

3.1 General context

On this page

1. [Labour market situation in the country](#)
 2. [Definitions and concepts](#)
-

Labour market situation in the country

Labour market situation in the country

Labor Market and Youth Unemployment

The Macedonian labor market suffers from low activity, low employment rates, high unemployment and (vertical and horizontal) mismatch between supplied labor and demanded skills. Labor force participation rate remains low by international standards, reflecting the low employment coupled with high unemployment rate.

As it was mentioned in the chapter 1.6, in order to reduce the differences between the supplied workforce and the required skills, the Employment Service Agency of the Republic of North Macedonia conduct a survey for analysis of skills needs in the labor market. The purpose of the research is to increase knowledge about the situation and the expected changes in the labor market, by obtaining information from employers for: the needs of new employments in the next 6 to 12 months; the needs of occupations, the planned new employments; the skill needs of candidates for planned new job; the needs of workers with certain occupations, for which employers have experienced a deficiency in filling vacancies.

The unemployment rate, as participation of the number of unemployed in the total labor force was already high at the beginning of the transition in the early 90's, estimated at 20%, but further increased during transition. The unemployment rate continued to grow particularly in the privatization process and in 2005 reached a record rate of 37,3%[\[1\]](#).

These developments suggest that the emergence of the new private sector was insufficient to absorb the decrease in employment caused by the restructuring of state-owned companies, notwithstanding the effect or pressure of rising working-age population. Some researchers say that "the unfavorable business climate during the transition has not only discouraged new business start-ups, but also promoted the blossoming of the informal economy. To discourage the sizeable shadow economy and spur the development of private, and particularly, small and medium-sized enterprise sector, the authorities substantially reduced the personal-income and corporate tax rates at the beginning of 2007".[\[2\]](#)

The unemployment rate in North Macedonia decreased to 19.4 percent in the fourth quarter of 2018 from 21.9 percent in the same period of the previous year. In the second quarter of 2020 this percent has drop to 16.7%. Although the dynamics of the movement of the unemployment rate are optimistic, we must be careful in drawing conclusions. Considering the fact that the unemployment rate is determined on the basis of the number of persons registered as unemployed in the Employment Service Agency of North Macedonia, we must bear in mind that for unknown reasons there are unemployed people who are not registered within the Agency. So, taking into account the unknown dark figure of the unemployed, the real unemployment rate in North Macedonia is certainly higher than the official above mentioned.

It is also interesting to mention that the unemployment rate in North Macedonia averaged 30.73 percent from 1993 until the beginning of 2019, reaching an all-time high of 38.70 percent in the first quarter of 2005 and a record low of 16.2 percent in the first quarter of 2020[3]. It will be interesting to follow these numbers in the next 2 quarters, having in mind that the pandemic will affect the society by producing higher unemployment rate.

When it comes to youth unemployment, the numbers since our independents are constantly high. Last data from the second quarter of 2019 according to Statista are 34,9% (aged group 15-24).[4] There is a slight improvement, compared to the data from the same quarter in 2020, where the youth unemployment is 33.8% (aged group 15-24, State Statistical Office).[5] It is considered that the most important reasons for the high rate are the following[6]:

- Poor qualification structure (a large number of young people are unqualified or semi-qualified);
- Inequity between the need of the labor market with the education system;
- The strict need for employers to employ people with previous work experience;

Also, a great problem is nepotism, cronyism and political patronage, which, combined with the previously mentioned reasons, make young people discouraged and emigrate abroad.

Youth unemployment and underemployment (workers who are highly skilled but working in low paying jobs, workers who are highly skilled but working in low skill jobs and part-time workers who would prefer to be full time) in the Republic of North Macedonia represent a major cost to the country in economic, political and societal terms. The high youth unemployment rate – **among the highest in the world** – means a loss of investment in education and training, a reduced tax base and higher social costs. At the same time, long periods of unemployment in the early stages of life affect the job prospects across the working-life span of young people. Young, rural and unskilled females are less likely to be active in the labor market.

As a result, political attention has increasingly been focused on boosting the employment of young people in North Macedonia through a combination of employment, education and social assistance policies. For that purpose, The Government of Republic of North Macedonia in its work program 2017-2020 insert The Youth Guarantee as a measure for increasing the

employability of young people. In 2017, Master Plan for Youth Guarantee was adopted. The Master Plan define institutions responsible for implementation of concrete activities for realization of the Youth Guarantee. The Youth Guarantee in North Macedonia was mentioned for the first time in the youth program for work of the Macedonian Anti-Poverty Platform ([?????????? ?????????? ?????? ?????????????](#)) for the period 2014-2017, although no specific activities for its implementation have been noticed. Also, in 2015, [National Youth Council of Macedonia](#) submitted propose ([?????????? ??????????](#)), within the framework of the Objective 2 of the draft version of the National Youth Strategy 2016-2025 in Employment and pre-employment support field, to introduce the Youth Guarantee program by the Government of the Republic of North Macedonia. Such a proposal has been adopted, therefore, in the National Youth Strategy, one of the measures for increasing youth employment is also the 'implementation of a specific multi sectoral policy for proactively reducing youth unemployment' [\[7\]](#).

The Youth Guarantee is also part of the [Economic Reform Programme 2018-2020](#) of Ministry of Finance, as a measure to reduce the rate of youth unemployment. In February 2018, the Ministry of Labor and Social Policy together with the Employment Service Agency of North Macedonia and the National Youth Council of Macedonia started the realization of the pilot project Youth Guarantee. The Economic Reform Program provides that "With the Youth Guarantee measure, each young person under the age of 29 will be given an adequate job offer, an opportunity to continue education or be included in some of the internship or training measures for preparation for employment. This will be provided within 4 months after completion of education or registration as an unemployed person in Employment Service Agency of the Republic of North Macedonia."[\[8\]](#)

Once the unemployed persons are registered in the unemployment register, they are immediately referred to their first interview with an expert from the Employment Service Agency, who makes the profiling of their employability using a control questionnaire and develops the individual employment plans (IEP). The IEP defines activities that will enable the young unemployed person in the next 4 months to be included again in the educational process (not in regular education) or to be included in some of the measures and services for employment, which will enable him to increase his opportunities for easier employment, i.e. he will be offered adequate employment which corresponds to his education and skills. These activities include group and individual counseling and information; providing job search assistance services; motivational training; inclusion in one of the labor market integration measures (employment, education and training measures).[\[9\]](#)

According to the [Ministry of Labor and Social Policy](#) this measure has positive results. In the first 3 months of its realization in Skopje, Strumica and Gostivar, 419 people were hired, 196 began to attend training and 160 started their practice in a company. According to the information gained from the MLSP, in the first year of implementation (from March to December 2018) the following results were achieved: Total number of young people included: 15,266, most of them only with high school diploma. Out of the total number of young people who become part of the Youth Guarantee, 4,556 (87%) were provided with certain services within the Program (career counseling and professional orientation, preparation for employment and work,

elaboration of an individual plan for employment, information on the labor market, profiling, etc.); Out of the total number of young people included, 1,879 young people are employed in the period of 4 months from the day of entering the program. Of these, 224 persons were employed through the ESA's employment mediation service, 232 are directly employed by participating in some of the active employment measures; 1,387 are employed after their participation in any of the other services of the Agency); 281 persons were involved in any of the active employment programs and measures that do not lead to direct employment. According to these data, the performance of the Youth Guarantee in 2018 is over 41%. Most of the young people were involved in the internship measure -163, in the measure for subsidized employment - 123 persons, in the measure - Financial support for job creation involved 87 people, trainings for demand occupations on the labor market - 29 persons, in community service - 45 people, advanced IT skills training - 20 people. 518 of them are already employed, while the rest are involved in other measures such as internships, job training, training requirements for occupations in the labor market, advanced IT skills trainings.

The Youth Guarantee in 2019 is applied throughout the whole country (unlike in 2018 when as a pilot project it was implemented only in 3 Macedonian municipalities). According to the ESA, in the period from January 1, 2018 to August 31, 2019, 13728 young people become part of the Youth Guarantee, and 3095 of them get a job in the first 4 months after their registration within the Agency. According to the Macedonian Prime-Minister, during 2019, 6004 young people find a job through the Youth Guarantee.^[10]

According to the Plan for implementation of the Youth Guarantee, the first phase (2018-2019) include appropriate political reforms, mapping young people (NEET) and making assessment for the necessary investment for realization of the Youth Guarantee, enlarge the scope of available programs, making partnerships in order to get in touch with young unengaged people and creating monitoring system. The second phase is planned to be implemented in the period of 2020-2022 only if the activities from the first phase are already implemented and there is appropriate base for continuing with the activities of the second phase. The main aim of the second phase is to accommodate institutional arrangements and coordination mechanisms in order to strengthen the provision of integrated Youth Guarantee services. The measures that are part of the second phase of Youth Guarantee are described in Operational Plan for employment 2020 ([?????????? ?????????? ???? ?? ??????? ?????????? ? ?????? ?? ??????????? ? ?????? ?? ??????????? ?? ??????? ?? 2020 ???????](#)), divided in 4 different categories: services, employment, continuous education and internship.

[1] Republic of Macedonia. State Statistical Office. "20 Years Independent Macedonia" (Skopje, 2011), p.19 <http://www.stat.gov.mk/Publikacii/20GodiniRM.pdf> (Accessed November 10, 2020)

[2] Nikica Mojsoska-Blazevski, Jasna Najdova, Aleksandar Stojkov, Ljiljana Asenov, *Labor Market in the former Yugoslav Republic of Macedonia; A Study for The European Commission Employment, Social Affairs and Equal Opportunities*

(Euro – Balkan Institute, 2009), p.5

[3]<https://tradingeconomics.com/macedonia/unemployment-rate> (Accessed on November 10, 2020)

[4]<https://www.statista.com/statistics/812208/youth-unemployment-rate-in-macedonia/> (Accessed on November 10, 2020)

[5]http://www.stat.gov.mk/pdf/2020/2.1.20.30_mk.pdf (accessed on November 10, 2020)

[6] National Report on Youth Unemployment in the Republic of Macedonia. Youth Cultural Center (Bitola 2015), p.8

http://www.youseefor.me/images/manuals/macedonia/baseline_macedonia_mcd.pdf (Accessed November 10, 2020)

[7] National Youth Strategy 2016-2020, Agency of Youth and Sport of Republic of Macedonia (Skopje, 2016), p. 27

<http://strategijazamladi.mk/sites/default/files/%D0%9D%D0%B0%D1%86%D0%B8%D0%BE%D0%BD%D1%81%D1%82%D1%80%D0%B0%D1%82%D0%B5%D0%B3%D0%B8%D1%98%D0%B0-%D0%B7%D0%B0-%D0%BC%D0%BB%D0%B0%D0%B4%D0%B8-2016-2025.pdf> (Accessed November 10, 2020)

[8] Economic Reform Programme 2018-2020. Republic of Macedonia, Ministry of Finance (January 2018), p.83 https://www.finance.gov.mk/files/Macedonia_ERP_2018.pdf (Accessed November 10, 2020)

[9][8] Ibid, p.83-84

[10]
<https://24info.mk/%D0%B7%D0%B0%D0%B5%D0%B2-%D0%B2%D1%80%D0%B0%D0%B1%D0%BE%D1%82%D0%B5%D0%BD%D0%B8-%D0%BD%D0%B0%D0%B4-6-000-%D0%BF%D1%80%D0%B5%D0%BA%D1%83-%D0%BC%D0%BB%D0%B0%D0%B4%D0%B8%D0%BD%D1%81%D0%BA%D0%B0%D1%82/>
(Accessed on 16.11.20)

Definitions and concepts

Macedonia follows the definition of International Labor Organization on the recommendations for definitions and concepts – therefore, according to [State Statistical Office of Republic of Macedonia](#), employed are included persons of 15 years of age and more who:

- During the reporting week have worked for money (in cash or in kind) or for profit at least one hour;
- During the reporting week were temporarily absent from work (because of illness; leaves; studies; break in the activity of the business entity etc.), but were formally employed;
- ?re helping on the family estate or in the family enterprise without pay

The classification of the employed according to the economic status is based upon the International Classification of Status in Employment and is worded as follows:

Employers - persons who run their own business entity or owners who work in their shops or owners of an agriculture estate, who employ other people;

Employees - persons who work in state institutions, business entities in public, mixed, collective and undefined ownership or for a private employer;

Self-employed - persons who work in their own business, professional practice or farm for the purpose of earning a profit and who do not employ any other person;

Unpaid family workers - persons who work without pay in a business entity or a farm (owned by a family member).

According to State Statistical Office of Republic of Macedonia, as unemployed are considered the persons between 15-74 years of age who meet the following three conditions:

- During the reporting week they did not work (according to the above-mentioned criteria);
- Have searched actively for a job or have taken concrete activities to find a job;
- Were prepared to accept work in the next two weeks after the reporting week.

The persons that are not included in any of the two categories make up the group of those that are not in labor force.