

## CHAPTER 4

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# YOUTH EMPLOYMENT POLICIES IN SERBIA: FRAMEWORK, INTERVENTIONS, RESULTS

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*Kosovka Ognjenović<sup>1</sup>*

**Abstract:** *The aim of this article is to focus on the implementation of youth employment policies within the current institutional framework and to analyse the short-term results of interventions created in order to increase prospects of youth in the labour market of Serbia. There is robust empirical evidence about youth in Serbia as a disadvantaged group in the labour market. Youth unemployment is almost three times higher relative to adult unemployment. In particular, low-educated young people and residents of rural areas have less chance to achieve requirements of the modern labour market. The employment prospects of young people in the European Union member countries (especially in EU-15) are much better than prospects of their counterparts in Serbia. The framework for the implementation of youth employment policies in Serbia allows to the authorities to interfere in the labour market by using public interventions. A set of instruments and activities are at disposal, but in order to avoid overlapping among competences of different institutions, their implementation needs careful coordination and planning. The youths are overrepresented in labour market policy measures aimed at providing services for youth activation, such as searching for jobs in job clubs, trainings for active job searching, carrier guidance and counselling as well as in the especially designed apprenticeship program for fighting against youth unemployment entitled "First Chance". In all other interventions, even including the programs for entrepreneurship development, the number of young people is underrepresented. Due to the omitted continuous evaluation results it is not clear to what extent labour market policy measures accurately contribute to the improvement of youth employment prospects in the labour market of Serbia.*

**Key words:** *youth, employment policies, public interventions, labour market, Serbia.*

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<sup>1</sup> Kosovka Ognjenović, MSc, Institute of Economic Sciences, Zmaj Jovina 12, 11000 Belgrade, Serbia. E-mail: [kosovka.ognjenovic@ien.bg.ac.rs](mailto:kosovka.ognjenovic@ien.bg.ac.rs).

## Introduction

Over the period of a prolonged economic and social transition in Serbia, the labour market became an ineffective institution overloaded with discouraged agents on both the demand and supply sides. In the pool of unemployed workers mostly comprised of the long-term unemployed, those with repeated spells of unemployment, the informally employed, redundant workers, etc., young people, particularly newcomers to the labour market, had diminished chances to gain appropriate job. The labour market did not foster the competition among the participants because the total number of jobs has been permanently decreasing, but on the contrary success was to keeping current jobs. Hence, the position of youth and their integration into the labour market became an important goal for the governments and line ministries. Efforts of the Serbian governments were on track to follow the global process of the support to young disadvantaged people. In 2001 the UN Secretary General launched the Youth Employment Network and it was the starting point for shifting of the global attention from youth unemployment to the disadvantaged youth (Godfrey 2003, p.2).

This article examines youth employment policies that have been implementing within the current institutional framework and analyses the short-term results of implemented public interventions in the labour market of Serbia. Trends in the youth labour market reveal many difficulties of young people in Serbia. Youth unemployment is almost three times higher than adult unemployment. In addition, dropout rates in primary and secondary (in particular vocational) education in Serbia are estimated at around 1% and 2.5%, respectively (Arandarenko 2007, p.34); only 11% of students graduate on time (Arandarenko 2007, p.30). The secondary education enrolment rate in 2005 in Serbia was 75%, while the overall education enrolment rate of young people aged 15-24 was 56% compared to 58% in EU-15 or 63% in EU-10 (Krstić and Corbanese 2009, p.13).

In general, disadvantaged young people in developing and transition countries facing difficulties due to the poor quality of their skills (Godfrey 2003, p.12). Active labour market measures and programs can eliminate these obstacles and help them better integrate into the labour market. Usually, the budgets of public employment services are narrow and their institutional capacities are overloaded by the number of registered unemployed (Kuddo 2009, p.26).

Importance of monitoring and evaluation of realized labour market policies arises due to the level of total spending on these policies that is a significant part of the budget of implementing institutions. The share of total expenditures on active labour market measures in the gross domestic product has been permanently increasing in Serbia and in 2008 accounted at 0.11% of the GDP (Ognjenović 2011, p.513). Compared to some other developed countries this is a modest indicator for measuring relevance of a particular policy in either relative or absolute terms. Resources spent on active labour market measures in the OECD countries in 1997-1998 reached an average of 0.95% of the GDP and stayed at that level (Robinson 2000, p.15). Even if it is not obvious to what extent are labour market policy measures efficient they are recommended for certain categories of the unemployed. There are some evidences which show that the costs of not implementing active labour market measures would be even higher for the unemployed who stay in that state too long due to loss of skills (Boeri and Ours 2008, p.272).

The structure of this article is as follows. Section 2 examines youth employment policies from 2005 onwards and reveals some difficulties that young people in Serbia facing with. Section 3 describes key characteristics of young people who are active participants in the labour market of Serbia and draw certain parallels with the same population in the EU. Sections 4 and 5 examine types of public interventions created with the aim to support youth activation in the labour market and analyse results of these interventions. The last section contains main conclusions.

### **Youth Employment Policies**

Youth employment policies in Serbia are determined by a set of strategic documents and regulations. In addition, the overall institutional setup is comprised of the ministry in charge of employment and public employment service that are responsible for the creation and implementation of employment policies including those created for young people. These policies were defined by the first Serbian Employment Strategy 2005-2010 that recognized national priorities settled by the government documents on poverty reduction and millennium development goals. There is robust empirical evidence about young people in Serbia as a disadvantaged group in the labour market. During the first years of the implementation of the National Employment Strategy, the unemployment rate of the population aged 15-24 was 47.8% compared to 21.6% of the age group 15-64 (Krstić and Corbanese 2009, p.8). Furthermore, statistical data on youth prospects in the labour market of Serbia follow a similar path as in the rest of European countries. According to

ILO data, youth are 2.3 times more likely to be unemployed than those who belong to the middle and upper tails of the age distribution; for Serbia the youth-to-adult-unemployment rate ratio is two and a half (Krstić and Corbanese 2009, p.16). This opens a question to what extent are the policies settled in order to help young people to integrate into the labour market efficient.

Besides aforementioned unfavourable statistics on the youth position in the labour market, some additional discouraging statistics show that dropout rates in primary and secondary (in particular vocational) schools in Serbia are estimated at around 1% and 2.5%, respectively (Arandarenko 2007, p.34). In addition to these statistics it should be also pointed out that the average length of study at the Serbian universities is estimated at 8 years as an average between 4 and 6 regular years of studying depending on the faculty (3-year vocational study was exempt); during that time only 11% of students graduate (Arandarenko 2007, p.30). This unfavourable situation causes many problems in terms of coverage young people by the system of social security that is guaranteed by the regulation. Unemployed young people who are older than 26 years are excluded from almost all social safety nets, apart from the health care system. Awareness on difficulties that young people facing with in Serbia, was an imperative for the Government to adopt the strategic document that will recognize all those problems and provide adequate policy actions. Also, this is a way of sharing the responsibility for the future of young people in Serbia between the authorities and the youth. The Ministry of Youth and Sport has developed the comprehensive National Youth Strategy that also includes a chapter on employment, self-employment and entrepreneurship of youth. This chapter includes the following specific goals: (i) improving prospects of youth in the labour market by creation conditions for more and better jobs; (ii) increasing participation of youth in labour market programs and measures; (iii) stimulating new job openings and fostering self-employment and entrepreneurship of youth; (iv) encouraging professional and territorial movements of youth (Government of Serbia 2008). All those policy relevant goals are harmonized with the policies developed in other strategic documents. This means that implicit policy actions and measures need to be coordinated among relevant institutions during their implementation in order to obtain measurable effects on the improvement or deterioration of the employment prospects of youth and on public spending in line with budgetary rules.

The new policy framework is determined by the National Employment Strategy 2011-2020 (Government of Serbia 2011). This Strategy is oriented to-

wards the implementation of the priorities set by an economic development plan of Serbia until 2020 in order to stimulate growth of investment- and export-driven economic sectors. On the other side, employment policies set by the new Serbian Employment Strategy are closely related to the EU Strategy Europe 2020 in order to coordinate national strategic goals on employment and growth with the EU framework. In particular, the priorities are to be given to increasing employment of vulnerable groups, including young people, as well as to increasing employment in less developed regions, to improvement of human capital through the fostering of programs for additional education and trainings, to development institutional capacities for the implementation of active labour market policies, and to reduction labour market dualities. The implementation of particular policies set by the Strategy is ensured by annual action plans. In particular, the National Employment Action Plan for 2012 (Ministry of Economy and Regional Development 2011) envisages a set of actions for the promotion of youth employment, such as vocational trainings and the strengthening of participation in active labour market measures, incentives to employers for hiring young people, the fostering youth entrepreneurship and mentoring, and suppressing employment in the informal economy.

The skills mismatch problem has not been addressed well as it was expected by the new Employment Strategy 2011-2020. The projections of the structure of employment by economic sectors indicate the presence of a relationship between expected employment until 2020 and development of economic sectors over that period, but still there is no such relationship that would say something more about the quality of expected labour supply, meaning that the connection with the education system is foreseen to stay weak. Some labour market analyses pointed out to the problems caused by obsolete skills of labour market newcomers mostly from vocational education but also from general secondary and higher education at a lesser extent (Arandarenko 2007, p.27). Although the Law on Employment and Unemployment Insurance (Official Gazette No. 36/09, 88/10) foresees active labour market measures as obligatory instruments of the support to labour market participants, from an economic point of view it seems unreasonable to spend limited public money on additional education of those who just finished their schools in order to filling the existing skills gap.

### **Characteristics of the Youth Labour Market**

Overall situation on the labour market in Serbia is less favourable compared to EU-27 and EU-15 (see Table 1). There is no much difference between the

old EU members and EU-27 in terms of unemployment and activity of the labour force, but main differences are present in employment rates, indicating higher employment of youth and the entire working age population among the old EU member countries. Also, women are still underrepresented among the employed in both European countries and in Serbia. Young people's prospects in the labour market are much better in European countries (in particular among EU-15) than in Serbia.

*Table 1 - Main Labour Market Indicators for 2010, in %*

Age	Country	Unemployment rate			Employment rate			Activity rate		
		Total	Male	Female	Total	Male	Female	Total	Male	Female
15-19	EU-27	35	35	...	16	17	15	24	27	22
	EU-15	35	...	...	19	20	18	24	27	21
	Serbia	52	47	63	4	7	2	9	12	6
20-24	EU-27	18	17	18	50	54	47	69	75	65
	EU-15	18	17	18	53	56	51	69	75	65
	Serbia	45	45	45	25	30	21	46	54	37
25-29	EU-27	11	10	12	72	77	67	84	93	77
	EU-15	12	10	13	73	77	68	84	93	77
	Serbia	33	29	38	48	55	40	71	77	65
15-64	EU-27	12	11	13	64	70	58	77	84	69
	EU-15	12	12	13	65	71	60	77	84	69
	Serbia	20	19	21	47	54	40	59	67	51

*Source: Eurostat: <http://epp.eurostat.ec.europa.eu> and Bulletin on LFS for 2010, Statistical Office of Serbia, 2011. Author's calculation*

Table 2 contains the youth-to-adult-unemployment rate ratios for certain European countries and for Serbia. Undoubtedly, young people throughout Europe are in a bad position compared to adults. This situation is even worst in Romania and Croatia where youth unemployment is more than three times higher than adult unemployment. Thereto, the position of young unemployed women is a bit better compared to unemployed young men except in Romania where young men are better positioned in the labour market than young women.

Table 2 - Youth to Adult Unemployment Rate Ratio, 2010

	Total	Male	Female
EU-27	2.5	2.6	2.4
Bulgaria	2.5	2.5	2.5
Romania	3.8	3.5	4.3
Slovenia	2.3	2.3	2.1
Croatia	3.4	3.5	3.4
Serbia	2.7	2.9	2.6

Source: Eurostat: <http://epp.eurostat.ec.europa.eu> and Bulletin on LFS for 2010, Statistical Office of Serbia, 2011. Author's calculation.

An analysis of activity of young people through age cohorts and by educational attainment shows that youth participation in the labour market rises by both age and educational levels. Employment is low among those who belong to the age cohort 15-19 and sequentially increasing, so that young people aged 25-29 have the highest employment rates among the youths. Employment rates in that age group increasing by educational attainment but also unemployment rises, pointing out to the problems that young educated people facing with after finishing their education (see Table 3).

Table 3 - Youth Labour Market Indicators for 2010 by Education, in %

Age	Education	Unemployment rate	Employment rate	Activity rate
15-19	Primary and less	28	3	4
	Secondary	65	13	38
	College	...	...	...
	University	...	...	...
20-24	Primary and less	47	31	59
	Secondary	44	24	43
	College	48	39	75
	University	64	26	72
25-29	Primary and less	30	44	64
	Secondary	32	47	69
	College	31	56	81
	University	39	52	85
15-64	Primary and less	18	32	39
	Secondary	23	50	64
	College	16	61	72
	University	12	74	84

Source: Bulletin on LFS for 2010, Statistical Office of Serbia, 2011. Author's calculation.

Table 4 reveals certain differences between young people living in urban and rural areas in regard to their activity on the labour market. In both areas young people experience enormous unemployment rates. But still it seems that youth in rural areas are more active than their counterparts in urban areas. Probably this is result of their engagement in agriculture and low school enrolment rates.

*Table 4 - Youth Labour Market Indicators for 2010 by Area, in %*

Age	Unemployment rate		Employment rate		Activity rate	
	Urban	Rural	Urban	Rural	Urban	Rural
15-19	61.1	46.4	2.4	7.0	6.2	13.0
20-24	49.5	39.8	20.2	34.1	40.1	56.7
25-29	36.4	27.1	43.2	55.8	68.0	76.5
15-64	21.6	17.8	45.4	49.8	57.8	60.6

*Source: Bulletin on LFS for 2010, Statistical Office of Serbia, 2011. Author's calculation.*

Young workers in Serbia are very often exposed to the informal employment. In particular, this is characteristic of less-educated young people who leave in rural areas and who are probably engaged in agriculture. According to LFS data, in 2005 63.2% of young people (15-24 years of age) were employed in the informal sector compared to the overall informality rate of 43.3% (Krstić and Corbanese 2009, p.22). Decrease in the total number of jobs during the transition of the Serbian economy caused an increase of the informality. Similarly, countries of Central and Eastern Europe during their economic transition in 1990s have experienced the rise in informal employment; male workers predominated in the informal sector but also less-educated young people without work experience often were not eligible for employment in the formal sector (O'Higgins 2003, p.30).

Skills mismatches are a persistent feature of the Serbian labour market. An analysis of skills mismatch gap across the occupational groups shows presence of a significant and stable percentage of the unemployed registered within the groups of other occupations and mechanical engineering and metal processing, while underrepresented vacancies are present in certain occupational groups for market and non-market services (Gligorov et al. 2011, p.17). The shares of aforementioned occupational groups have been stable over the years 2004-2009, showing that the structure of economy requirements has been changing slowly but also that labour market policies had a



limited influence on filling existing gaps. Skills mismatch is a worldwide problem especially recognized by the private sector. More than one third of private companies in Arab-Mediterranean Countries reported inadequate skills of workers as main constraints to business growth in that region (Angel-Urdinola et al. 2010, p.8).

### **Types of Policy Interventions on the Labour Market**

In the literature on the implementation of labour market policy measures there are several classifications of types of policy interventions. Mostly they are created and implemented as public interventions. By type of interventions they can be summarized in six broader categories as follows: (i) public employment services and administration (this category can also include administering passive labour market policies as in case of the Serbian public employment service); (ii) trainings; (iii) employment incentives; (iv) direct job creation; (v) active labour market measures for youth; (vi) and active labour market measures for persons with disabilities (Lehmann and Kluge 2010, p.278). There are several other classifications given by both objectives but also by targeting orientation (see for instance Betcherman et al. 2000, p.5). Furthermore, following the classification of labour market policy measures divided by expected implications they can be summarized in three broader groups that include: (i) active labour market measures and programs aiming at enhancing labour supply (additional education and trainings); (ii) those that are created in order to increase labour demand (employment and wage subsidies); (iii) and labour market policy measures intended to improve the functioning of the labour market (providing labour market services such as informing, carrier guidance and counselling, job matching, etc.). The classification of labour market policy measures in Serbia follows the concept oriented towards expected implications (see Table 5 below). The results presented in this article are more focused on those labour market policy measures that are predominantly created in order to improve labour market prospects of young people in Serbia. In general, the realization of active labour market policy measures is supported by the Law on Employment and Unemployment Insurance (Official Gazette No. 36/09, 88/10). Eligibility criteria for different active labour market policies implemented in Serbia are summarized in Ognjenović (2011, pp.512-513).

Here will be examined several active labour market programs directly created in order to temporary increase job openings for young people (up to 30 years of age). First of them is employment support program for unemployed young people entitled "First Chance" that has been created as answer to ris-

ing unemployment of youth caused by the economic crises. This program contains two components: vocational support to young people and their employment. This means that the program realizes through voluntary practice and apprenticeship. In 2010, 10,159 volunteers obtain the chance to improve their vocational skills in companies. In addition, 7,016 young people were placed in jobs by employers. Another measure directly created to support youth employment is a subsidy for mandatory contributions. Employers who employ young people up to 30 years of age are eligible for this measure. In 2010, 1,501 young people were employed through this measure. In addition, 231 individuals were placed in jobs through the old apprenticeships program.

It is also valuable to mention three internationally established projects that support labour market activation of youth. Those are: Labour market inclusion of vulnerable groups, Youth employment promotion and Youth employment and migrations. These projects have been implementing in collaboration with the National Employment Service, UN agencies and governments of donor countries. The results of all projects are given for regional coverage of young (disadvantaged) people. The implementation of projects is supported by regional branch offices of the National Employment Service in Belgrade, Novi Sad, Vranje, Niš and Jagodina. The key activities of projects are: providing of trainings, preparation of young people for employment (the predominant activity), administering self-employment subsidies and subsidies for unemployed young people with disabilities.

### **Results of Public Interventions**

Active labour market measures may have different labour market outputs for their beneficiaries. In general, by observing the effects on unemployment incidents these measures show better results in the old EU member states (where they have a long history) than in the new member states i.e. the former transition countries (Kluve and Lehman 2010, pp.286-287). Some other results of evaluation for developing and transition countries show that only employment services for the unemployed and certain types of trainings have positive impacts on the employment prospects of participants (Betcherman et al. 2004, p.22&p.26; Kuddo 2009, p.51). There are few other results on evaluation of youth participation in labour market policy measures in the U.K. with positive impacts (Betcherman et al. 2004, p.23). An early assessment of the effects of active labour market measures for Serbia was based on the subjective attitudes collected through the survey of participants six month after a measure was realized. The results of young people participa-

tion in an apprenticeship program have shown positive but diminishing influence of a program on youth employment (ESPI 2006, p.5). An analysis of some previous empirical studies pointed out to the importance of rigorous evaluations in this area due to the socio-economic relevance and the shares of state budgets spent on labour market policies (Dar and Tzannatos 1999, pp.11-16).

*Table 5 - Beneficiaries of Labour Market Policy Measures in 2010, by Type of Intervention<sup>1</sup>*

Type of intervention	No. of beneficiaries	% of youth		Job placement rates <sup>2</sup>
		Up to 25	26-30	
<i>Assessment of employability and individual plans</i>	642,771	20.3	17.1	11.3
<i>Job search assistance, career guidance and counselling</i>				
Job fairs	53,825	20.5	20.9	14.3
Job clubs	3,385	37.4	28.2	14.5
Trainings for active job searching	30,701	39.8	22.4	14.2
Informing through Centres for informing and carrier guidance	4,255	75.6	5.4	...
Counselling	10,211	50.4	12.3	...
Selection	19,498	14.7	29.8	...
Self-effectiveness trainings	2,000	4.9	9.1	...
<i>Additional education and trainings</i>				
Apprenticeships	17,175	58.2	41.8	...
Trainings	4,697	21.0	20.8	21.5
<i>Development of entrepreneurship and employment programs</i>				
Informing and counselling in business Centres	24,468	13.5	15.5	...
Trainings in business centres	13,510	12.0	14.8	...
Self-employment subsidies	2,089	9.8	14.9	...
Self-employment subsidies (lump-sum UBs)	485	0.2	2.5	...
Subsidies for new job openings	4,705	20.4	16.9	...
<i>Public works</i>	5,604	16.5	13.3	...

*Source: National Employment Service (2011), Business Report for 2010. Author's calculation.*

<sup>1</sup> *The National Employment Service notifies the participants of active labour market measures as beneficiaries of different services provided within the scope of its activities. So that more than one service may be provided to one individual. This results in double counting some of participants/beneficiaries of services at the aggregate level. The data at the level of a particular measure would be more reliable.*

<sup>2</sup> The job placement rates are not final due to some measures were not completed in the observed year. The rates represent statuses of the participants six months after the measure.

Table 5 contains the number of beneficiaries by types of labour market policy interventions. This Table does not contain services for beneficiaries financed by the budgets of the Autonomous Province of Vojvodina and other local governments as well as the total number of 943 young people who participated in three international projects (National Employment Service 2011, p.48). The youths are overrepresented in measures that provide services for active job searching (job clubs, trainings on activation, carrier guidance and counselling) and in the apprenticeship program "First Chance". In all other interventions, including the programs for entrepreneurship development, youth are underrepresented. The last column of Table 5 contains the gross job placement rates (where applicable) for all participants.

*Table 6 - Results of Net Impact Evaluations on the Employment Prospects of Labour Market Policy Measures' Participants*

Type of measure	Type of evaluation	Estimated effects (in p.p.)	Scope	Cost-benefit analysis	Unintended effects
Bonin and Rinne (2006): Public works program "Beautiful Serbia"	Econometric evaluation: Matching	0.03-0.12	National	Yes	No
Ognjenović (2007): Trainings for active job searching	Econometric evaluation: Matching	0.09-0.18	Regional	No	No
Ognjenović (2007): Financial support to apprenticeship	Econometric evaluation: Matching	0.12-0.16	Regional	No	No
Ognjenović (2007): Basic IT training	Econometric evaluation: Matching	0.10-0.15	Regional	No	No
Ognjenović (2007): Advanced IT training	Econometric evaluation: Matching	0.07-0.12	Regional	No	No
CeSID (2010): Program for redundant workers "Severance to Job"	Econometric evaluation: Matching	0.44	National	No	No

*Source: Adjusted by the author based on evaluation studies.*

Table 6 summarizes the results of empirical evaluations of labour market policy measures conducted in Serbia so far. From this inventory it is obvious that only low-scale measures have been evaluated providing only partial results. Thereto, the expensive large-scale measures and trainings created for certain categories of beneficiaries such as young people need to be considered for further evaluation. All here presented microeconomic evaluations measure the impact of a particular intervention on the increase of employability of participants. Only one evaluation study, done for the National Employment Service, provides cost-benefit analysis. The estimated net impacts of that public works program are positive for regular and jobs provided by another active labour market measures (0.12 and 0.03 percentage points), but negative (-0.02 percentage points) for seasonal jobs (Bonin and Rinne 2006, p.27). Table 6 shows that the program of financial support to apprenticeships particularly targeted young people. The evaluation results confirm positive effects of this program on the employment prospect of youth ranged between 0.12 and 0.16 percentage points depending on the method of estimation applied in propensity score matching (Ognjenović 2007, pp.47-48).

The majority of empirical evaluation studies for different countries have recognized presence of the unintended effects that may overshadow the evaluation results, but these effects usually were not taken into account properly (Friedlander et al. 1997, p.38). Those are deadweight loss, substitution and displacement effects. Deadweight loss effects occur in situations when the subsidy program causes that enterprises which would have increase the number of their employees even without the subsidy are entitled for this assistance. Substitution effects exist when active labour market measures have expected effects on their target groups but at the expense of another group of participants that were not eligible for that measure. Displacement effects have a broader impact on the economy indicating uncompetitive behaviour of enterprises. These effects occur when enterprises receiving subsidies for workers increase their output, but causing loss of output of some other enterprises which do not receive subsidies. Empirical results for developed countries show that deadweight loss effects for different modalities of wage subsidy programs over the period 1970-1990s were ranged between 45% in the U.K. and 75% in Germany, while substitution effects fell in the interval between 10% in the U.K. and 80% in the Netherlands (Betcherman et al. 2000, p.20). All these unintended effects are characteristics of active labour market measures for young people. This opens a question of the participants' selection and setting up the procedure for creation of target groups for labour market policy measures. The National Employment Service of Ser-

bia has developed internal documents for determining the eligibility criteria for participating in active labour market measures (Official Gazette No. 97/09). But still, real effects of the implementation of labour market policy measures are unknown. A tight budget and lack of institutional capacities for the measurement of the effects of active labour market measures cause a situation in which policy makers do not know exactly was a particular measure successful or not. However, the system of monitoring that is still in development provides detailed information on job placement rates of active labour market measures' participants over a long period of time (from 2008 onwards).

### **Conclusions**

This article examines labour market policies in Serbia, in particular created with the purpose to increase the employment prospects of young people. The overall policy setup is comprehensive, but still the effects of the policy actions are rather modest. Results of the analysis of statistical data indicate the main difficulties that young people in Serbia facing with. In regards to the labour market, the following are of high priority. Even if dropout rates are relatively low for both primary and secondary education, a significant part of the youth eligible for secondary education never enrol that education. In addition, the LFS data show that the unemployment is the highest among those young people who accomplished primary and secondary education. School enrolment rates are particularly low among young people who leave in rural areas, but their activity on the labour market is higher relative to their counterparts in urban areas. Discouraging result is that young people in rural areas are often placed in jobs in agriculture as informal workers. Chances of low-educated young people to increase their employment prospects in the labour market are pretty poor compared to those who are better educated. As a consequence of the overall situation the skills mismatch gap is a persistent feature of the labour market in Serbia. This comes to conclusion that a relationship between the labour market institutions and the education system needs to be tight.

The global trends indicated shifting the focus of the official labour market institutions' policies from youth unemployment to economically disadvantaged young people who are no in school. This opens a question of better targeting of beneficiaries of labour market policy measures, particularly when the budget rules are strict and available resources are low. Besides the old ones, there are some new active labour market measures and programs created in order to help young people in Serbia, in particular during the eco-

conomic crises, to experience less painful transition from school (or inactivity state) to first job. During the implementation of this program a significant number of young people have opportunities to be recruited in the program. But the results of the implementation show that the program needs to be reviewed. In particular recruitment procedures have to be improved but also additional attention needs to be paid to the strengthening of the institutional capacities for further development of procedures for monitoring and evaluation. Also, additional focus needs to be on the further fostering incentives to employers for hiring young people and on youth entrepreneurship.

The labour market measures and programs analysed in this article are supported by the Government of Serbia, but still active involvement of other stakeholders in tackling with the accurate problems is minor.

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