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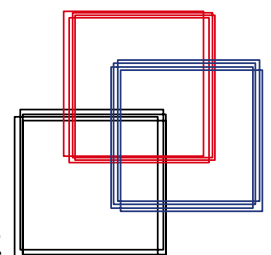
The MasterCard  
Foundation

# Labour market transitions of young women and men in the Republic of Serbia

Dragana Marjanovic

June 2016

Youth Employment Programme  
Employment Policy Department



**Work4Youth Publication Series No. 36**

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Dragana Marjanovic

**International Labour Office • Geneva**

June 2016

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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.<sup>1</sup> 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 Serbia, 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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Europe

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<sup>1</sup> The full text of the 2012 resolution “The youth employment crisis: A call for action” can be found on the ILO website at: [http://www.ilo.org/ilc/ILCSessions/101stSession/texts-adopted/WCMS\\_185950/lang--en/index.htm](http://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

The transition to a market economy, years of conflict and the economic downturn at the end of the last century all combined to worsen the situation of many young people in the Republic of Serbia [henceforth, Serbia]. Approximately 500,000 youth left the country between 1991 and 2001 in search of better livelihoods, while the influx of hundreds of thousands of refugees and displaced persons from former Yugoslav republics and Kosovo exerted substantial pressure on the country's labour market.

In more recent times, growth prospects have taken a more positive turn. However, the economy in Serbia remains fragile and there are still obstacles to be overcome relating to the low levels of employment, especially in the formal private sector. Due to the country's ageing population, the fiscal contributions that fund public services, as well as both the pension and healthcare systems, will be increasingly eroded. To a large extent, a successful growth strategy for Serbia hinges on how well the country is able to capitalize on the potential of young labour market entrants. Getting young graduates into productive employment in an efficient and effective manner will boost domestic demand and the tax base of the country, relieve pressures on the overburdened social protection system and give young people the economic security needed to start their own families (to counterbalance depopulation).

With this end goal in sight, this report will show that the country has a long way to go in maximizing the economic potential of the youth population. Evidence-based policy-making for youth employment interventions has a tendency to be derailed by a lack of detailed information pertinent to the specific age group under consideration. The school-to-work transition survey (SWTS) measures youth within the broader age range of 15–29 and includes detailed questions specific to the age group. The survey is used by various stakeholders and policy-makers to generate an in-depth review of the employment challenges facing youth to assist the design of more appropriate instruments to support youth through the labour market transition.<sup>2</sup> The SWTS was designed by the ILO and implemented in 34 countries between 2012 and 2016 through the Work4Youth partnership with The MasterCard Foundation. In Serbia, the survey was implemented in 2015 by the Statistical Office.

## 1.2 Structure of the report

This introductory section is followed by an overview of the wider socio-economic context in Serbia. Also in section 2, the basis for understanding the key concepts and methodological approach to the research is explained. Sections 3 to 6 highlight the main findings of the SWTS. The youth population is described in section 3, with a focus on their educational status as well as their main labour market status. Section 4 provides more detail on the characteristics of the employed youth and section 5 examines the unemployed youth. Section 6 focuses on the school to work transition process. Finally, section 7 addresses the framework of youth

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<sup>2</sup> While, in most other contexts, a young person is defined as a person aged 15 to 24 years old, 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.

employment policies in Serbia, along with policy recommendations stemming from the results of this research.

### 1.3 Main findings

*Serbian youth are highly educated, although a majority still finish their education at the secondary level.*

Only 2.7 per cent of surveyed youth have not succeeded in completing at least primary school. The majority of youth (56.5 per cent) have completed the secondary (general) level of education, with a further 3.6 per cent having achieved secondary or post-secondary vocational level. Female youth are much more likely than young men to finish with a tertiary level degree (30.9 per cent compared to 17.4 per cent). With more than one-fifth (23.5 per cent) of youth achieving tertiary education, Serbia easily qualifies as one of 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 (29.7 per cent), engineering, manufacturing and construction (19.7 per cent) and health and welfare (10.2 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 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-level graduates still remains high, at 32.9 per cent.*

Serbia's youth unemployment rate is high, at 30.8 per cent, although lower than neighbouring countries. The female rate is higher than the male rate, at 35.8 and 27.3 per cent, respectively, and the urban rate is slightly higher than the rural rate, at 31.1 and 30.5 per cent, respectively. The unemployment rate for youth with only primary-level education is significantly higher than that for young persons with a tertiary-level degree (40.7 and 32.9 per cent, respectively). The unemployment rate of secondary-level graduates is the lowest, at 29.9 per cent.

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 (11.7 and 24.3 months, respectively). Youth with only primary education can take up to 41 months to complete the transition.

*Not enough young Serbians are working.*

Less than one-third of youth aged 15–29 are employed (31.8 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 24.0 per cent, with the composition fairly equally divided between unemployed and inactive non-students.***

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

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

Youth in Serbia show a strong preference for paid employment. Wage employment is the dominant form of youth work, with a percentage of 79.8 per cent. Few youth are self-employed (1.8 per cent are employers and 6.0 per cent are own-account workers) but more than one in ten (11.5 per cent) work without pay in a family establishment (as contributing family workers). A majority of young workers (61.7 per cent) is in the services sector, but the shares working in agriculture and industry remain significant at 14.6 and 23.8 per cent, respectively.

***However, paid employment does not always translate into secure employment.***

While the majority of young employees are engaged on a written contract, 17.3 per cent (18.7 per cent for males and 15.3 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), 39.1 per cent are of limited duration, 24.1 per cent having a contract duration of less than 1 year in length. Informal employment among youth also remains significant at 47.4 per cent. Youth living in rural areas are more likely to be engaged in informal employment than youth in urban areas (54.8 and 41.7 per cent, respectively) and male workers are more often in informal employment compared to female workers (48.3 and 45.9 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 scope for job creation 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 Serbia for 18.8 per cent of young workers (15.3 per cent among males and 24.5 per cent among females). In total, slightly more young workers are overeducated (18.8 per cent) than undereducated (14.9 per cent) and the majority of young workers (66.4 per cent) have managed to find work that is well matched to their level of qualifications. The occupations in which overeducated youth are more commonly located are elementary occupations, technicians, clerks and service and sales workers.

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

Two-fifths of the youth population in Serbia (40.2 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 20.0 per cent of the youth population were classified as having completed their transition and the remaining

39.8 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 their male counterparts to fall into the category of “transition not yet started”. Transition rates are higher in rural than in urban areas (22.1 and 18.7 per cent, respectively).

While still more likely to remain in transition than to have completed the transition, as many as 44.7 per cent of tertiary educated youth had completed their labour market transition – 36.7 per cent have completed their transition to stable employment, 4.9 per cent to satisfactory temporary employment and 3.1 per cent to satisfactory self-employment. The most readily transitioned, however, seem to be youth graduating with vocational training (50.7 per cent transitioned among youth with secondary vocational and 46.9 per cent among post-secondary vocational). The policy message here is that it could potentially be worthwhile to encourage more youth to follow this track.

*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 (23.4 months) are a hindrance to economic growth.*

The SWTS results show that it took a young person, on average, two years (23.4 months) from the time of graduation to attain a first job that was 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 (28.8 months). In both instances, it took young women longer than young men 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 Serbia, it took a young person an average of 34.1 months to complete the transition from school to current transitioned job (the average length being the same for young men and women). Regardless of the method of measurement, it is clear that the labour market in Serbia is experiencing 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 outlook**

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

The new Government pursued economic reforms which led to improved economic performance. The average GDP growth in the period 2001–2008 amounted to 5 per cent per year. Growth was primarily driven by increased domestic demand and, in particular, consumption, leading to increased vulnerabilities and external imbalances (World Bank,

2015). The average growth rate of exports was strong, at around 30 per cent, but, as imports also grew at a fast pace, the trade deficit reached 26 per cent of GDP in 2008.<sup>3</sup> Driven by widening trade deficits, the current account deficit increased from 8.8 per cent in 2005 to 21.6 per cent in 2008 (World Bank, 2011).

**Table 2.1 Key macroeconomic indicators, 2001, 2008–14**

Selected indicator	2001	2008	2009	2010	2011	2012	2013	2014
Real GDP growth (% change)	5.0	5.4	-3.1	0.6	1.4	-1.0	2.6	-1.8
General government balance (% GDP)		-2.6	-4.4	-4.6	-4.8	-6.8	-5.5	-6.7
General government debt (% GDP)	97.7	28.3	32.8	41.8	45.4	56.2	59.6	71.0
Current account balance (% GDP)	2.0	-20.9	-6.6	-6.8	-10.9	-11.6	-6.1	-6.0
Foreign direct investment (million of euros)	184	1 824	2 068	1 133	3 320	753	1 298	1 236
Fixed investment (% of GDP)	12.9	24.9	19.7	18.6	18.4	21.2	17.2	17.2
Export of goods and services (% change)	46.4	9.4	6.9	15.0	5.0	0.8	21.3	3.9
Import of goods and services (% change)	78.2	12.0	-19.6	4.4	7.9	1.4	5.0	3.3
Household final consumption expenditure (% change)	6.6	6.2	0.0	-0.6	0.9	-2.1	-0.4	-1.3
General government final consumption expenditure (% change)	4.4	3.9	-1.7	0.1	0.9	1.9	-1.1	0.1

Source: Government of Serbia, Ministry of Finance, 2015.

The global economic crisis affected Serbia's economy dramatically, leading to an annual drop in GDP of 3 per cent in 2009 (table 2.1). The World Bank reports that industrial output declined by about 20 per cent between mid-2008 and mid-2009.<sup>4</sup> Over the same period, exports decreased but imports declined even more sharply. The response of the Government was determined fiscal adjustment. These actions were supported by the International Monetary Fund (IMF), which approved a 15-month precautionary Stand-by Arrangement (SBA) for Special Drawing Rights (SDR) in the value of US\$350.8 million in January 2009.

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

As the Global Competitiveness Report (WEF, 2014) demonstrates, the greatest obstacles to doing business in Serbia include corruption, inefficiencies in the State bureaucracy, lack of financing and political instability. While the sector of small and medium-sized enterprises

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

<sup>4</sup> The World Bank indicators and the official data of the Government of the Republic of Serbia differ to a certain extent. Where such discrepancies are noted, the official data of the Government is used.



remains dynamic, accounting for 56 per cent of gross value added in the country in the period 2011–2012 and 99.8 per cent of all registered businesses, it is also the sector that is largely responsible for the strong share of the grey economy. The share of the grey economy in the country ranges between 21 per cent and 30 per cent of GDP, depending on the applied method of measurement (Government of the Republic of Serbia, 2014).

The bloated public sector and the resulting unsustainable wage bill is another area of concern for the country's economic outlook. Almost 20 per cent of the working age population and one-third of the active population, some 900,000 people, are employed in the public sector (World Bank, 2015). Such a large public sector creates negative incentives, as the average public sector wage is approximately 20 per cent higher than that in the private sector and the jobs are more secure with more generous benefits. The fact that Serbia's pension spending is the second highest in Europe (in terms of both high benefit levels and a large number of beneficiaries) causes an additional problem (World Bank, 2015).

More recently, the Government's new fiscal consolidation programme appears to be yielding positive results (National Bank of Serbia, 2015) and there is hope that the forthcoming withdrawal of public support for non-profitable industries will also facilitate future growth. While most of 2014 was characterized by the flood-related recession, by the last quarter of the year the negative trends had been halted and GDP grew by 0.7 percentage points on the strength of external demand and partial post-flood recovery. The positive trends continued into 2015, as industrial production and exports gained momentum, entirely offsetting the negative impact of austerity measures on final consumption levels. Based on the full recovery of the mining and energy sector, and additionally boosted by external demand, GDP has continued to grow throughout the second quarter of 2015. Medium-term growth in the country will largely depend on the speed of economic recovery within the euro area and the implementation of structural reforms.

### **2.1.2 Demographics**

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

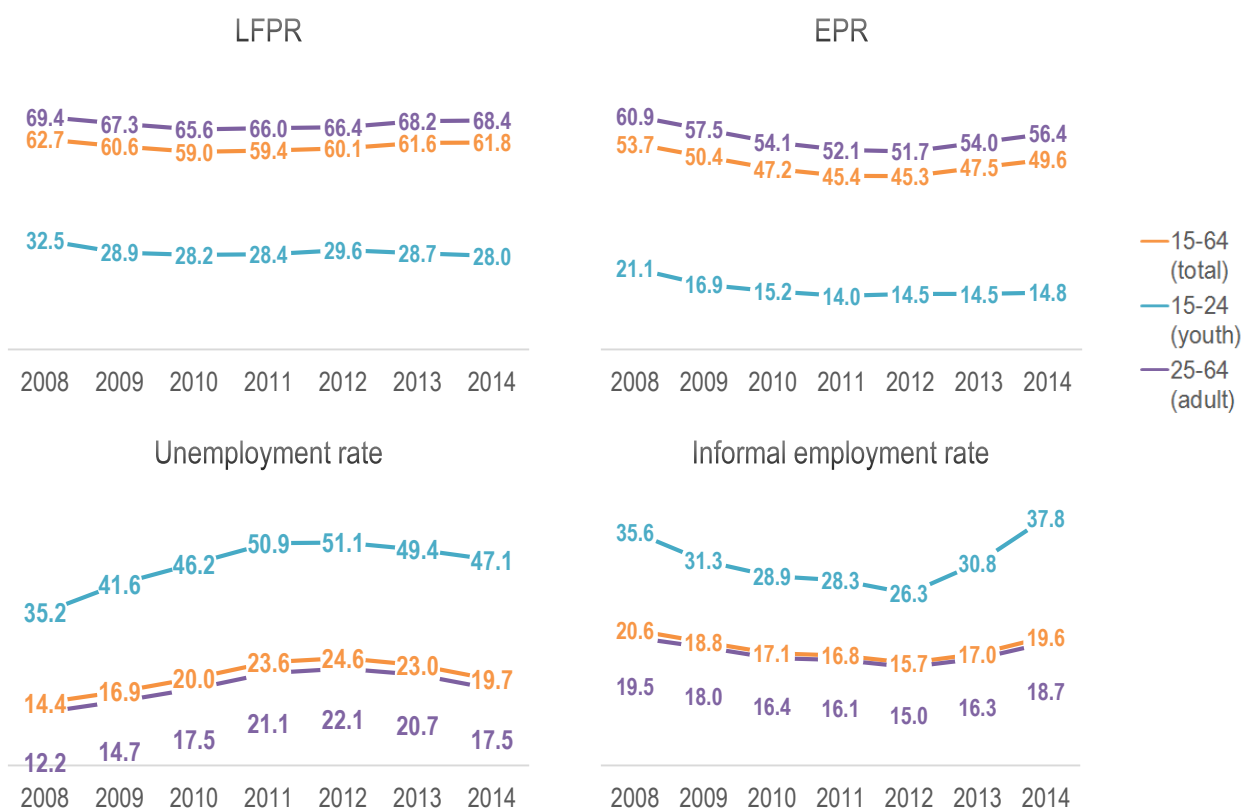
Currently, the age-dependency ratio (population aged 0–14 and 65+ to the population aged 15–64) in Serbia amounts to 46.3 (Lukic et al., 2013). This is an important indicator in understanding and analysing socio-economic prospects, since an increasing number of people in the retirement age group and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

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

### 2.1.3 Labour market

A dramatic fall in employment-to-population ratios (EPR) has been witnessed in recent years. Although higher than the lowest point of 45.3 per cent in 2012, less than half of the working-age population (15–64 years old) was working in 2014 (49.6 per cent), a drop of 4 percentage points from 2008 (53.7 per cent).<sup>5</sup> During the same period, the number of unemployed grew by almost 60,000 individuals and the unemployment rate by 5 percentage points from 14.4 per cent to 19.7 per cent (figure 2.1). One feature that characterizes the Serbian post-crisis labour market is the discrepancy between the decrease in employment and the increase in unemployment, accompanied by high incidences of inactivity (peaking at 41 per cent in 2010). This implies that many of the workers who lost their jobs slipped into inactivity rather than unemployment.

Figure 2.1 Key labour market indicators, youth (15–24), adult (25–64) and total (15–64), 2008–14 (%)



Note: LFPR = labour force participation rate; EPR = employment-to-population ratio.

Source: Statistical Office of the Republic of Serbia (SORS), labour force survey data 2008–2014.

In 2014, the labour force participation rate (LFPR) of the working-age population was 61.8 per cent, 1 percentage point lower than its pre-crisis level. Just as the EPR picked up after 2012, so did the share of workers in informal employment, increasing from 15.7 per cent in

<sup>5</sup> It is worth noting that the difference in the main labour market indicators “before” and “after” the crisis reflects not only the impact of the crisis per se, but also the effect of other factors, the most important being the advanced stage of Serbia’s economic transition and privatization process.

2012 to 19.6 per cent in 2014, demonstrating that Serbian employers see informal employment as the margin within which employment can be adjusted. Regarding unemployment, the unemployment rates of both youth and adults peaked in 2012 at 51.1 and 24.6 per cent, respectively. Since then, both rates have declined, but the youth rate, at 47.1 per cent in 2014, is still much higher than the EU-28 average of 22.2 per cent.

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

Employment in Serbia dropped by approximately 400,000 between 2008 and 2014, a figure which equates to 14 per cent of the 2008 employment stock. The distribution of employment losses was not proportional across all sectors and did not affect all workers equally.<sup>6</sup> The largest decrease in numbers of workers was in the construction sector, where the number of workers affected totalled some 40 per cent. Young workers in construction were particularly hard hit. Apart from construction, other shrinking sectors include (in order of employment decline): accommodation and food services, agriculture, retail, other services and manufacturing. While certain sectors have been characterized by employment growth, such as administration and support services, art, education, electricity and gas and, most significantly, within households as employers in the production of goods and services for own consumption, youth are not significantly represented in these sectors.

**Table 2.2 Key labour market indicators by sex, 2013, Serbia and EU-28 (%)**

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

Source: SORS, labour force survey (LFS) and Eurostat, 2013.

The position of women in the Serbian labour market is consistently worse than that of men. Table 2.2 shows the gender gap in key labour market indicators in Serbia and for the EU-28. Not only were women less active in the labour market, but their unemployment rate was

<sup>6</sup> According to the World Bank (2015), between October 2012 and the third quarter of 2014, the Serbian economy created approximately 176,000 jobs. Although the number of formal full-time jobs actually decreased by about 18,000, informal full-time jobs expanded by about 65,000. Interestingly, the loss of formal full-time jobs was almost entirely borne by persons aged 40 and older, while the younger generation actually experienced a slight expansion of formal full-time jobs, suggesting a substitution of older with younger workers in this important labour market segment. Overall, there was a clear trend towards irregular employment, either formal part-time or entirely informal. Part-time and informal jobs constituted the largest proportion of jobs created, especially in the agricultural sector, but also in construction and services.

higher than that of their male counterparts by 3 percentage points in 2013 and their EPR lagged behind that of males by 15 percentage points. In both cases, the gender gap in Serbia was more pronounced than for the EU-28 average. The World Bank (2015) estimates that the gender gap results in a 16 per cent loss in annual income per capita.

## **2.2 School-to-work transition survey in Serbia: Objectives and methodology**

In order to assist member States in building a knowledge base on youth employment to inform more effective policy-making, the ILO designed the school-to-work transition survey (SWTS). The SWTS was developed to quantify the relative ease or difficulty faced by young people in “transiting” to a job that meets the basic criteria of “decency”; namely, a job that provides the worker with a sense of permanency, security and personal satisfaction. While the quarterly labour force survey (LFS) in Serbia (and many other countries) already provides information pertinent to certain basic questions regarding the position of youth within the labour market, the survey instrument falls short in shedding light on details such as contract situations, earnings, job satisfaction, labour protection measures and the process of the labour market transition. The SWTS fills these gaps.<sup>7</sup> Exploring some of the reasons why transitions are difficult will assist policy-makers in focusing on the immediate and longer term policy actions needed to facilitate young people’s transitions (Matsumoto and Elder, 2010; Elder, 2009).

Serbia is one of 34 countries selected for the implementation of the SWTS within the Work4Youth partnership (see box 1). The data collection and sampling was conducted by the Statistical Office of the Republic of Serbia (SORS), while the standardized survey instrument was provided by the ILO. The fieldwork took place in March and April 2015, with 3,508 respondents aged 15–29 years old interviewed.

A two-stage, stratified cluster sampling approach was adopted for the selection of the survey sample, using the 2011 population census as the sample frame. Enumeration areas, as primary sampling units, were stratified by the type of settlement (urban and rural) and by territory at the NUTS 2 level (four regions: Belgrade, Vojvodina, Sumadija and Western Serbia and Southern and Eastern Serbia). The first stage units (enumeration areas) were selected systematically with probability proportional to the estimated number of young people aged 15–29 years within the area. A high level of implicit geographic stratification was achieved, ensuring effective sample distribution. The second stage units (households) were selected with equal probabilities (simple random selection). In each household all young people were interviewed.

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<sup>7</sup> An ad hoc youth module had also been attached to the 2009 LFS in April and October, which permitted analysis of the characteristics and determinants of the transition of Serbian youth from school to work. However, since the methodologies of this module and the present SWTS differ, comparison between the two sets of results is avoided.

### **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 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**

Results of the Serbian SWTS show a total population of 15–29-year-olds of 1,255,066. Illustrative of the decreasing natural growth rate, the 15–19-year-old cohort is smallest, accounting for 29.8 per cent of the examined population, followed by the 20–24-year-old cohort (33.2 per cent of the youth population), while the 25–29-year-old cohort is largest and comprises 37 per cent of the youth population (table 3.1). Approximately 60 per cent of Serbian youth live in urban areas, while the remaining 40 per cent live in rural settlements. The tendency of young women to enter into marriage earlier compared to young men is captured by data on the youth’s marital status: 21.1 per cent of young women are engaged to be married, married or have already been divorced compared to 10.9 per cent of their male counterparts.

**Table 3.1 Distribution of the youth population by age group, area of residence and marital status (%)**

Characteristics		Total	Male	Female
Age group	15–19	29.8	29.9	29.7
	20–24	33.2	33.2	33.2
	25–29	37.0	36.9	37.1
Area of residence	Rural	39.2	38.6	39.9
	Urban	60.8	61.4	60.1
Marital status	Single/never married	84.1	89.1	78.9
	Engaged to be married	1.2	0.7	1.7
	Married	14.1	10.0	18.4
	Separated/divorced	0.6	0.2	1.0
	Widowed	0.0	0.0	0.0

Source: SORS, SWTS 2015.

The youth population in Serbia is not particularly mobile. In total, 14.2 per cent of youth had moved from their original place of residence (17.8 per cent of young women and 10.7 per cent of young men). Among those who had changed their residence, 33.0 per cent had moved from a rural area, 56.5 per cent from a large city or metropolitan area and 10.5 per cent from another country (table 3.2). Attending school or training is one driver behind youth moving from their original residence (cited by 27.3 per cent) but the majority, 45.8 per cent, had moved to accompany their family.

**Table 3.2 Share of youth who moved from original residence (%)**

Characteristics		Total	Male	Female
Area of previous residence	Rural area	33.0	27.1	36.8
	Small town	0.0	0.0	0.0
	Metropolitan area	49.9	48.3	50.8
	Large city	6.6	9.1	5.1
	Another country	10.5	15.5	7.3
Main reason	To accompany family	45.8	45.6	46.0
	For education/training	27.3	28.9	26.2
	To work	10.7	12.6	9.5
	Other reasons	16.2	12.9	18.2
<b>All youth</b>	<b>14.2</b>	<b>10.7</b>	<b>17.8</b>	

Source: SORS, SWTS 2015.

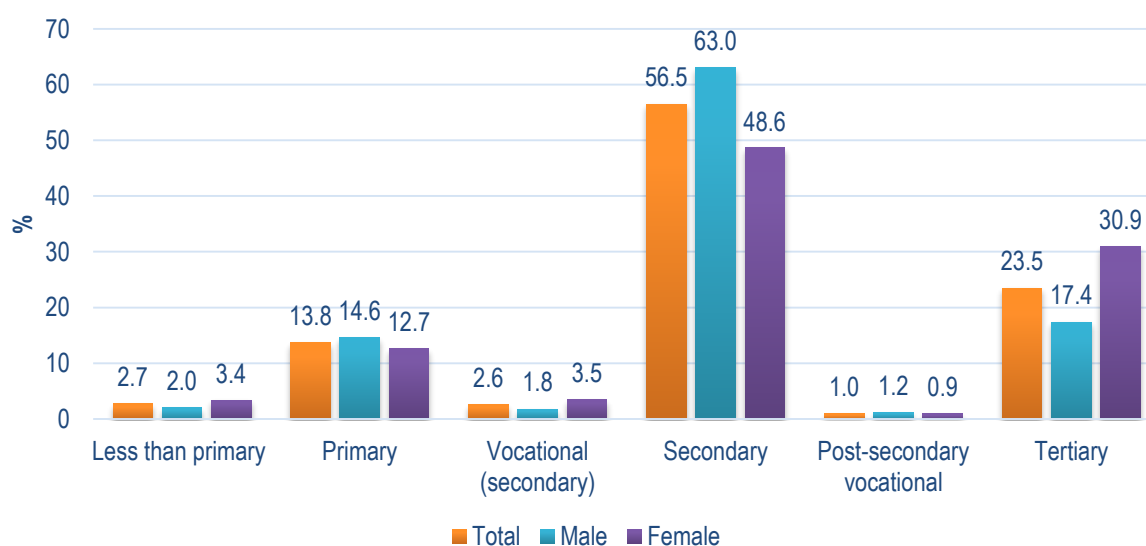
## 3.2 Educational attainment

### 3.2.1 Educational attainment

A total of 634,733 (50.8 per cent) youth aged 15–29 have completed their education (exited the education system), the total being higher among young men than among young women (54.1 per cent compared to 46.8 per cent). In general, young women do slightly better than young men in terms of staying in education. The shares, shown in figure 3.1, who completed their education at the primary level or below are nearly equal between the sexes (16.1 per cent of young women and 16.6 per cent of young men), but a greater number of

young women have succeeded in completing the tertiary level (30.9 per cent of young women compared to 17.4 per cent of young men). Young men, in contrast, are more likely than young women to finish their schooling at the secondary general level, although this represents the highest level attainment for the majority of youth of both sexes (63 per cent of young men and 48.6 per cent of young women). Few youth choose to follow the vocational training system (2.6 per cent of youth at the secondary level and 1.0 per cent of youth at the post-secondary level).

**Figure 3.1 Youth by level of completed education**



Note: Only youth with completed education are considered (i.e. excluding current students).

Source: SORS, SWTS 2015.

Access to education is heavily influenced by the location of residence. The percentage of rural youth who have not completed primary school is three times higher than that of urban youth (at 4.2 and 1.4 per cent, respectively) (table 3.3). At the same time, youth living in urban areas are almost three times more likely to earn a tertiary-level degree than youth in rural areas (32.2 and 13.5 per cent, respectively), although this statistic is heavily influenced by the concentration of universities in urban centres.

**Table 3.3 Youth by level of completed education and area of residence (%)**

Level of educational attainment	Rural	Urban
Less than primary	4.2	1.4
Primary	19.6	8.7
Vocational (secondary)	3.2	2.0
Secondary	59.2	54.1
Post-secondary vocational	0.4	1.6
Tertiary	13.5	32.2

Note: Only youth with completed education are considered (i.e. excluding current students).

Source: SORS, SWTS 2015.

The financial well-being of a family is considered to significantly influence the educational outcome of individuals. When asked to estimate the financial situation of their

household, 48.4 per cent of the 15–29-year-olds surveyed considered their household’s financial situation to be around the national average, 7.9 and 8.7 per cent considered themselves to be fairly well off and well off, respectively, and 17.7 and 17.3 per cent estimated their families to be fairly poor and poor. Youth from financially stable households do manage to stay in school longer; 29.8 per cent of youth from well-off households completed tertiary education compared to 14.5 per cent of youth from poor households (table 3.4). At the same time, while 34.0 per cent of youth from poor households finished their education at the lowest level (primary or less), the equivalent share among well-off households was 13.8 per cent. While the financial situation of a household can be instrumental in predicting the likelihood of having completed tertiary education on the one hand, or not having completed primary school on the other, it is less reliable for predicting for the middle ranges of educational attainment.

**Table 3.4 Household financial status and youth’s level of education (%)**

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

Notes: The household financial status is based on the self-assessment of the young respondent. Only youth with completed education are considered (i.e. excluding current students).

Source: SORS, SWTS 2015.

Only a small share of youth (3.2 per cent of the youth population) left school early, before completing the attending level. The reasons for leaving education early differ significantly between young men and women. The majority abandoned their studies because they were not interested in education (28.5 per cent) or for economic reasons (could not afford to stay in school or needed to earn an income) (26.5 per cent) (table 3.5). The first reason is slightly more pronounced among young men and could also be linked to the desire to start work, which was also more pronounced among young men (21.4 per cent) than women (3.7 per cent).

**Table 3.5 Early school leavers by reason for leaving (%)**

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

Source: SORS, SWTS 2015.

On the other hand, 20.6 per cent of female early school leavers left school in order to get married, while no men reported this as a reason. Also, inability to pass school exams was more often cited as the reason for leaving school early among girls (8.8 per cent, while this is the case for 3.8 per cent of the young men that had left school early). Interestingly, with respect to



the discussion on access to education for youth from rural areas (see table 3.3), only 1.0 per cent of the early school leavers claimed that the distance between home and school was the reason for their leaving. Finally, as already mentioned, economic reasons featured prominently for both sexes, but more so for young women (29.9 per cent compared to 23.6 per cent for young men). The fact that a young woman is more likely to abandon her education if the family cannot afford to finance it points to the fact that patriarchal reasoning is still present in Serbia, particularly among the less well-educated.

In order to gauge the effect of parents' educational attainment on that of youth, a cross-tabulation between the two is shown in table 3.6. Overall, the educational attainment of the youth in Serbia is higher than that of their parents. While the majority of youth (57.4 per cent) have completed their education at the same level as their father, 29.2 per cent have obtained a higher degree and 11.9 per cent a lower degree. In terms of mothers' educational level, 50.2 per cent of youth have the same level of education, 39.6 a higher level and 9 per cent a lower level of education. This suggests that, for the generation of parents of today's youth, the educational attainment of men was higher than that of women.

The majority of youth have achieved this academic advantage over their parents by obtaining a tertiary-level degree, as 66.8 per cent of the most highly educated youth are more highly educated than their father, and 73.7 per cent are better educated than their mother. This relationship is true also for those youth who have completed post-secondary vocational education, while the opposite applies to youth earning a diploma in a secondary vocational education.

**Table 3.6 Cross-tabulation of youth's educational attainment with parental educational attainment (%)**

Level of completed education	Father				Mother			
	Same level as parent	Parent has lower level of education	Parent has higher level of education	N/A	Same level as parent	Parent has lower level of education	Parent has higher level of education	N/A
Less than primary (including no schooling)	45.8	0	44.2	10.1	49.2	0	45.6	5.2
Primary	47.9	14.3	35.8	2.0	52.7	20.9	23.8	2.6
Vocational (secondary)	13.8	7.7	78.5	0	2.3	20.7	76.9	0
Secondary	73.7	18.9	6.1	1.3	62.8	32.2	4.0	1.0
Post-secondary vocational	3.1	76.9	20.1	0	0	91.3	8.7	0
Tertiary	32.4	66.8	0	0.8	26.3	73.7	0	0
All	57.4	29.2	11.9	1.5	50.2	39.6	9.0	1.1

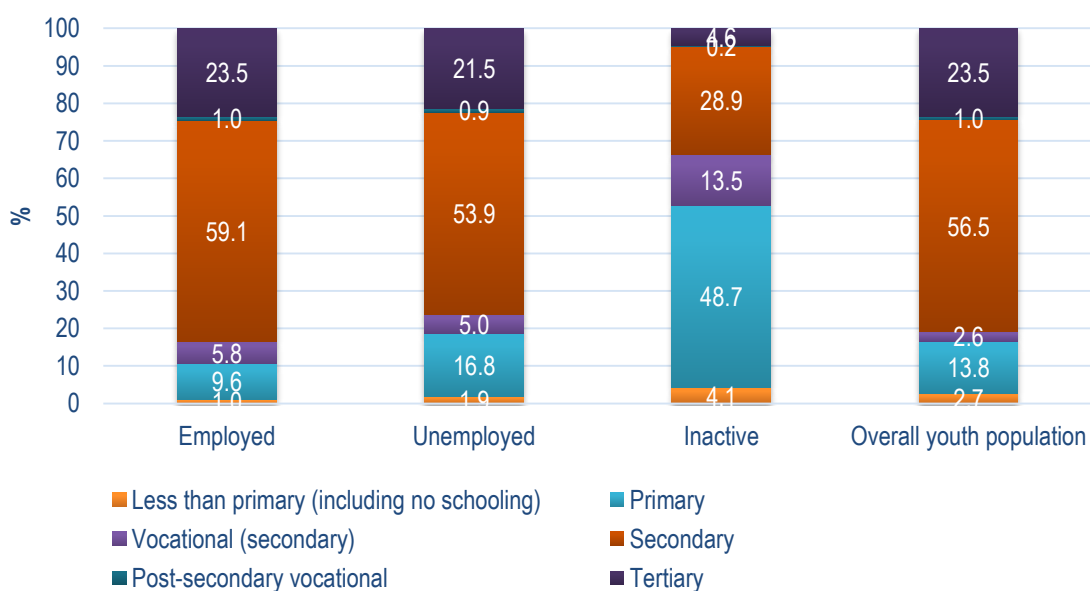
Note: Only youth with completed education are considered (i.e. excluding current students).

Source: SORS, SWTS 2015.

The closest correlation between the diplomas obtained by the surveyed youth and their parents is found among the secondary level graduates. This is, at least in part, explained by the fact that the majority of both the adult and the youth populations in Serbia have completed this level of education. At the same time, almost half of the youth who have not completed primary school have parents who surpassed them in educational achievement (44.2 per cent of fathers and 45.6 per cent of mothers). This suggests that, for the generations starting their education in the 1990s and early 2000s, obtaining this first formal education diploma was more difficult than for their parents.

The analysis of labour market status across levels of completed education can provide some information on how the two are linked. Figure 3.2 shows that the fraction of youth with tertiary education across the overall population coincides with the share of working youth with tertiary-level degrees (23.5 per cent). This means that, while holding a higher level of educational degree does not disadvantage youth in the labour market, it does not enhance their chances of employment either. Moreover, the distribution of unemployed youth by educational attainment does not differ greatly from that of the total population. It is, however, notable that a larger proportion of unemployed than employed youth has only primary level education, meaning that the lack of higher education does serve as a barrier to employment. In fact, youth with the lowest levels of education are significantly more likely to remain outside the labour force; nearly half (48.7 per cent) of inactive youth finished their education at the primary level. In contrast, the share of inactive youth with a tertiary-level degree is only 4.6 per cent.

**Figure 3.2 Educational attainment of youth by current activity status**



Note: Only youth with completed education are considered (i.e. excluding current students).

Source: SORS, SWTS 2015.

### 3.2.2 Current students

Almost half of the sampled youth (49.2 per cent) were still in education. The majority (29.7 per cent) of current students have selected social sciences, business and law for their field of study (table 3.7). These areas are more popular among young women as one-third (33.2 per cent) of the female students are enrolled on such courses, in comparison to one-quarter (25.6 per cent) of the young male students. The second most commonly studied subject is engineering, manufacturing and computing (19.7 per cent), which proved to be nearly three times more popular among young men than among young women. Young female students are also interested in health and welfare and humanities and arts, as 14.1 per cent and 8.1 per cent of the female students are enrolled in courses in these areas respectively. Almost 10 per cent of the young students are enrolled in general study courses.

**Table 3.7 Current students by field of study, desired future occupation and desired future place of work (%)**

<b>Field of study</b>	<b>Total</b>	<b>Male</b>	<b>Female</b>
General study courses	9.5	8.8	10.1
Education	3.2	1.3	4.8
Humanities and arts	5.1	1.7	8.1
Social sciences, business and law	29.7	25.6	33.2
Science, mathematics and computing	6.0	7.5	4.8
Engineering, manufacturing and construction	19.7	29.4	11.1
Agriculture and veterinary science	5.9	8.1	3.9
Health and welfare	10.2	5.8	14.1
Other services	8.9	9.9	7.9
Not classified	1.8	1.8	1.9
<b>Occupation</b>			
Managers	2.0	2.7	1.4
Professionals	60.6	53.3	67.2
Technicians and associate professionals	14.9	16.2	13.8
Clerical support workers	2.9	1.9	3.9
Service and sales workers	7.2	6.3	7.9
Skilled agricultural, forestry and fishery workers	1.3	2.5	0.2
Craft and related trade workers	4.8	8.8	1.1
Plant and machine operators, and assemblers	0.7	1.4	0.2
Elementary occupations	4.9	5.6	4.3
Armed forces	0.6	1.3	0.1
<b>Place of work</b>			
Myself (own business/farm)	27.6	34.2	21.7
Government/public sector	48.2	40.5	55.3
Private company	15.3	16.2	14.4
International/non-profit organization	7.0	6.5	7.4
Family business/farm	1.8	2.5	1.1
Do not wish to work	0.2	0.2	0.2

Source: SORS, SWTS 2015.

Table 3.7 also shows that the vast majority of current students (60.6 per cent) see themselves eventually employed as professionals; female students to a higher degree than male students (67.2 and 53.3 per cent, respectively), which is probably related to the fact that more young women than men enrol in and complete their tertiary education. Finally, the table reveals the disturbing statistic that nearly one-half (48.2 per cent) of current students hope one day to find work in the government sector. This share is as high as 55.3 per cent among female students. The attraction of public sector employment is understandable, as it is viewed as offering greater stability, status and higher wages. However, it is entirely unrealistic to imagine that the public sector can absorb such a substantial proportion of young graduates. Conversely, only 15.3 per cent of current students are attracted by the idea of working for a private company in the future.

### 3.3 Activity status of youth

Table 3.8 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). The definition of “broad unemployment” (also known as relaxed unemployment), in contrast, differs in the relaxation of the “seeking work” criterion.

When applying the strict definition of unemployment, the survey results show that less than one-third of youth are employed (31.8 per cent). This is low in comparison to the EU-28 average of 46 per cent in 2013 and also compared to other countries in the region that implemented the SWTS.<sup>8</sup> The share of unemployed youth is 14.2 per cent and the remaining majority share represents youth who remain outside the labour force (inactive) at 54.1 per cent. The share of young men in unemployment is slightly higher than that of young women (14.3 and 14.0 per cent, respectively) and the share in employment is as much as 13 percentage points higher (38.1 and 25.1 per cent, respectively). Young women are more likely than men to be inactive (61.0 and 47.5 per cent, respectively). This is partially due to their tendency to marry and have children earlier, in comparison to their male counterparts, and to remain in education longer.

**Table 3.8** Distribution of youth by main economic activity (%)

	Total	Male	Female	Rural	Urban
Employed	31.8	38.1	25.1	35.5	29.4
Unemployed (strict definition)	14.2	14.3	14.0	15.6	13.2
Inactive	54.1	47.5	61.0	49.0	57.4
Total	100	100	100	100	100
In regular employment	19.8	22.0	17.5	20.4	19.4
In irregular employment	12.0	16.1	7.6	15.1	9.9
Unemployed (broad definition)	21.1	22.6	21.7	24.0	20.9
Inactive non-students	6.7	4.1	9.5	8.6	5.5
Inactive students	39.3	35.2	43.7	31.9	44.1
Total	100	100	100	100	100

Source: SORS, SWTS 2015.

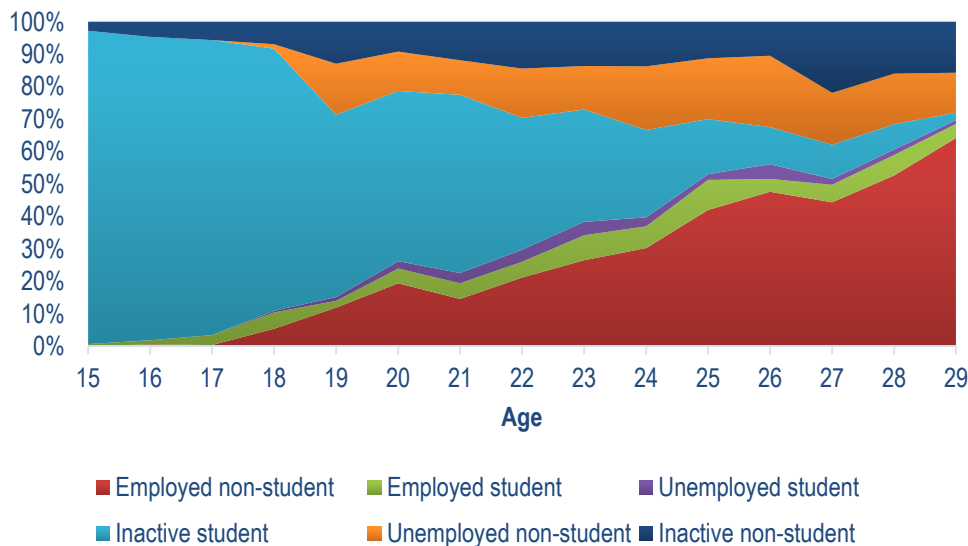
The ILO proposes a more detailed distribution that further disaggregates data according to the educational status of youth (students or non-students). According to the more detailed distribution (also shown in table 3.8), it can be seen that the share of inactive students is broken down into 39.3 per cent of inactive students and 6.7 per cent of inactive non-students. Young women are twice as likely to fall into the category of inactive non-students compared to men (9.5 and 4.1 per cent, respectively).

<sup>8</sup> 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](http://www.ilo.org/w4y).

Taking the broad definition of unemployment, the share increases to 21.1 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 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 that, although regular employment among youth is more prevalent than irregular employment, 12.0 per cent of young workers are still in irregular jobs (16.1 per cent among young males). Irregular employment is more common in rural areas (with shares of 15.1 per cent compared to 9.9 per cent in urban areas). The other significant difference between urban and rural areas is the larger share of inactive students in urban areas (44.1 and 31.9 per cent, respectively).

Following the model shown in *Global Employment Trends for Youth 2015* (ILO, 2015), the data presented in figure 3.3 reflect the main economic/educational status of youth across the entire age span 15–29 years old. Not surprisingly, as many as 96.6 per cent of youth aged 15 are in school. This figure drops to 90.9 per cent for 17-year-olds and to 56.3 per cent by the age of 19. As youth age, they increasingly enter labour market activity so that, by the age of 29, one-half (64.2 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 15.6 per cent of youth are already unemployed and out of school; this share reaches its maximum of 22.0 per cent of youth at the age of 26.

**Figure 3.3 Activity status of youth by age**



Source: SORS, 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 within 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, in 2015, 24.0 per cent of youth are NEETs (table 3.9). In figure 3.3, where young NEETs can be visualized as the sum of the orange and dark blue categories at the top right-hand side, it can be seen that the share of NEETs increases as youth age but that the composition remains relatively constant between unemployed and inactive NEETs; by the age of 29, young NEETs are primarily equally distributed between the two sub-categories while, between the ages of 15 and 17, the small proportion of young NEETs are entirely inactive non-students.

The rural NEET rate is higher than in urban areas (29.1 and 20.6 per cent, respectively) and the female rate is slightly higher than the male rate at 26.1 and 21.9 per cent, respectively. Even though the aggregate rates are similar between the sexes, the composition of NEETs is different. For young men, the majority (56.5 per cent) who qualify as NEETS are unemployed, compared to 45.7 per cent of young female NEETs. Female NEETs, in contrast, are most likely to fall within the category because they are neither in education nor in the labour market; 54.3 per cent of female NEETs are inactive non-students, while 45.7 per cent are unemployed. 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 3.9 Youth NEET population by sex and area of residence (%)**

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

Source: SORS, SWTS 2015.

### 3.4 Aspirations of youth

An analysis of the primary life goals of young respondents in table 3.10 shows that having a good family life is the most frequently selected life goal (53.3 per cent), followed by the desire to be successful in work (32.1 per cent). Significantly less common is the perception that having lots of money or making a contribution to society is of primary importance. Interestingly, the fraction of those who consider being successful in work as a primary life goal is smallest among the employed (26.0 per cent), and more weight is given to the desire to have a good family life (61.7 per cent). This balance gradually shifts towards being successful in work for the unemployed (selected by 32.9 per cent) and the inactive (36.0 per cent). It is understandable that employed youth can more easily “afford” to look beyond employment in comparison to the unemployed and inactive. However, one further inference is important: these findings suggest that a very large portion of the inactive youth actually desire to work and it can be assumed that, besides the large portion of current students, this view is also shared by some of the discouraged jobseekers (see section 5.3).

**Table 3.10 Primary life goal of youth by main activity status (%)**

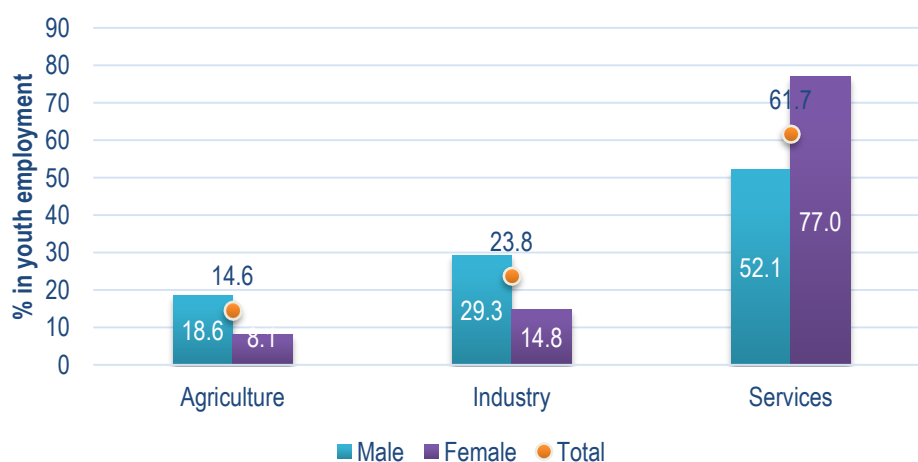
Goal	Total	Employed	Unemployed	Inactive
Being successful in work	32.1	26.0	32.9	36.0
Making a contribution to society	4.0	2.2	4.1	5.1
Having lots of money	6.3	6.4	6.2	6.3
Having a good family life	53.3	61.7	52.6	47.9
Other	4.3	3.7	4.3	4.7
Total	100	100	100	100

Source: SORS, SWTS 2015.

## 4. Employed youth

### 4.1 Youth employment by sector

When economic sectors are examined at the broad level, the largest fraction of youth is shown to be employed in services (77.0 per cent of young women and 52.1 per cent of young men) (figure 4.1). Young men are more commonly employed in industry than young women (29.3 per cent compared to 14.8 per cent) and in agriculture, which accounts for 18.6 per cent of young men and 8.1 per cent of their female counterparts. Employing 14.6 per cent of youth overall, the agricultural sector is still a significant absorber of labour in the country and thus a sector worthy of the attention of policy-makers, particularly with regard to ensuring decent working conditions for agricultural workers.

**Figure 4.1 Employed youth by broad sector**

Source: SORS, SWTS 2015.

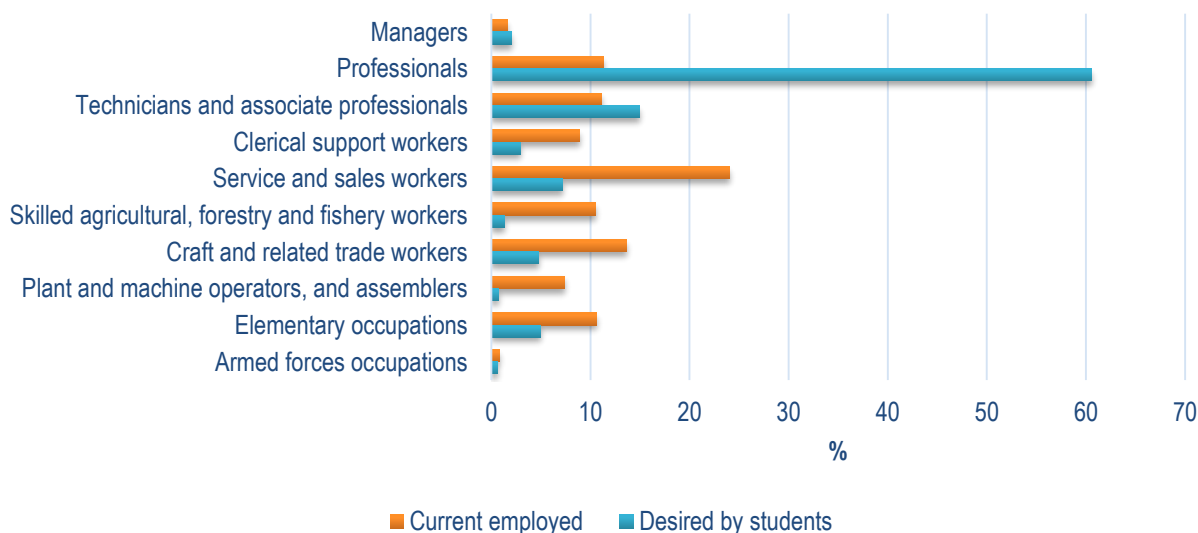
A more detailed examination reveals that, when it comes to services, youth are mainly employed in wholesale and retail trades (25.0 per cent of females and 16.8 per cent of males), followed by accommodation and food, health and social work, education and other services, all of which are dominated by young women (Annex I, table A.1). Conversely, young men are overrepresented in manufacturing, the largest sector of employment for young men at 20.9 per cent, compared to 13.8 per cent of young women.

## 4.2 Youth employment by occupation

The largest share of youth (24.0 per cent) is employed as service and sales workers, with such occupations being twice as common among young women (34.8 per cent) as among young men (17.3 per cent) (Annex I, table A.2). Young women are also more than twice as likely to be employed as professionals as young men (17.1 per cent compared to 7.8 per cent) and the same nearly applies to technicians and associate professionals (15.1 and 8.6 per cent, respectively). At the same time, young male workers are more commonly employed as craft and related trade workers than young women (18.7 and 5.4 per cent, respectively) and as plant and machine operators, and assemblers (10.4 and 2.7 per cent, respectively). While the occupational structure of youth employment is in line with the better educational attainment of young women in Serbia, attention should be drawn to the fact that, although very few young managers exist, they are much more likely to be male (2.5 per cent of male workers) than female (0.2 per cent of female workers), perhaps indicative of the presence of a possible glass ceiling in the Serbian labour market.

Comparison of the data collected from current students in terms of the occupations to which they aspire (see table 3.7) with those held by currently employed youth provides interesting inferences in terms of the prospects for fulfilment of youth's aspirations. Figure 4.2 shows that young students do not have a realistic view of the job market. While the majority of young students aspire to professional and technician and associate work, only 22.4 per cent of young workers are actually employed in one of the two occupations. On the other hand, while only 7.2 per cent of current students hope to work as service or sales workers, one in four (24.0 per cent) young workers are currently engaged in those occupations.

**Figure 4.2** Desired future occupation of current students and occupations of currently employed youth



Source: SORS, SWTS 2015.

## 4.3 Youth employment by status

The majority of employed youth (79.8 per cent) are employees (86.4 per cent of young women and 75.6 per cent of young men) (table 4.1). A significant proportion of employed youth (11.5 per cent) work as contributing family members, with a slightly higher percentage



of young men than young women (13.1 and 8.9 per cent, respectively). Self-employment is a relatively rare phenomenon among employed youth, as only 7.8 per cent of working youth are either employers or own-account workers. Young men are twice as likely to take up own-account work compared to young women (7.6 and 3.4 per cent, respectively). A higher share of young men are also working as contributing family workers (13.1 per cent compared to 8.9 per cent of female workers).

**Table 4.1 Employed youth by status in employment (%)**

Employment status	Total	Male	Female
Wage and salaried worker (employee)	79.8	75.6	86.4
Employer	1.8	2.1	1.2
Own-account worker	6.0	7.6	3.4
Contributing family worker	11.5	13.1	8.9
Other	1.0	1.5	0.1

Source: SORS, SWTS 2015.

The distribution of wage/salaried employment and self-employment among youth is explored in relation to their level of educational attainment. Figure 4.3 shows that secondary school graduates represent the largest fraction of both young employees and self-employed youth, although the former represent the larger fraction (59.9 and 50.2 per cent, respectively). Youth holding a vocational secondary school diploma are also over three times more likely to be wage workers than self-employed (at 6.6 per cent and 1.9 per cent, respectively). Youth with the lowest levels of education (primary or below) are more likely to be self-employed than in wage employment (representing 19.1 and 7.2 per cent, respectively). At the same time, tertiary graduates are almost equally represented among both categories of employed youth: 25.4 per cent of the wage and salaried workers are tertiary graduates, while 26.3 per cent of the self-employed fall within this category.

**Figure 4.3 Young wage/salaried and self-employed workers by level of educational attainment**



Note: Only youth with completed education are considered (i.e. excluding current students).

Source: SORS, SWTS 2015.

### 4.3.1 Wage and salaried employment (young employees)

Nearly eight out of ten (79.8 per cent) young workers are in paid employment. As already mentioned, in relative terms young women are more attracted to wage and salaried employment than their male counterparts. The majority of young employees are engaged on a written contract (82.7 per cent) of unlimited duration (60.9 per cent) (table 4.2). There are less positive aspects of the employment situation, however, given that 17.3 per cent of young employees do not have a written contract. Furthermore, 24.1 per cent are engaged on a time-limited contract or agreement of less than 12 months' duration.

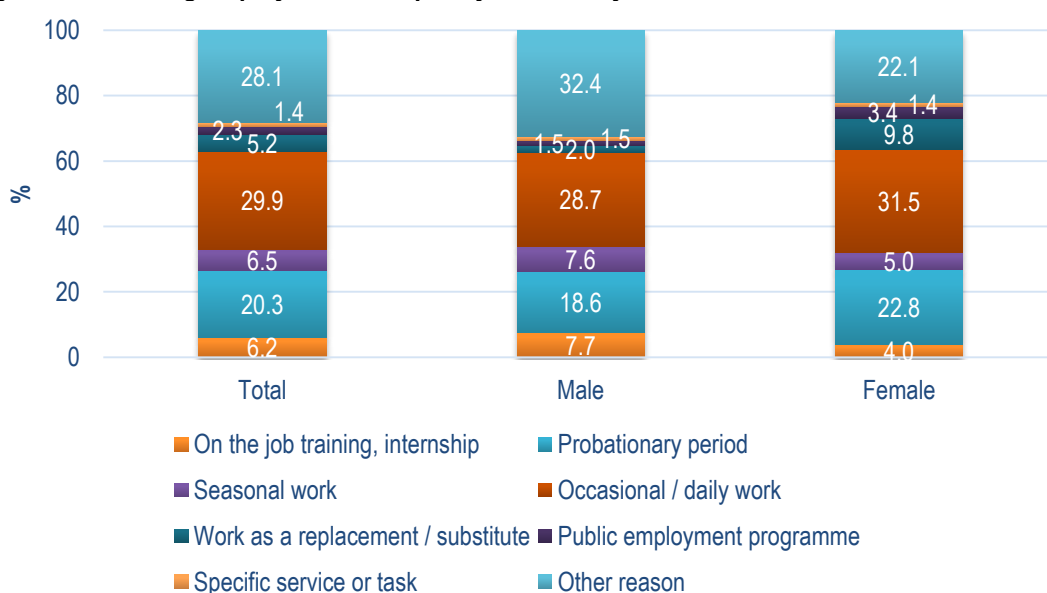
**Table 4.2 Young employees by type of contract and duration of contract (%)**

	Total	Male	Female
Written agreement	82.7	81.3	84.7
Oral agreement	17.3	18.7	15.3
Unlimited duration	60.9	60.7	61.2
Limited duration	39.1	39.3	38.8
Less than 12 months	24.1	26.4	20.8
12 months to less than 36 months	10.2	7.5	14.0
36 months or more	4.9	5.5	4.0

Source: SORS, SWTS 2015.

The most frequently cited reason for temporary work is the occasional or daily nature of the work undertaken (cited by 29.9 per cent of temporary workers) (figure 4.4). A further 20.3 per cent of youth on temporary contracts are within a probationary period (22.8 per cent of young women and 18.6 per cent of young men). A greater proportion of young men than young women work as seasonal workers or are involved in on-the-job training, while nearly one-tenth of the young female temporary workers are employed as a substitute for another worker, such as workers on maternity leave.

**Figure 4.4 Young employees on temporary contract by reason**



Source: SORS, SWTS 2015.

Not all young employees have access to even basic benefits and entitlements. Although the majority of young wage and salaried workers do receive annual paid and sick leave, while also benefiting from social security coverage and/or pension coverage, coverage Serbia is still not universal: with 32.1 per cent of young employees having no paid annual leave, 29.6 per cent no paid sick leave and 27.5 per cent no social security coverage (table 4.3). Coverage does not differ markedly between the sexes, the exception being that 38.8 per cent of young women benefit from maternity leave while 21.9 per cent of young men have access to paternity leave.

**Table 4.3 Wage and salaried young workers by access to benefits/entitlements (% covered)**

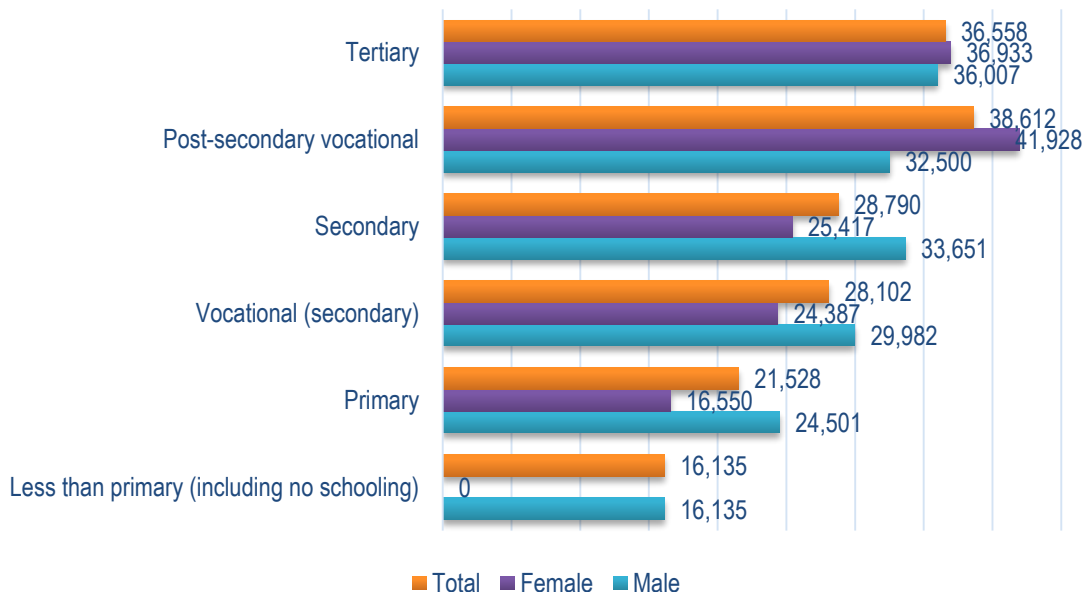
Entitlement	Total	Male	Female
Transport or transport allowance	52.1	53.1	50.6
Meals or meal allowance	46.0	47.9	43.3
Annual paid leave	67.9	70.2	64.7
Paid sick leave	70.4	72.0	68.3
Pension/old age insurance	75.9	75.5	76.6
Severance/end of service payment	20.6	21.2	19.8
Overtime pay	42.9	48.3	35.3
Medical insurance coverage	78.9	77.6	80.6
Bonus for good performance	32.1	32.1	32.2
Social security contribution	72.5	71.0	74.7
Educational or training courses	27.8	27.4	28.4
Occupational safety	51.3	54.0	47.4
Childcare facilities	2.5	0.6	5.2
Maternity/paternity leave	28.9	21.9	38.8

Note: Multiple responses allowed.

Source: SORS, SWTS 2015.

The average monthly wage of a young employee is approximately 29,500 Serbian dina (RSD) which amounts to less than €250. The average wage in April 2015 (when the survey was conducted) was nearly twice that amount. A difference is apparent between the wages of young women and men: overall, young men earn more than young women, but this difference is not large, with average monthly wages standing at RSD 30,429 and RSD 28,133, respectively (figure 4.5). More significant differences are noted between the levels of wages across education levels. A young female Serbian with a university education earns, on average, not only more than the university-educated male employee (RSD 36,933 and RSD 36,007, respectively), but also more than twice the wage of a female employee with primary-level education (RSD 16,550). Likewise, the young male employee with tertiary-level education has the potential to earn 1.5 times the wage of a male employee educated only to primary level.

**Figure 4.5 Average monthly income of young wage and salaried workers by sex and level of completed education (in Serbian dinar)**



Source: SORS, SWTS 2015.

### 4.3.2 Self-employment

Only 30,900 youth in Serbia are self-employed (7.8 per cent) as own-account workers or employers, of which half (51.3 per cent) turned to entrepreneurship only because they could not find a paid job (table 4.4). While young men are more likely than young women to take up self-employment (the share of male workers in own-account work or employers is 9.7 per cent compared to 4.6 per cent for young women) they are also more likely than young women to choose self-employment for its potential to offer greater independence (23.7 per cent) or higher income (12.4 per cent).

**Table 4.4 Young own-account workers or employees by reason for self-employment (%)**

Reason	Total	Male	Female
Could not find a wage or salary job	51.3	49.2	58.2
Greater independence	23.4	23.7	22.1
More flexible hours of work	4.4	4.0	5.7
Higher income level	11.0	12.4	6.2
Required by the family	1.5	2.0	0.0
Other	8.4	8.6	7.8

Source: SORS, SWTS 2015.

By far, the greatest challenge identified by self-employed youth in Serbia is the lack of sufficient financial resources, as reported by 36.9 per cent of those surveyed (table 4.5). Interestingly, many of the self-employed youth (32.7 per cent) claim that they encounter no major challenges to doing business. There are differences between the sexes, with only young self-employed females identifying political uncertainties (9.5 per cent) and insufficient quality

of staff (12.3 per cent) as challenges and only young self-employed males identifying competition in the market (10.0 per cent), lack of raw materials (4.0 per cent) and labour shortages (2.4 per cent) as areas of concern. A proportion of both sexes identify legal restrictions as an obstacle to doing business (10.6 per cent of young women and 6.4 per cent of young men).

**Table 4.5 Self-employed youth by opinion of most significant challenge to doing business**

Challenge	Total		Male		Female	
	Number	%	Number	%	Number	%
Insufficient financial resources	11 410	36.9	8 715	36.5	2 695	38.2
Insufficient quality of staff	870	2.8	0	0.0	870	12.3
Insufficient business expertise	571	1.8	571	2.4	0	0.0
Legal regulations	2 269	7.3	1 521	6.4	748	10.6
Shortages in raw materials	943	3.1	943	4.0	0	0.0
Labour shortage	568	1.8	568	2.4	0	0.0
Political uncertainties	673	2.2	0	0.0	673	9.5
Competition in the market	2 387	7.7	2 387	10.0	0	0.0
I did not have any problem	10 095	32.7	8 027	33.7	2 067	29.3
Other	1 114	3.6	1 114	4.7	0	0.0
Total	30 900	100.0	23 846	100.0	7 054	100.0

Source: SORS, SWTS 2015.

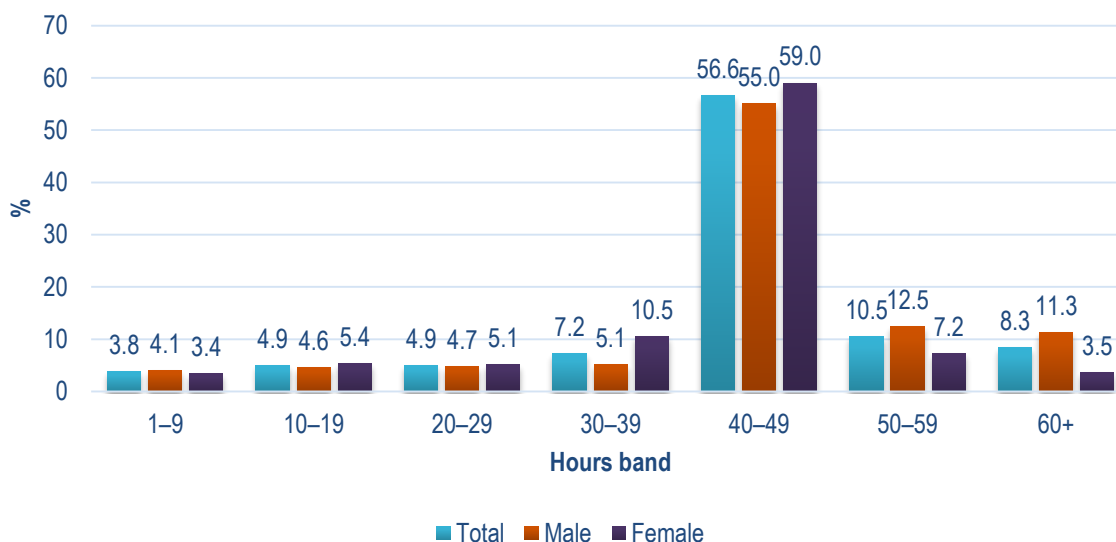
Almost one-quarter (23.3 per cent) of the self-employed youth said they did not require any investment capital for their business start-up, suggesting these are small-scale, service provision own-account businesses (Annex I, table A.3). This is the case for almost one-third (30.6 per cent) of the young female entrepreneurs. For those that needed funding to start their business, the majority were supported by family or friends (48.4 per cent of young male and 61.7 per cent of young female entrepreneurs). Young self-employed men are able to rely on their own savings much more frequently than their female counterparts, as this has been the case for 21.3 per cent of young male entrepreneurs and only 7.7 per cent of young female entrepreneurs.

#### 4.4 Working hours

The majority of youth work full-time (40 hours or more per week) (figure 4.6). More than half of young workers surveyed work between 40 and 49 hours per week and a further 18.8 per cent work in excess of 50 hours per week. Young men are more likely than young women to work an excessive number of hours (23.8 and 10.7 per cent, respectively). Recalling table 4.3, less than half of young paid workers (42.9 per cent) benefit from overtime pay as compensation for their long hours.

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

**Figure 4.6 Youth employment by actual hours worked per week**



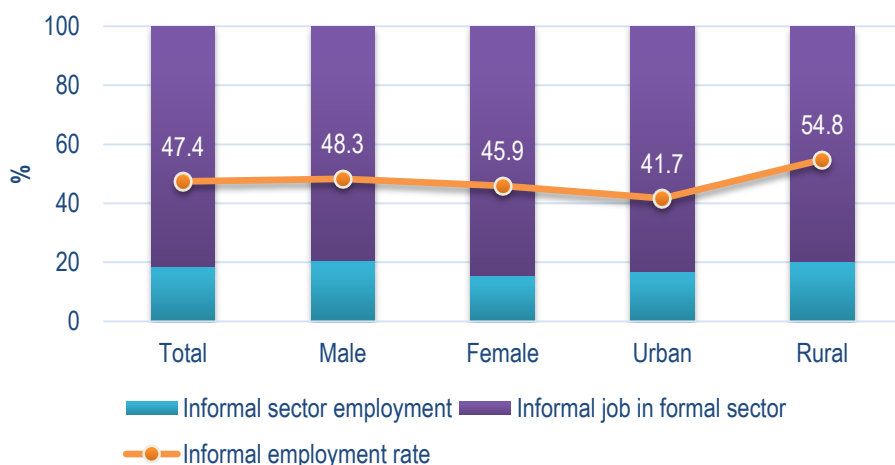
Source: SORS, SWTS 2015.

## 4.5 Informal employment

Informal employment<sup>9</sup> among youth remains significant in Serbia at 47.4 per cent of total employment (figure 4.7). Informal employment is made up of two categories: workers in the informal (unregistered) sector and paid employees holding informal jobs in the formal sector. Although workers in the second category do earn a salary, they 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 81.9 per cent of the informally employed youth are in informal jobs in the formal sector and only 18.7 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 (54.8 and 41.7 per cent, respectively) and male workers are more often in informal employment compared to female workers (48.3 and 45.9 per cent, respectively).

<sup>9</sup> 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 and paid sick leave; (b) paid employees in an unregistered enterprise with size classification below five employees; (c) own-account workers in an unregistered enterprise with size classification below five employees; (d) employers in an unregistered enterprise with size classification below five employees; and (e) contributing family workers. Sub-categories (b) to (d) are used in the calculation of “employment in the informal sector”, sub-category (a) applies to “informal job in the formal sector” and sub-category (e) can fall within either grouping, dependent on the registration status of the enterprise that engages the contributing family worker.

**Figure 4.7 Youth informal employment rate and shares of informal workers in the formal sector and workers in the informal sector**



Source: SORS, SWTS 2015.

## 4.6 Qualifications mismatch

The skills mismatch between the job that a person does and their level of educational qualification is determined by applying the normative measure of occupational skills categories from the International Standard Classification of Occupations (ISCO) (Elder et al., 2015). ISCO-08 includes the 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 educational level is secondary school, but who is working as an engineer (a high-skilled, non-manual occupation), is undereducated.

In countries with limited job creation 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 Serbia, where as many as 18.8 per cent of young are overeducated for the job that they do (table 4.6). Education mismatch is particularly evident among young female workers among whom is found a high concentration of education at the highest level: 24.5 per cent of young female workers are overeducated compared to 15.3 per cent of male workers. In comparison to other countries in the region, the share of overeducated young workers in Serbia is only slightly below the average.<sup>10</sup> In contrast, young men are slightly more likely to be undereducated for the job they are undertaking than young women (16.2 and 12.7 per cent, respectively).

<sup>10</sup> Elder et al. (2015) showed a regional (six-country) average of 21.7 per cent for overeducated young workers.

**Table 4.6 Qualifications mismatch of employed youth by occupation (%)**

	Overeducated	Undereducated	Matching qualifications
<b>Total</b>	18.8	14.9	66.4
<b>Male</b>	15.3	16.2	68.5
<b>Female</b>	24.5	12.7	62.8
<i>By occupation:</i>			
Managers	0.0	66.9	33.1
Professionals	0.0	20.0	80.0
Technicians and associate professionals	18.7	28.8	52.4
Clerical support workers	41.8	5.3	52.9
Service and sales workers	17.0	5.2	77.8
Skilled agricultural, forestry and fishery workers	9.4	31.0	59.6
Craft and related trade workers	5.9	14.0	80.1
Plant and machine operators, and assemblers	2.2	5.3	92.5
Elementary occupations	77.9	4.2	17.9

Source: SORS, SWTS 2015.

The occupations in which the highest concentrations of overeducated youth are found are elementary occupations (i.e. those occupations typically requiring only a primary-level education); as many as 77.9 per cent of youth performing elementary occupations are overeducated. Likewise, 41.8 per cent of youth in clerical work, 18.7 per cent of technicians and 17.0 per cent of youth in service and sales work are overeducated. In contrast, a majority of younger managers (66.9 per cent) are undereducated, presumably not holding a university degree, as are 20.0 per cent of young professionals and 28.8 per cent of technicians.

**Table 4.7 Employed youth who would like to change their work by reason for wanting to change (%)**

Reason	Total	Male	Female
Present job is temporary	18.0	15.7	22.2
Fear of losing present job	3.0	3.6	2.1
To work more hours paid at current rate	5.3	4.4	6.8
To have a higher rate of pay per hour	32.7	38.1	23.2
To work fewer hours with a reduction in pay	0.5	0.2	0.9
To make better use of qualifications/skills	23.4	17.8	33.3
To have more convenient working times	2.1	2.3	1.8
To improve working conditions	10.5	12.6	6.9
Other	4.4	5.2	2.9

Source: SORS, SWTS 2015.

## 4.7 Job satisfaction

A very high share of young workers report being either highly satisfied or mostly satisfied with their jobs (82.7 per cent). However, as many as 51.6 per cent of employed youth state that they would still like to change their employment. The main reasons given for wanting to change jobs are the aspiration to earn a higher hourly wage (32.7 per cent), the desire to make better use of their qualifications and skills (23.4 per cent), the temporary nature of the job (18.0 per cent) and to gain improved working conditions (10.5 per cent) (table 4.7).

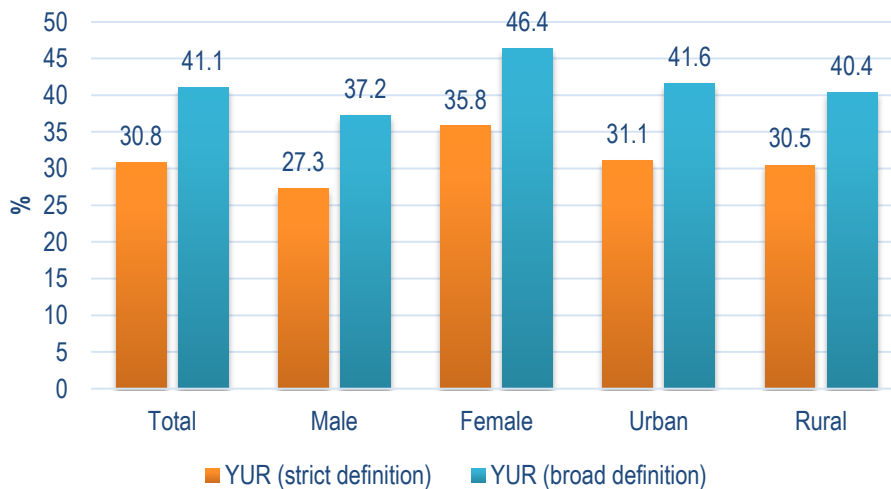


Young female workers are more likely to want a job that more closely matches their qualifications compared to young male workers, while male workers are more concerned with the level of wages.

## 5. Unemployed youth

While only 14.2 per cent of the youth population in Serbia is unemployed, the youth unemployment rate (YUR – number of unemployed youth as a share of the youth labour force) is high at 30.8 per cent. This indicates that for those youth who are ready to enter labour market activity, the pathway to finding employment can be difficult. The female unemployment rate for youth is significantly higher than the male rate, at 35.8 and 27.3 per cent, respectively. Rates among youth in urban areas are only slightly higher than among youth in rural areas (31.1 and 30.5 per cent, respectively). When applying the broad definition of unemployment (explained in section 3.3) – which also includes those youth who are not actively seeking work – the youth unemployment rate increases to 41.1 per cent. According to the broad definition, almost one in two economically active young females in the country (46.4 per cent) are unemployed.

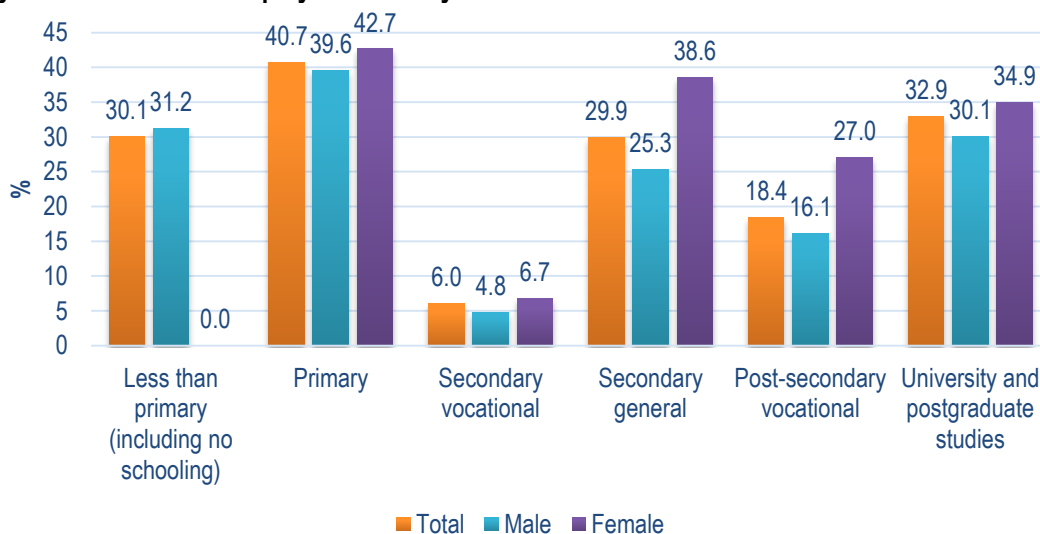
Figure 5.1 Youth unemployment rate by sex and area of residence



Source: SORS, SWTS 2015.

When the unemployment rates are analysed in relation to educational attainment, it is evident that the highest unemployment rates are found among youth with only primary-level qualifications: the unemployment rate of youth with primary-level education is 40.7 per cent, compared to 29.9 per cent for youth with secondary general education and 32.9 per cent among university graduates (figure 5.2). Female rates exceed male rates regardless of the level of education. For both sexes, the lowest unemployment rates are found among youth with secondary and post-secondary vocational graduates (6.0 per cent and 18.4 per cent, respectively), a result which suggests that technical skills are more closely correlated with labour market demand.

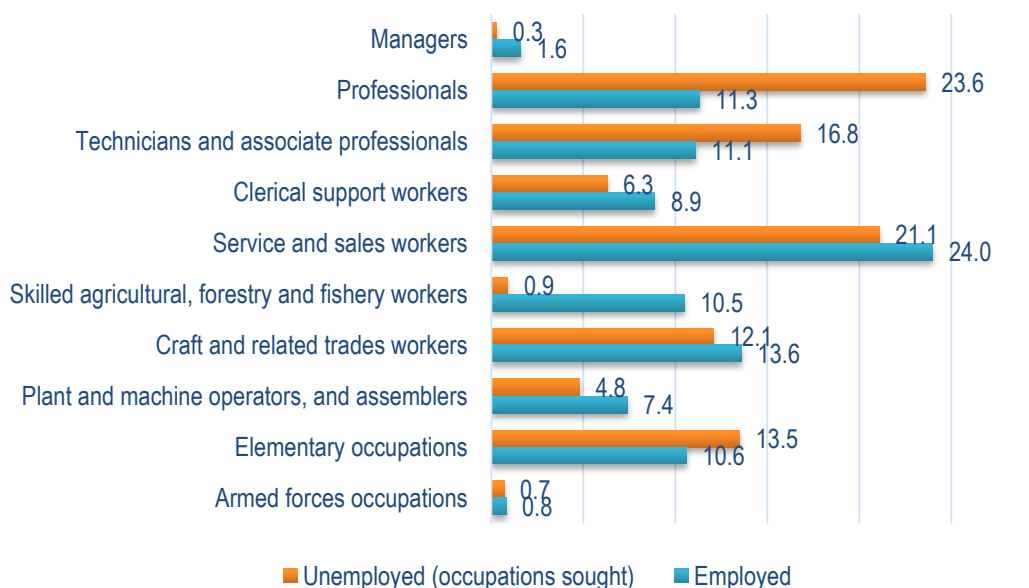
**Figure 5.2 Youth unemployment rate by level of educational attainment**



Note: Only youth with completed education are considered (i.e. excluding current students).

Source: SORS, SWTS 2015.

**Figure 5.3 Distribution of occupations sought by unemployed youth and occupational distribution of employed youth (%)**



Source: SORS, SWTS 2015.

## 5.1 Job search

The majority of the unemployed youth express a desire to work as professionals (23.6 per cent) although, in fact, only 11.3 per cent of employed youth are actually engaged in such work, representing the largest discrepancy between the expectations of the unemployed and the actual situation of the employed (figure 5.3). The second most sought-after occupation specified by the unemployed youth is as service and sales workers (21.1 per cent). The second largest discrepancy between desired and actual work is to be found in the share of agricultural

workers. While hardly any unemployed youth (0.9 per cent) express a preference for this type of work, in reality 10.5 per cent of employed youth perform this type of work. Finally, one of the largest disparities between the jobs sought by young men and women is in the field of craft and related trade work. While only 2.8 per cent of young women hope to find such work, the share among male unemployed youth is 20.5 per cent (see Annex I, table A.4).

Lengthy spells of unemployment constitute a serious problem for youth in Serbia, as over half of the unemployed youth (50.9 per cent) have been seeking employment for more than one year (table 5.1). Both young men and young women are equally affected by long-term unemployment: the long-term unemployment rates among young men and women being 49.7 and 52.1 per cent, respectively. Long-term unemployment has a particularly adverse effect on youth and their position in the labour market as it often leads to skills erosion and disillusionment among youth.

**Table 5.1 Unemployed youth by duration of job search**

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

Source: SORS, SWTS 2015.

The preferred job-search method of both the employed and unemployed youth is to rely on the support and information provided by friends and family. Table 5.2 shows that more than one-third (36.1 per cent) of the employed youth obtained their job in this way, while the share of unemployed applying this method is 69.2 per cent (multiple responses permitted). Two out of five unemployed youth are registered with the national employment service and 43.1 per cent apply the more formal method of job search by placing or responding to job advertisements. A large share (40.6 per cent) also inquire directly at workplaces. The results confirm that social networks are often a decisive factor in securing the scarce jobs in the Serbian labour market.

**Table 5.2 Job-search method of young unemployed and employed (%)**

Method	Employed	Unemployed
Registered at an employment centre	6.2	60.0
Placed/answered job advertisements	14.4	43.1
Inquired directly at factories, farms or other workplaces	13.6	40.6
Took a test or an interview	8.9	18.6
Asked friends, relatives	36.1	69.2
Waited on the street to be recruited for casual work	0.1	1.6
Sought financial assistance to look for work	0.8	0.6
Looked for land/machinery to start own business or farming	0.6	0.2
Applied for permit or licence to start a business	0.7	–
Joined the family establishment	15.3	–
Other method	3.3	1.1

Notes: The employed were asked to identify the method used to locate the current job. Multiple responses were allowed for the unemployed.

Source: SORS, SWTS 2015.

Only 10.3 per cent of the unemployed youth report having refused a job offer. For half of these youth (49.1 per cent), the refusal was due to a low wage offer (table 5.3). Young men are shown to be more prone to wage reservation as this reason is reported by 64.8 per cent of the young male unemployed who rejected a job offer, compared to 41.6 per cent of their female counterparts. On the other hand, young women are more likely to refuse a job offer if the work fails to match their level of qualifications (12.8 per cent compared to 7.1 per cent of the young men who refused a job). Young women were also much more selective in terms of the expected hours of daily work (both too many and too few), potential for advancement and the location of the job, and also in terms of their family's approval. At the same time, they do not appear to be influenced by the temporary nature of work, while 5.7 per cent of their male counterparts state this as their reason for rejecting a job offer.

Overall, the second most common justification stated by 17.3 per cent of the youth who refused a job is that they are waiting for a better job. This somewhat undefined reason (the question being "better" in which specific way) was selected by a significant proportion of young women – 22.1 per cent, but to a lesser extent by young men – 7.3 per cent.

**Table 5.3 Unemployed youth who refused a previous job offer by reason for refusal (%)**

Reason	Total	Male	Female
Wages offered were too low	49.1	64.8	41.6
Work was not interesting	4.0	12.3	0.0
Location was not convenient	5.8	2.8	7.3
Work would not match my level of qualifications	11.0	7.1	12.8
Work would entail too few hours	2.9	0.0	4.3
Work would entail too many hours	3.3	0.0	4.9
Family did not approve the job offered	2.6	0.0	3.8
Waiting for a better job offer	17.3	7.3	22.1
There was no contract length specified or contract was too short	1.8	5.7	0.0
Saw no possibilities for advancement	2.2	0.0	3.2
Total	100	100	100

Source: SORS, SWTS 2015.

Bearing in mind that the average income of employed youth is RSD 29,500 (section 4.3.1), it is evident that the wage expectations of unemployed youth shown in table 5.4 are, in fact, lower than the wages being offered on the labour market. On average, unemployed youth expect to earn some RSD 4,000 less than the average youth wage.

**Table 5.4 Average minimum monthly wage expectations of unemployed youth by level of completed education (in Serbian dinar)**

Educational attainment	Total	Male	Female
Less than primary (including no schooling)	18 303	18 303	0
Primary	23 976	25 759	20 309
Vocational (secondary)	43 098	55 510	29 040
Secondary	23 839	25 579	21 881
Post-secondary vocational	22 502	26 020	20 000
Tertiary	30 418	32 760	28 991
All non-student youth	25 605	27 072	23 996

Note: Only youth with completed education are considered (i.e. excluding current students).

Source: SORS, SWTS 2015.

The highest wage expectations are found among young male vocational secondary school graduates, at over twice the average wage expectation. Such high wage expectations are probably related to the fact that the lowest unemployment rate is found among youth with a vocational secondary school degree, suggesting that such profiles are in relatively high demand on the labour market. The next highest group in terms of wage expectation is male tertiary-level graduates. Among the young women, graduates of secondary vocational schools are also top in terms of wage expectations, again followed by tertiary-level graduates. Young unemployed men, who have completed only elementary schooling appear to be the most unrealistic when it comes to wage expectations, as they expect to achieve the same monthly wage as secondary school graduates, and only slightly lower than post-secondary vocational school diploma holders.

## 5.2 Obstacles to finding work

The vast majority of unemployed youth, 53.1 per cent, consider the lack of available jobs to be the major obstacle to finding work (table 5.5). A further 14.3 per cent consider that their lack of work experience is detrimental to securing employment. Only 3.5 per cent feel they have not been offered employment due to their lack of sufficient qualifications and only 1.9 per cent feel that their age is an obstacle as employers consider them to be too young. Some 9.4 per cent do not believe that there are any obstacles hindering their chances of finding employment and 5.7 per cent explain that they remain unemployed as the wages in available jobs are low, implying that they are making a considered choice to remain unemployed. In view of the local context it would have been interesting to see how many youth consider their lack of contacts and political connections to be the main reason why they have not yet managed to secure employment.

**Table 5.5 Unemployed youth by opinion of main obstacle to finding work**

Key obstacle	%
There were no obstacles	9.4
Requirements for jobs were higher than qualifications held	3.5
Insufficient work experience	14.3
Not enough jobs available	53.1
Considered too young	1.9
Being male/female	0.4
Discriminatory prejudices	0.8
Low wages in available jobs	5.7
Poor working conditions	2.9
Did not know how or where to seek work	1.5
Other reasons	6.4

Source: SORS, 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 Serbia, discouraged workers account for 14.0 per cent of unemployed youth (applying the broad definition of unemployment) and 3.1 per cent of the youth population. More male than female youth are discouraged job seekers (56.3 per cent of discouraged youth are male). 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).<sup>11</sup>

Table 5.6 shows the reasons for not actively seeking work given by 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 and having looked previously for work and not found anything. Young women are more likely than young men to be discouraged due to an inability to find work appropriate to their qualifications.

**Table 5.6 Youth without work, available for work but not actively seeking work by reason for not seeking work (%)**

Reason	Total	Male	Female
Waiting for the results of a job application	1.9	2.4	1.2
Awaiting the start of seasonal work	6.8	11.9	1.0
On education leave or training	33.0	29.0	37.5
Personal family responsibilities	12.2	7.2	17.7
Pregnancy	0.0	0.0	0.0
Own illness, injury or disability	1.5	2.3	0.6
Do not know how and where to seek work	3.0	2.8	3.2
Unable to find work to match skills	6.5	4.7	8.5
Had looked for jobs before but had not found any	11.4	14.0	8.4
Too young to find a job	3.6	3.2	4.1
No jobs available in the area	14.4	16.5	12.0
Other reason	5.7	5.9	5.5

Source: SORS, SWTS 2015.

<sup>11</sup> See Elder and Kring (2016) for an investigation of gender issues in the school-to-work transitions of young people.

## 6. Stages of transition

### 6.1 Concepts and definitions<sup>12</sup>

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 employment contract, the SWTS analytical framework introduces a new qualitative element into the standard definition of labour market transition. However, as seen in previous sections, not all young people in Serbia 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.<sup>13</sup> 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

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<sup>12</sup> This section was drafted by the ILO.

<sup>13</sup> 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.

- 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.
- III. **Transition not yet started** – A young person whose status is “transition 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.<sup>14</sup> 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 work<sup>15</sup> 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.

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<sup>14</sup> 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.

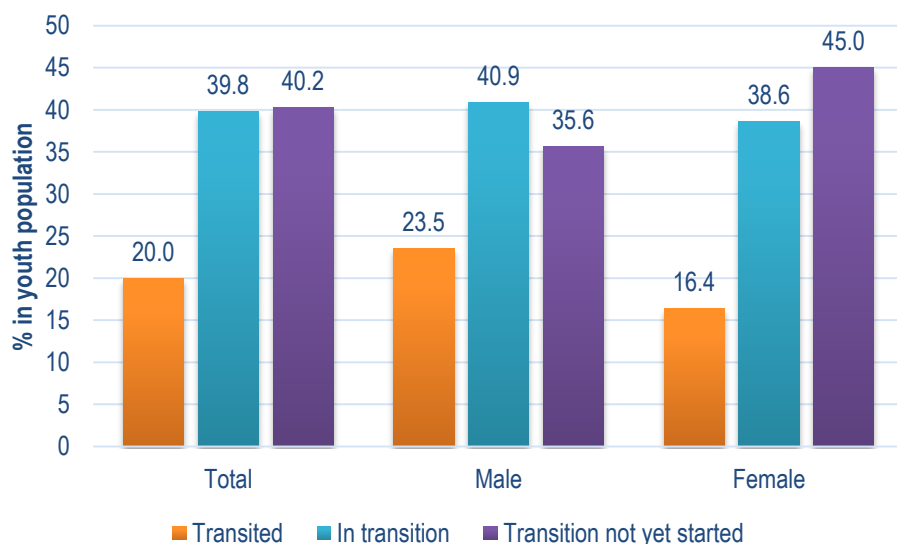
<sup>15</sup> This is the portion added to the “strictly” unemployed category to make up the unemployed according to the broad definition.



## 6.2 Stages of transition

Two-fifths (40.2 per cent) of the youth population in Serbia had not yet started their transition at the time of the survey. Of those who have started their school-to-work transition, most spend a long time in the transition stage. Only one-fifth (20.0 per cent) of youth are classified as having completed their transition, with the remaining 39.8 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 (figure 6.1).

Figure 6.1 Youth population by stage of transition



Source: SORS, SWTS 2015.

Table 6.1 provides some additional details on stages of transition across various characteristics of youth. Differences between the sexes have already been discussed. Youth living in rural areas have a tendency to complete the transition more frequently than youth in urban areas, as the latter are more frequently in the category of transition not yet started (44.6 per cent compared to 33.2 per cent of youth in rural areas). Regarding the distribution of stages of transition across the age groups, the results are logical, with the older youth (between the ages of 25 and 29) having the highest share of completed transitions (39.0 per cent) while young adolescents (15–19 year old) make up 81.1 per cent of the category transition not yet started. Regarding household income level, youth from well-off or fairly well-off households do seem to have an advantage in completing the transition, as do youth who obtained the higher levels of education or vocational education.

**Table 6.1** Distribution of stages of transition by selected characteristics

Characteristics		Transited		In transition		Transition not yet started	
		Number	%	Number	%	Number	%
Sex	Male	151 159	23.5	263 296	40.9	228 825	35.6
	Female	100 217	16.4	236 381	38.6	275 188	45.0
Age group	15–19	8460	2.3	62 188	16.6	303 544	81.1
	20–24	61 934	14.9	194 412	46.6	160 568	38.5
	25–29	180 982	39.0	243 078	52.4	39 901	8.6
Area of residence	Urban	142 440	18.7	279 967	36.7	340 596	44.6
	Rural	108 936	22.1	219 710	44.7	163 417	33.2
	Well off	25 499	23.4	28 235	25.9	55 317	50.7
Household income level	Fairly well off	24 270	24.5	25 963	26.2	48 755	49.3
	Around the average	138 825	22.8	211 789	34.8	257 151	42.3
	Fairly poor	37 050	16.7	106 971	48.2	78 074	35.2
	Poor	25 731	11.8	126 720	58.4	64 716	29.8
	Less than primary (including no schooling)	3 351	16.5	12 154	59.7	–	–
Level of completed education	Primary	15 669	17.9	68 201	78.0	–	–
	Vocational (secondary)	8 241	50.7	8 027	49.3	–	–
	Secondary	154 382	43.1	202 167	56.4	–	–
	Post-secondary vocational	3 097	46.9	3 503	53.1	–	–
	Tertiary	66 636	44.7	82 440	55.3	–	–
Total		251 375	20.0	499 678	39.8	504 013	40.2

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

Source: SORS, SWTS 2015.

### 6.2.1 Transition not yet started

Regarding the youth who have not yet started the transition, almost all of them (98.0 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 2.8 per cent (although this figure represents only 1.2 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	493 762	98.0	226 180	98.8	267 582	97.2
Inactive non-students with no plans to work	10 251	2.0	2 645	1.2	7 606	2.8
Total	504 013	100	228 825	100	275 188	100

Source: SORS, SWTS 2015.

## 6.2.2 Young people in transition

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

Among youth who remain in transition, both sexes are primarily unemployed (17.8 per cent of the male youth population compared to 16.6 per cent of young females) (table 6.3). There is a higher male share among those remaining in transition due to engagement in a non-satisfactory temporary or self-employed job (9.1 per cent of young men compared to 4.5 per cent of young women) and also among active students combining school with employment or job search (10.4 per cent of young men and 9.2 per cent of young women). It is only among the inactive non-students with plans to work in the future that the female share exceeds that of males (8.3 and 3.7 per cent, respectively).

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

Characteristics		Unemployed (broad 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	17.8	4.7	4.4	10.4	3.7	41.0
	Female	16.6	2.8	1.7	9.2	8.3	38.6
Area of residence	Rural	15.1	3.8	1.5	11.3	5.0	36.7
	Urban	20.5	3.8	5.5	7.5	7.3	44.6
	Well off	9.3	0.7	0.5	12.1	3.3	25.9
Household income	Fairly well off	10.8	0.7	1.0	9.1	4.7	26.3
	Around the average	12.9	3.9	2.9	10.6	4.6	34.9
	Fairly poor	23.4	5.9	4.3	7.3	7.4	48.3
	Poor	29.9	4.3	4.7	9.4	10.0	58.3
Level of completed education	Less than primary (including no schooling)	22.2	0.0	0.9	0.0	36.7	59.8
	Primary	44.5	9.4	6.7	0.0	17.4	78.0
	Vocational (secondary)	14.6	8.7	1.8	0.0	24.3	49.4
	Secondary	33.1	7.6	6.7	0.0	9.0	56.4
	Post-secondary vocational	31.9	3.7	7.2	0.0	10.2	53.0
	Tertiary	33.2	7.0	5.1	–	10.0	55.3
Total		17.2	3.8	3.1	9.8	5.9	39.8

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

Source: SORS, SWTS 2015.

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 higher incidence of unemployment among youth from lower income households. Nearly 30 per cent of youth from poor households were unemployed compared to

9.3 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 (36.7 per cent of youth with less than primary education compared to 10.0 per cent with tertiary education).

### 6.2.3 Young people who have completed their transition

Out of the total youth population, only 20.0 per cent have completed their school-to-work transition. This group can be split into three categories: those who have transitioned to stable employment (16.0 per cent), those who are in satisfactory, but temporary employment (2.0 per cent) and those who are in satisfactory self-employment (2.1 per cent) (table 6.4). Comparing the distribution of transitioned youth across categories shows that more young men than young women manage to complete the transition to stable employment (18.2 and 13.7 per cent, respectively). Youth in rural areas are more likely to transition to stable employment (16.8 per cent compared to 15.5 per cent in urban areas).

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

Characteristics		Transited to stable employment	Transited to satisfactory temporary employment	Transited to satisfactory self-employment	Total transited
Sex	Male	18.2	2.5	2.8	23.5
	Female	13.7	1.4	1.2	16.4
Area of residence	Urban	15.5	1.7	1.4	18.7
	Rural	16.8	2.3	3.0	22.1
	Well off	16.0	2.8	4.5	23.4
Household income	Fairly well off	19.4	3.3	1.8	24.5
	Around the average	18.7	1.7	2.4	22.8
	Fairly poor	14.3	1.5	0.8	16.7
	Poor	8.7	2.0	1.2	11.8
Level of completed education	Less than primary (including no schooling)	3.8	7.2	5.4	16.5
	Primary	9.6	1.6	6.7	17.9
	Vocational (Secondary)	39.2	7.7	3.8	50.7
	Secondary	35.8	3.5	3.7	43.1
	Post-secondary vocational	35.4	7.2	4.3	46.9
	Tertiary	36.7	4.9	3.1	44.7
Total		16.0	2.0	2.1	20.0

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

Source: SORS, SWTS 2015.

A higher proportion of young men is found in all three sub-categories of transitioned youth. Youth from well-off households are twice as likely to complete the transition compared to those from poor households (23.4 and 11.8 per cent, respectively) and also show a significant advantage in terms of attaining stable employment. The advantage conferred by investment in education is even more pronounced. While still more likely to remain in transition than to have completed the transition (see table 6.1), as many as 44.7 per cent of tertiary-level educated youth have completed their labour market transition – 36.7 per cent to stable employment –

compared to 17.9 per cent of youth with primary-level education (and 9.6 per cent in stable employment).

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

The SWTS data also show the occupational distribution of transitioned youth across the various sub-categories (table 6.5). It is here that we see that the young managers are primarily self-employed youth (58.2 per cent), which explains in part the high share of undereducated in the occupation (66.9 per cent) and reflects a problem with the classification more so than a real situation of widespread qualifications mismatch. It is probable that many young own-account workers have finished their education at the secondary level or below, which is sufficient to run a small-scale, income-generating business. The other occupation that attracts self-employment among youth is skilled agricultural work. The fact that so few youth working as skilled agricultural worker can be classified as either in stable employment or in satisfactory temporary employment is a sign that the agricultural sector remains one that very few youth would like to consider their final labour market destination.

**Table 6.5** Transitioned youth by sub-category and occupation (%)

ISCO-08	Stable employment	Satisfactory temporary employment	Satisfactory self-employment	Employed youth in transition	Total
Managers	19.7	5.8	58.2	16.2	100
Professionals	49.9	13.5	6.4	30.3	100
Technicians and associate professionals	70.6	5.9	0.6	22.9	100
Clerical support workers	60.6	5.4	0.0	34.0	100
Service and sales workers	53.8	4.3	4.3	37.6	100
Skilled agricultural, forestry and fishery workers	2.8	0.0	27.2	70.0	100
Craft and related trade workers	64.5	5.6	3.8	26.1	100
Plant and machine operators, and assemblers	54.9	10.0	1.3	33.7	100
Elementary occupations	41.3	7.4	2.1	49.3	100
Armed forces occupations	92.4	7.6	0.0	0.0	100
Total	50.4	6.1	6.5	37.0	100

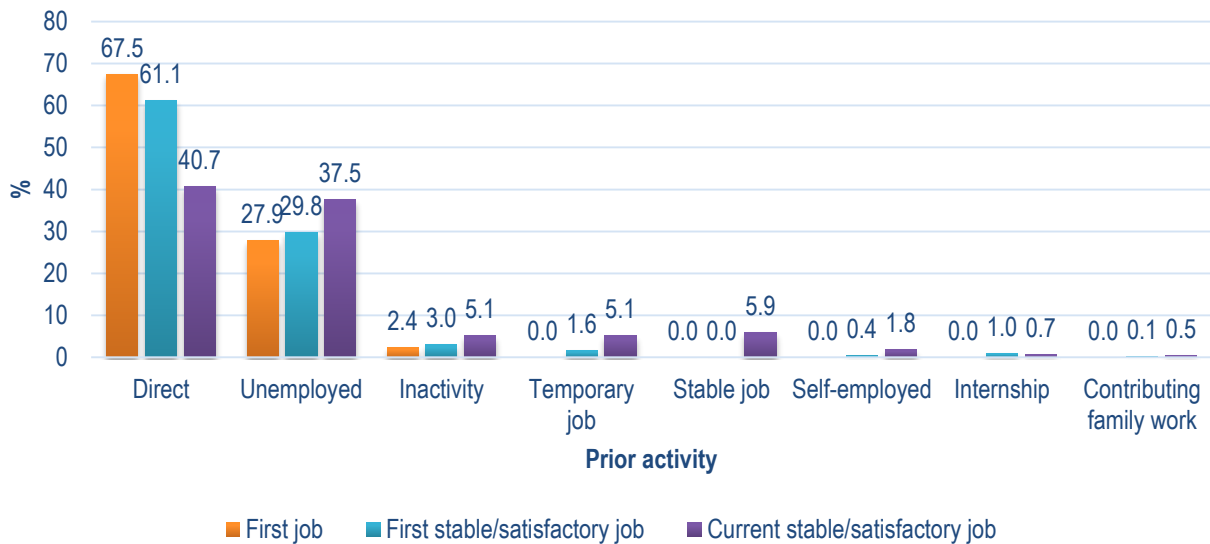
Source: SORS, SWTS 2015.

### 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 6.2 shows that the majority of transited youth attained their current stable and/or satisfactory job either as their first labour market experience – i.e. directly (40.7 per cent) – or following a period of unemployment (37.5 per cent). Regarding the transition to a first stable/satisfactory job (meaning that some persons left that job and moved to another job or a different labour market situation), an even greater number moved directly (61.1 per cent) and 29.8 per cent found the job after a period of unemployment. The fact that there is very little turnover in the Serbian labour market is clear from figure 6.2, which shows that only a handful of youth completed the school-to-work transition to a stable or satisfactory job from any of the following other activities: inactivity, from other employment – whether self-employment, temporary or stable job or contributing family work – or internship.

**Figure 6.2 Flows to stable and/or satisfactory employment (transited category) and to first job**



Source: SORS, 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  $\neq$  first transited job  $\neq$  current transited job). In a country like Serbia, with its 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 6.2, where 40.7 per cent of transited youth (current job) 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)	24.3	23.8	25.2
To first transited job (including direct transitions)	23.4	22.4	24.7
To first transited job (excluding direct transitions)	28.8	27.7	30.4
To current transited job (including direct transitions)	34.1	34.1	34.1
To current transited job (excluding direct transitions)	39.2	39.3	39.1

Source: SORS, SWTS 2015.

The results show that it takes a young person, on average, 23.4 months, or almost two years, from the time of graduation to 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 (28.8 months). In both instances, it takes young women longer than young men 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.<sup>16</sup> Regardless of the specific reason, it therefore makes sense that the average length to current transited jobs is longer than the length to the first transited job. In Serbia, it took a young person an average of 34.1 months (nearly 3 years) to complete the transition from school to the current transited job (same duration for both sexes). Excluding those who moved directly to the current transited job causes the transition duration to rise to as long as 39.2 months. Whichever form of measurement is applied, it is clear that the labour market in Serbia has a significant problem in absorbing its emerging young graduates effectively. The economic and social costs of financially supporting so many youth through the lengthy transition periods are a clear hindrance to the growth potential of the country.

Finally, figure 6.3 shows the advantage that education brings to the school-to-work transitions of youth in Serbia. 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 (11.7 and 24.3 months, respectively). Despite the higher representation of young women than men among tertiary degree holders, it still takes the young tertiary-educated female longer to complete the school-to-work transition in comparison to her male counterpart (12.4 and 10.6 months, respectively), which could be representative of a gender bias in the labour market.

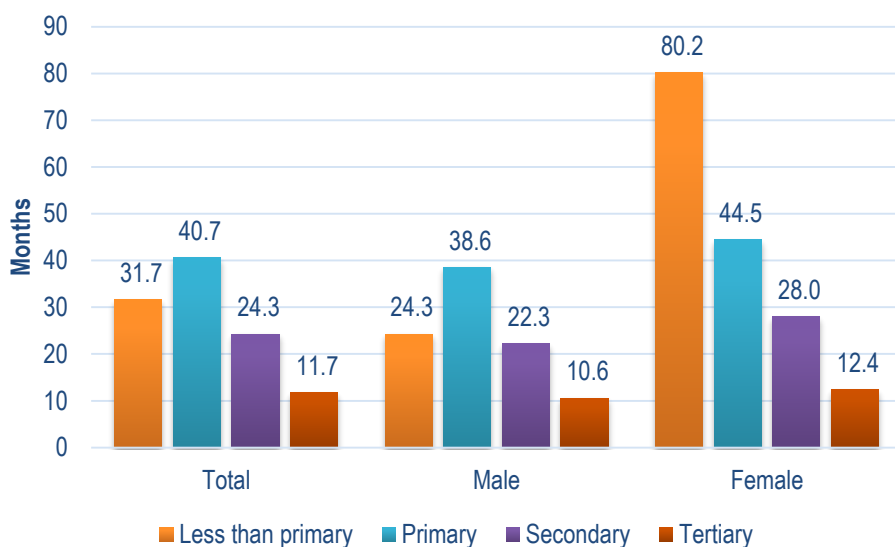
Youth with primary education only can take as long as 40.7 months to complete the transition. The very lengthy transitions of youth with low levels of education can be partly explained by their much younger age on school leaving, but the question of what those youth do during the long interim period remains to be answered. Given the much longer transition periods of young females educated to less than primary level, it is probable that much of the interim period is spent looking after the household, dependent on the income brought in by other household members or with state support. A future investigation should specifically consider the characteristics of youth in this category, since they are likely to be the most

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<sup>16</sup> 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](http://www.ilo.org/w4y).

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

**Figure 6.3 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: SORS, SWTS 2015.

## 7. Relevant policy framework and youth employment policy implications

### 7.1 Policy framework

Substantial progress has been made in refining the institutional framework for the design and implementation of the national employment policy in Serbia. The employment policy is now part of the wider economic policy and focuses on job creation and employment promotion. The legal framework for an active employment policy and the building of institutional capacity for its implementation was initiated in 2009, when two reform laws were adopted:

- The Law on Employment and Unemployment Insurance** (Official Gazette RS, No. 36/09, 88/10), provides a flexible legislative framework for the implementation of active labour market policies and achieving a better balance between active and passive measures and envisages greater decentralization and co-funding of active labour market measures with local authorities. It also defines the relationship between the National Employment Services (NES) and the Ministry of Labour Employment, Veterans and Social Policy (MoLEVSP) and sets out parameters for cooperation with private employment agencies. The National Employment Action Plan (NEAP) – adopted on an annual basis since 2009 – is the basic instrument through which the employment policy is implemented;



- **The Law on Vocational Rehabilitation and Employment of Persons with Disabilities** (Official Gazette RS, No. 36/09) is the first step towards creating appropriate conditions for the employment, activation and integration of persons with disabilities. It governs employment and vocational rehabilitation services in compliance with international and national standards and labour market flows.

Amendments to the Labour Law (Official Gazette RS, No. 24/2005, 61/2005, 54/2009, 32/2013 and 75/2014) have been adopted in the past two years, while a new set of amendments are planned for 2016, which will positively impact employment through the creation of a more flexible labour market. The amendments were adopted with the aim of ensuring the legal and financial security of female employees working on fixed-term contracts, especially during pregnancy, maternity and childcare leave. The most significant amendments relate to working time, holidays, wages and allowances, termination of employment, redundancies and collective agreements (Government of the Republic of Serbia, 2014).

In 2011, a forward-looking **National Employment Strategy 2011–2020** (Official Gazette RS, No. 37/11) was adopted. Within the framework of Europe 2020 Strategy and the strategic commitment of Serbia to further advance economic progress, the aim of the employment policy is to achieve, by the end of 2020, effective and sustainable employment growth and to fully align the employment policy and labour market institutions with the EU acquis. More closely aligning the labour market of Serbia with that of the EU is one of the priorities of this strategy.

To achieve the abovementioned aim, and in line with the challenges identified, a number of specific objectives were defined to contribute to employment growth in Serbia, through the implementation of various programmes, measures and activities. The specific objectives described below are not listed in order of importance.

- 1. Stimulating employment in the less developed regions and developing regional and local employment policies;**
- 2. Enhancing the quality of human capital:**
  - Developing career counselling and guidance;
  - Increasing the knowledge and skills of the unemployed through the establishment of a short-term training system;
  - Ensuring recognition of competencies acquired through non-formal learning;
- 3. Developing institutional capacity and expansion of active labour market policies;**
- 4. Reducing labour market duality:**
  - Increasing formal employment and reducing informal employment;
  - Introducing flexicurity to balance the rights and obligations of workers and employers;
  - Promoting equal employment opportunities for all.

The youth employment challenge featured prominently during the course of the Strategy development. The Strategy includes six empirical youth employment targets. By 2020, the initiatives put forward by the Government are expected to increase youth activity and employment rates (to 30.7 per cent and 23.3 per cent, respectively), decrease the youth unemployment rate (to 24 per cent), improve the ratio of youth unemployment to overall unemployment (from 2.1 to 1) and raise the share of teenagers and young adults enrolled in

education (to 90 per cent and 40 per cent, respectively).<sup>17</sup> These targets were established on the basis of an optimistic economic growth model, which is, unfortunately, not yet being realized. Box 2 provides details of ILO support to efforts of the Government of Serbia to improved youth prospects.

**Box 2. Technical cooperation for the promotion of youth employment in Serbia**

The Government of Serbia was supported in its attempts to improve the position of youth in the labour market by two major technical cooperation projects in the period 2007 to 2012. The first, Youth Employment Partnership in Serbia (2007–2010), financed by the Italian Government and implemented by the ILO, established firm foundations for youth employment promotion. These were further developed by the second project, Support to National Efforts for the Promotion of Youth Employment and Migration Management (2009–2012), a joint United Nations project, financed by the Spanish Government's Millennium Development Goals Achievement Fund.

One of the key instruments in tackling the youth employment crisis in Serbia was the establishment of the Youth Employment Fund (YEF), set up by the Serbian labour market institutions and co-financed by these two technical cooperation support projects. Comprehensive packages of services targeting both labour demand and supply were provided to unemployed youth through the YEF. Almost 3,300 unskilled youth benefitted from the measures designed by these projects and financed by the YEF (to the value of approximately US\$2.8 million. The vast majority were accepted into on-the-job training schemes, specifically designed for low-skilled unemployed youth.

Source: ILO project reports.

Within MoLEVSP, the Employment Department is responsible for employment affairs with actions relating to monitoring labour market trends, employment records, employment promotion, designing and coordinating strategies, active and passive labour market policies, employment of disadvantaged groups, development of the social entrepreneurship concept, rights under unemployment insurance and other rights of the unemployed, adult education measures, labour migration issues and relations with other foreign ministries and international labour bodies. The Government of Serbia allocates funds for employment services and active labour market programmes (ALMPs) that are implemented by the NES.

As set out in the NEAP 2015, 2.8 billion RSD were earmarked for the implementation of employment services and ALMPs by the NES, to be provided to the registered unemployed (see also box 3), including the following:

- *Job-matching services for jobseekers* – including matching labour market supply and demand, counselling and guidance of NES jobseeker clients, active job-search training, job clubs, individual employment plans for the unemployed, job fairs, etc.;
- *Vocational guidance and career counselling* – with a view to facilitating decision-making on career development and improving competencies for active job search;
- *Employment subsidies* – for the recruitment of hard-to-place jobseekers by private sector employers. The subsidy is paid as a lump sum for the employment of people registered with the NES. In 2015, the subsidy was based on the municipalities' development levels, with increases for the employment of persons with disability (PWD). It ranged from RSD 300,000 per beneficiary in the least developed municipalities to RSD 150,000 per beneficiary in the most developed municipalities;

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<sup>17</sup> The targets listed here are for a youth cohort defined as 15–24 years old, and should therefore not be confused with the data emanating from the SWTS in previous sections.

### Box 3. NES measures targeting unemployed youth

In the period 2009 to 2011, the NES implemented First Chance – a mass apprenticeship programme. It was intended to provide vocational training and employment for young graduates under 30 years of age with no work experience. Private sector employers which engaged such young trainees were eligible for a salary refund and the cost of contributions for compulsory social insurance. The programme was modified over the years and benefitted a total of 45,000 young people. Evaluation of the programme showed that, three months after the end of the programme, 81 per cent of participants were employed, and 99.5 per cent of the participants were very satisfied with the results of participation; namely, the acquired practical knowledge and skills. However, as the programme was costly to implement (over 6.5 billion RSD in the period 2009 to 2011), it was deemed unaffordable and was not renewed after the initial phase.

Since 2011, the programme Professional Practice has been training unemployed persons with the aim of providing them with a first work experience. The NES pays a cash allowance to the beneficiaries on a monthly basis and, additionally, covers employers' contributions for occupational health and safety and bears the costs of participants undertaking professional exams. The programme is not designed exclusively for young people, but is open to all persons who have no work experience in the profession for which they have been trained. However, over 80 per cent of participants are aged under 30.

As of 2013, the NEAP has provided a package of services for youth. This package includes the provision that, within the first three months of registered unemployment, an employability assessment is carried out and an individual employment plan is drafted, including identifying the programme which would be most beneficial to promoting the young person's employability and preventing skills erosion. Each young client should be offered employment or participation in an ALMP.

Source: NES, *Overview of youth on the labour market*, 2013.

- *Support for self-employment* – consists of financial support coupled with professional assistance to unemployed jobseekers wishing to start their own business. In 2015, the subsidy amounted to RSD 160,000 (200,000 for PWD) per beneficiary;
- *Further education and training* – organized for jobseekers and redundant workers to equip them with new skills for employment or self-employment. This includes internship;
- *Incentives for unemployment benefit recipients* – designed to allow jobseekers to retain 30 per cent of their remaining benefit if they take up full-time employment;
- *Public works* – designed to employ long-term unemployed and persons in need of social assistance, on public and social services projects with a view to improving employability. Funds earmarked for organizing public works are used for the wages of unemployed participants, reimbursement of commuting costs and public works implementation costs;
- *Support for the employment of persons with disability* – consists of a range of programmes designed to provide the necessary assistance for professional rehabilitation through job-search assistance and training programmes, subsidized employment, self-employment grants and reimbursement of the costs of adapting a work space;
- *Co-financing of measures with local government*;
- *Labour market integration of social financial assistance beneficiaries* – designed as an activation measure and consisting of a partial monthly salary subsidy (in the value

of RSD 10,000) paid to the employer for the employment of social financial assistance beneficiaries.

While policy-makers recognize the severity of the problems facing youth in accessing the labour market and have set aside significant funds for targeted youth employment interventions, the financial allocations for ALMPs have decreased dramatically since 2012. Until 2012, the annual budget allocated to addressing employment challenges was relatively stable, amounting to over 0.1 per cent of GDP. However, due to fiscal constraints in recent years, allocations to both passive and active employment measures have been dramatically reduced. The National Employment Strategy 2011–2020 envisages that a minimum allocation of 0.2 per cent of GDP would be necessary to effectively tackle the unemployment crisis in Serbia.

Several issues hamper active youth employment policy. First, severe budgetary constraints are in effect, as mentioned above, and there is a large discrepancy in fund allocation for passive and active labour market measures in favour of passive measures. Second, insufficient human resources and coordination issues between regional and local institutions mean that there is inadequate capacity to develop tailor-made solutions to address local employment needs.

At the broader level of policy design, several key issues have been identified which hinder effective policy responses to the challenge of youth employment: the fragmentation of policy interventions, with few synergies across the various government agencies and actors; the scant attention paid to addressing the needs of young people who face multiple barriers to labour market entry; the narrow scope of youth employment interventions, which often focus either on labour demand or labour supply measures; the lack of coordination among the institutions entrusted with providing social inclusion services; and limited monitoring and evaluation, which does not permit the implementation of evidence-based policies or the precise targeting of public services on those most in need of assistance.

## **7.2 Policy recommendations**

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

Therefore, larger amounts should be invested in active measures that will assist labour market entry, provide an initial work experience, prevent skills erosion and bridge the existing skills gap, with a focus on the most vulnerable youth. At the same time, much more effort is needed on the part of the NES to effectively target and profile the most vulnerable youth in order to prevent deadweight and substitution issues and to ensure that they are provided with an appropriate mix of measures to address their needs. Multi-component interventions that combine remedial education and training with work experience programmes and job-search assistance, as well as incentives for employers to hire young workers, have been shown to be more cost-effective than single-component measures.

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

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

Relative to the EU-28 average, the share of long-term unemployment among youth in Serbia is high at 50.9 per cent according to the SWTS results.<sup>18</sup> The longer a young person lingers in unemployment, the greater the potential for skills erosion and a loss of motivation. The situation is aggravated when employers have the tendency to recruit from the pool of recent graduates rather than taking on those with lengthy spells of unemployment. There are costs, therefore, in terms of both the loss of human capital and the additional burden placed on social funds.

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

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

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

As youth with the lowest levels of education are by far the most disadvantaged in the labour market, more effort is needed to provide them with functional education and equip them with the competencies required by the labour market. Bearing in mind that poor educational outcomes are very closely related to household income, an integrated programme of social and employment measures will be required, offering financial support and housing aid over the course of training programmes, for example.

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

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<sup>18</sup> The EU-28 average was 34.1 per cent in 2013 (ILO, 2015) for the age group 15–24.

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

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## Annex I. Additional tables

**Table A.1 Youth employment by 1-digit sector**

ISIC Revision 4	Total		Male		Female	
	Number	%	Number	%	Number	%
Agriculture, forestry and fishing	58 098	14.6	45 614	18.6	12 485	8.1
Mining	4,665	1.2	4 290	1.7	375	0.2
Manufacture	72 441	18.2	51 340	20.9	21 101	13.8
Electricity, gas, steam	2 206	0.6	2 029	0.8	178	0.1
Water supply	2 311	0.6	2 311	0.9	0	0.0
Construction	13 090	3.3	12 033	4.9	1 057	0.7
Wholesale and retail trade	79 503	19.9	41 183	16.8	38 320	25.0
Transport	15 695	3.9	9 860	4.0	5 835	3.8
Accommodation	26 760	6.7	13 373	5.4	13 387	8.7
Information and communication	15 686	3.9	10 335	4.2	5 351	3.5
Financial activities	10 498	2.6	5 777	2.4	4 721	3.1
Professional scientific activities	6 957	1.7	3 269	1.3	3 688	2.4
Administrative and support activities	10 416	2.6	7 248	3.0	3 168	2.1
Public administration	17 164	4.3	12 559	5.1	4 605	3.0
Education	12 029	3.0	2 429	1.0	9 601	6.3
Health and social work	13 971	3.5	3 470	1.4	10 501	6.8
Arts and entertainment	19 436	4.9	11 357	4.6	8 079	5.3
Other services	16 241	4.1	6 471	2.6	9 770	6.4
Private households	1 229	0.3	427	0.2	803	0.5
Extra-territorial activities	322	0.1	0	0.0	322	0.2
Total	398 719	100.0	245 373	100.0	153 345	100.0

Source: SORS, SWTS 2015.

**Table A.2 Youth employment by occupation**

ISCO-08	Total		Male		Female	
	Number	%	Number	%	Number	%
Managers	6 431	1.6	6 088	2.5	343	0.2
Professionals	45 228	11.3	19 042	7.8	26 186	17.1
Technicians and associate professionals	44 196	11.1	21 013	8.6	23 183	15.1
Clerical support workers	35 677	8.9	20 324	8.3	15 353	10.0
Service and sales workers	95 725	24.0	42 365	17.3	53 360	34.8
Skilled agricultural, forestry and fishery workers	42 046	10.5	33 741	13.8	8 304	5.4
Craft and related trade workers	54 236	13.6	45 914	18.7	8 321	5.4
Plant and machine operators, and assemblers	29 603	7.4	25 461	10.4	4 142	2.7
Elementary occupations	42 310	10.6	28 730	11.7	13 580	8.9
Armed forces occupations	3 267	0.8	2 694	1.1	573	0.4
Total	398 719	100.0	245 373	100.0	153 345	100.0

Source: SORS, SWTS 2015.



**Table A.3 Self-employed youth by source of start-up finances**

Source of financing	Total		Male		Female	
	Number	%	Number	%	Number	%
No money needed	7 199	23.3	5 037	21.1	2 161	30.6
Own savings	5 616	18.2	5 075	21.3	541	7.7
Money from family or friends	15 895	51.4	11 544	48.4	4 351	61.7
Loan from bank	384	1.2	384	1.6	0	0.0
Loan from government institution	1 395	4.5	1 395	5.8	0	0.0
Other	412	1.3	412	1.7	0	0.0
Total	30 900	100.0	23 846	100.0	7 054	100.0

Source: SORS, SWTS 2015.

**Table A.4 Unemployed youth by desired occupation**

ISCO-08	Total		Male		Female	
	Number	%	Number	%	Number	%
Managers	938	0.3	938	0.6	0	0.0
Professionals	65 527	23.6	27 020	18.6	38 507	29.1
Technicians and associate professionals	46 593	16.8	21 636	14.9	24 958	18.8
Clerical support workers	17 439	6.3	6 611	4.5	10 828	8.2
Service and sales workers	58 635	21.1	17 554	12.1	41 082	31.0
Skilled agricultural, forestry and fishery workers	2 533	0.9	1 604	1.1	930	0.7
Craft and related trade workers	33 542	12.1	29 780	20.5	3 763	2.8
Plant and machine operators, and assemblers	13 288	4.8	12 704	8.7	585	0.4
Elementary occupations	37 553	13.5	25 724	17.7	11 828	8.9
Armed forces occupations	1 910	0.7	1 910	1.3	0	0.0
Total	277 959	100.0	145 479	100.0	132 481	10.00

Source: SORS, SWTS 2015.

## Annex II. 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 working age 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 typically not covered in surveys.

5. **The reporting period**, to which the questions on 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.



This report presents the highlights of the 2015 School-to-work Transition Survey (SWTS) run together with the Statistical Office of the Republic of Serbia within the framework of the ILO Work4Youth Project. 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 SWTS and subsequent reports are made available through the ILO "Work4Youth" (W4Y) 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 Series covers national reports, with main survey findings and details on current national policy interventions in the area of youth employment, regional synthesis reports that highlight regional patterns in youth labour market transitions and thematic explorations of the datasets.

# Work4Youth



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