff	85	4.1	85	6.0	0	0.0
Insufficient business expertise	147	7.0	82	5.8	65	9.6
Legal regulations	173	8.3	85	6.0	88	13.0
Shortages in raw materials	0	0.0	0	0.0	0	0.0
Labour shortage	96	4.6	96	6.8	0	0.0
Political uncertainties	56	2.7	0	0.0	56	8.3
Limited access to technology	0	0.0	0	0.0	0	0.0
Lack of product development	0	0.0	0	0.0	0	0.0
Competition in the market	651	31.1	412	29.1	239	35.4
Other	240	11.5	170	12.0	70	10.4
Total	2 092	100.0	1 416	100.0	676	100.0

Source: MONSTAT, SWTS 2015.

Table 4.10 Financial sources for self-employed youth

Financial sources	Total		Male		Female	
	Number	%	Number	%	Number	%
No money needed	387	19.5	322	22.7	65	11.5
Own savings	484	24.4	270	19.1	214	37.8
Money from family or friends	928	46.8	679	47.9	249	44.0
Loan from bank	184	9.3	146	10.3	38	6.7
Total	1 983	100.0	1 417	100.0	566	100.0

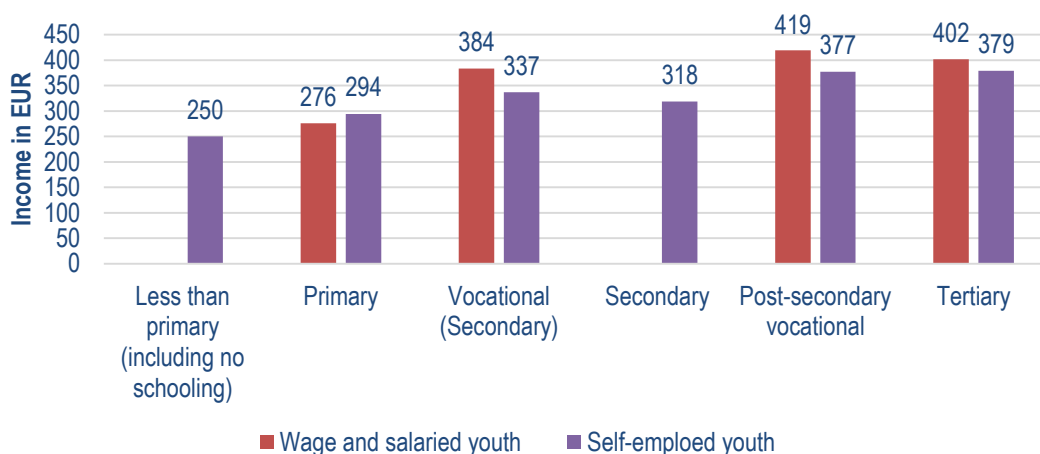
Note: Sources with a response rate below 0.5 per cent are not shown. This includes loan from microfinance institutions, loan from an informal operator, loan from government institution, loan from NGO or donor project and remittances from abroad.

Source: MONSTAT, SWTS 2015.

4.4 Wages

The average monthly wage of young wage and salaried workers, based on the SWTS data, is €345, while the young own-account workers earned an average of €372 per month. Both figures come out below the average net salary in Montenegro in 2015, which is €480 per month. For both paid employees and own-account workers, young men earn more than young women. Education does bring gains in the earnings potential of youth, although the differences are not large; a university-educated youth in paid employment earns, on average, €345 compared to €294 for workers with only primary-level education (figure 4.2).

Figure 4.2 Comparison of average monthly income between wage and salaried and self-employed youth by educational level



Note: The level of educational attainment is measured only for those who have completed their schooling (i.e. excluding current students).
Source: MONSTAT, SWTS 2015.

Bearing in mind the data and the labour market experiences of employed youth, it is not surprising that the survey shows unemployed youth in Montenegro to have very modest income expectations. Unemployed youth surveyed expected an average income of €287 per month, which would seem to be quite realistic given the average wages of young workers shown in table 4.11.

Table 4.11 Average monthly income of young wage and salaried workers and own-account workers by sex and level of completed education (in €)

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

Note: – indicates response rate too small to make reliable estimates. The level of educational attainment is measured only for those who have completed their schooling (i.e. excluding current students).
Source: MONSTAT, SWTS 2015.

4.5 Working hours

Based on the Labour Law and General Collective Agreement in Montenegro, the standard working week should comprise 40 hours. The study shows that only 15.8 per cent of employed youth work fewer than 40 hours per week, which indicates a lack of part-time employment opportunities that a young person could combine with school (table 4.12). Working hours are deemed excessive when they exceed 50 hours per week. The proportion

of young workers who are working excessive hours is as high as 27.7 per cent, with the share reaching 32.4 per cent among male workers.

Table 4.12 Distribution of youth employment by actual hours worked per week and sex

Hour band	Total		Male		Female	
	Number	%	Number	%	Number	%
Fewer than 10 hours	775	2.5	276	1.6	499	3.5
10 to 19 hours	853	2.7	520	3.1	333	2.3
20 to 29 hours	1 218	3.9	625	3.7	593	4.1
30 to 39 hours	2 082	6.7	1 099	6.6	983	6.8
40 to 49 hours	17 578	56.4	8 817	52.6	8 761	60.8
50 to 59 hours	5 123	16.4	2 910	17.4	2 213	15.4
More than 60 hours	3 534	11.3	2 506	15.0	1 028	7.1
Total	31 163	100.0	16 753	100.0	14 410	100.0

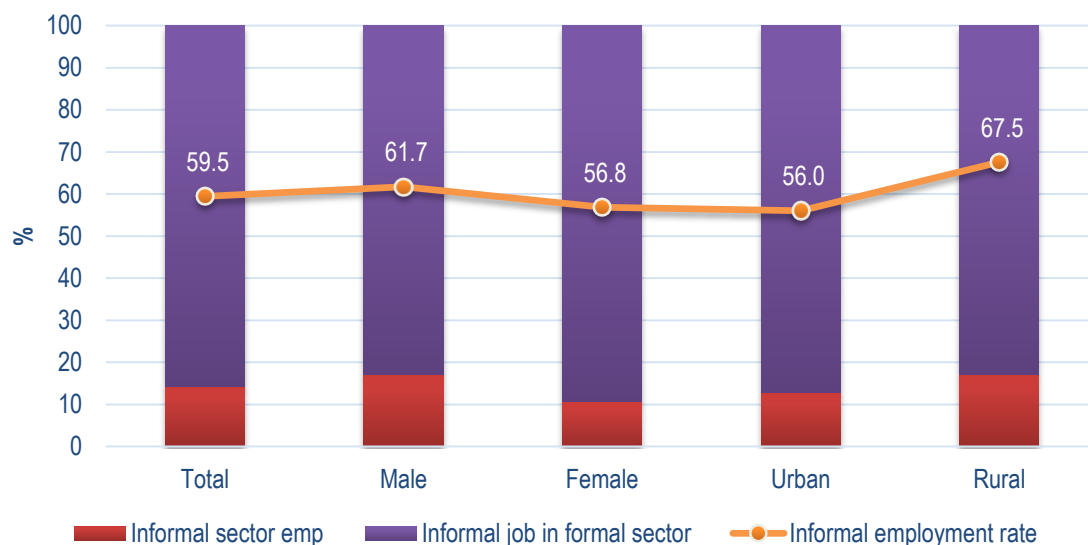
Source: MONSTAT, SWTS 2015.

4.6 Informal employment

Informal employment²² among youth remains significant in Montenegro at 59.5 per cent (figure 4.3). Informal employment is made up of two categories: workers in the informal (unregistered) sector and paid employees holding informal jobs in the formal sector. The latter do earn a salary but do not receive the other benefits, such as social security contributions or paid annual or sick leave that would normally be associated with a job in the formal sector. Given the relatively high shares of employees among youth in the country, it is not surprising to find that 85.7 per cent of the informal youth are in informal jobs in the formal sector and only 14.3 per cent work in the informal sector. Youth living in rural areas are more likely to be engaged in informal employment than youth in urban areas (67.5 and 56.0 per cent, respectively) and male workers are more often in informal employment compared to female workers (61.7 and 56.8 per cent, respectively).

²² Informal employment is measured according to the guidelines recommended by the 17th International Conference of Labour Statisticians. The calculation applied here includes the following sub-categories of workers: (a) paid employees in “informal jobs”, i.e. jobs without social security entitlement, paid annual leave or paid sick leave; (b) paid employees in an unregistered enterprise with size classification below five employees; (c) own-account workers in an unregistered enterprise with size classification below five employees; (d) employers in an unregistered enterprise with size classification below five employees; and (e) contributing family workers. Sub-categories (b) to (d) are used in the calculation of “employment in the informal sector”, sub-category (a) applies to “informal job in the formal sector” and sub-category (e) can fall within either grouping, dependent on the registration status of the enterprise that engages the contributing family worker.

Figure 4.3 Youth informal employment rate, and shares of informal workers in the formal sector and workers in the informal sector



Source: MONSTAT, SWTS 2015.

4.7 Qualifications mismatch

In countries with limited job creation initiatives and large numbers of educated youth, some young labour market entrants end up taking work for which they are overqualified. Such is the situation in Montenegro for 11.4 per cent of young workers (10.6 per cent among males and 12.3 per cent among females). In comparison to other countries in the region, the share of overeducated young workers in Montenegro is low,²³ which is a positive sign for the capacity of the economy to effectively absorb the highly educated youth, albeit following very long periods of unemployment.

The skills mismatch between the job that a person does and their level of educational qualification is determined by applying the normative measure of occupational skills categories from the International Standard Classification of Occupations (ISCO) (ILO, 2013, p. 44). ISCO-08 includes the categorization of major occupational groups (first-digit ISCO levels) by level of education in accordance with the International Standard Classification of Education (ISCED).

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

²³ Elder et al. (2015) showed a regional (six-country) average of 21.7 per cent for overeducated young workers.

Table 4.13 Shares of overeducated and undereducated young workers by occupation (%)

ISCO-08	Overeducated	Undereducated	Matching
Managers	0.0	78.6	21.4
Professionals	0.0	1.5	98.5
Technicians and associate professionals	8.7	19.4	71.9
Clerks	25.7	1.9	72.4
Service and sales workers	12.8	2.8	84.4
Skilled agricultural, forestry and fishery workers	0.0	20.5	79.5
Craft and related trade workers	2.7	9.4	87.9
Plant and machine operators, and assemblers	7.1	4.3	88.6
Elementary occupations	53.6	18.0	28.4
Total (all occupations)	11.4	8.0	80.7

Source: MONSTAT, SWTS 2015.

In Montenegro, slightly more young workers are overeducated (11.4 per cent) than undereducated (8.0 per cent) and the majority of young workers (80.7 per cent) have managed to find work that is well matched to their level of qualifications (table 4.13). Among youth working in elementary occupations, more than half (53.6 per cent) have a higher educational level than the primary level degree expected for effective performance of the job. The other occupations in which overeducated youth are primarily found are as clerks (where 25.7 per cent are overeducated) and service and sales workers (12.8 per cent), but they are also found among youth working as technicians and associate professionals and plant and machine operators. In contrast, as many as 78.6 per cent of youth working as managers are undereducated, meaning they do not have the expected tertiary level degree. Undereducated young workers are found even in the elementary occupations, when they have not passed even the primary level of schooling.

4.8 Job satisfaction

A very high share of young workers said they were either highly satisfied or mostly satisfied with their jobs (90.7 per cent). However, 37.3 per cent of employed youth said they would still like to change their work. The main reasons for wanting to change jobs are the temporary nature of the job (37.3 per cent), aspirations to earn a higher hourly wage (29.4 per cent) and the desire to make better use of their qualifications and skills (18.8 per cent). These reasons are almost equally distributed between male and female employed youth (table 4.14).

Running a series of cross-tabulations on job satisfaction identifies certain characteristics that correlate to increased job satisfaction. Some general conclusions based on the results in table 4.15 are: (i) more educated youth are less satisfied with their jobs; (ii) those from urban areas are slightly more satisfied than those from rural areas; (iii) youth from poorer families are less satisfied than others; (iv) regarding the type of employment, youth who are engaged in informal work are less satisfied than others; (v) and, finally, youth who are overeducated for the job that they do are likely to express lower levels of satisfaction than others.

Table 4.14 Employed youth who would like to change their work by reason and sex

Reason	Total		Male		Female	
	Number	%	Number	%	Number	%
Present job is temporary	4 428	37.3	2 220	34.8	2 208	40.2
Fear of losing present job	216	1.8	216	3.4	0	0.0
To work more hours paid at current rate	113	1.0	73	1.1	40	0.7
To have a higher rate of pay per hour	3 489	29.4	2 036	31.9	1 453	26.5
To work fewer hours with a reduction in pay	57	0.5	57	0.9	0	0.0
To make better use of qualifications/skills	2 224	18.8	1 011	15.9	1 213	22.1
To have more convenient working times	381	3.2	292	4.6	89	1.6
To improve working conditions	951	8.0	468	7.3	483	8.8
Total	11 859	100.0	6 373	100.0	5 486	100.0

Source: MONSTAT, SWTS 2015.

Table 4.15 Job satisfaction rates by selected characteristics and sex (%)

Characteristic	Total	Male	Female	
Level of completed education	Less than primary (including no schooling)	100.0	100.0	100.0
	Primary	77.2	79.0	70.8
	Vocational (secondary)	91.0	88.2	95.7
	Secondary	100.0	100.0	100.0
	Post-secondary vocational	100.0	100.0	100.0
Area of residence	Tertiary	91.7	88.2	94.0
	Rural	89.0	87.3	91.5
	Urban	91.5	89.5	93.7
Household wealth	Well off	95.0	91.2	100.0
	Fairly well off	88.8	88.2	89.4
	Around the average	91.9	92.2	91.5
	Fairly poor	91.3	85.5	100.0
Type of employment	Poor	76.8	69.3	92.2
	Regular	96.4	95.1	98.2
	Irregular	85.0	82.0	88.3
	Formal	95.2	94.3	96.1
	Informal	87.7	85.3	90.8
Qualifications mismatch	Overeducated	66.1	58.5	74.4
	Undereducated	98.5	97.6	100.0
	Matching	93.3	90.6	96.7

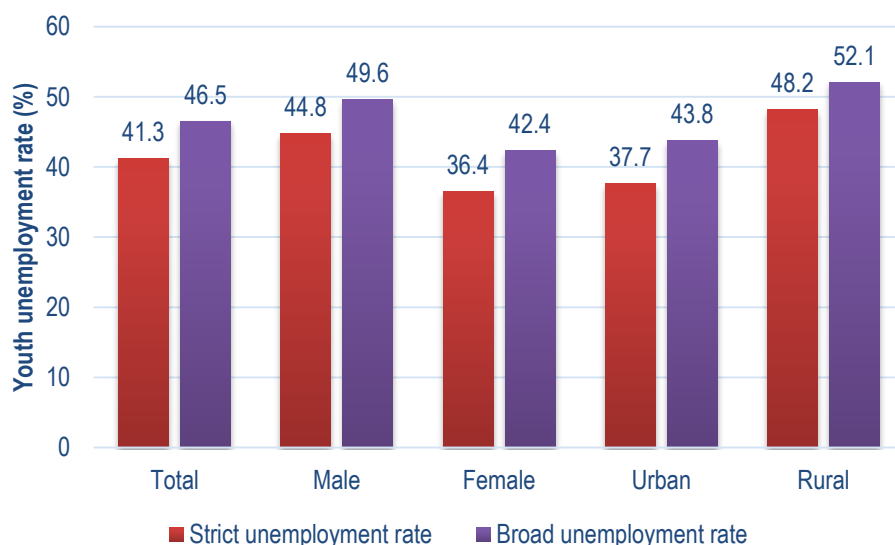
Source: MONSTAT, SWTS 2015.

5. Unemployed youth

In Montenegro, the large number of young people registered as unemployed is a cause for political concern. According to the statistics of the LFS (third quarter 2015), the youth unemployment rate (for the age group 15–24) was 34.5 per cent, while the overall unemployment rate was 16.5 per cent (age group 15–64).²⁴ The youth unemployment rate in Montenegro is therefore above the EU-28 average (20.7 per cent in 2015) but lower than other countries in the region. For instance, youth unemployment rates (for the age group 15–24) were much higher in 2014 in Bosnia and Herzegovina (62.7 per cent), in Croatia (45.5 per cent) and in Serbia (47.1 per cent).²⁵

The youth unemployment rate based on the SWTS for the broader age group of 15–29-year-olds is high, at 41.3 per cent (figure 5.1). The male rate is higher than the female rate (at 44.8 and 36.4 per cent, respectively) and the urban rate is lower than the rural rate (at 37.7 and 48.2 per cent, respectively).

Figure 5.1 Youth unemployment rates by sex and area of residence



Source: MONSTAT, SWTS 2015.

When using the broad definition of unemployment (explained in section 3.3 and Annex I) – which also includes those youth who are not actively seeking work – the youth unemployment rate increases to 46.5 per cent. Under the broad definition, one in two economically active young males in the country (49.6 per cent) and more than one in two in rural areas (52.1 per cent) are unemployed.

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

²⁵ Source of data: The Centre of Public Employment Services of Southeast European Countries/CPESSSEC, <http://www.cpessec.org/statistics.php#table2>.

In Montenegro, as in other countries in the region (as well as in the EU as a whole; see ILO, 2015), youth unemployment rates are higher among youth with low levels of education in comparison to those with higher education. The unemployment rate of a youth with only primary-level education is double that of a young person with a tertiary degree (65.2 and 32.0 per cent, respectively) (table 5.1).

Table 5.1 Youth unemployment rates by level of completed education (%)

Level of education	Total	Male	Female
Less than primary (including no schooling)	42.8	45.5	–
Primary	65.2	61.4	74.2
Vocational (secondary)	48.7	51.4	43.3
Secondary	54.5	59.6	47.2
Post-secondary vocational	18.3	14.4	30.1
Tertiary	32.0	33.9	30.7

Notes: – indicates response rate too small to make reliable estimates. Only youth with completed education are included (i.e. excluding current students).

Source: MONSTAT, SWTS 2015.

5.1 Job search

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

Table 5.2 Unemployed youth by duration of job search

Duration	Total		Male		Female	
	Number	%	Number	%	Number	%
Less than a week	159	0.7	159	1.1	0	0.0
1 week to less than 1 month	1 241	5.6	728	5.2	513	6.2
1 month to less than 3 months	2 341	10.5	1 207	8.6	1 134	13.6
3 months to less than 6 months	1 798	8.0	1 220	8.7	578	6.9
6 months to less than 1 year	1 136	5.1	682	4.9	454	5.5
1 year to less than 2 years	3 848	17.2	2 320	16.5	1 528	18.4
2 years or more	11 829	52.9	7 717	55.0	4 112	49.4
Total	22 352	100.0	14 033	100.0	8 319	100.0

Source: MONSTAT, SWTS 2015.

Which methods are utilized by youth in seeking an appropriate, or any kind of, job? Based on the SWTS results, the majority of unemployed youth (76.3 per cent) are registered with an employment agency, but they also frequently ask friends and/or relatives for information and support (54.4 per cent), answer job advertisements (19.0 per cent) or make direct enquiries at enterprises (25.7 per cent) (table 5.3). These methods are those most frequently used by both unemployed youth and currently employed youth (to find their current job) although, for the currently employed, asking friends or relatives – i.e. applying

informal methods – would seem to be the most successful strategy (28.2 per cent of the employed found their jobs in this way).

Table 5.3 Job search method of unemployed and employed youth

Job search method	Employed		Unemployed	
	Number	%	Number	%
Registered at an employment centre	3 895	14.4	17 044	76.3
Placed/answered job advertisements	5 611	20.7	4 255	19.0
Inquired directly at factories, farms or other workplaces	2 459	9.1	5 752	25.7
Took a test or an interview	3 593	13.3	2 367	10.6
Asked friends/relatives	7 626	28.2	12 157	54.4
Waited on the street to be recruited for casual work	117	0.4	179	0.8
Sought financial assistance to look for work	390	1.4	135	0.6
Looked for land/machinery to start own business or farming	259	1.0	48	0.2
Applied for permit or licence to start a business	422	1.6	85	0.4
Joined the family establishment	1 948	7.2	–	–
Other method	729	2.7	315	1.4
Total	27 049	100.0		–

Notes: – indicates response rate too small to make reliable estimates. Multiple responses were allowed for job-search methods of unemployed youth. Employed youth identified how they searched for their current job.

Source: MONSTAT, SWTS 2015.

5.2 Obstacles to finding work

Asked to identify what they considered to be the main obstacle to finding work, most unemployed youth thought that there were simply not enough jobs available (73.3 per cent) (table 5.4). A total of 7.8 per cent felt that their lack of work experience was their greatest challenge and 7.2 per cent felt that they were underqualified for the jobs available. Other reasons, such as low wages, poor working conditions or being too young all received less than 5 per cent of the responses.

Table 5.4 Unemployed youth by opinion of main obstacle to finding work

Main obstacle	Number	%
Requirements for jobs were higher than qualifications	1 592	7.2
Not enough work experience	1 720	7.8
Not enough jobs available	16 174	73.3
Considered too young	520	2.4
Discriminatory prejudices	82	0.4
Low wages in available jobs	708	3.2
Poor working conditions	538	2.4
Did not know how or where to seek work	339	1.5
Other reasons	399	1.8
Total	22 072	100.0

Source: MONSTAT, SWTS 2015.

Only 3.2 per cent of surveyed unemployed youth cited “low wages in available jobs” as an important obstacle to finding work. Moreover, the survey shows that income expectations

of unemployed youth are very modest, much lower than the average monthly net salary in Montenegro.

The SWTS data shows that a significant number of unemployed youth (10.0 per cent) had refused a job at one time. The reasons for refusing offered jobs are shown in table 5.5. The principal concerns expressed and reasons given for job refusals are based on the level of wages: 48.9 per cent of those who refused a job did so because the wage offered was too low (53.7 per cent for males and 38.6 per cent for females). Other relatively frequent reasons were “waiting for a better job offer” (15.6 per cent), that the work was not interesting (14.6 per cent) and a mismatch between qualifications and jobs requirements (10.3 per cent).

Table 5.5 Unemployed youth who had refused a job by reason of refusal

Reason	Total		Male		Female	
	Number	%	Number	%	Number	%
Wages offered were too low	1 098	48.9	826	53.7	272	38.6
Work was not interesting	327	14.6	246	16.0	81	11.5
Location was not convenient	116	5.2	75	4.9	41	5.8
Work did not match level of qualifications	232	10.3	134	8.7	98	13.9
Family did not approve of the job offered	122	5.4	79	5.1	43	6.1
Waiting for a better job offer	349	15.6	179	11.6	170	24.1
Total	2 244	100.0	1 539	100.0	705	100.0

Source: MONSTAT, SWTS 2015.

This survey investigates the relationship between the occupations sought by unemployed youth and the current occupational distribution of employed youth, in order to judge whether there is a possible mismatch in expectations. No significant discrepancy can be seen. The most common occupations of employed youth are, at the same time, the occupations most frequently sought by the unemployed youth (table 5.6). Although Governmental strategic documents recognize agriculture as a target sector for development in Montenegro, almost no unemployed youth are currently seeking work in an agricultural occupation (0.3 per cent of unemployed youth).

Table 5.6 Distribution of occupations sought by unemployed youth and occupational distribution of employed youth

ISCO-08	Unemployed		Employed	
	Number	%	Number	%
Managers	–	–	249	0.8
Professionals	3 092	13.8	5 217	16.4
Technicians and associate professionals	3 746	16.8	5 962	18.7
Clerks	1 567	7.0	2 518	7.9
Service and sales workers	6 753	30.2	10 383	32.6
Skilled agricultural, forestry and fishery workers	67	0.3	349	1.1
Craft and related trade workers	1 648	7.4	2 316	7.3
Plant and machine operators, and assemblers	2 157	9.6	2 820	8.9
Elementary occupations	469	2.1	1 778	5.6
Armed forces	–	–	235	0.7
Not available	2 858	12.8	–	–
Total	22 357	100.0	31 827	100.0

Note: – indicates response rate too small to make reliable estimates.

Source: MONSTAT, SWTS 2015.

Regarding the occupations sought by the unemployed, there are some differences between male and female unemployed youth (table 5.7). An occupation within the category “professional” is much more frequently sought by female than male unemployed youth (23.0 per cent in comparison to 8.4 per cent). Also, a higher percentage of female unemployed youth looks for “service and sales work” positions than male (39.3 per cent in contrast to 24.8 per cent); but male unemployed youth are more oriented towards “craft and related trade” occupations (11.7 per cent in comparison to zero), and towards “plant and machine operators” (15.0 per cent compared to just 0.6 per cent).

Table 5.7 Unemployed youth by occupation sought by sex

ISCO-08	Male		Female	
	Number	%	Number	%
Professionals	1 177	8.4	1 915	23.0
Technicians and associate professionals	2 164	15.4	1 582	19.0
Clerical support workers	922	6.6	645	7.8
Service and sales workers	3 483	24.8	3 270	39.3
Skilled agricultural, forestry and fishery workers	67	0.5	0	0.0
Craft and related trade workers	1 648	11.7	0	0.0
Plant and machine operators, and assemblers	2 103	15.0	54	0.6
Elementary occupations	345	2.5	124	1.5
Not available	2 126	15.1	731	8.8
Total	14 035	100.0	8 321	100.0

Source: MONSTAT, SWTS 2015.

5.3 Discouraged youth

Discouraged workers are defined as those who are not working and who have expressed a desire to work but are not seeking work for a range of reasons which imply that they feel that undertaking a job search would be a futile effort (Elder et al., 2015). The term is frequently used for advocacy purposes, presented as a growing phenomenon among youth during the global economic crisis and a danger to national prosperity and security. But the reality is that numbers of discouraged young workers are usually not high. In Montenegro, discouraged workers account for 7.5 per cent of unemployed youth (broad definition) and 1.6 per cent of the youth population. More than three in four (77.2 per cent) of discouraged youth in Montenegro are male.

Table 5.8 shows the reasons for not actively seeking work among youth who are not working but are available to work. The categories highlighted in grey are those which fall among reasons classified as “discouragement”. These results show in greater detail the fact that young men are more likely than women to cite an inability to find work in the area of residence, having looked previously for work and not found anything and not knowing where to look for work. A factor that could help to explain the gender differences in rates of youth

discouragement is the tendency for females to fall outside the labour market more readily than males, in keeping with traditional gender roles (i.e. to take care of the household).²⁶

Table 5.8 Youth without work, available for work but not actively seeking work by reason for not seeking work

Reason	Total		Male		Female	
	Number	%	Number	%	Number	%
Waiting for the results of a job application	377	7.1	93	3.2	284	12.1
Awaiting the season for work	29	0.5	29	1.0	0	0.0
Education leave or training	1 831	34.5	870	29.6	961	40.8
Personal family responsibilities	755	14.3	203	6.9	552	23.4
Pregnancy, maternity or paternity leave	83	1.6	39	1.3	44	1.9
Own illness, injury or disability	104	2.0	104	3.5	0	0.0
Do not know how and where to seek work	501	9.5	364	12.4	137	5.8
Unable to find work to match skills	531	10.0	239	8.1	292	12.4
Had looked for jobs before but had not found any	369	7.0	369	12.5	0	0.0
Too young to find a job	0	0.0	0	0.0	0	0.0
No jobs available in the area	678	12.8	633	21.5	45	1.9
Other reason	41	0.8	0	0.0	41	1.7
Total	5 299	100.0	2 942	100.0	2 357	100.0

Source: MONSTAT, SWTS 2015.

Aside from reasons implying discouragement, the majority of unemployed youth who were not actively seeking work said they were on education leave or training (34.5 per cent) or cited personal family responsibilities (14.3 per cent). Another relatively frequently mentioned reason was awaiting the results of a job application (7.1 per cent).

6. Stages of transition

6.1 Concepts and definitions²⁷

The preceding sections analysed youth with respect to their current activity status. Another means of classifying youth is to group them according to where they stand in relation to their transition into the labour market. 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 also relates to qualitative factors, such as whether the job is stable (measured by contract type).

The SWTS is designed to apply a stricter definition of “stable employment” than is typically used. 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

²⁶ See Elder and Kring (2016) for an investigation of gender issues in the school-to-work transitions of young people.

²⁷ This section was primarily drafted by the ILO.

employment contract, the SWTS analytical framework introduces a new qualitative element to the standard definition of labour market transition. However, as seen in previous sections, not all young people in Montenegro 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.

More specifically, labour market transition is defined as the passage of a young person (aged 15–29) from the end of schooling (or entry to first economic activity) to the first stable or satisfactory job.²⁸ The definition acknowledges the transitory state of current students and also the subjectivity of job satisfaction. The transition is thus considered to be complete only when a young person has attained a stable job based on a written contract of duration greater than 12 months or oral agreement with likelihood of retention or has attained a satisfactory temporary job judged on the young respondent’s willingness to stay there.

The stages of transition are defined as follows:

- I. **Transited** – A young person who has “transited” is one who is currently employed and not in school in:
 - i. a stable job
 - a. based on a written contract of at least 12 months’ duration, or
 - b. based on an oral agreement and likely to keep the job over the next 12 months;
 - ii. a satisfactory temporary job
 - a. based on a written contract of less than 12 months’ duration and does not want to change the job, or
 - b. based on an oral agreement, not certain to keep the job over the next 12 months and does not want to change the job; or
 - c. satisfactory self-employment (in self-employed status and does not want to change the job).
- II. **In transition** – A young person still “in transition” is one who is currently:
 - i. an active student (employed or unemployed);
 - ii. unemployed (non-student, broad definition);
 - iii. employed in a temporary and non-satisfactory job
 - a. based on a written contract of less than 12 months’ duration and wants to change the job, or
 - b. based on an oral agreement, not certain to keep the job over the next 12 months and wants to change the job;
 - iv. in non-satisfactory self-employment (in self-employed status and wants to change the job); or
 - v. inactive and not in education or training, with the aim of looking for work later.

²⁸ Based on their experience in analysing data from 2012–2013 SWTS data sets, the ILO made slight revisions to the methodology for calculating the stages of transition. The justification for these revisions, based on lessons learned in the analyses, is summarized in ILO (2015), Chapter 4.

- III. **Transition not yet started** – A young person whose status is “transition has not yet started” is one who is currently:
- i. still in school and inactive (inactive student); or
 - ii. inactive and not in education or training (inactive non-student), with no intention of looking for work.

Two elements of this classification are noteworthy. First, the stages of transition span across the boundaries of economic activity as defined in the standard labour force framework.²⁹ The “transited” category includes a sub-set of youth classified as employed; the remaining employed fall within the category of “in transition”, which includes those who fall under the strict definition of unemployed and portions of the inactive (namely, those without work, available for work but not actively seeking work³⁰ and inactive non-students who have stated an intention to join the labour force at a later stage). The “transition not yet started” category is the residual of the inactive population.

Second, the stages of transition are not intended to be a normative framework. Because of the inclusion of youth in satisfactory self-employment and satisfactory temporary employment, one cannot say that all young people in the transited category have transited to a “good” job. In fact, many young people in self-employment – the own-account workers and unpaid family workers – are engaged in the informal economy and, by definition, make up the bulk of the country’s share of irregularly employed. Yet they have expressed a degree of satisfaction with their job, and they are likely to have finished their transition in the sense that they will remain in the self-employed classification for the remainder of their working lives.

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

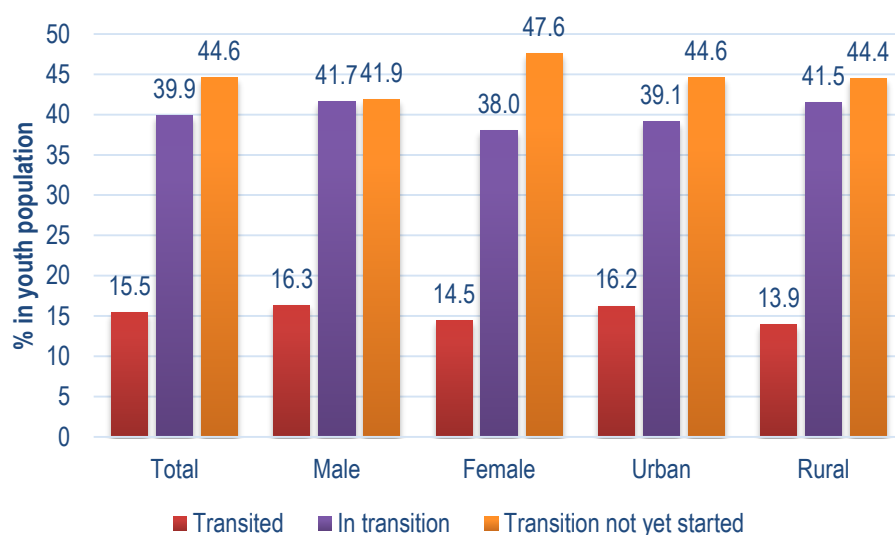
6.2 Stages of transition

Nearly half of the youth population in Montenegro (44.6 per cent) had not yet started their transition at the time of the survey. Of those who have started their school-to-work transition, most spend a long time in the transition stage. Only 15.5 per cent of youth are classified as having completed their transition, with the remaining 39.9 per cent of the youth population in transition. Young men are more likely than young women to have completed the transition or to remain in transition, while young females are more likely than men to fall into the category of transition not yet started. Transition rates are higher in urban than rural areas (16.2 and 13.9 per cent, respectively), but shares in the other categories are similar (figure 6.1).

²⁹ The international guidelines for measuring statistics on the economically active population, set out by the 13th International Conference of Labour Statisticians (ICLS) in 1982, provide the framework for measuring who is counted as employed and as unemployed according to the economic production boundaries set out by the System of National Accounts.

³⁰ This is the portion added to the “strictly” unemployed category to make up the unemployed according to the broad definition.

Figure 6.1 Youth population by stage of transition



Source: MONSTAT, SWTS 2015.

Table 6.1 provides some additional details on stages of transition across various characteristics of youth.

Table 6.1 Distribution of stages of transition by selected characteristics

Characteristics		Transited		In transition		Transition not yet started	
		Number	%	Number	%	Number	%
Sex	Male	10 926	55.8	27 797	55.0	27 912	49.5
	Female	8 655	44.2	22 742	45.0	28 476	50.5
Age group	15–19	756	3.9	7 585	15.0	34 905	61.9
	20–24	5 885	30.1	19 609	38.8	17 330	30.7
	25–29	12 940	66.1	23 346	46.2	4 153	7.4
Household income level	Well off	2 683	13.7	4 923	9.7	6 251	11.1
	Fairly well off	2 487	12.7	3 386	6.7	6 387	11.3
	Around the average	11 448	58.5	25 546	50.5	32 453	57.6
	Fairly poor	1 609	8.2	8 158	16.1	6 837	12.1
Level of completed education	Poor	1 354	6.9	8 525	16.9	4 459	7.9
	Less than primary (including no schooling)	287	1.5	1 365	3.5		
	Primary	487	2.5	3 666	9.4		
	Vocational (secondary)	11 224	57.3	24 177	61.9		
Total	Secondary	523	2.7	2 003	5.1		
	Post-secondary vocational	692	3.5	309	0.8		
	Tertiary	6 369	32.5	7 554	19.3		
Total		19 581		50 539		56 388	

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

Source: MONSTAT, SWTS 2015.

Differences between the sexes and areas of residence have already been discussed. Regarding the distribution of stages of transition across the age groups, the results are logical, with the older youth (between 25 and 29 age) having the highest share of completed transitions (66.1 per cent) while young adolescents (15–19) make up 61.9 per cent of the category transition not yet started. Regarding household income level, youth from well-off households do seem to have a slight advantage in completing the transition, as do youth who obtained the higher levels of education.

6.2.1 Transition not yet started

Who are the youth who have not yet started their transition? Almost all of them (95.8 per cent) are inactive students (table 6.2). It is only among young females that the share of inactive non-students with no plans to work in the future takes a non-negligible share of 6.6 per cent (3.2 per cent of the total female youth population).

Table 6.2 Youth who have not yet started their transition

Sub-category	Total		Male		Female	
	Number	%	Number	%	Number	%
Inactive students	54 040	95.8	27 453	98.4	26 587	93.4
Inactive non-students with no plans to work	2 348	4.2	459	1.6	1 889	6.6
Total	56 388	100.0	27 912	100.0	28 476	100.0

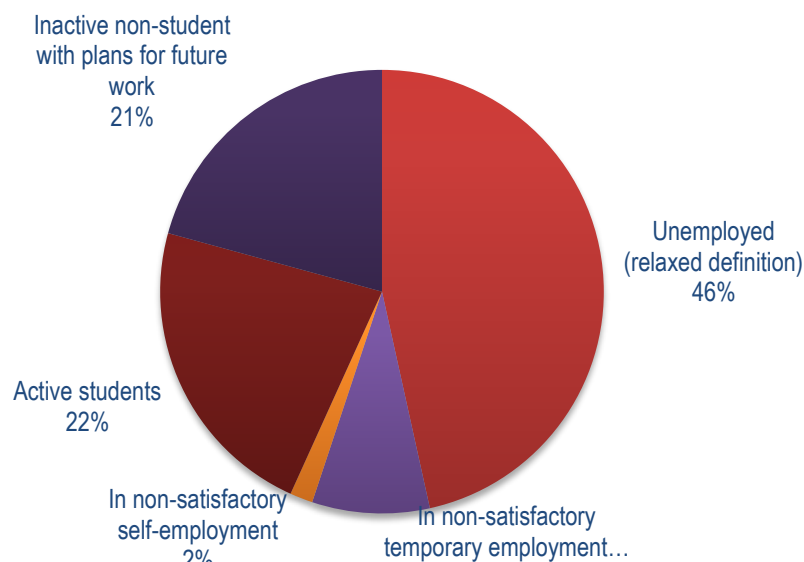
Source: MONSTAT, SWTS 2015.

6.2.2 Young people in transition

Youth in transition deserve particular attention. They are divided into the following sub-categories: unemployed (broad definition), in non-satisfactory temporary employment, in non-satisfactory self-employment, active students and inactive non-students with plans for future work. The distribution of youth in transition by sub-categories is presented in figure 6.2.

Among youth who remain in transition, young men are primarily unemployed (22.6 per cent of the male youth population compared to 13.8 per cent of young females) (table 6.3). There is also a higher male share among those remaining in transition due to engagement in a non-satisfactory temporary or self-employed job (4.6 per cent of young men compared to 3.6 per cent of young women). In contrast, there are larger shares of young women in the categories of active students (combining school with employment or looking for work) and inactive non-students with plans to work in the future (10.3 and 10.4 per cent of young women, respectively).

Figure 6.2 Sub-categories of youth in transition



Source: MONSTAT, SWTS 2015.

Table 6.3 Youth in transition by sub-category and selected characteristics (% in youth population)

Characteristics		Unemployed (relaxed definition)	In non-satisfactory temporary employment	In non-satisfactory self-employment	Active students	Inactive non-students with plans to work in future	Total in transition
Sex	Male	22.6	3.6	1.0	7.9	6.6	41.7
	Female	13.8	3.3	0.3	10.3	10.4	38.0
Area of residence	Rural	16.5	3.7	0.4	10.2	8.3	39.1
	Urban	22.2	3.0	1.2	6.8	8.5	41.6
	Well off	7.2	5.2	1.2	12.4	9.6	35.5
Household income level	Fairly well off	5.9	2.4	0.8	10.3	8.2	27.6
	Around the average	15.8	3.5	0.3	9.9	7.3	36.8
	Fairly poor	29.1	3.1	0.0	5.4	11.4	49.1
	Poor	40.0	2.9	2.7	4.9	8.9	59.5
Level of completed education	Less than primary (including no schooling)	25.2	5.8	0.0	–	33.3	64.4
	Primary	36.0	3.6	2.5	–	26.5	68.6
	Vocational (secondary)	41.6	6.0	1.6	–	18.1	67.3
	Secondary	43.0	8.6	1.3	–	21.5	74.2
	Post-secondary vocational	26.3	0.0	0.0	–	4.6	30.9
	Tertiary	32.0	11.9	0.9	–	9.5	54.3
Total		18.4	3.5	0.7	9.1	8.4	39.9

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

Source: MONSTAT, SWTS 2015.

In terms of links to household income, youth from poorer households are more likely to remain in transition compared to youth from well-off households, with the difference

primarily resulting from the significantly higher tendencies for unemployment among youth from lower income households. Forty per cent of youth from poor households are unemployed compared to 7.2 per cent of youth from well-off households. Finally, the results show that youth with the lower levels of education are those most likely to be currently inactive with the intention of future engagement in the labour market (26.5 per cent of youth with primary education compared to 9.5 per cent with tertiary education). The more highly (tertiary) educated youth are those with the largest share in non-satisfactory temporary employment (11.9 per cent), which could imply that the highly educated youth are those who are most likely to take up temporary employment in the absence of a permanent job but still aspire to something more stable. It could be that the less well educated youth have lower expectations of gaining stable employment (this will be further tested in the discussion of transited youth). Self-employment is therefore shown to be more the domain of the less educated youth in Montenegro.

6.2.3 Young people who have completed their transition

Out of the total youth population, only 15.5 per cent have completed their school-to-work transition. This group can be split into three categories: those who have transited to stable employment (10.2 per cent), those who are in satisfactory, but temporary employment (4.2 per cent) and those who are in satisfactory self-employment (1.1 per cent) (table 6.4). Comparing the distribution of transited youth across categories shows that more young men than young women manage to complete the transition to stable employment (11.0 and 9.3 per cent, respectively). Youth in urban areas are more likely to transit to stable employment (11.5 per cent compared to 7.6 per cent in rural areas).

Table 6.4 Transited youth by sub-category and selected characteristics (% in youth employment)

Characteristic		Transited to stable employment	Transited to satisfactory temporary employment	Transited to satisfactory self-employment	Total transited
Sex	Male	11.0	4.1	1.3	16.4
	Female	9.3	4.3	0.9	14.5
Area of residence	Urban	11.5	3.5	1.2	16.2
	Rural	7.6	5.5	0.9	14.0
	Well off	13.7	2.9	2.8	19.4
Household income level	Fairly well off	13.6	4.9	1.8	20.3
	Around the average	10.9	4.5	1.1	16.5
	Fairly poor	5.4	4.3	0.0	9.7
	Poor	6.1	3.0	0.4	9.4
Level of completed education	Less than primary (including no schooling)	11.4	0.0	2.1	13.5
	Primary	5.2	2.0	1.9	9.1
	Vocational (secondary)	22.4	6.2	2.6	31.2
	Secondary	9.3	10.1	0.0	19.4
	Post-secondary vocational	31.2	23.3	14.6	69.1
	Tertiary	27.0	17.5	1.3	45.7
Total		10.2	4.2	1.1	15.5

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

Source: MONSTAT, SWTS 2015.

Youth from well-off households are twice as likely to complete the transition compared to those from poor households (19.4 and 9.4 per cent, respectively) and also show an advantage in terms of attaining stable employment. The advantage conferred by investment in education is even more pronounced. While still more likely to remain in transition than to have completed the transition (table 6.4), as many as 45.7 per cent of tertiary educated youth have completed their labour market transition – 27.0 per cent to stable employment – compared to 9.1 per cent of youth with primary level education (and 5.2 per cent in stable employment).

With the majority of youth in Montenegro finishing their education at the secondary vocational level, it is interesting to see where youth emerging from education at that level end up: 22.4 per cent have completed their transition to stable employment, 6.2 per cent to satisfactory temporary employment and 2.6 per cent to satisfactory self-employment. The main difference here compared to the tertiary graduate is the latter's higher share in satisfactory temporary employment (17.5 per cent) and lower share in unemployment (table 6.4). The most readily transited, however, seem to be youth graduating with post-secondary vocational training (69.1 per cent overall and including 14.6 per cent who took up satisfactory self-employment). The policy message here is that it could potentially be worthwhile to encourage more youth to follow this track.

The SWTS data also show the occupational distribution of transited youth across the various subcategories (table 6.5). Youth in stable employment have the largest share in service and sales work (31.4 per cent), while youth in satisfactory temporary work seem to be working principally as professionals or technicians, with only 19.3 per cent in service or sales work. Youth in satisfactory self-employment have a higher representation among craft work, plant and machine operators and in the elementary occupations than the other categories, although the majority are also in service and sales work (32.7 per cent).

Table 6.5 Transited youth by sub-category and occupation

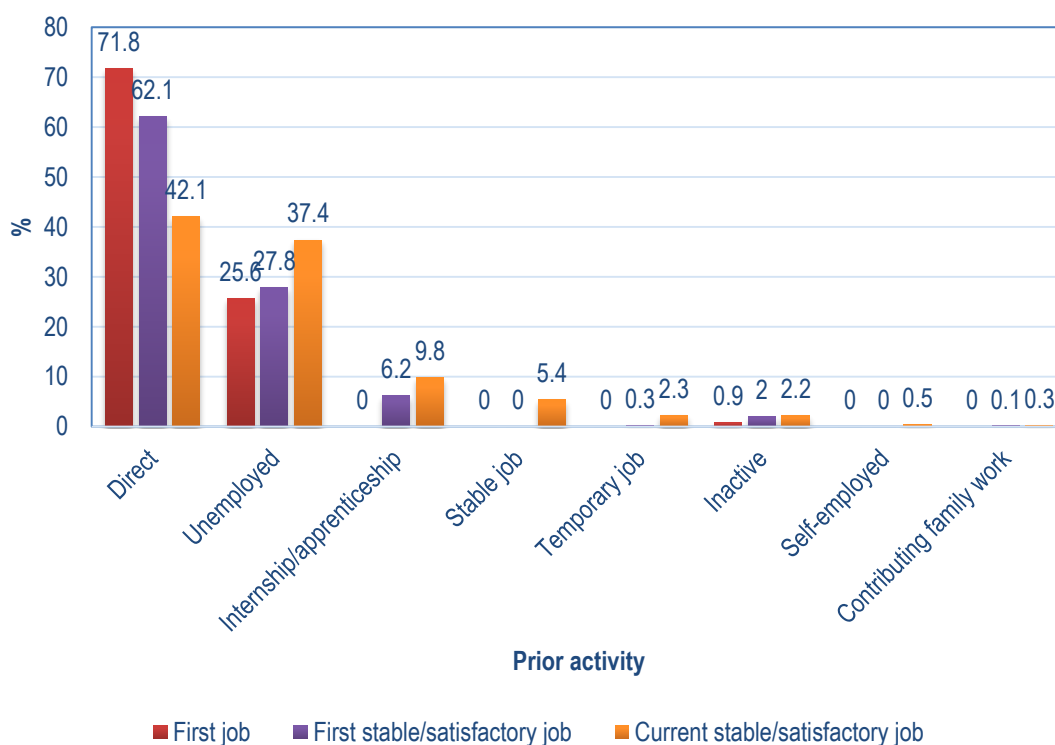
ISCO-08	Stable employment		Satisfactory temporary employment		Satisfactory self-employment	
	Number	%	Number	%	Number	%
Managers	–	–	–	–	157	11.2
Professionals	1 664	12.9	1 592	30.1	113	8.1
Technicians and associate professionals	2 934	22.8	1 307	24.7	153	10.9
Clerks	605	4.7	624	11.8	–	–
Service and sales workers	4 048	31.4	1 019	19.3	459	32.7
Skilled agricultural, forestry and fishery workers	85	0.7	–	–	35	2.5
Craft and related trade workers	1 199	9.3	191	3.6	233	16.6
Plant and machine operators, and assemblers	1 503	11.7	520	9.8	149	10.6
Elementary occupations	620	4.8	34	0.6	104	7.4
Armed forces	235	1.8	–	–	–	–
Total	12 893	100.0	5 287	100.0	1 403	100.0

Source: MONSTAT, SWTS 2015.

6.3 Transition paths and lengths of transition

The ability to review the historical path of economic activities of youth who have completed the transition is one of the SWTS’s biggest values added. Using the historical path, it is possible to identify the labour market categories held by the young person prior to transiting to stable or satisfactory employment, as well as prior to the first job. Figure 6.3 shows that the majority of transited youth attained their current stable and/or satisfactory job either following a period of unemployment (37.4 per cent) or as their first labour market experience – i.e. directly (42.1 per cent). Regarding the transition to a first stable/satisfactory job (meaning that some persons left that job and moved to another job or a different labour market situation), an even greater number moved directly (62.1 per cent) and 27.8 per cent found the job after a period of unemployment. Almost 10 per cent of the youth managed to obtain a stable and/or satisfactory employment after having an apprenticeship or internship, which gives favourable indications of the potential for an apprenticeship system. Very few transited directly from a period of inactivity, self-employment or contributing family work.

Figure 6.3 Flows to stable and/or satisfactory employment (“transited” category) and to first job



Source: MONSTAT, SWTS 2015.

Table 6.6 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 the 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 (so that the first job ≠ first transited job ≠ current transited job). In a country like Montenegro, with its very high unemployment rates, a high frequency of

jumping between jobs would not be expected, so the average transition lengths within the sub-categories should not vary widely (recalling figure 6.3 where 42.1 per cent of transited youth attained that job as their first labour market experience).

Table 6.6 Average lengths of labour market transitions from school graduation by sex (months)

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

Source: MONSTAT, SWTS 2015.

The results show that it takes a young person, on average, 20.8 months, or almost two years, from the time of graduation to attainment of a first job that is deemed to be either stable or satisfactory. Excluding the number of youth who moved directly to that first transited job (as their first labour market experience after graduation), results in the average length jumping to more than two years (27.5 months). In both instances, it takes young men longer than young women to make the transition from school to work.

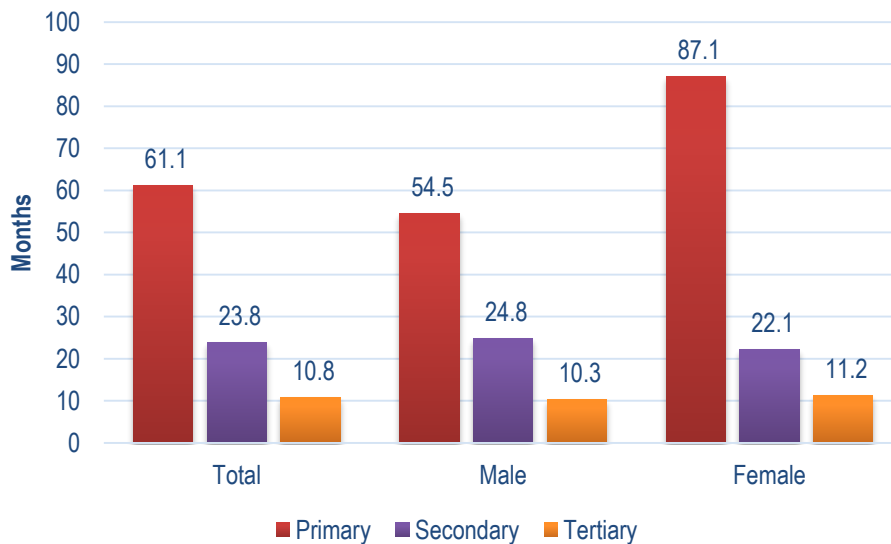
Some youth continue their pathway in the labour market even after attaining a first transited job – perhaps they are made redundant/dismissed from the job or leave to have children or for other reasons.³¹ Regardless of the specific reason, it therefore makes sense that the average length to current transited jobs is longer than the length to the first transited job. In Montenegro, it took a young person an average of 29.4 months (2.5 years) to complete the transition from school to the current transited job (31.2 months for young men and 27.2 months for young women). Excluding those who moved directly to the current transited job causes the transition duration to rise to as long as 33.4 months. Whichever form of measure is applied, it is clear that the labour market in Montenegro has a significant problem in absorbing its emerging young graduates effectively. The economic and social costs of financially supporting so many youth through the lengthy transition periods are a clear hindrance to the growth potential of the country.

Finally, figure 6.4 shows the advantage that education brings to the school-to-work transitions of youth in Montenegro. The transition length to a first stable/satisfactory job is halved for those youth who graduated with a tertiary degree compared to a secondary degree (10.8 and 23.8 months, respectively). Youth with primary education only can take as long as 61 months to complete the transition. The very lengthy transition of youth with low levels of education can be partly explained by their much earlier age of school leaving, but the question of what those youth do during the long interim period remains to be answered. Given the much longer transition periods of primary educated young females, it is probable that much of the interim period is spent looking after the household, dependent on the income brought in by other household members or with state support. A future investigation should specifically consider the characteristics of youth in this category, since they are likely

³¹ The Work4Youth team will soon put out a technical brief examining the reasons why young people leave a job that they deemed to be satisfactory and stable. Interested readers should check the website: www.ilo.org/w4y.

to the most disadvantaged youth in the country in terms of opportunities and therefore in the greatest need of early intervention.

Figure 6.4. Average lengths of labour market transitions from school graduation to first stable and/or satisfactory job by level of completed education and sex (months)



Source: MONSTAT, SWTS 2015.

7. Relevant policy framework and youth employment policy implications

7.1 Policy framework

7.1.1 National framework for European integration

After the referendum on independence in May 2006, Montenegro accelerated its European Integration process. In October 2007, Montenegro signed the Stabilization and Association Agreement with the EU; in 2008 the application for EU membership was submitted and in 2010 the country received candidate status for EU membership from the Council of the European Union. Negotiations on accession to the EU began in June 2012. So far, by the beginning of 2016, Montenegro has opened 22 negotiating chapters, with two of them provisionally closed.³² The key challenge of preparation for EU membership – the harmonization of national legislation with the EU acquis – will, in the future, shift to the process of implementing the newly adopted reformed legislation. According to the Government’s plans, Montenegro aims to achieve internal readiness for EU membership by the end of 2018, i.e. aligning its legislative framework with the EU acquis and establishing

³² In total, accession negotiations to EU membership have 35 negotiation chapters.

appropriate administrative capacity for the effective implementation of legislation. Accession negotiations could then be concluded in the next few years.

The legislative framework covering the labour market and employment has been significantly redesigned with the goal of greater harmonization with EU standards. Further harmonization processes will be in accordance with the negotiations relating to Chapter 19 – Social Policy and Employment. The particular Action Plan for this chapter was adopted by the Government in March 2015. This legal framework covers: labour law, social dialogue, protection of workers in the event of unemployment, companies, peaceful settlement of labour disputes, health and safety at work, employment and unemployment insurance, professional rehabilitation and employment of persons with disabilities, employment and work of foreigners in Montenegro.

7.1.2 Economic development policy

The overall objective of Montenegrin economic policy in the period 2016–2018 is “intense and sustainable economic growth with job creation”.³³ In order to ensure the growth of competitiveness of the Montenegrin economy, the Government plans to continue with the process of structural reforms and infrastructure development, as a precondition for enhanced growth. The previous model of economic growth in Montenegro was based mainly on foreign direct investment and, although the country has undergone a further period of economic growth over the past couple of years, this kind of development does not bring about significant positive changes in the labour market, such as increasing the employment rate.

Key potential sectors for promoting the growth of the Montenegrin economy, based on strategic documents of the Government of Montenegro, are tourism, energy, agriculture and rural development as well as the manufacturing industry. In parallel, key problematic issues are identified as the unfavorable structure of Montenegro’s economy, the low rate of labour force activity and a high deficit in the balance of payments caused by a significant drop in foreign trade.³⁴ The Government’s economic policy priorities over the next three years include: further development of transport infrastructure, establishing fiscal sustainability, promoting a favourable investment environment, the systematic reduction of informal employment, the creation of conditions for the growth and development of small and medium-sized enterprises (SMEs) and the strengthening and improvement of human resources.

Regarding the plans for future economic development, the strategic document Montenegro Development Directions 2015–2018 is modelled on the Europe 2020 Strategy (see box 2) and defines three areas of development: smart, sustainable and inclusive growth.³⁵ Smart growth is related to innovation, digitization and mobility of young people,

³³ Government of Montenegro, Economic Reform Programme 2016–2018, available in Montenegrin language.

³⁴ Ibid.

³⁵ This approach is obligatory for all EU Member States as well as candidate countries for EU membership. These documents are a precondition for the allocation of resources from the structural funds (for EU Member States) or Instrument for Pre-accession Assistance (IPA) for candidate countries, such as Montenegro.

while sustainable growth represents improved resource efficiency and industrial policy. Inclusive growth is aimed at increasing employment and reducing poverty. It means increasing the rate of employment (providing more jobs and better jobs, especially for women, young people and older workers), including people of all ages in participating and managing changes by investing in skills and training and the modernization of the labour market and social protection system, taking into account EU standards.

7.1.3 Labour and employment policies

The strategic development framework of Montenegro's labour market policy is harmonized with the obligations of the EU accession process. In this respect, the structural reforms implemented in the labour market are directed by the aims defined in the Europe 2020 strategy. The legal framework has also been improved with the revision of the Labour Law, the signing of the new General Collective Agreement and the strengthening of the tripartite social dialogue, through the national Social Council and local social councils. The "Law on volunteerism" was reviewed, as was the "Law on peaceful settlement of labour disputes".

Box 2. Inclusive growth goals at EU level

The EU's goal for inclusive growth includes the following targets:

- By 2020, the employment rate of women and men, between the ages of 20 and 64, should amount to 75 per cent, a figure which can be achieved by promoting greater involvement in the labour market of specific groups, particularly women, youth, the elderly, highly qualified workers and legal migrants;
- Better education, through: (i) reducing drop-out rates to below 10 per cent; (ii) at least 40 per cent of the people between the ages of 30 and 34 completing tertiary education (or its equivalent); and
- 20 million fewer people living in poverty.

To achieve these goals, the EU has rolled out two initiatives:

- i. The **Agenda for new skills and jobs** includes:
 - For individuals, assistance for the acquisition of new skills, adaptation to a changing labour market and the implementation of successful career changes; and
 - Collectively, the modernization of the labour market with the aim of raising the level of employment, reducing unemployment, increasing labour productivity and ensuring the sustainability of social models.
- ii. The **European Platform Against Poverty** advocates:
 - Economic, social and territorial cohesion;
 - Respect for the fundamental rights of the poor and socially excluded, enabling them to live with dignity and be active participants in society; and
 - Assistance to promote integration of disadvantaged groups in the communities where they live, providing training and assistance to find work and access social benefits.

Source: European Commission: *Europe 2020: A strategy for smart, sustainable and inclusive growth* (Brussels, 2010).

The influence of public policies on the labour market and employment is not straightforward. Employment policy covers all aspects of economic policy that have direct or indirect impact on the labour force and employment (fiscal policy, education policy, regional development policy, entrepreneurship development policies, social policies, etc.). In the context of the focus on inclusive growth in both the Europe 2020 strategy and the South East Europe 2020 strategy (SEE 2020) (see boxes 2 and 3), strategic documents of the

Government of Montenegro recognize the need to further strengthen employment, education and training, as well as the social welfare system, increase the working population and reduce structural unemployment. Also of great importance is the implementation of the flexicurity principles, enabling people to acquire the skills to adapt to new conditions and potential career changes. In relation to these goals, additional efforts should be made to combat poverty and social exclusion and to further improve health, in order to ensure that all people benefit from economic growth.³⁶

Box 3. South East Europe 2020 strategy (SEE 2020)

Taking the EU 2020 strategic document as a starting point, and addressing the need of the South East Europe region for prosperity and new job openings, another strategic document has been developed – South East Europe 2020 Strategy (SEE 2020): Jobs and Prosperity in a European Perspective – as a regional response to the challenges in terms of development prospects.

As in the EU 2020 strategy, the SEE 2020 also defines a set of interrelated priorities, which form the focus of the socio-economic policies of each country of the region and are important elements of the pre-accession process:

- Integrated growth – encouraging regional trade and investment links and non-discriminatory, transparent and predictable policies.
- Smart growth – development of competitiveness, relying on the increased value of the product, instead of on lower labour force costs.
- Sustainable growth – by raising the competitiveness of the private sector (infrastructure development, energy efficiency and green jobs).
- Inclusive growth – through skills development, new jobs creation and the inclusive labour market participation, health and well-being of the population.
- Governance for growth – by increasing the capacity of national governments to strengthen the rule of law and reduce corruption in order to create a more favourable environment for business.

Within the “Inclusive growth” pillar, particular attention is given to the specific dimension of “Employment”. This dimension addresses labour mobility, labour market governance and promotion of social economy activities as the main priorities.

Labour mobility focuses on the creation of a regional consultancy process on mobility and the abolition of labour market restrictions in the region, while labour market governance prioritizes the flexicurity approach, enhancing and strengthening the capacities of labour market institutions and enabling people to acquire new skills to adapt to new conditions, establishing programmes for vulnerable groups and tackling informal employment. The promotion of social economy initiatives is considered another important means of employment creation.

The SEE 2020 also suggests possible policy reforms to promote the mutual recognition of technical and professional skills and to align qualifications to the EU framework, as well as to legalize the status of existing migrants.

Source: Regional Cooperation Council: South East Europe 2020: Jobs and Prosperity in a European Perspective (November 2013).

7.1.4 Youth employment policy

Youth employment policy in Montenegro is part of the broader strategic policies, such as the National Employment Strategy 2013–2015, which was followed by the National Employment Strategy 2016–2020, Economic Reform Programme 2015–2018, Development Directions of Montenegro 2015–2018, Employment and Social Reform Programme 2015–

³⁶ Government of Montenegro: Employment and Social Reform Programme 2015–2018.

2020 and SEE 2020 strategy. All these strategic documents are produced with support from the EU and key priorities are defined in accordance with EU guidelines. This approach is an established element of the process of Europeanization, forming part of the ongoing accession negotiations to EU membership.

Youth employment as a public policy cannot produce results in isolation. It must be integrated with many other policies: active and passive labour market policies, the education policy, SME policy, industrial policy, wage policy, etc. The multi-sectoral nature of employment policy requires the involvement of various measures on both the supply and the demand side of the labour market. Effective coordination of these public policies is vital and presents a challenging task for public institutions, social partners and the business sector.

Some progress in youth employment policy has been achieved, thanks to a number of specific programmes and projects, mainly implemented by the Employment Agency. A new programme of professional training of university graduates has been introduced and this experience, unique in the Western Balkan region, should be specifically evaluated. Despite the extremely difficult conditions and budgetary restrictions occasioned by the double-dip economic recession, all of these strategies, policies and programmes directed towards youth employment, have had positive, though modest, impacts and outcomes.

Looking at the overall picture of the employment situation in Montenegro, it is obvious that youth employment and long-term unemployment are the most important issues, caused primarily by the mismatch between supply and demand in the labour market. Over 90 per cent of young people seek for their first job for more than a year, and 75 per cent of youth take more than two years to find a job – facts which indicate insufficient dynamics within the labour market in Montenegro. Analysis of the structure of the country's unemployed segment in terms of work experience indicates that first-time job seekers constitute one-quarter of the total number of unemployed persons in 2014.³⁷

As a further attempt to overcome these particular issues, data and analysis on the obstacles facing youth in their transition from school to work developed by this SWTS could provide important support and guidance. Based on this, public policies, programmes, projects and measures could be adapted and fine-tuned; for example, the forthcoming Law on Youth (currently being drafted by the Government). After this new law has been adopted, the development of a national Strategy for Youth is envisaged.

7.2 Policy recommendations

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

³⁷ Government of Montenegro: National Employment Strategy 2016–2020.

The findings of the SWTS summarized in this report point to the policy recommendations outlined below.

Stimulate effective communication between the education system and the labour market

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

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

Address the need for fast education reform

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

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

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

Promote job creation and adapt active labour market policies

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

activities, especially in the sectors where youth are most frequently concentrated. In comprehensive sectoral measures and activities focused on promotion of job creation, all actors of the labour market should be consulted in tripartite dialogues that extend also to the young people themselves.

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

Create the preconditions for development of decent jobs for youth

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

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

Encourage entrepreneurship

The strategic document on employment in Montenegro states that,

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

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

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

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

Early interventions for the most vulnerable youth

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

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

Encourage gender equality

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

Promote rural development and productive rural employment

The SWTS data set has confirmed the specific challenges relating to education and employment prospects of youth living in rural areas. In this regard, a strategy for regional development in Montenegro, which will be closely connected to the rural development strategy, is urgently needed. The public policies should not simply promote and encourage youth entrepreneurship in rural areas, but should also stimulate entrepreneurship and enterprise development in those areas through grants or loans. Several measures have been developed by the Employment Agency of Montenegro and the Investment and Development Fund of Montenegro to support employment growth, but all measures would benefit from an expanded dimension of promoting rural development.

Inspire strengthening of social dialogue

One of prerequisites for the implementation of proposed measures is to strengthen the capacities of the Employment Agency and those of all other stakeholders involved in the youth employment policy framework (including trade unions, business and employers' associations, youth organizations, local communities and municipalities, educational and

training institutions). At the same time, all relevant stakeholders should be encouraged to engage in regular dialogues on the development, implementation, monitoring and evaluation of youth employment programmes. Only with their active involvement in all phases of the policy cycle can effective and efficient action on youth employment be ensured.

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Annex I. Definitions of labour market statistics

1. The following units are defined according to the standards of the International Conference of Labour Statisticians:
 - a. The **employed** include all persons of 15 years of age or more who, during a week of reference:
 - worked for wage or profit (in cash or in kind) for at least one hour;
 - were temporarily absent from work (because of illness, leave, studies, a break in the activity of the firm, for example), but had a formal attachment to their job;
 - performed some work without pay for family gain.
 - b. The **unemployed** (strictly defined) include all persons of 15 years of age or more who met the following three conditions during the week of reference:
 - they did not work (according to the abovementioned definition);
 - they were actively searching for a job or took concrete action to start their own business;
 - they were available to start work within the two weeks following the reference week.
 - c. Persons neither included in the employed nor in the unemployed category are classified as **not in the labour force (also known as inactive)**.
2. The International Classification of Status in Employment (ICSE) categorizes the employed population on the basis of their explicit or implicit contract of employment, as follows:
 - a. **Employees** (also wage and salaried workers) are all those workers who hold the type of jobs defined as “paid employment jobs”, where the incumbents hold explicit (written or oral) or implicit employment contracts that give them a basic remuneration that is not directly dependent upon the revenue of the unit for which they work.
 - b. **Employers** are those workers who, working on their own account or with one or a few partners, hold the type of jobs defined as “self-employment jobs” (i.e. jobs where the remuneration is directly dependent upon the profits derived from the goods and services produced) and, in this capacity, have engaged, on a continuous basis, one or more persons to work for them as employee(s).
 - c. **Own-account workers** are those who, working on their own account or with one or more partners, hold the type of jobs defined as “self-employment jobs” and have not engaged, on a continuous basis, any employees to work for them.
 - d. **Contributing (unpaid) family workers** are those who hold “self-employment jobs” as own-account workers in a market-oriented establishment operated by a related person living in the same household.
3. The employed are also classified by their main **occupation**, in accordance with the International Standard Classification of Occupations (ISCO-08).
4. A **household** is a family or other community of persons living together and jointly spending their income to satisfy the basic necessities of life. The concept of household includes members present in the place where the household resides, as well as individuals who are temporarily absent and living elsewhere, including abroad, for business, education

or other purposes, as long as their residence in the foreign country does not exceed one year. A person living alone can also qualify as a household (“single household”) if she or he does not already belong to another unit. The single household can reside in a separate or shared dwelling, and will be considered as an independent unit as long as the household’s income is not shared with other residents. Collective households, such as prisons and institutions, and their members are not observed in the survey.

5. **The reporting period**, to which the questions for the economic activity are related, is the week before the week of interview (52 reporting weeks throughout the year).
6. The following units are also defined within the SWTS analysis but are outside the scope of those defined within the international framework of labour market statistics mentioned in item 1 above:
 - a. **Broad (relaxed) unemployment** – a person without work and available to work (relaxing the jobseeking criterion of item 1b above).
 - b. **Labour underutilization rate** – the sum of shares of youth in irregular employment, unemployed (relaxed definition) and youth neither in the labour force nor in education/training (inactive non-students) as a percentage of the youth population.
 - c. **Regular employment** – the sum of employees with a contract (oral or written) of 12 months or more in duration and employers; the indicators are therefore a mix of information on status in employment and contract situations.
 - d. **Satisfactory employment** – based on self-assessment of the jobholder; implies a job that respondents consider to “fit” their desired employment path at that moment in time.
 - e. **Stable employment** – employees with a contract (oral or written) of 12 months or more in duration.
 - f. **Temporary employment** – employees with a contract (oral or written) of less than 12 months in duration.

Annex II. Sampling design – SWTS Montenegro

The sampling frame for the SWTS is list of households (excluding collective households) from the Population Census 2011 **with at least one member aged from 15 to 29 years old.**

The SWTS is based on a sample, as opposed to collecting data from the entire target population. This sample is selected according to established principles. These are:

- the sample is representative of the entire population aged from 15 to 29 years in the country; and
- it should be possible to extrapolate inferences, within known and acceptable margins of error, from the sample to the wider population.

The SWTS sample is drawn as a two-stage stratified sample. The basic idea was to divide the target population into strata (groups) based on characteristics that are important and exist in frame. Strata are formed as a combination of four regions (North, Centre, South and Podgorica) and two types of settlement (urban and rural), giving a total of eight strata.

The **first stage** entails the selection of the sample of census enumeration areas (EAs) using a stratified technique. The units selected at this stage are usually called primary sampling units (PSUs). At this stage, a frame of PSUs:

- a) lists the units covering the entire population exhaustively and without overlaps, and
- b) provides information for the efficient selection of units, such as maps and reliable household listings. This frame is usually called the primary sampling frame (PSF). A self-weighted stratified systematic sampling technique is applied in the selection of the PSUs. Self-weighted means that the number of PSUs selected from each stratum should be proportionate to the population size.

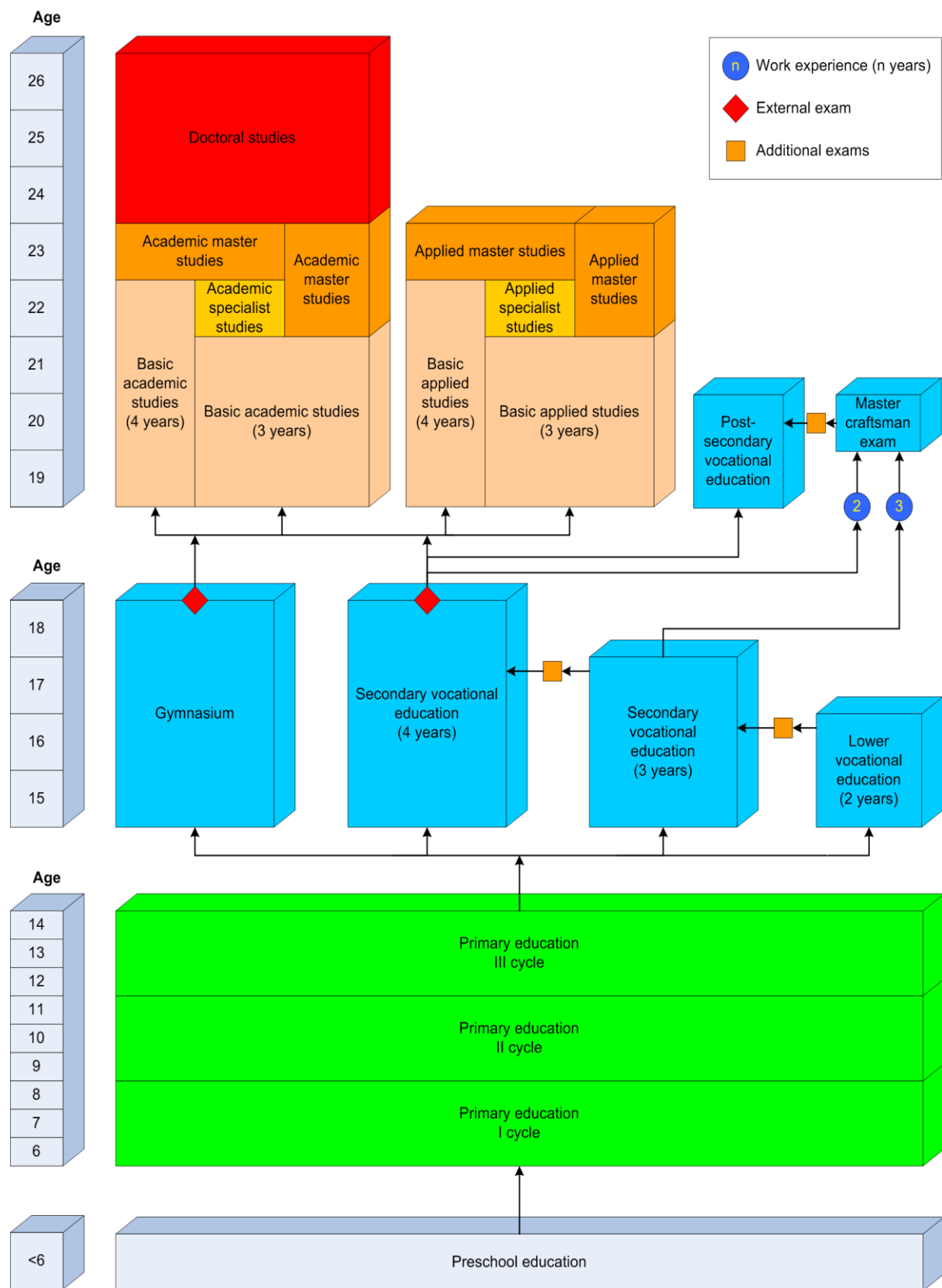
During the **second stage**, which is the final stage, in each selected sample of census EAs, individual households are listed and a sample selected with households as the ultimate sampling units (USUs). In the survey, data are collected and analysed for the USUs themselves, including youth in the target age group, or just individual youth within sample households. A systematic sampling technique is used in the selection of the households in this stage.

In the selection of the youth to be surveyed in the SWTS it was decided to survey all youth in the target age group within a selected household. Using this approach, the sample size of households is, as expected, less than the ultimate number of youth in the estimated sample (with a final sample response of 2,998 youth).

Table A.1 Sample size and distribution

Strata	No. of EAs	No. of households (gross sample size)	No. of persons aged 15–29 (estimation)	Household response rate	Estimation of household response (net sample size)	No. of persons aged 15–29 (estimated no. of respondents)
11	41	410	714	0.8	328	571
12	44	440	846	0.8	352	677
21	31	310	540	0.8	248	432
22	7	70	132	0.8	56	106
31	37	370	583	0.7	259	408
32	27	270	444	0.7	189	311
41	70	700	1 195	0.8	560	956
42	13	130	236	0.8	104	189
Total	270	2 700	4 690	6.2	2 096	3 650

Annex III. The education system in Montenegro





This report presents the highlights of the 2015 School-to-work Transition Survey (SWTS) run together with the Statistical Office of Montenegro within the framework of the ILO Work4Youth Project. This Project is a five-year partnership between the ILO and The MasterCard Foundation that aims to promote decent work opportunities for young men and women through knowledge and action. The W4Y Publication Series is designed to disseminate data and analyses from the SWTS administered by the ILO in 34 countries covering five regions of the world. The SWTS is a unique survey instrument that generates relevant labour market information on young people aged 15 to 29 years. The survey captures longitudinal information on transitions within the labour market, thus providing evidence of the increasingly tentative and indirect paths to decent and productive employment that today's young men and women face.

The W4Y Publications Series covers national reports, with main survey findings and details on current national policy interventions in the area of youth employment, and regional synthesis reports that highlight regional patterns in youth labour market transitions and distinctions in national policy frameworks.

Work4Youth



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