PREFERENCES OF YOUNG PEOPLE IN SERBIA FOR EMPLOYMENT IN DIFFERENT BUSINESS FIELDS

Slađana Mušikić[1]; Marija Marčetić [2];

Abstract

There is a mismatch between skills and abilities on one side and the desire for a particular job at the labor market, as well as the new jobs' requirements on the other. In this work, we examine the determination of young people towards employment in different business fields. The analysis demonstrates the wishes of unemployed young people and their perceptions of adequate occupations. By researching the preferences of young people and their aspirations towards new employment, we create an information base on possible trends. Within the goal set by this research, the following tasks are realized: the situation and trends of unemployment among young people in Serbia were analyzed, the frequency of youth's commitment to new employment within different business fields was determined; and also whether there is a difference in the preferences of young people towards new employment in relation to gender and in relation to the level of education.

Key Words: *unemployment, youth*
JEL classification: *Z32*

Introduction

Employment is an important resource in the intensively changing conditions of the labor market and the high unemployment rate among young people. Insecure and unpredictable labor market puts off and prolongs the way from education to finding a job, due to the necessity of additional knowledge and qualifications acquisition. One fifth of world's young population is either unemployed or not in any process of education. Constant need for vocational changes to keep up with the competitiveness

[1] Slađana Mušikić, PhD, professor, Academy of applied studies, Belgrade, phone: +3810631045327, e-mail: sladjana.musikic@vpskp.edu.rs
[2] Marija Marčetić, PhD, professor, Academy of applied studies, Belgrade, +38106227138, e-mail: neimar.marija@gmail.com

of the variable labor market is what makes the working environment risky and flexible. Youth entering the world of labor has become problematic and with serious consequences upon them, including the risk of poverty and losing skills or experience. The transition from school to starting a job needs to be facilitated through help or subventions for a good start in the business world, which could be a positive influence on their professional and personal success.

The tendency of the young population in all the regions of the world is their being present mostly in the informal sector (around three quarters of the world's youth). As for the distribution among the business fields, the situation varies based on the countries' level of development. In the well developed ones, the youth is involved in the 4th Industrial revolution, whereas the less developed countries mark a more variable influence of the technological development in different fields. Youth employment in less developed countries escalates in the field of services the most. Tourism, as an intensive working sector, shows itself as a non-sufficient influence on the employment increase in Serbia (Marčetić & Mušikić, 2017). The decline in domestic tourist traffic is affected by the reduced purchasing power of economic entities. With the increase of the standard trend of imports of travel, services will receive a reverse flow due to limited tourist offer of Serbia (Marčetić & Mušikić, 2016a).

A noticeable increase in the health sector has been detected in all the countries. Such a sector image of employment encourages young people in developed countries to adopt new technical knowledge, while the demand for low qualified work force in less developed countries is still high. Eastern Europe marks a drop in the number of older employees in the fields of transport, information and communication, while the number of young men and women in those fields is increasing. The sector of finance and intermediation is growing much faster with young employees. Due to the significant deindustrialization in this region, there is a much lower number of young people in the production sector (Marčetić & Mušikić, 2016 b). More frequent application of new technologies in the tourist sector promotes it into a growing one, considering the young people being engaged in that sector. The change of the employees in this sector, in East Europe, represented in percentages, is going up in favor of the young population. It absorbs the youth from the agricultural sector in low developed countries, as well as the youth from the production sector in the more developed countries. It is assumed that there will be a higher demand of technologically trained staff, opposed to the current situation

in which a job in the tourist sector is treated as an additional and the one that involves a low qualified work force.

The work has been divided into three functional parts. The first includes a short term detailed analysis of the state and trends of unemployed youth. The second part transfers the focus onto the analysis of engaging young people in different business fields in Serbia for the same period. The two parts represent an explanation of the statistical analysis of the youth's preferences for employment, given to the third part. The results show determination of young people to search for employment in certain fields, especially determination according to their gender and level of education.

Characteristics of young people's (un)employment in the short run

In 2015, the Republic Institute for Statistics (RZS) has adopted a new methodology for tacking the formal employment, by combining data from the Central Registry of mandatory social insurance (CROSO) and the Statistical Business Registry. RZS defines official employment like this: an employed person is the one having a formal legal hiring contract, which represents a setup working relation with the employer, permanently or temporarily, but also a person working out of that working relation based on a contract for performing temporary or occasional jobs; then, a person who works individually; also the one who owns a business organization or an entrepreneurial shop and the one who belongs to the agricultural field but who is registered in the CROSO. Such defined, official employment is in accordance with the European standards.

Besides the global crisis, restructuring process and privatization, numerous weaknesses in the employment politics had an impact on the negative trends at the Serbian labor market. Employment politics is an integral part of all the macro economical politics which influences the offer and demand for work force (fiscal, monetary, educational, politics etc). In this period, we neither have had a clear, defined strategy of employment nor have we analyzed the effects of privatization and other politics on the employment. We thought that the market reforms would automatically bring about the growth of the employment rate. However, it has not happened.

A good business environment for developing enterprises and growing employment in the private sector hasn't been created. High taxing of lower incomes, income growth in the public sector, lack of efficient social

dialog are all drawbacks which the global crisis only made real and objective (Arandarenko & Bartlett, 2012).

The number of the employed in our country has been in a constant increase; however, the position of the young people at the labor market in relation to the total working population is bad. Unemployment of the youth is definitely the biggest problem in Serbia. Youth unemployment's economic price has a form of a failed investment in education.

Table 1: *Basic indicators of the labor market for population between 15-24 (in %)*

	2014.	2015.	2016.	2017.
Employment rate	14,9	16,6	19,7	20,9
Unemployment rate	47,3	43,2	34,9	31,9
Activity rate	28,2	29,2	30,3	30,6
Inactivity rate	71,8	70,8	69,7	69,4

Source: *ARS, Republic Institute for Statistics*

These data reveal a bad stand of the young population at the labor market, their survival strategy with no real plans, their inactivity and the inadequate state measures for their employment.

Table 2: *Basic indicators of the labor market for the working population between 15-64(in %)*

	2014.	2015.	2016.	2017.
Employment rate	50,4	52,0	55,2	57,3
Unemployment rate	20,1	18,2	15,9	14,1
Activity rate	51,8	53,6	65,6	66,7
Inactivity rate	38,2	36,4	34,4	33,3

Source: *ARS, Republic Institute for Statistics*

Table 1 and 2 point out to the fact that the unemployment rate of the population between the age of 15 and 24 is twice as high as the total unemployment rate of the labor-capable population, which is also true for the rate of youth's inactivity. The unemployment rate of young people has a tendency of decreasing, from 47,3% in 2014 to 31,9% in 2017.

The basic labor market feature is high youth's inactivity in relation to the total working population, as well as low employment (Figure 1 and 2). There is a bigger sensitivity of young people at the labor market than the other age groups and the employment rate significantly drops down with

the age. The highest is with the population between the age of 15 and 24, but also with the young adults, between 25 and 34. Lack of professional practice, working experience and motivation, all represent obstacles in the employment process for the young people. Besides that, there is a mismatch between skills, abilities and demands of new jobs (McGowan & Andrews, 2015). Insecure and unpredictable labor market prolongs the way from education to employment due to the need for additional knowledge and qualifications. Constant need for vocational changes to keep up with the competitiveness of the variable labor market is what makes the working environment risky and flexible (Mortimer, 2009).

One more feature is represented through very unfavorable demographic trends. It means that the number of the actively working population decreased between 2014 and 2017, as well as the number of the young working population (15-24), which dropped for 60.000 in 3 years. NEET rate (young people who don't work, who are not in any process of education or training) was 30% in 2017. This rate is higher in the rural areas of the country and with young women (Working Force Survey, 2018).

Table 3: *Rate of informal youth employment in Serbia (in %)*

	2014.	2015.	2016.	2017.
Informal employment rate	36,2	38,8	37,1	30,0

Source: *ARS, Republic Institute for Statistics*

In Serbia, nearly a half of the young people are employed in the informal economy, which is significantly more in comparison to the total working age population. Informal economy has mostly absorbed unqualified and low educated work force, which is an indicator of the unemployment quality and the youth educational structure. However, nowadays, informal economy hires high qualified educated people who are not registered, or if they are, it is for a lower salary, or they get hired in a formal economy but still work in the informal.

Unemployment is dominated by a long jobless period. In 2015, 79% of all the unemployed were without a job for more than a year. Not having education or demanded skills, low working force mobility, severance pay, unemployment benefits, all of these prolonged and deteriorated their position at the labor market. The unemployment rate for women between 15 and 24 was over 52% and finding a job was mostly connected to the

informal sector. The unemployment in Serbia has a long term character, as it often happens that once they become unemployed, people remain in that status for a long period of time (Službeni glasnik, RS, 2015). The longer the period of unemployment is, the smaller is the chance of finding a job and the bigger the poverty becomes.

The youth unemployment rate (15-24) in Serbia is double higher than the one in EU. The trends of EU unemployment movement are followed by EUROSTAT. Their statistical data about unemployment show significant differences based on gender, age and education level (EUROSTAT, 2017). There are also big differences among EU members' labor markets. The employment rate is considered to be the key indicator for the movement analysis at the labor market.

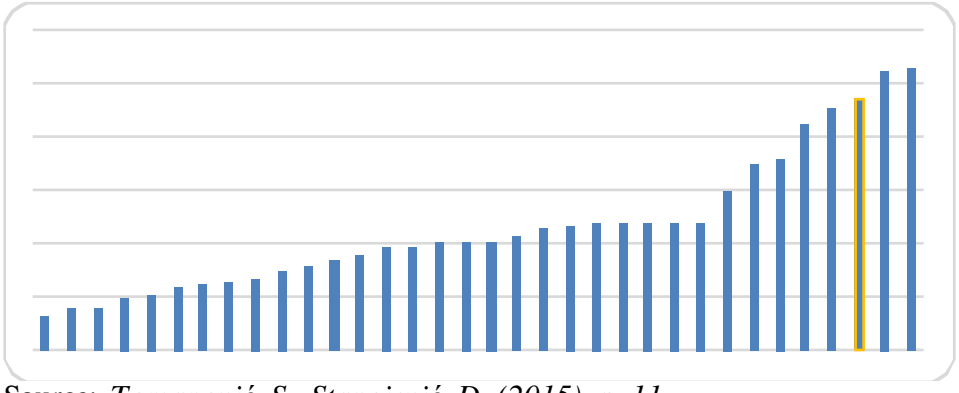
Table 4: *Basic indicators of the labor market for young population (15-24) in Serbia and in EU (in %) for 2017.*

	SERBIA	EU
Employment rate	20,9	34,7
Unemployment rate	31,9	16,8
Activity rate	69,4	58,5

Source: *ARS, Republic Institute for Statistics*

From the data, and based on the previous table, it is obvious that the unemployment in Serbia is almost twice as high as in the EU. The next graph shows the countries' individual positions. It is interesting that Spain and Greece have a bigger number of unemployed young people than Serbia.

Figure 1: *Unemployment rate in the 15-24 age group*



Source: *Tomanović, S., Stanojević, D. (2015), p. 11*

High level of unemployment represents a serious obstacle in the process of youth implementation in social streams (Arandarenko, 2009). It is essential for the youth's position at the labor market in Europe to mention the results reached by the European Youth Commission. "Many young Europeans are facing marginalization at the labor market, aggravation of the life standard and obstacles in social inclusion." – it has been estimated in the report of the European Commission about the position of young population in the EU.

European youth strategy has two general goals: larger offer and equal opportunities for the young people in education and at the labor market, social inclusion and youth solidarity. Initiatives for achieving these goals are within this youth strategy.

Serbia is facing some tendencies which negatively influence the human resources. They are: aging of the population, birth rate decrease and intellectual outflow. Structural and cyclical unemployment are in connection with poverty, crime, stagnation of knowledge and skills. Structural unemployment originates in the basic unadjustment of the available work force seeking for employment in vacant job positions. Unadjustment can be in the aspect of education, qualification, age, and all of these require changes in the fields of broad education and training.

Youth employment in Serbia based on sector and field

Based on the last register, there were 1,322,201 young people aged between 15 and 29, which is 21, 07% of the population of Serbia. Every fifth person (Bubalo-Živković & Lukić, 2015) of the economically active young people in the Republic of Serbia is into trade, retail or wholesale. Every sixth is engaged in manufacturing and almost every tenth works in the primary sector (agriculture, fishing, forestry). The same number of young people works in the state institutions.

Every second economically active young man who deals with information and communications, real estate or finances, resides in the Belgrade area. More than three fifths of economically active young people in Serbia are into some economic field, most of them in the region of Vojvodina, Šumadija and West Serbia, and the fewest of them in the region of South and East Serbia.

The economy is divided into three sectors. Primary sector consists of agriculture, fishing and forestry. Secondary sector covers extractive and manufacturing industry, building and production craftsmanship. Tertiary sector is related to the service activities, crafts, traffic, tourism and trade. Serbia is a country in whose economy the relative majority of the economically active youth belongs to the tertiary sector – 45,2%.

Viewed by regions, the most economically active young people works in the secondary sector of Vojvodina – 42,4% and up to 40, 5% in the region of Šumadija and West Serbia. In the region of Belgrade, 63,8% of young people work in the tertiary sector (FREN, 2017). These data lead us to conclude that the youth are more oriented towards services and faster income, which is the tertiary sector, and not to production, especially the youth in the city environment. Such situation and the stagnation in production drives young people to cities, whereas villages are left without the pillars of growth and development – the youth.

According to gender, young males have an advantage in the economical activities in all economical sectors and in all regions. In non-economical activities, the females are dominant, with the exception of South and East Serbia.

Comparing these three sectors, the highest number of economically active young men is present in the secondary sector – 45,1%. Young men in the Belgrade area are most present in the tertiary sector – 56,6%. According to the sectors of economic activities, economically active young women, on both the Republic level and in all regions of the country, have an absolute majority in the tertiary sector. This realistic youth employment image will be compared with the data about their preferences later in the text.

Factors for accepting some job, listed by the interviewees, were: firstly, with more than a half of the young population, it is the salary; then, 22% of them stated security and on the bottom of the list follow satisfaction with the job and the working environment. Women value the security of the job more than men. High valuing of security and salary as factors lead to the state sector as a desired employment (62,1%) more than the private (26,1%) (Tomanović & Stanojević, 2015). Private sector is more interesting to the young people whose parents are highly educated. Finding a job in international companies is a goal to highly educated

youth or to young people from bigger cities. To the ones from the rural environment, the goal is getting a job in the state sector.

Aim and goals of the research

In this work, we examined the preferences of the unemployed youth according to an employment in a certain field. Through researching of the youth's preferences and their aspirations towards new employment, we created an information base to possible solutions. This work provides a useful and meaningful contribution to the national issue of employing young people, through examining their interests, i.e. sector orientations. Youth's determination towards new jobs doesn't often match the real possibilities. The analysis gives directions about the youth's wishes, about their perception of adequate jobs and about fields of their interests. Within the aim set in this research, some goals were defined:

- To determine the frequencies of youth's sector orientation
- To determine if there is a difference in youth orientation based on their gender
- To determine if there is a difference in youth orientation based on level of education.

Method of research

The obtained data were analyzed in a qualitative and quantitative way, whereas the results were presented through text and charts. The obtained data from the questionnaire were analyzed using the method of descriptive statistics (Radivojević, Ćurčić & Marčetić., 2018). In the analysis of the obtained data, $\chi 2$ test method was used (IBM SPSS 23 statistical tools). The procedure called $\chi 2$ test is used mostly in cases with quality data. Hypotheses to be examined in this research are following:
(H1): There is no difference in the youth preferences towards employment in certain fields based on gender;
(H2): There is no difference in the youth preferences towards employment in certain fields based on level of education.

Sample and data

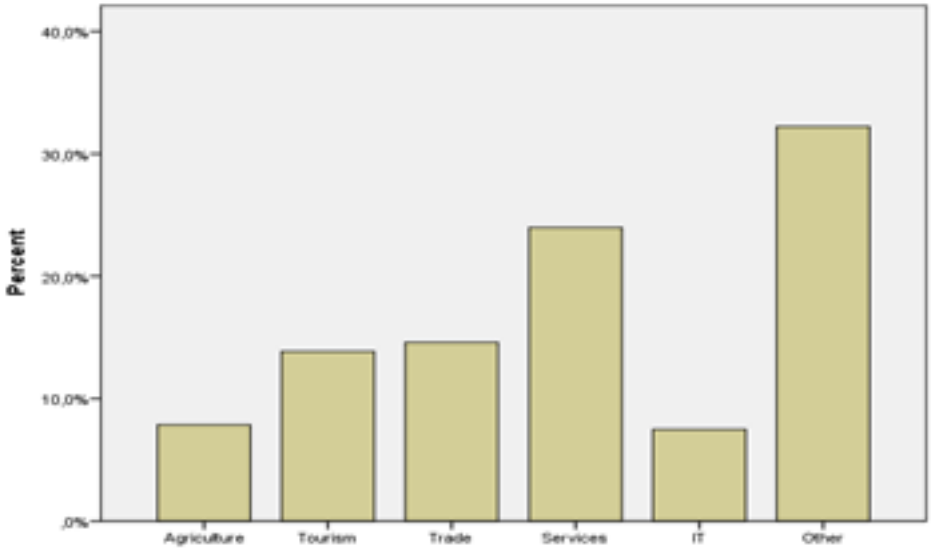
The conducted poll included 333 examined young people, out of whom 63,7% are students of a vocational business school and 36,3% are students from economical-trading high school. Their age varies from 16 (1,8%) to 25 (0,9%). The majority of them is 18 (20,7%), 20 (18,0%) and

21 (16,8%). The poll was conducted on the territories of Jagodina, Dimitrovgrad, Blace and Stara Pazova. The interviewees had enough time to give answers to all the questions, which are of a cloze type. The polling is anonymous and conducted through paper.

Analysis results and discussion

The following graph shows the youth orientation frequencies towards certain fields. Although IT sector popularity is high, the youth included in this poll rated it lowly. Tourism takes a respectable position, with 14,7%, in rank with trade. A huge number of young people do not have any opinion, i.e. they are not oriented.

Figure 2: *Youth employment orientation towards some fields (in %)*



Source: *Author*

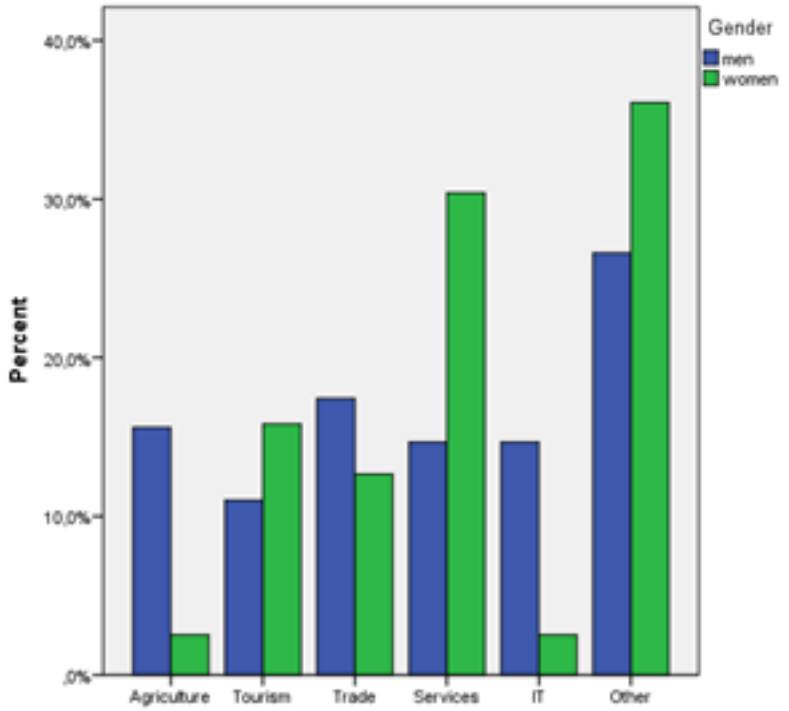
In the following chart, there is an overview of youth preferences according to gender and presented in percentage. Based on the question: "Which field is your employment directed to?", we found out that out of all the answers that were offered, the most of the interviewees see their employment in the IT sector – 80%, but also in agriculture – 81,0%. Trade is present with the males in 48% and the touristic sector in 32,4%.

Table 5: *Gender based youth employment orientation towards certain fields*

Your employment would be oriented towards:	Gender		Total
	Male	Female	
Agriculture	17	4	21
%	81,0%	19,0%	100,0%
Tourism	12	25	37
%	32,4%	67,6%	100,0%
Trade	19	20	39
%	48,7%	51,3%	100,0%
Services	16	48	64
%	25,0%	75,0%	100,0%
IT	16	4	20
%	80,0%	20,0%	100,0%
Other	29	55	84
%	34,5%	65,5%	100,0%
Σ	109	156	265
%	41,1%	58,9%	100,0%

Source: *Author*

Figure 3:*Gender based employment orientation towards certain fields*



Source: *Author*

Young females would direct their employment mostly towards services – 75%. They also have affinities towards the area of tourism – 67,6%, trade – 51,3% and the least towards the IT sector – 20%. It is also noticeable that there is almost twice as many indecisive (non-oriented) young females as there are males. A graphic presentation of the chart follows.

Using the $\chi 2$ test method, we examined whether there is a difference in unemployment orientation towards certain fields based on gender. The results confirmed the existence of difference for p=0,00, with middle correlation, i.e. middle strong bond between two variables (0,37) according to Cramer's V indicator. So, the first hypothesis of the research was rejected.

Table 6: *Difference between genders in employment orientation towards certain fields*

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	36.707[a]	5	.000
Likelihood Ratio	37.609	5	.000
Linear-by-Linear Association	3.498	1	.061
N of Valid Cases	265		

Source: *Author*

The next setup goal is to confirm if there is a difference in the favorite field of employment based on the level of education. The analysis of this relation shows that the highly educated interviewees are interested in agriculture – 90,5% and IT sector and tourism – 75%. Trade is present with 66,7% and services with 59,4%. High school students have different opinions: services – 40,6%, trade – 33,3% and IT sector – 25%. The difference in the answers between high school and university students about the employment orientation is included in the educational system reform which includes the importance of entrepreneurship.

Table 7: *Employment orientation towards certain fields based on level of education*

Your employment would be oriented towards:	School		Total
	High	Vocational	
Agriculture %	2 9,5%	19 90,5%	21 100,0%
Tourism	9	28	37

%	24,3%	75,7%	100,0%
Trade	13	26	39
%	33,3%	66,7%	100,0%
Services	26	38	64
%	40,6%	59,4%	100,0%
IT	5	15	20
%	25,0%	75,0%	100,0%
Other	44	42	86
%	51,2%	48,8%	100,0%
Σ	99	168	267
%	37,1%	62,9%	100,0%

Source: *Author*

In the next table, using the $\chi 2$ test method, we examined if there is a difference in the level of qualification and employment orientation towards certain fields. The results confirmed existence of difference for p=0,002, with weak correlation, i.e. weak bond between two variables (0,26) according to Cramer's V indicator. The second hypothesis was also rejected.

Table 8: *Difference in the level of qualification and employment orientation towards certain fields.*

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	17.323[a]	5	.004
Likelihood Ratio	18.798	5	.002
Linear-by-Linear Association	13.302	1	.000
N of Valid Cases	265		
a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 7.32.			

Source: *Author*

Conclusion

Every fifth economically active young man in the Republic of Serbia is into trade, retail or wholesale. Every sixth is engaged in the manufacturing industry. Almost every tenth works in the primary sector (agriculture, fishing, forestry). These data lead us to conclude that the young people are more oriented towards services, which is a tertiary sector, towards faster earning, and not to production, especially the young

population in the cities. The stagnation of production drives young people to cities, leaving the rural areas without the youth, as pillars of growth and development. Based on gender, young males have an advantage in all economical field activities, in all regions. Young females have an advantage in the non-economical field activities.

Comparing the three sectors of economic fields, secondary sector has the majority of the young economically active males. According to the economical field sectors, young economically active females in Serbia, on both regional and Republic level, have the absolute majority in the tertiary sector. This is a realistic image of youth employment, unlike their preferences, which obtain a different connotation.

Our analysis of youth's orientation to employment in the preferential fields shows that the largest number of young people is not oriented to what field they will be in when they finish the process of education. Using the method of $\chi 2$ test, we examined if there is a difference between genders and employment orientation towards some fields. The results confirmed the existence of gender based difference in the tendencies for employment, for p=0,00, with middle correlation, i.e. middle strong bond between two variables (0,37) according to Cramer's V indicator

Using the method of $\chi 2$ test, we examined if there is a difference in the level of qualification and employment orientation towards certain fields. The results confirmed an existence of difference in the tendencies for employment depending on the level of qualification, for p=0,002, with weak correlation, i.e. weak bond between two variables (0,26) according to the Cramer's V indicator.

References

1. Arandarenko, M., Bartlett, W. (2012*). Labour Market and Skills in the Western Balkans,* Fondation for Advancement of Economics (FREN), Belgrade.

2. Arandarenko, M. (2009). Social interests and the global crisis. Friedrich Ebert Stiftung Conference, *20 Years Towards the Market Economy*, 28-29. September, Belgrade.

3. Bubalo-Živković, M., Lukić, T. (2015). *Mladi u Srbiji početkom 21. veka*, RZS, Belgrade, pg.111

4. Eurostat, (2017). *Nezaposlenost u EU*, Retrived from www.index.hr/.../eurostat-nezaposlenost...godina.../1010992.a, (2. february, 2019).

5. Fond za razvoj ekonomske nauke, (2017)., *Kvartalni monitor ekonomskih trendova i politika u Srbiji*, FREN, br. 52, Belgrade

6. Marčetić, M., Mušikić, S. (2016). The impact of tourism income on the balance of payment, *International thematic monograph - Thematic proceedings, Modern management tools and economy of tourism sector in the present era,* Belgrade, ISBN 978-96-80194-04-2, 529-541.

7. Marčetić, M., Mušikić, S. (2017). Tourism impact on unemployment in Serbia, *2nd International Scientific Conference: "Tourism in Function of Development of the Republic of Serbia"*. Vrnjačka Banja, Serbia, 01-03. June, 2017,

8. McGowan, M.A. & Andrews, D. (2015). Labour market mismatch and labour productivity, *OECD Economics department Working Papers No. 1209,* Paris: OECD Publishing.

9. Mortimer, J.T. (2009). Transition to Adulthood, Parental Support, and Early Adult Well-Being: Recent Finndings from the Youth Development Study, *Early Adulthood in a Family Context*, www.springer.

10. Radivojević, N., Ćurčić, N., Marčetić, M. (2018). Kvantifikovanje ekstremnog tržišnog rizika na izabranim zemljama Zapadnog Balkana. *Industry*, Vol. 46, No. 2, 99-115.

11. Republički zavod za statistiku, *Anketa o radnoj snazi*, (2014-2018). Bilteni, Belgrade.

12. Službeni glasnik RS, (2015). Br.55/05, 71/05-ispravka i 101/07, *Nacionalna strategija za mlade.* Serbian association of employers, 2014., Batter conditions for youth employment.

13. Tomanović, S., Stanojević, D. (2015). *Mladi u Srbiji stanja, opažanja, verovanja i nadanja,* Friedrics ebert stiftung, SeCons, Belgrade, pg.35