

**TEMA T1.2: ONLINE NASTAVA NA UNIVERZITETIMA (Primena u
svetu/Srbiji, Iskustva prol./jes.2020, Softverski alati, Uspeh
studenata)**

Paper No.T1.2-1
07533

NEW GRADUATES ENTERING THE POST-COVID LABOUR MARKET³

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Abstract: Corona pandemic has had an impact on both supply and demand in the labor market in Serbia. Reducing of economic activity negatively affected to the business environment, forcing companies to reorganize their management, logistics, and communication structures, as well as the qualifications of their employees. Driven by the experience of the previous economic crisis, labor costs in a large number of companies were reduced, which leading to layoffs. Organizations that have moved online have also stopped their internship programs for students and graduates. Several million graduates worldwide are facing with a frozen labor market. Moreover, employers were already dissatisfied with the education system, feeling that graduates did not provide adequate skills and competencies required in the market. There is no doubt that Generation Z members will face lower career development opportunities as well as lower earnings during their careers. The paper focuses on an overview of previous researches on the topic 'position of new graduates in the pandemic period'. By collecting the research results so far, the result of the paper is giving recommendations for further scientific researches and guidelines for decision-makers on the topic of youth employment.

Key Words: Guidelines/Paper

1. INTRODUCTION

A post-corona world is bringing about challenges for recently graduated students by hindering their transition into gainful employment. Reduced economic activity due to the Covid-19 crisis has had a direct impact on business environments. Given a recessive economic situation, companies make employees redundant or hire fewer people due to a decline in orders. This affects young people disproportionately. It has affected hiring practices, forcing businesses to re-evaluate their management, logistics and communication structures, as well as their employees' qualifications.

How much will be the impact of the crisis caused by the pandemic of corona virus is still unknown, but it is important that this phenomenon is analyzed to minimize the consequences. Also, it is difficult to determine what the consequences of COVID19 will be on youth employment, due to the fact that the COVID-19 crisis is still ongoing. According to Tamesberger and Bacher (2020) who forecast that the number of youth unemployment in the EU will rise from 2.8 million to 4.8 million unemployed, while the number of young people who are NEET will increase from 4.7 to 6.7 million.

The paper investigates the impact of the coronavirus on the youth labor market in Serbia and other parts of the world through an analysis of previous researches on this topic, as well as analyzing current statistical data which will be useful for recommendations of youth polices in Serbia.

2. IMPACT OF CORONA ON THE LABOUR MARKET IN SERBIA

Corona virus didn't have significant impact on the Serbian labour market by 2021. It could be because of the package of proposed measures of the Government of Serbia to assist businesses in mitigating the economic consequences of COVID-19 (Pavlovic et al. 2020).

In the first half of 2020, the number of employees did not decrease compared to the previous year. According to the data from the second quarter of 2020, the number of employees increased by 35.532 compared to the same quarter in 2019. In the third quarter, the number of employees increased by 44.422. The first negative impact on the labor market can be expected in the coming quarters, primarily due to the slowdown in economic activity around the world. The situation is further aggravated by the fact that 22.6% of employees are temporarily employed and 19.8% are informally employed. There is no doubt that the consequences of the crisis will be felt by young people who are

³ The paper is a part of project "Impact of ICT on Unemployment Factors in Spain and Serbia - a Comparative Analysis for Practical Recommendations" financed by Science Fund of the Republic of Serbia.

just looking for a job or have fixed-term contracts. In Serbia, according to the latest data, the number of students who completed secondary education is about 60.000, while the largest number of students completed high school (16.010 students), economics and parvo (8.224 students), health and social care (6.095) and electrical engineering (6.489) (Statistical Office of RS, 2019). The number of students who completed their basic academic studies in 2019 was 29.678 and they are all waiting for new jobs. (Statistical Office of the Republic of Serbia, 2019). These individuals are considered to be particularly exposed to the crisis and more difficult to help through conventional measures (World Bank, 2020).

Table. Registered employment in Serbia, 2020.

	Registered employment			
	2019/II quarter	2019/III quarter	2020/II quarter	2020/III quarter
Registered employment - total	2.161.533	2.180.420	2.197.065	2.224.842
Employees at legal entities (in "long-term employment" and in "temporary and occasional employment")	1.715.436	1.728.348	1.752.536	1.768.027
Entrepreneurs and their employees and persons individually running business (in "long-term employment" and in "temporary and occasional employment")	373.444	381.152	377.535	391.277
Registered individual agricultural producers (farmers)	72.653	70.920	66.994	65.538

Source: Statistical Office of Republic of Serbia, 2020.

According to the ILO (2020) the most affected sectors by coronavirus will be the production, tourism, wholesale and retail, and real estate sector. Authors of Secons (2020) found out that in Serbia during pandemic employees in retail and wholesale trade, accommodation and food services and the processing industry were most affected. More precisely, a large number of women lost their jobs in the information and communication sector, as well as administrative and support service activities, while men in the construction sector.

MMF (2020) predicts that the unemployment rate in most countries is expected to increase in the coming period. Like can be seen in the Figure below, in the Republic of Serbia, the unemployment rate will grow from 10.9% (2019) to 13.4% (2020 and 2021). The largest increases in the unemployment rate are expected in Romania and Bulgaria. The RS labor market has already felt some of the consequences, when based on data from the National Employment Service, more precisely based on the number of individuals who applied for unemployment benefits at the National Employment Service of Serbia, it was identified that about 9,200 people have so far lost their job from March to June 2020 (National Employment Agency, 2020).

In a country like the Republic of Serbia, the impact of the crisis will be felt and will lead to a reduction in the inflow of foreign capital will certainly bear the most negative effect on Serbia's labor market (Pavlovic et al, 2020).

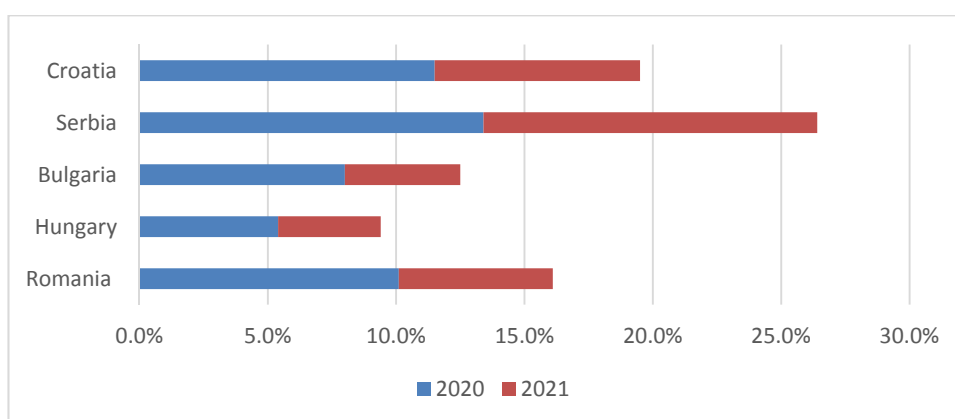


Figure 1. Projection of unemployment rate

Source: MMF, 2020.

3. YOUTH IN THE POST-COVID WORLD

In the last few years, the topic of youth is relevant not only in Serbia, but also on a global level. The cause is probably the impact of the financial crisis (2008) that occurred in 2012. However, labor markets both Serbia and the rest of the world have been recovering from the crisis in recent years. The average unemployment rate for those aged 15-24 in the EU fell from 23% to 17% between 2013 and 2019; however, the same rate remains twice as high as the average EU unemployment rate (around 35%) in Greece (47.3%) and Spain (32.5%), which are still facing the effects of the financial crisis (International Labor Organization, 2019). AT 51.5%, 2012 recorded the highest rate of unemployed youth (15-24 years of age) in Serbia. Since then, through changes to policy and the implementation of programs aimed at bettering the number of youth employed, it has contracted from 51.5% to 27.5% from 2012 to 2019 (Statistical Office of the Republic of Serbia 2018). The current unemployment rate for those aged from 15 to 30 is about 20% (Statistical Office of Republic of Serbia, 2019). In contrast, although several EU Member States have youth unemployment rates below 10% (Austria, the Netherlands and Germany, where rates in 2019 were 8.5%, 6.7% and 5.8%, respectively), EU policy makers remain concerned.

Youth in Serbia are less active in the labor market in comparison with youth from EU. Youth activity rate in Serbian was about 30% while in Island and Holland was up to 70%.

In 2020, about million new graduates are now facing a frozen labour market. Organizations that shifted to remote work have also suspended their internship programs. 4 27% of all businesses are reducing the number of graduates they recruit in 2020 (Financial Times, 2020). Members of Generation Z will largely suffer from lower career opportunities and lower earnings over the course of their lives. Moreover, employers were already dissatisfied with the educational system, feeling that it does not equip graduates with the skills and competences demanded in the marketplace. The group of authors considered that it is important to provide young people vocational education and training (VET) with apprenticeships in order to prevent them from leaving school or becoming inactive in the labor market after graduation (Tamesberger and Bacher, 2014).

According to research conducted by the European Commission (2020) the key weaknesses of the labor market in Serbia, which include but are not limited to its high unemployment rates, insufficient alignment between employee competencies and education with labor market needs, as well as insufficient social protection, have also come to the fore during the current crisis.

4. CONCLUSION

The coronavirus has had an adverse impact as well on student education, removing university students from the labour force and forcing them to exclusively attend online classes. All institutions of higher education in Serbia carried out the second semester of the 2019-2020 academic year online. Educating students had never been done before in this manner. It is important to note that final year students have also been deprived of their internships as well as being able to participate in student activism and organizations. This academic and social deprivation will prolong the transition of young people into the labour market, through the necessity of additional forms of training and education.

The corona virus has led to many young people losing their jobs, especially those who had not fixed-term contracts or were self-employed. Graduates need financial support or support in finding a job in crisis situations, so as not to go into NEET (Eurofound, 2020). The Interreg Europe project (2020), called Eyes, recognized this problem among young people, providing support to young people during and after education, by providing a digital platform. The digital platform was translated into 4 languages and on it young people could participate on entrepreneurial and personal development training.

Policymakers at the national and international level should react as quickly as possible and make great efforts to avoid negative scenarios.

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