

Chapter 13

Youth Employability in WB Countries: Can They Look Up to Youth in Developed Countries?

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ABSTRACT

Transition in WB countries was supposed to enable the establishment of a better economic system. However, not all transitional countries have been conducting appropriate follow-up activities during their transition process. Success of transition depended on the country's internal factors and on their pre-transition economic situation? In all WB countries privatization led to high unemployment rates, low GDP growth and poor living standards especially for youth. At the same time, the transition has had positive effects in other transition countries like the Czech Republic, Estonia, Hungary, Latvia etc. The aim of this paper is to research a position of the youth in WB transition countries including Serbia, Montenegro, B&H, and Macedonia. The paper will follow the changes in youth unemployment in the period 2000 to 2014 in WB, other transition and EU15 countries. Comparisons of the achieved youth unemployment levels will give the opportunity to determine which the good practices are used in other developed countries that have resulted with significantly lower youth unemployment rates.

INTRODUCTION

Continuous changes in Europe have had a great impact on the position of youth in societies. During the period of 25 years several political and economic factors have influenced business activities. The fall of the Berlin Wall; the end of the Cold War; political changes in Europe during the 90's; and EU expansion represented the beginning of a new era which introduced transition into former socialist economies.

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The transition was supposed to enable the establishment of a free market economy; to have impact on deterioration of monopolies; to facilitate business operations for private sectors; and to diminish the role of governments in market regulation and pricing. A new way of doing business led to the creation of a strong private sector and facilitated capital movements on the market. However, not all countries in transition have been conducting appropriate follow-up activities during their transition process. Success of transition depended on the country's internal factors and on their pre-transition economic situation. Across all Western Balkan (WB) the process of privatization has been led in such a way that it has (in) directly resulted in high unemployment rates, low GDP growth rate and poor living standards especially of younger members of the society. At the same time, the transition has had positive effects in other countries in transition like the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia.

Since the year 2008, the transition was accompanied by the impact of the financial crisis. Instead by prosperity, the transition in WB countries was followed by vast economic and social problems, such as the rise of unemployment, changes in inflation rates, decrease in birth rate, increasing brain drain, etc. Ever since, the position of young people at the labour market is amongst the most challenging issues. For example, the transition in Serbian society has not achieved the foreseen objectives or the expected results. Among other countries in the Balkans and Europe in general, Serbia is with lowest growth rates. Since the outburst of the financial crisis, the GDP growth rate in Serbia varied from 5.4% in 2008, dropping to - 3.1% in 2009 when the crisis hit Serbia, rising by 0.6% in 2010, and then again 1.4% in 2011, declining by -1.0% in 2012, rising by 2.6% in 2013, and again falling by -1.8% in 2014 (National Bank of Serbia, 2015). The consequences of the financial crisis did not have impact on the unemployment rate in Serbia prior to 2010. However, after that period, unemployment has been increasing to reach the highest unemployment rate ever at the level of 23.9% in 2012. According to the Statistical Office of the Republic of Serbia (2015), in the period between 2009 and 2013, the unemployment rate fluctuated from 16%, 19.2%, 23%, 23.9%, and 22.1%, respectively. Youth unemployment rate has been reaching accordingly high peaks of around 50%. According to the International Labour Organization (2015), Balkan countries have been facing extremely high level of youth unemployment after 2008. The average unemployment rate among young people in EU member states is around 21%. Contrary to that, in WB countries youth unemployment rate is above 45%, in Bosnia it even reaches around 60%. WB countries should look up to the youth in developed countries to cope with the process of employment of young professionals.

Rising unemployment rates, especially amongst youth, have resulted in introducing several programs. Among different sets of activities, developed countries have introduced apprenticeship systems. Such type of training provided young people with an opportunity to gain practical experience during their studies and better chances for finding a job after graduation. In countries such as Austria, Switzerland and Germany, unemployment rate of young people is ranging, on average, between 8% and 10% (ILO, 2014).

In France the number of young people who were gaining their practical knowledge in the course of their studies has doubled in the past 20 years (Cahus P. et al, 2013). Many empirical studies have shown that the experience is extremely important for entering into the labor market. Parey (2009) concluded that trained young candidates get faster to the labour market. According to a survey conducted in the USA and France, Gorry (2013) believes that professional experience and the amount of the minimum wage have a major impact on unemployment rate of young people. The same opinion is shared by authors who argue that the cost of labour is a barrier to young people entering the labour market in France and Germany (Cahus P. et al, 2013). Results of research conducted by the group of authors Zubovic, Zdravkovic and Pavlovic (2015) analyzing the impact of economic and social factors on the youth unemployment rate.

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